



**MAPFRE**

*Annual Report 2007*

1.  
CONSOLIDATED FINANCIAL  
STATEMENTS AND  
MANAGEMENT REPORT





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# Governing bodies

## GOVERNING BODIES\*

BOARD OF DIRECTORS		Executive Committee	Appointments and Remuneration Committee	Audit Committee	Compliance Committee
CHAIRMAN	Mr. José Manuel Martínez Martínez	CHAIRMAN	CHAIRMAN		
FIRST VICE-CHAIRMAN	Mr. Alberto Manzano Martos	FIRST VICE-CHAIRMAN	FIRST VICE-CHAIRMAN		
SECOND VICE-CHAIRMAN	Mr. Francisco Ruiz Risueño	SECOND VICE-CHAIRMAN	SECOND VICE-CHAIRMAN		CHAIRMAN
THIRD VICE-CHAIRMAN	Mr. Filomeno Mira Candel	THIRD VICE-CHAIRMAN			
MEMBERS	Mr. Ignacio Baeza Gómez	MEMBER			
	Mr. Rafael Beca Borrego			MEMBER	
	Mr. Miguel Blesa de la Parra				
	Mr. Rafael Fontoira Suris				MEMBER
	Mr. Santiago Gayarre Bermejo				
	Mr. Luis Hernando de Larramendi Martínez	MEMBER	MEMBER		
	Mr. Sebastián Homet Duprá			MEMBER	
	Mr. Antonio Huertas Mejías	MEMBER			
	Mr. Luis Iturbe Sanz de Madrid			CHAIRMAN	
	Mr. Andrés Jiménez Herradón	MEMBER			
	Mr. Manuel Lagares Calvo			MEMBER	
	Mr. Rafael Márquez Osorio				MEMBER
	Mrs. Francisca Martín Tabernero				MEMBER
	Mr. Antonio Miguel-Romero de Olano			MEMBER	
	Mr. José Antonio Moral Santín				
	Mr. Alfonso Rebuelta Badías		MEMBER		
	Mr. Matías Salvá Bennasar		MEMBER		
	Mr. Esteban Tejera Montalvo	MEMBER			
Mr. Francisco Vallejo Vallejo		MEMBER			
SECRETARY AND MEMBER	Mr. José Manuel González Porro	SECRETARY AND MEMBER	SECRETARY	SECRETARY AND MEMBER	
VICE-SECRETARY	Mr. Angel Dávila Bermejo	VICE-SECRETARY		VICE-SECRETARY	

\* Composition of the governing bodies resulting from the proposals submitted to the Annual Shareholders' Meeting relating to the appointment, retirement and re-election of Board members.



# Letter to shareholders



JOSÉ MANUEL MARTÍNEZ  
CHAIRMAN

## Letter to shareholders

### Dear Shareholder

The financial year 2007 has been the first during which the Group has carried out its business under its new corporate structure, with all the business activities grouped under MAPFRE S.A. Thus our shareholders are able to participate in the largest Spanish Insurance group and the largest Non-Life insurer in Latin America, which aspires to widen its presence in the future towards other markets with large potential.

As a result, during 2007 a majority stake was purchased in the Turkish insurance company GENEL SIGORTA, thus extending our activities to a market which is close to the European Union and with important development possibilities. A friendly takeover offer was launched to acquire all the issued and outstanding shares of THE COMMERCE GROUP, a group which includes a number of insurance companies specialised in Motor insurance and other Non-Life lines for retail customers, headquartered in Massachusetts and with a strong presence in the north-eastern region of the USA, thus representing an ideal platform for MAPFRE's development in this country. At year end 2007, the Group had a presence in 43 countries, where it operates in Direct Insurance and Assistance activities, while also carrying out Reinsurance activities throughout the world through our subsidiary MAPFRE RE.

During 2007, we have also carried out a number of initiatives to bolster our leadership position, efficiency and results from the Spanish Insurance activities:

- MAPFRE AUTOMÓVILES has absorbed MUTUA VALENCIANA MUTUALISTA, which has added 70 branches to the MAPFRE NETWORK.
- Important agreements have been established with CAJA CASTILLA LA MANCHA, BANKINTER and CAJA DUERO. As a result the Group will develop jointly with these entities the business of their Life Assurance and Pensions subsidiaries, where we have assumed the management and acquired shareholdings of 50%. This raises to 3,442 the number of branches which distribute our Life Assurance and Pensions products.
- Towards the end of the year, an agreement was reached with CAJA MADRID to reorganise and strengthen the important strategic alliance we have with this Savings Bank, and adapting it to our new corporate structure. The terms of this reorganisation were established in January 2008 with the signing of a new Global Agreement regulating this alliance. This implies the integration of MAPFRE-CAJA AMDRID HOLDING within MAPFRE S.A., the holding company which incorporates the insurance activity of the alliance, while CAJA MADRID will in turn hold directly a 15% stake in our Company.

### Key figures in 2007

During the financial year 2007, our consolidated shareholders' equity increased 7.6% to €4,331.4 million (€1.90 per share). This positive performance fundamentally reflects the good results generated by our subsidiaries overall, with the following being of noteworthy mention:

- Non-Life direct insurance premiums grew by 9.9% compared to 2006, and consolidated total revenues by 12.3%. It is worth highlighting particularly our position in Spain, where we have a clear leadership position, and where premiums increased by 10.9%, versus the 3% growth of the rest of the sector, as estimated by ICEA. As a result our market share is forecast to increase to 9.9% in Life Assurance and to 17.4% in Non-Life insurance.
- Funds under management from Life Assurance, pension funds and mutual funds, increased by 17.6%.
- The consolidated net result amounted to €731.1 million, 19.8% higher than the previous year; earnings per share increased from €26.8 cents to €32.1 cents.

## Our share price

During 2007, the stock market performance of the Insurance sector was affected by the international financial crisis and the difficulties of the mortgage market in the USA. Our share price also had a negative performance, despite the fact that these events have not had a direct impact on MAPFRE, since our Group has no exposure to the asset classes which have caused this crisis.

At the time of writing this Annual Report, our shares are at such low levels (PE 8.2x and market capitalisation which represents 138.7% of the book value) that it allows me to forecast a recovery in the share price, market environment permitting.

## Dividends

During 2007, our Group has paid a final dividend for 2006 (€5 cents per share) and an interim dividend against 2007 results (€6 cents per share), making a total of €11 cents per share and representing an increase of 57.1% versus the €7 cents paid in 2006.

The Board of Directors has proposed to the Annual Shareholders' General Meeting a final dividend against 2007 results of €7 cents per share, payable for 4th June 2008 onwards, thus progressively increasing the retribution to shareholders, which forms part of our objectives.

## Outlook

In our international activities, once the acquisition of THE COMMERCE GROUP is completed, which is expected to be finalised in mid 2008, our objective is to focus on consolidating and reinforcing our positioning in those markets where we have a presence through organic growth and where applicable, through specific acquisitions to increase our size, where appropriate. As a result, we estimate that our external financing requirements will remain within the limits currently known by the market.

Despite the uncertainty of the economic environment, the Board of Directors and the Senior Management of MAPFRE have commenced 2008 fully confident that the objectives set in terms of growth of the businesses and increases in results, will be achieved. This confidence is based on the capabilities of our organisation, strength of the balance sheet and investments, which are managed with great technical rigour and prudence, as well as the anti-cyclical nature of the insurance business.

The new structure of our alliance with CAJA MADRID, which seeks to boost and strengthen it after almost 10 years of positive and increasing collaboration between both Groups, should permit in 2008 a reorganisation of the corporate structure and operating subsidiaries. This will permit an increase in efficiency and customer focus, together with the

implementation of a new common IT system for the integrated management of the insurance activities.

Following on from this, the Board of Directors has approved the integration of MAPFRE AUTOMÓVILES, MAPFRES SEGUROS GENERALES and MAPFRE CAJA SALUD into one company (MAPFRE FAMILIAR S.A.), which will develop all the Non-Life insurance activities in Spain for retail customers and SME's; and the integration of MAPFRE AGROPECUARIA within MAPFRE EMPRESAS, where a new specific area will be created, in order to continue providing a specialised service to agricultural, livestock and fishery companies.

I would like to conclude this letter by expressing my gratitude to our shareholders, customers, supervisory bodies, and generally all those who have expressed their confidence and support during the previous year; and also all the people that comprise MAPFRE (directors, executives, employees, delegates, agents and associates) – thanks to whose efforts the excellent results we are presenting today were made possible.

Sincerely,



**José Manuel Martínez**  
Chairman







# General information

MAPFRE is an independent Spanish business group which carries out insurance, reinsurance, financial, real estate and services activities in Spain and a further 42 countries. These activities are carried out through 250 companies, which are grouped into divisions and operating units with wide ranging management autonomy, under the coordination and supervision of the senior management bodies of the parent company MAPFRE S.A. These lay down the general guidelines and common policies which the entire Group must adhere to, and approve the objectives and strategic guidelines of the various units and companies, as well as the most important decisions and investments.

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MAPFRE S.A.'s shares are listed on continuous market of the Madrid and Barcelona Stock Exchanges and are included in the IBEX 35, DOW JONES Stoxx Insurance, MSCI Spain, FTSE All-World Developed Europe Index and FTSE4Good indices.

The controlling shareholder of MAPFRE S.A. is FUNDACIÓN MAPFRE, a non-profit oriented foundation which carries out activities of general interest. This shareholding is held through CARTERA MAPFRE, a unipersonal company and wholly owned by the Foundation.

MAPFRE has established, since 2000, an important strategic alliance with CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID ("CAJA MADRID"), the parent company of the fourth largest Spanish financial group. This alliance is represented by the partial integration of the businesses in Spain through the holding company MAPFRE – CAJA MADRID DE ENTIDADES ASEGURADORAS and through BANCO DE SERVICIOS FINANCIEROS CAJA MADRID – MAPFRE, with MAPFRE holding a majority stake in the insurance companies and CAJA MADRID in the banking entities. The alliance achieves the full exploitation of the potential of both groups' networks in the distribution of banking and insurance products.

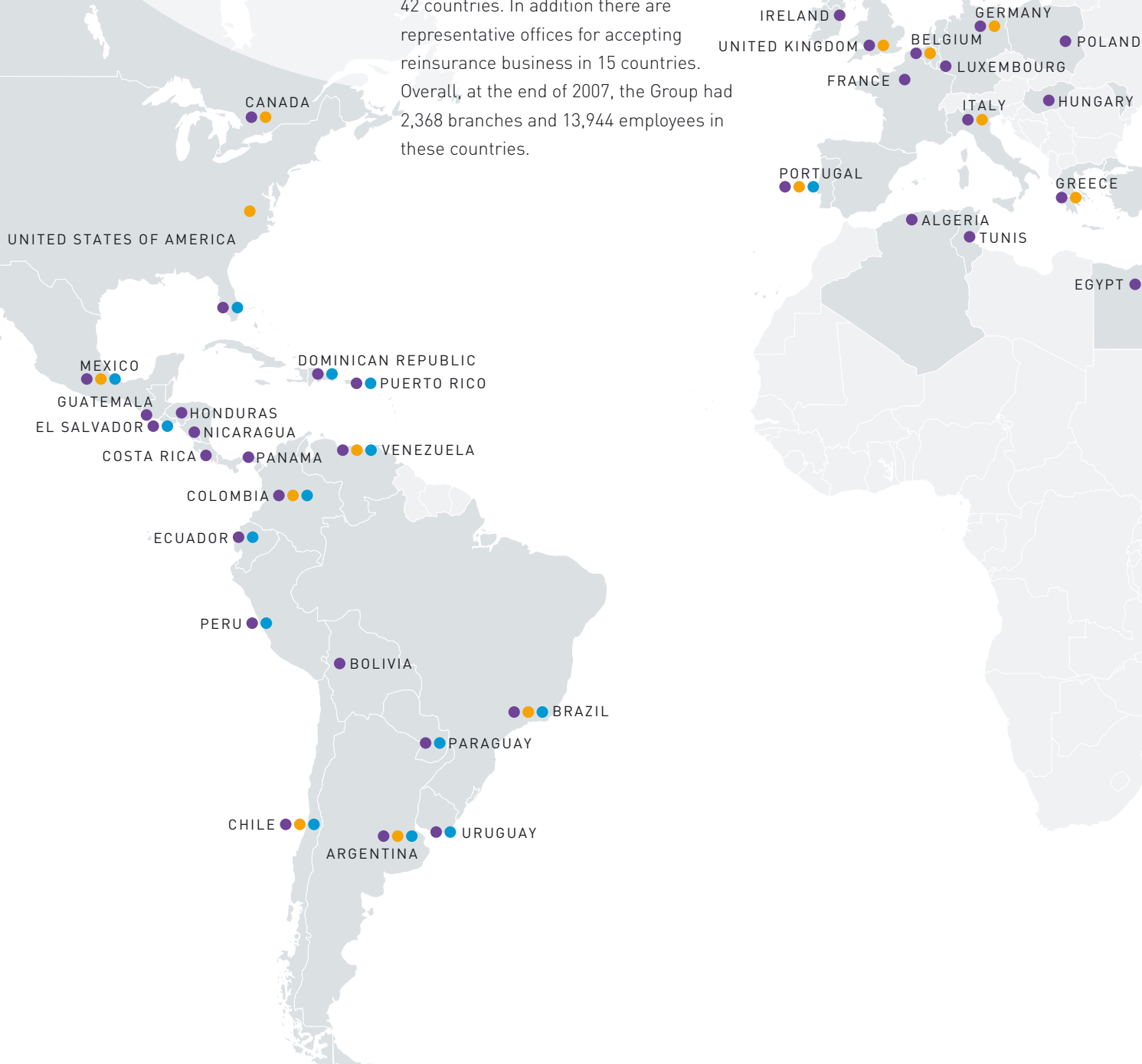
At the end of 2007, both groups reached an agreement to strengthen this alliance and adapt it to the MAPFRE Group's new corporate structure. This will imply a reorganisation of stakes which represent this alliance, which will lead to the integration of MAPFRE – CAJA MADRID DE ENTIDADES ASEGURADORAS within MAPFRE S.A. and CAJA MADRID will have a 15% shareholding. Furthermore, MAPFRE – CAJA MADRID VIDA will be created, which will channel the future business of Life Assurance and Accidents insurance distributed through the CAJA MADRID network; CAJA MADRID will also acquire a 12.5% stake in MAPFRE INTERNACIONAL.

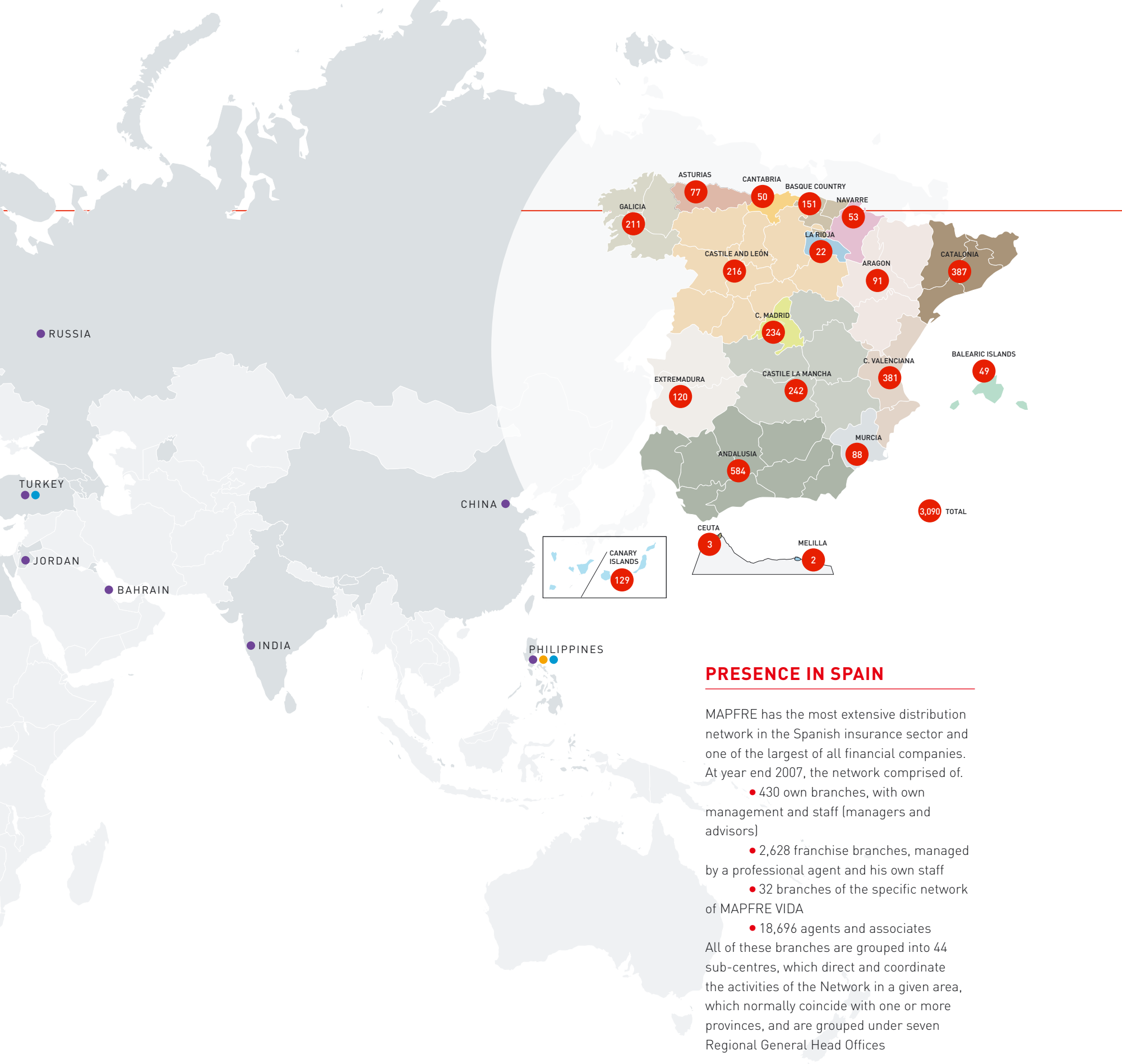
On 5th February 2008, a new Global Framework Agreement regulating the Alliance was signed, while the legal-corporate operations which will lead to the above mentioned reorganisation have commenced.

## INTERNATIONAL PRESENCE

The Group's companies operate in a total of 42 countries, aside from Spain. In 15 of these, the Group has companies which operate in Direct Insurance, with those companies specialised in the Assistance business present in 42 countries. In addition there are representative offices for accepting reinsurance business in 15 countries. Overall, at the end of 2007, the Group had 2,368 branches and 13,944 employees in these countries.

- ASSISTANCE
- REINSURANCE
- DIRECT INSURANCE





## PRESENCE IN SPAIN

MAPFRE has the most extensive distribution network in the Spanish insurance sector and one of the largest of all financial companies. At year end 2007, the network comprised of.

- 430 own branches, with own management and staff (managers and advisors)
- 2,628 franchise branches, managed by a professional agent and his own staff
- 32 branches of the specific network of MAPFRE VIDA
- 18,696 agents and associates

All of these branches are grouped into 44 sub-centres, which direct and coordinate the activities of the Network in a given area, which normally coincide with one or more provinces, and are grouped under seven Regional General Head Offices

## RATINGS

### Standard & Poor's

COMPANY	2007	2006
<b>MAPFRE S.A.</b> (Debt issuer rating)	A+ (Strong) Stable outlook	AA- (Very strong) Stable outlook
<b>MAPFRE S.A.</b> (Senior Debt €275 M)	A+ (Strong)	AA- (Very strong)
<b>MAPFRE S.A.</b> (Subordinated debt €700 M)	A- (Strong)	Not applicable
<b>MAPFRE EMPRESAS</b> (Financial strength rating)	AA (Very strong) Stable outlook	AA (Very strong) Stable outlook
<b>MAPFRE RE</b> (Financial strength rating)	AA (Very strong) Stable outlook	AA (Very strong) Stable outlook

### A.M. Best

COMPANY	2007	2006
<b>MAPFRE RE</b> (Financial strength rating)	A+ (Superior) Stable outlook	A+ (Superior) Stable outlook
<b>MAPFRE PRAICO</b> (Financial strength rating)	A (Excellent) Stable outlook	A (Excellent) Stable outlook
<b>MAPFRE TEPEYAC</b> (Financial strength rating)	A- (Excellent) Stable outlook	A- (Excellent) Stable outlook

### Moody's

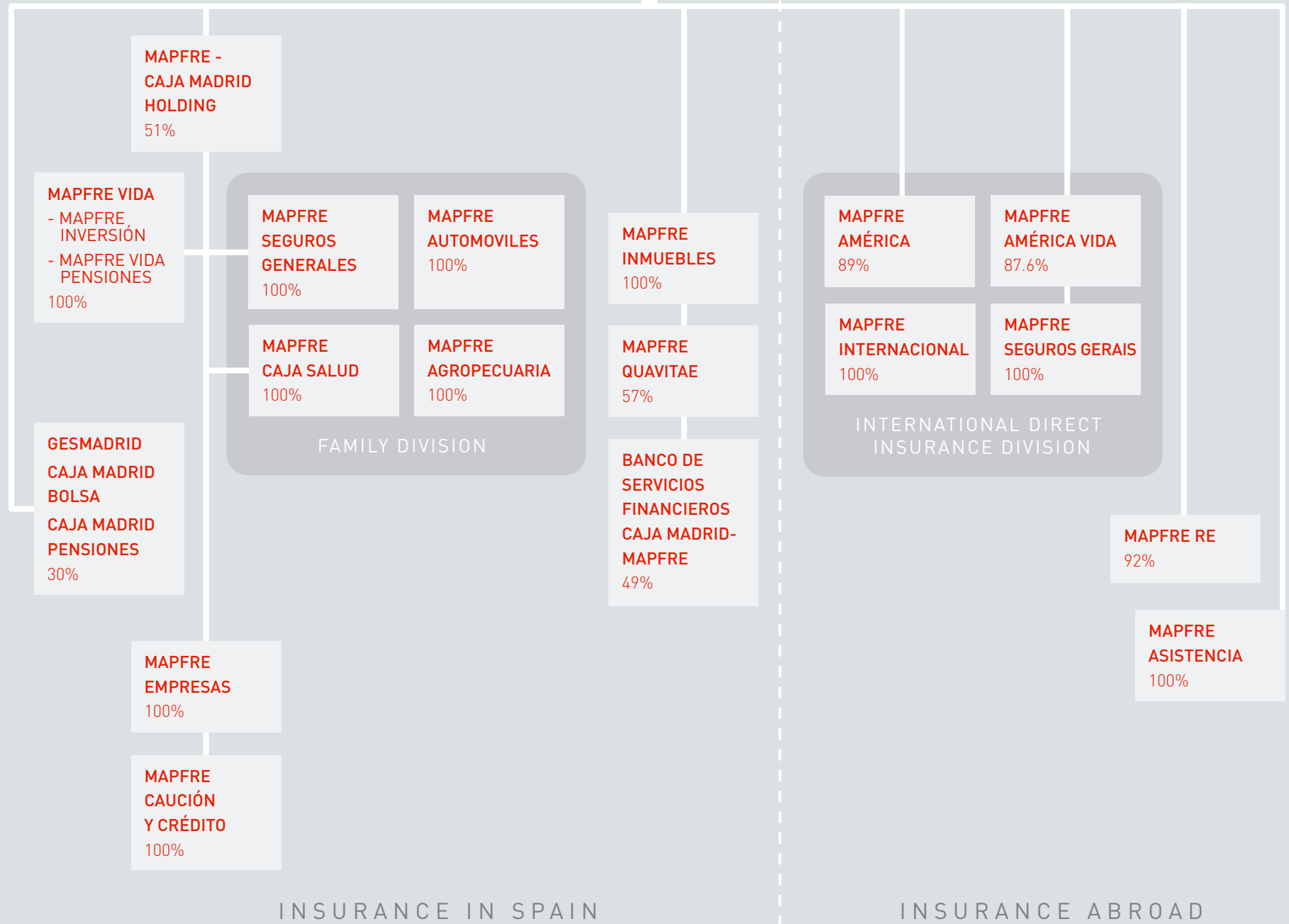
COMPANY	2007	2006
<b>MAPFRE ASISTENCIA</b> (Financial strength rating)	A1 (Good) Stable outlook	A1 (Good) Stable outlook



# MAPFRE S.A.

## ORGANISATIONAL CHART

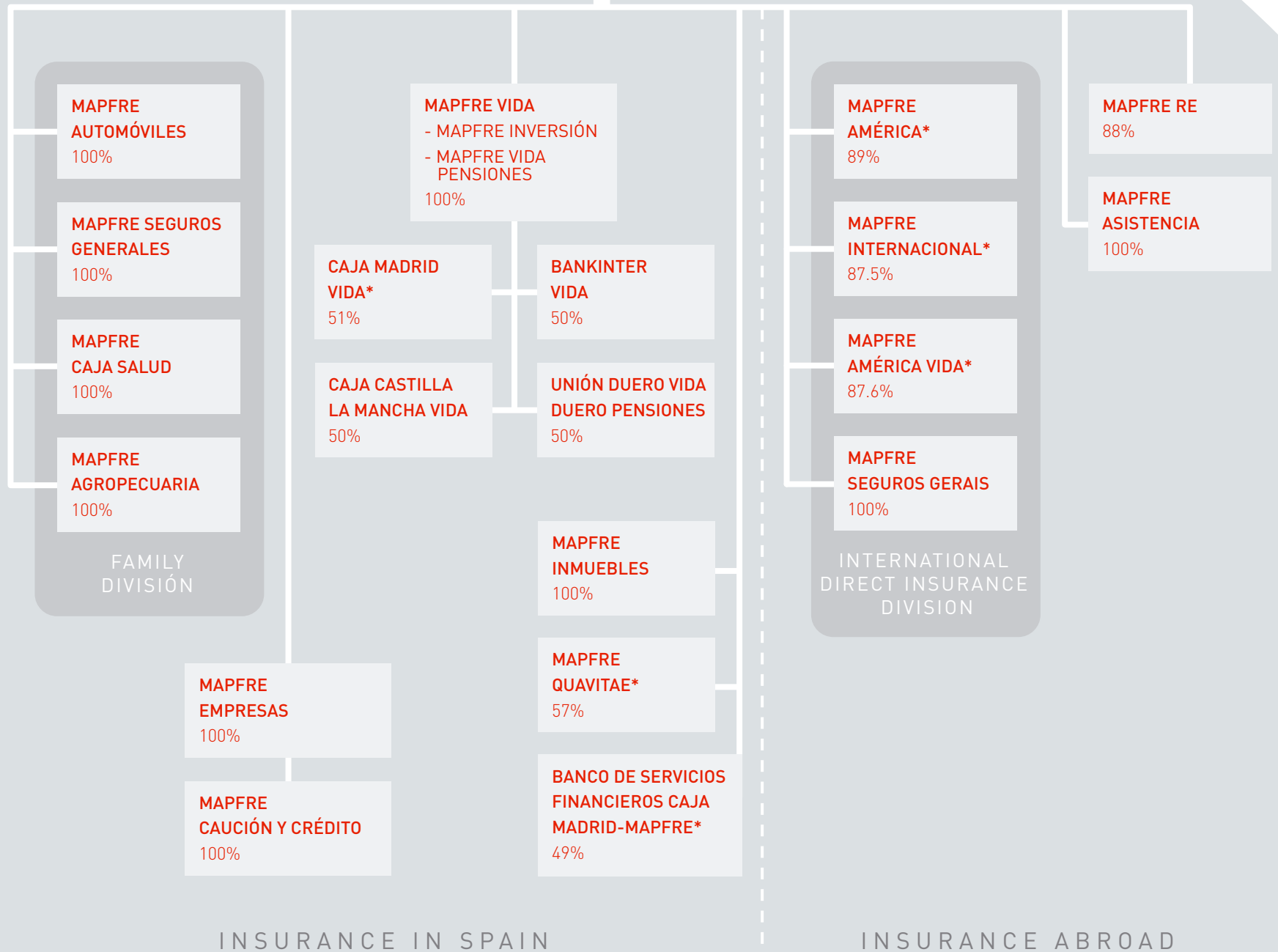
Organisational chart 31.12.07





MAPFRE S.A.

Organisational chart after the reorganisation  
of the alliance with CAJA MADRID



\* ESTIMATED SHAREHOLDING



Material events  
during the year

## JANUARY

- (03.01.07) ● MAPFRE is included among the companies with the best corporate reputation in the world in the ranking created by the Reputation Institute and published by the Forbes magazine.
- (04.01.07) ● MAPFRE starts operating in the surety business in Mexico.
- (09.01.07) ● MAPFRE starts marketing the Fondmapfre Guaranteed 703 fund, where unit holders benefit from the average appreciation of the DJ Eurostoxx 50, Nikkei 225 and SMI stock indices.
- (09.01.07) ● MAPFRE signs a cooperation agreement with Febs AG to distribute GAP insurance in Germany.
- (17.01.07) ● CAJA CASTILLA LA MANCHA and MAPFRE sign an agreement to jointly develop the life and pensions insurance business of said Savings Bank. As a result of the agreement, each entity will have a 50% stake in CCM VIDA Y PENSIONES.
- (18.01.07) ● MAPFRE is chosen the 8<sup>th</sup> best Ibx 35 company in terms of Social Responsibility, according to the 2006 Report of the Companies Social Responsibility Watchdog, undertaken by the University of Valencia, in cooperation with the Ministry of Labour and Social Affairs, and the UGT trade union.
- (22.01.07) ● MAPFRE ASISTENCIA opens its second call centre in the USA, located in Columbus (Georgia).
- (29.01.07) ● MAPFRE and MUTUA VALENCIANA AUTOMOVILISTA sign a letter of intent to integrate the businesses of said mutual society within MAPFRE's insurance subsidiaries.

## FEBRUARY

- (07.02.07) ● MAPFRE presents its 2006 results, with a pre-tax profit of €1,156 million.

## MARCH

- (02.03.07) ● MAPFRE's new shares start trading, as a result of the capital increase approved by the Extraordinary Shareholders' Meeting, held on 29<sup>th</sup> December 2006.
- (07.03.07) ● Spanish university students once again choose MAPFRE as one of the Top 50 best companies to work for, according to the annual survey carried out by the Foundation for Management Know How.
- (09.03.07) ● MAPFRE signs a letter of intent to acquire 80% of the Turkish company GENEL SIGORTA, the 10<sup>th</sup> largest Non-life insurer in Turkey, and the 6<sup>th</sup> largest Motor insurer. The ÇUKUROVA Group will retain the remaining 20%.
- (13.03.07) ● MAPFRE continues to be the most valued insurer in the MERCO Spanish Corporate Reputation Report, and moves up one place in the global ranking, to 14<sup>th</sup> place, in terms of prestige and corporate image. José Manuel Martínez, MAPFRE's Chairman, rises also one place, to 23<sup>rd</sup>, in the ranking of most valued business leaders.
- (14.03.07) ● MAPFRE VIDA and Optima Mayores sign a cooperation agreement which will result in the offering of customised financial and insurance solutions to the Spanish elderly population.
- (14.03.07) ● MAPFRE ASISTENCIA starts operating in the special risks business in Poland.
- (15.03.07) ● MAPFRE PERU and Grupo Ripley form an alliance to distribute Burial insurance through the Group's stores.

**MARCH**

- (20.03.07) ● MAPFRE's Mixto pension fund is awarded, for the second successive year, a prize by Expansión-Standard and Poor's.
- (22.03.07) ● MAPFRE launches a new product offering for motorbikes.
- (26.03.07) ● The acquisition of an 80% shareholding in GENEL SIGORTA is formalised.
- (26.03.07) ● MAPFRE and BBVA sign a 50% co-insurance agreement to jointly develop motor insurance through BBVA's network.
- (26.03.07) ● MAPFRE VIDA and BANKINTER sign an agreement to jointly develop the Life assurance, Accidents insurance and Pensions plans business of said Bank. As a result of the agreement, each entity will have a 50% shareholding in BANKINTER SEGUROS DE VIDA

**APRIL**

- (10.04.07) ● MAPFRE is proposed as a candidate for the Prince Philip Award for Business Excellence 2006-2007, awarded by the Ministry for Industry, Trade and Tourism, in the category of international presence.
- (16.04.07) ● MAPFRE is chosen to chair the Insurance Workgroup of the European Chamber of Commerce in Beijing.
- (18.04.07) ● The Faculty of Actuarial and Tourism Sciences of the University of Extremadura in Cáceres, designates MAPFRE as a Distinguished Company, thanks to its cooperation in trainee programmes for the college's students.
- (20.04.07) ● AM Best confirms the financial strength and issuer ratings, A- (excellent) and a- respectively, of MAPFRE TEPEYAC (Mexico).

**MAY**

- (18.05.07) ● MAPFRE PERU acquires LATINA SEGUROS.
- (22.05.07) ● MAPFRE starts marketing the Fondmapfre Guaranteed 707 fund, where unit holders benefit from the average appreciation of the DJ Eurostoxx 40, Nikkei 225 and S&P 500 stock indices.
- (28.05.07) ● MAPFRE starts operating in Egypt.
- (29.05.07) ● MAPFRE is ranked amongst the Top 100 most reputable companies in the World according to The Reputation Institute, rising to no. 85 from no.188.
- (31.05.07) ● MAPFRE is chosen by Business News America and its TEN magazine as one of the Top 10 financial services companies in Latin America.

**JUNE**

- (01.06.07) ● MAPFRE QUAVITAE receives the Award for Excellence in Residential Management for "Most Effective Business Initiative", awarded by the "Negocios y Gestión Residencial" newspaper belonging to Grupo Júbilo.
- (05.06.07) ● MAPFRE's Annual Shareholders' Meeting approves the issuance of up to €1,000 million in debt instruments.
- (18.06.07) ● MAPFRE is ranked 26<sup>th</sup> amongst the most renowned Spanish brands, according to research conducted by the Forum for Renowned Spanish Brands and the Office for Patents and Brands.

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- (28.06.07) ● MAPFRE presents the "Generation Y" Project, through which it intends to better understand the behaviour of drivers between 18 and 27, in order to assess their driving habits and risk exposure.

## JULY

- (04.07.07) ● MAPFRE MEXICO is selected as one of the most innovative companies in the country by the Information Week Mexico magazine.
- (04.07.07) ● Grupo Dirigentes awards MAPFRE the Business Excellence Prize in the category of Social Responsibility.
- (09.07.07) ● MAPFRE ranks amongst the Top 20 Most Desired Workplaces in the MERCO People Report 2007, rising from no. 28 to no.19.
- (09.07.07) ● The INTERNATIONAL INSURANCE SOCIETY confirms the inclusion of Jose Manuel Martínez, MAPFRE's Chairman, in the Insurance Hall of Fame, the most prestigious award in the Global insurance industry.
- (23.07.07) ● MAPFRE improves its position in the European Non-Life Insurance Ranking, rising to no.13.
- (25.07.07) ● MAPFRE successfully issues €700 million of subordinated debt.
- (31.07.07) ● MAPFRE starts a travel assistance system for the deaf.

## AUGUST

- (08.08.07) ● MAPFRE enters the motorbike insurance market in Brazil.
- (09.08.07) ● MAPFRE and CAJA DUERO sign an agreement to jointly develop the Life assurance and Pensions funds businesses of said Savings Bank. As a result of the agreement, each entity will have a 50% shareholding in UNION DUERO VIDA and DUERO PENSIONES.
- (14.08.07) ● MAPFRE wins the E-learning Award in Brazil, granted by the knowledge website "Learning to Learn".
- (15.08.07) ● MAPFRE acquires REAL PARAGUAYA DE SEGUROS and REAL URUGUAYA DE SEGUROS from the ABN AMRO Group.
- (30.08.07) ● The Reactions magazine, published by the Euromoney Group, chooses MAPFRE as the best insurer in Latin America for a second successive year.

## SEPTEMBER

- (06.09.07) ● Standard & Poor's confirms the AA financial strength ratings of MAPFRE RE and MAPFRE EMPRESAS, with a stable outlook.
- (19.09.07) ● MAPFRE starts marketing the Fondmapfre Guaranteed 711 fund, where unit holders benefit from the average appreciation of the DJ Eurostoxx 50, Nikkei 225 and S&P 500 stock indices.

**OCTOBER**

- (01.10.07) ● MAPFRE RE celebrates its 25<sup>th</sup> anniversary.
- (04.10.07) ● A survey undertaken by Future Brand concludes that, according to Spanish consumers, MAPFRE is Spain's the most trusted company.
- (09.10.07) ● MAPFRE and BANCO PRIMUS sign a distribution agreement for the insurance products linked to mortgages issued by said Bank in Spain.
- (10.10.07) ● José Manuel Martínez, MAPFRE's Chairman, receives the Medal of Honour from the Latin-American Association of Chambers of Commerce, in recognition of his professional career.
- (19.10.07) ● MAPFRE CAUCION Y CREDITO celebrates its 25<sup>th</sup> anniversary.
- (26.10.07) ● MAPFRE signs a distribution agreement with BANKOA to distribute Non-life products through the Bank's 46 branches.
- (29.10.07) ● MAPFRE's subsidiary in Argentina leads the Non-life ranking in the country for the second successive year, according to the information published by the local insurance regulator (Superintendencia de Seguros de la Nación).
- (31.10.07) ● MAPFRE makes an offer to acquires 100% of THE COMMERCE GROUP (USA) for €1,538 million.

**NOVEMBER**

- (05.11.07) ● Standard & Poor's and AM Best maintain MAPFRE's and THE COMMERCE GROUP's ratings after the announcement of the proposed acquisition of the latter by the former.
- (15.11.07) ● MAPFRE and CATTOLICA (Italy) announce that they will not carry out the creation of MAPFRE CATTOLICA AUTO.
- (26.11.07) ● MAPFRE and CATTOLICA confirm their intentions to maintain and develop the strong ties between both Groups, the continuation of reinsurance cooperation agreements, the development of new collaborations in the Assistance segment, and their willingness to explore other possible areas of cooperation.
- (27.11.07) ● The Brazilian Association of Incorporated Companies (ABRASCA) chooses MAPFRE as the 3<sup>rd</sup> best company in Brazil due to the transparency of its financial statements.
- (29.11.07) ● According to 2006 year-end figures, MAPFRE continues to be the leading Non-life insurance group in Latin America, and becomes the 3<sup>rd</sup> largest group overall in the region

**DECEMBER**

- (07.12.07) ● MAPFRE launches CLUB MAPFRE in Brazil, one of the most developed loyalty programmes within the Group, introducing a new service concept in the country's insurance industry.
- (11.12.07) ● MAPFRE is awarded the prize for Best Expansion in Latin America, by the PR Noticias information portal, in the 4<sup>th</sup> edition of the "The best in PR".
- (12.12.07) ● MAPFRE starts Assistance operations in India through its local subsidiary INDIA ASSISTANCE.
- (13.12.07) ● MAPFRE's subsidiary in Argentina is ranked, for the 6<sup>th</sup> successive year, among the Top 50 best companies to work for, according to the ranking prepared by the consultancy firm Company Managers, using the "Great Place to Work" framework.

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- (16.12.07)** ● MAPFRE´s webpage is ranked among the best internet portals of the insurance industry, according to the 8th Capgemini Report on Insurance and Internet.
  - (16.12.07)** ● MAPFRE´s call centre in Portugal is chosen as one the best telephone platforms in the country by the 3rd International Conference organised by the Portuguese Association of Contact Centres.
  - (17.12.07)** ● The Boards of Directors of MAPFRE and CAJA MADRID approve the framework for the reorganisation of the alliance which both Groups signed in the year 2000, with the aim of strengthening the alliance and adapting it to MAPFRE´s new corporate structure.
  - (21.12.07)** ● MAPFRE becomes the main sponsor of the Royal Spanish Tennis Federation for the following 4 years.
  - (28.12.07)** ● MAPFRE opens a new client service centre in Buenos Aires (Argentina), the 12<sup>th</sup> in the country.
  - (28.12.07)** ● The integration of MUTUA VALENCIANA AUTOMOVILISTA into MAPFRE´s Motor Insurance Operating Unit is completed, together with the integration of said mutual society´s other business into MAPFRE´s corresponding operating units.



# Consolidated managemnet report 2007



After a very positive start to the year, which allowed many markets to reach historical or multi-annual highs (boosted by healthy corporate earnings, plenty of M&A activity and a favourable macroeconomic situation), the bursting of the subprime crisis in the summer brought about a sudden change of direction in equities

## ECONOMIC CONTEXT

In spite of the effects of the sharp adjustment in the US real estate sector and in spite of the financial market crisis caused by subprime mortgages, the world economy grew at a rate of nearly 5 per cent in 2007. The slowdown of the US economy, which was greater than expected, was offset by the favourable development of activity in the Eurozone, and especially by the vigorous performance of emerging economies (Latin America, Southeast Asia, China and India).

After a few months of relative stability, the second half of 2007 featured a substantial increase of risk aversion, strong volatility in financial markets, and a significant drop in business and consumer sentiment. The reasons behind this change of direction lie in the much greater than expected impact of the slowdown in the US residential sector and the effects of the crisis in the interbank and credit markets owing to doubts concerning subprime assets, which led the major central banks to intervene in the markets—injecting liquidity and amending their monetary policy stance. Other features of the year in economic terms were the significant hike in the price of commodities and the unchecked rise in oil prices, which neared the 100 dollar mark, the acute weakness of the dollar, which dropped to uncharted levels against the euro, and the slump in government debt yields in the latter part of the year, which benefited from the ‘flight to quality’ of investment flows and wariness towards credit markets and riskier assets.

In this context, the evolution of the geographical areas in which MAPFRE has a stronger presence (Spain and Latin America) was satisfactory. After the economic cycle peaked in the first quarter of the year, the Spanish economy ended 2007 with a growth rate of nearly 3.8 per cent. Even though it is slightly lower than the year before, it served to keep the spread with the Eurozone at around one percentage point. The growth profile varied throughout the year: the contribution of domestic demand fell as a result of less dynamic household spending, in turn caused by higher interest rates and a decline in consumer sentiment, as well as the gradual reduction of investment in the construction sector; on the other hand, the contribution of the foreign sector remained negative though to a lesser extent. Capital investment, job creation and the evolution of government accounts continued to develop favourably. Among the negative developments we must mention the significant deceleration of the real estate sector, the sizeable current account deficit and the impairment of consumer price indices as a result of energy prices and some food prices.

In spite of a more complicated environment, the Latin American economy grew by nearly 5 per cent in 2007. The improvement of the economic and financial situation over recent years (with a reduction of

external debt, healthier government accounts and an increase of foreign reserves) has made the region less vulnerable to external shocks and allowed it to successfully weather the recent financial turmoil. The key factors for this favourable development were significant demand and the high prices of commodities, the consolidation of domestic demand, both in terms of consumer spending and investment, supported by the performance of the labour market, and the orthodox policies implemented by monetary authorities. Although Latin American financial markets had to bear strong volatility just like other geographical regions, stock exchanges in the region performed well, risk premiums remained subdued, there were upgrades in the sovereign debt ratings awarded by agencies, and some currencies were relatively strong.

Stock markets had a positive development across the world, in spite of the fact that the environment gradually worsened as the year progressed, with sharp increases in volatility and risk premiums. With the exception of Japan, the major stock indices recorded gains, which were especially high in emerging markets. The Spanish stock exchange fared better than the European average, supported by the good performance of some of its large caps.

After a very positive start to the year, which allowed many markets to reach historical or multi-annual highs (boosted by healthy corporate earnings, plenty of M&A activity and a favourable macroeconomic situation), the bursting of the subprime crisis in the summer brought about a sudden change of direction in equities.

Lack of confidence among investors owing to doubts on the scope and the end consequences of the real estate, liquidity and credit crises on economic growth and corporate earnings, together with other factors such as the weakness of the US Dollar or the high price of oil, dampened sentiment towards the end of year and volatility was rife in financial markets. However, rapid and determined action on the part of central banks in order to keep a balance between growth and inflation risks and the scarcity of investment alternatives mitigated falls in the stock markets, which then deepened at the beginning of 2008.



## DEVELOPMENT OF THE INSURANCE MARKETS

### Spanish market<sup>1</sup>

According to preliminary estimates, the total volume of direct insurance premiums written in 2007 amounted to €54,648 million, broken down as follows by lines of business:

LINE OF BUSINESS	2007	2006	% VAR. 07/06
Life	22,934	22,472	2.1%
Non-life	31,714	30,112	5.3%
<b>Total Direct Insurance</b>	<b>54,648</b>	<b>52,584</b>	<b>3.9%</b>

*Figures in million euros*

Non-life policies accounted for 58% of the total volume of premiums. In absolute terms, Motor Insurance continued to be the largest by volume, although its growth rate was the lowest due to stiff competition. The table below shows the total estimated volume of Non-life insurance premiums broken down into lines of business, and the change with respect to the previous year:

	2007	2006	% VAR. 07/06
Motor	12,549	12,223	2.7%
Health	5,393	4,920	9.6%
Multi-peril	5,458	5,057	7.9%
Other Non-life	8,314	7,911	5.1%
<b>Total Non-life</b>	<b>31,714</b>	<b>30,112</b>	<b>5.3%</b>

*Figures in million euros*

As in previous years, the decrease in the relative importance of the Motor insurance business continued, as shown in the following table:

	2007	2006	2005	2004	2003
Motor	39.6%	40.6%	41.5%	42.8%	44.5%
Health	17.0%	16.3%	15.9%	15.6%	15.2%
Multi-peril	17.2%	16.8%	16.3%	15.9%	15.7%
Other Non-life	26.2%	26.3%	26.2%	25.7%	24.6%

Based on the trends seen up to September, the technical result worsened slightly. The following table shows the development of the combined ratio calculated as a percentage of net premiums earned, which measures said technical result:



MAPFRE'S HEADQUARTERS IN MAJADAHONDA (MADRID)



2007 ANNUAL SHAREHOLDERS' MEETING



EXTRAORDINARY SHAREHOLDERS' MEETING HELD ON 4TH JULY 2007

[1] Data supplied by the Spanish Association of Insurance and Reinsurance Companies, (UNESPA) and the Association of Collective Investment and Pension Fund Institutions (INVERCO).

	TOTAL		MOTOR		MULTI-PERIL		HEALTH	
	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06	30.09.07	30.09.06
Loss ratio	71.0%	70.7%	75.4%	75.5%	62.8%	60.5%	81.4%	80.8%
Expense ratio	20.7%	20.4%	18.1%	18.3%	30.5%	30.3%	11.3%	11.2%
Combined ratio	91.7%	91.1%	93.5%	93.8%	93.3%	90.8%	92.7%	92.0%

The volume of managed Life savings, represented by technical reserves, was €133,934 million, a 2.5% rise with respect to the previous year.

The table below shows the progress of managed Life savings, mutual funds and pension funds, and their respective increases against the previous year:

	2007	2006	% VAR. 07/06
Life Assurance	133,934	130,695	2.5%
Mutual Funds	327,964	337,011	(2.7)%
Pension Funds	86,561	81,264	6.5%
<b>Total</b>	<b>548,459</b>	<b>548,970</b>	<b>(0.1)%</b>

Figures in million euros



ALVARO URIBE, PRESIDENT OF COLOMBIA, RECEIVES IN BOGOTÁ THE GROUP OF SPANISH JOURNALISTS INVITED BY MAPFRE

## Latin American markets<sup>2</sup>

According to information currently available, the major Latin American insurance markets posted the following increases in their respective volume of written premiums<sup>3</sup>:

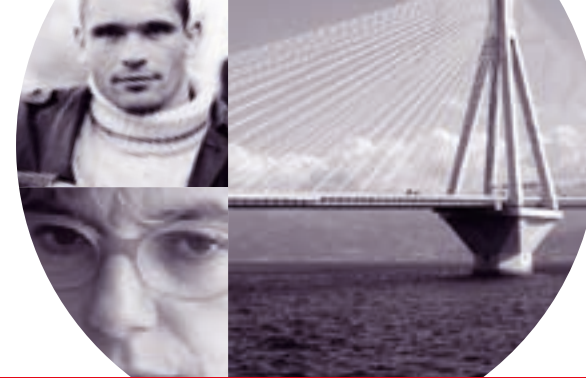
COUNTRY	DATE	NON-LIFE	LIFE	TOTAL
Argentina	30/06/2007	25.6%	25.2%	25.4%
Brazil	30/11/2007	10.4%	27.7%	18.1%
Colombia	30/09/2007	13.4%	16.9%	14.4%
Chile	30/09/2007	20.7%	14.4%	16.8%
Dominican Republic	30/11/2007	12.5%	19.1%	13.1%
Mexico <sup>4</sup>	30/09/2007	15.2%	7.6%	11.7%
Paraguay	30/06/2007	–	–	11.6%
Peru	30/11/2007	5.2%	0.2%	3.2%
Puerto Rico	30/09/2007	6.4%	2.7%	6.0%
El Salvador	30/09/2007	8.6%	(0.6)%	5.6%
Uruguay	31/12/2007 (est.)	2.6%	24.0%	6.4%
Venezuela <sup>5</sup>	31/10/2007	–	–	56.5%

[2] Data for Latin American markets were obtained from supervisory bodies and sectorial associations in each country, from MAPFRE companies operating there.

[3] Percentage changes have been calculated with the most recent information available for each country.

[4] Deflated growth rates.

[5] Life assurance accounts for a very small part of the Venezuelan market's total premiums, so any changes only have a minor bearing on the sector as a whole.



In 2007, the Latin American markets performed as follows:

- In ARGENTINA, with data to the end of June, the insurance market reported high growth rates in excess of the previous financial year, mainly from Non-life insurance, with significant increases in two lines of business: Motor (due to the increase in vehicle sales), and Workers' Compensation (driven by the increase in the working population). The Life assurance business was boosted significantly by the upturn in demand for savings products. The loss ratio rose in Non-life insurance, chiefly due to the increased frequency and the price competition in Motor Insurance, but dropped in Life Assurance, as a younger population joined the group policies.

- In BRAZIL, according to figures to the end of November, the total volume of premiums reported a sharp increase similar to the previous year's, spurred by the sector's initiatives to broaden the product range and develop new distribution channels. VGBL was again the main driving force behind market growth, demand having jumped due to the stronger household saving capacity, and its attractive financial and tax returns. In the Non-life lines, the rate of growth in Motor, Household, Commercial and Transport was brought down by stiff price competition, but rose in all the other lines, mainly due to the heavy increase in demand for warranty extension insurance policies tied to the sale of electronic and electrical appliances. The loss ratio fell both in Non-life (after heavy growth in lines with a low claim experience) and in Life assurance (following the rate hike and the enforcement of stricter subscription policies).

- In CHILE, with data to the end of September, the rate of growth in the volume of premiums accelerated as compared to the previous year. The highlight in Non-life insurance was the increase in the two main lines: Motor Insurance, due to its ever-stronger penetration; and Fires and Earthquakes, due to the effect of the development of the economy. In Life Assurance, most of the upturn in the volume of business stemmed from the main line (Life Annuities) and from loan repayment (Debtor's Life Assurance). Price competition was fierce in the personal lines of Non-life insurance, and especially in Motor Insurance. The loss ratio remained stable in Non-life insurance, and rose slightly in Life Assurance.

- In COLOMBIA, with data to the end of September, growth in the volume of premiums was clearly up on the previous year, driven mainly by Life Assurance, in turn boosted by stronger group insurance policy sales due to the growing demand of this type of products and larger number of policyholders; and by retirement insurance, due to the larger working population. In Non-life insurance, the largest growth came in Motor Insurance, following the significant rise in new vehicle sales, and in

Multi-peril Insurance, due to the growth in the building industry and the rising demand of small and medium-sized enterprises. The loss ratio ended higher in the Non-life business, on account of price competition, increased frequency and the damages caused by natural disasters.

- In the DOMINICAN REPUBLIC, with data to the end of November, growth in the volume of premiums stayed at sustained levels, albeit lower than for the previous financial year. Most growth came in Motor Insurance, which raised tariffs to absorb the higher costs derived from the fact that the VAT charged on premiums can no longer be offset with the VAT paid on claims. The Non-life loss ratio rose on account of tough price competition and the claims caused by the floods. Life assurance enjoyed sustained growth and a good technical result, despite continuing to contribute very little to total business.

- In MEXICO, with data to the end of September, the total volume of premiums rose sharply again. The Non-life insurance benefited from the performance of the property line of business, rates having climbed significantly after the catastrophic claims of previous years, and of Accident and Illness, due to the attractive tax treatment. Motor insurance grew at a real rate of nearly 10%, mainly due to the increase in new vehicle sales and the price rises. Growth in Life assurance slowed down significantly compared to the previous year, as a consequence of the high rate of penetration of savings products. The Non-life businesses reported higher loss ratios, mainly on account of tariffs being too low in Motor Insurance and the steeper property reinsurance costs, while in Life assurance loss ratios remained stable.

- In PARAGUAY, with data for the first six months, the volume of premiums remained at a sustained growth rate. Similar to the previous year, Motor Insurance provided most of the increase in volume of business as vehicle sales soared. Price competition was intense, especially in damage insurance for private individuals. The financial statements are now drawn up in accordance with IFRS, which is why several companies reported lower earnings, following changes in the criteria for the appropriation of the provision for risks in progress.

- In PERU, with data to the end of November, premium growth was down on the previous year. Once again, Non-life reported the highest growth rate, spurred mainly by the Motor, Multi-peril and Surety businesses. In contrast, the volume of Life assurance premiums remained almost unchanged, after the early retirement system was suspended, prompting a sharp downturn in savings premiums; this was offset by heavy growth in Individual Life Assurance and loan repayment (Debtor's Life Assurance). Price competition was fierce in most lines of business. Loss ratios were higher in Non-life (mainly due to the Pisco earthquake claims

[6] (Life Assurance Generating Free Benefits) Life Assurance.

and more frequent vehicle theft), and in Life Assurance (due to the decline in premiums).

- In PUERTO RICO, with data to the end of September, the market reported growth, albeit not performing as strongly as the previous year. Once again, Health insurance was the driving force behind the Non-life business and the market as a whole, following the sustained success of the health care plans for retired individuals (Medicare), which are subsidised and regulated by the federal authorities; even so, the increased level of penetration slowed down the rate of growth. Premiums in the rest of the Non-life Business remained almost unchanged due to the sluggish economic activity. Life Assurance recorded a modest rise that stemmed mainly from the annuity business. The Non-life loss ratio was slightly up on the previous year, on account of tough price competition and higher costs in the Health line of business.

- In EL SALVADOR, with data at the end of September, the market enjoyed positive growth but significantly less than the previous year, Life Assurance having shrunk due to fierce price competition in retirement insurance. Non-life reported another rise due basically to the Fire business, which experimented growth on account of the buoyant building industry and a slight increase in rates. In the Motor business, growth was around 7%, spurred by higher vehicle sales and in spite of fierce price competition. The Non-life loss ratio improved due to the decline in the frequency of burglary and theft claims.

- In URUGUAY, according to year-end estimates, growth in the volume of premiums slowed down as the peso gained against the US dollar, the currency to which most property insurance policies are indexed. Motor insurance increased by nearly 5%, while Life assurance followed the same trend of sustained growth that has been seen since

2005, driven by the growing working population and rising wages. Price competition was especially intense in Motor, Fire and Agricultural and Livestock Insurance. Motor insurance and Life assurance loss ratios stayed at stable levels.

- In VENEZUELA, according to data to the end of October, the premium growth rate was far higher than the previous year, boosted by the huge increase in the number of Health insurance policies subscribed by the public sector and the upturn in vehicle sales. Prices remained stable, but the technical result was worse than the previous year on account of high inflation, higher medical expenses and higher management expenses in the Motor business.



LEFT: SPANISH JOURNALISTS WITH THE PRIME MINISTER OF PREU, JORGE CASTILLO  
RIGHT: MEETING OF THE MAPFRE NETWORK ("RED MAPFRE")





### Turkish market

According to data to the end of September, the Turkish insurance market grew steadily again by 13.8%, thereby exceeding the rate of inflation (8.4%). This growth was driven by Non-life business, which climbed 17%, mainly on account of the huge increase in Motor Insurance following the upturn in new vehicle sales. Significant growth was also reported in Legal Liability, due to new legal requirements, and in Travel Health Insurance, as more of the population travelled abroad. In contrast, Life Assurance, which accounts for 13% of the insurance market, shrank 3.7% as savers moved part of their retirement savings into pension schemes. Price competition stiffened notably in the second half after the subsidiaries of certain foreign groups adopted aggressive commercial policies. The Non-life business reported a lower loss ratio, chiefly due to the significant drop in coverage of Motor Insurance damages, in turn due to the higher tariffs and improved risk selection.

### Reinsurance market

The international reinsurance market developed satisfactorily due to the low intensity of natural disasters. Despite a few catastrophe-related claims (storms in Northern Europe, Australia and the United Kingdom), the costs were largely retained by insurance companies. As a result, it is expected that reinsurance operators will end financial year 2007 with similar or slightly higher earnings than in 2006, aided by the positive input of higher financial income thanks to higher interest rates. Recent instability in financial markets is likely to marginally affect the sector, although at the time of writing we cannot predict what the real effects of this problem will be.

The above-mentioned low intensity of catastrophes during the year and the improved earnings forecasts for 2007 prompted more competitive rates and terms in virtually all lines and regions, but nonetheless positive technical margins should remain in place.

All of the above, together with the higher retention capacity of insurance companies and the steady conversion of proportional reinsurance programmes into non-proportional schemes is leading to a reduction of premiums, which will heighten competition between the various operators in order to achieve revenue in keeping with their high capitalisation and expectations.

During 2007 there were relevant acquisitions in the sector, and some reinsurance firms are now subscribing direct insurance to offset the reduction of reinsurance premiums and to obtain profits that will allow them to adequately remunerate capital.

## BUSINESS DEVELOPMENT<sup>7</sup>

### Operating revenues and funds under management

Direct insurance and accepted reinsurance premiums written by the subsidiaries of the Company were €12,310.5 million in 2007, a 12.6% increase. Total operating revenues reached €15,206.7 million, including €340.9 million of new gross contributions to pension funds.



NEW BUILDING IN  
ARAVACA (MADRID)



HEADQUARTERS OF GENEL  
SIGORTA IN TURKEY

[7] In the figures for 2007, MAPFRE SEGUROS GENERALES' Motor Business in the Canary Islands is included in MAPFRE AUTOMÓVILES; and the branches in Portugal of MAPFRE VIDA and MAPFRE EMPRESAS are included in MAPFRE SEGUROS GERAIS. This configuration of businesses was also applied to the pro forma figures for 2006 to permit homogeneous comparisons



## Price competition stiffened notably in the second half after the subsidiaries of certain foreign groups adopted aggressive commercial policies

The breakdown of these revenues by business line is shown in the following table:

	2007	2006	VAR. % 07/06
<b>Companies operating mainly in Spain</b>	<b>10,011.4</b>	<b>9,008.7</b>	<b>11.1%</b>
Gross written and accepted premiums	7,853.0	7,083.3	10.9%
Income from investments	1,483.5	1,298.3	14.3%
Other revenues	674.9	627.1	7.6%
<b>Companies operating mainly abroad</b>	<b>5,097.7</b>	<b>4,427.6</b>	<b>15.1%</b>
Gross written and accepted premiums	4,457.5	3,849.4	15.8%
Income from investments	496.6	431.3	15.1%
Other revenues	143.6	146.9	(2.2)%
<b>Parent company</b>	<b>388.0</b>	<b>167.8</b>	<b>131.2%</b>
<b>SUB-TOTAL CUMULATIVE REVENUES</b>	<b>15,497.1</b>	<b>13,604.1</b>	<b>13.9%</b>
Consolidation adjustments and other companies	(631.3)	(370.3)	70.5%
<b>SUB-TOTAL CONSOLIDATED REVENUES</b>	<b>14,865.8</b>	<b>13,233.8</b>	<b>12.3%</b>
Gross contributions to pension funds	340.9	349.6	(2.5)%
<b>TOTAL REVENUES FROM OPERATIONS</b>	<b>15,206.7</b>	<b>13,583.4</b>	<b>12.0%</b>

Figures in million euros



In 2007, both the total cumulative and total consolidated revenues exceeded the figures for the previous year, having grown 13.9% and 12.3%, respectively, as a consequence of the following factors:

- Organic growth in premiums volumes, which was particularly significant outside of Spain.
- Consolidation into the accounts of the companies in which the Group has acquired a shareholding during the course of the year (BANKINTER VIDA, CCM VIDA Y PENSIONES and GENEL SIGORTA) or absorbed (MUTUA VALENCIANA AUTOMOVILISTA).
- The rise in interest rates, which led to an increase in financial income and to a downwards adjustment in the value of hedging swaps.
- The appreciation of the Euro against the US Dollar and some Latin American currencies, which reduced the amount in Euros of the revenues coming from Latin America.

The following table shows the evolution of funds under management in Life assurance and Savings products:

	2007	2006	VAR. % 07/06
Life assurance technical reserves	16,955.5	15,265.8	11.1%
Pension funds	3,155.2	1,493.2	111.3%
Mutual funds and managed portfolios	4,038.0	3,777.3	6.9%
<b>TOTAL</b>	<b>24,148.7</b>	<b>20,536.3</b>	<b>17.6%</b>

Figures in million euros

The increase in the volume of managed assets that was achieved in 2007 (17.6%) reflects primarily a significantly larger winning of savings insurance in Spain, strong business development in Brazil and the integration of CCM VIDA Y PENSIONES and BANKINTER VIDA.

The abovementioned rise in interest rates over the previous year translated into a €661.8 million downwards adjustment in Life assurance technical reserves.



## Spain

Direct insurance and accepted reinsurance premiums written by the companies that operate primarily in Spain reached €7,853 million, to which €340.9 million of new gross contributions to pension funds must be added, with the following breakdown by company:

	2007	2006	VAR. % 07/06
MOTOR INSURANCE <sup>1</sup>	2,560.7	2,473.3	3.5%
GENERAL INSURANCE <sup>1</sup>	1,112.7	1,053.9	5.6%
HEALTH INSURANCE	432.7	388.0	11.5%
AGRICULTURAL & LIVESTOCK INSURANCE	253.5	229.3	10.6%
<b>FAMILY DIVISION</b>	<b>4,359.6</b>	<b>4,144.5</b>	<b>5.2%</b>
COMMERCIAL INSURANCE	1,322.1	1,225.4	7.9%
<b>NON-LIFE INSURANCE IN SPAIN</b>	<b>5,681.7</b>	<b>5,369.9</b>	<b>5.8%</b>
LIFE SAVINGS	1,944.0	1,582.5	22.8%
MAPFRE VIDA <sup>1</sup>	1,779.3	1,582.5	12.4%
BANKINTER VIDA <sup>2</sup>	24.2	-	-
CCM VIDA Y PENSIONES <sup>2</sup>	140.5	-	-
LIFE PROTECTION	307.7	265.8	15.8%
MAPFRE VIDA <sup>1</sup>	285.7	265.8	7.5%
BANKINTER VIDA <sup>2</sup>	14.2	-	-
CCM VIDA Y PENSIONES <sup>2</sup>	7.8	-	-
<b>LIFE ASSURANCE IN SPAIN</b>	<b>2,251.7</b>	<b>1,848.3</b>	<b>21.8%</b>
Consolidation adjustments	(80.4)	(134.9)	(40.4)%
<b>TOTAL PREMIUMS<sup>1</sup></b>	<b>7,853.0</b>	<b>7,083.3</b>	<b>10.9%</b>
<b>Gross contributions to pension funds</b>	<b>340.9</b>	<b>349.6</b>	<b>(2.5)%</b>

*Figures in million euros*

(1) In the figures for 2007, MAPFRE SEGUROS GENERALES' Motor Business in the Canary Islands is included in MAPFRE AUTOMÓVILES; and the branches in Portugal of MAPFRE VIDA and MAPFRE EMPRESAS are included in MAPFRE SEGUROS GERAIS. This configuration of businesses was also applied to the pro forma figures for 2006 to permit homogeneous comparisons.

(2) Figures shown correspond to the premiums written by this company since the date when it was first included into MAPFRE's scope of consolidation.

The following aspects must be noted about the Family Division:

- The increase in Motor Insurance premiums reflects the winning of 116,000 net new policies, equivalent to a 2% growth, and the inclusion of the premiums written by Mutua Valenciana Automovilista over the last ten months of 2007, which amounted to €95 million. At the close of the year, MAPFRE insured 6,091,000 vehicles in Spain.



The development of premiums at the **COMMERCIAL INSURANCE OPERATING UNIT** reflects the significant growth of industrial insurance in Spain and the favourable performance of the international business in Global Risks and in the Credit and Surety line, in spite of an intensely competitive environment

- The development of premiums at the GENERAL INSURANCE OPERATING UNIT reflects sustained growth in the Household insurance (9.2%) and Multiperil (7.7%) lines, and the slowdown in the sale of mortgage payment protection insurance (“Hipoteca Protegida”).

- The increase in premiums at MAPFRE CAJA SALUD has been driven mainly by the Health Assistance group business and by the Expense Reimbursement line.

The development of premiums at the COMMERCIAL INSURANCE OPERATING UNIT reflects the significant growth of industrial insurance in Spain and the favourable performance of the international business in Global Risks and in the Credit and Surety line, in spite of an intensely competitive environment.

Premiums development in Life Assurance is due to:

- The significant increase in the winning of single premium savings products through the CAJA MADRID network;
- A larger issuance of savings insurance through the agency network.
- The sustained growth in Life - Protection premiums;
- The integration of CCM VIDA Y PENSIONES and BANKINTER VIDA.

The following table shows a breakdown of written and accepted premiums by line of business in 2006 and 2007, together with the corresponding market shares (provisional in the case of 2007):



AGREEMENT WITH CAJA CASTILLA LA MANCHA

	2007	2006	% VAR.	MARKET SHARES	
				2007	2006
MOTOR	2,578.7	2,493.2	3.4%	20.5%	20.4%
HEALTH	432.7	388.0	11.5%	7.9%	7.8%
OTHER - NON-LIFE	2,670.3	2,483.1	7.5%	18.3%	18.1%
<b>TOTAL NON-LIFE</b>	<b>5,681.7</b>	<b>5,364.3</b>	<b>5.9%</b>	<b>17.4%</b>	<b>17.4%</b>
LIFE PROTECTION	307.7	271.3	13.4%		
LIFE SAVINGS	1,944.0	1,582.5	22.8%		
<b>TOTAL LIFE</b>	<b>2,251.7</b>	<b>1,853.8</b>	<b>21.5%</b>	<b>9.9%</b>	<b>8.3%</b>
<b>TOTAL<sup>(1)</sup></b>	<b>7,933.4</b>	<b>7,218.1</b>	<b>9.9%</b>	<b>14.3%</b>	<b>13.5%</b>

Figures in million euros

(1) In the figures for 2007, MAPFRE SEGUROS GENERALES' Motor Business in the Canary Islands is included in MAPFRE AUTOMÓVILES; and the branches in Portugal of MAPFRE VIDA and MAPFRE EMPRESAS are included in MAPFRE SEGUROS GERAIS. This configuration of businesses was also applied to the pro forma figures for 2006 to permit homogeneous comparisons.



The following table shows the breakdown by company of premiums written through the agents and bank channels:

	AGENTS AND OTHER CHANNELS			BANK CHANNEL			TOTAL		
	2007	2006	VAR. %	2007	2006	VAR. %	2007	2006	VAR. %
LIFE <sup>(1)</sup>									
MAPFRE VIDA - Recurring business	1,002.9	951.4	5.4%	978.2	830.1	17.8%	1,981.1	1,781.5	11.2%
BANKINTER VIDA <sup>(2)</sup>	-	-	-	38.4	-	-	38.4	-	-
CCM VIDA Y PENSIONES <sup>(2)</sup>	-	-	-	148.3	-	-	148.3	-	-
MOTOR <sup>(1)(3)</sup>	2,518.9	2,440.8	3.2%	41.8	32.5	28.6%	2,560.7	2,473.3	3.5%
GENERAL INSURANCE <sup>(1)</sup>	993.4	918.6	8.1%	119.3	135.3	(11.8)%	1,112.7	1,053.9	5.6%
AGRICULTURAL & LIVESTOCK	253.2	229.0	10.6%	0.3	0.3	-	253.5	229.3	10.6%
HEALTH	408.2	367.0	11.2%	24.5	21.0	16.7%	432.7	388.0	11.5%
COMMERCIAL INSURANCE <sup>(1)</sup>	1,292.7	1,197.9	7.9%	29.4	27.5	6.9%	1,322.1	1,225.4	7.9%
NON-LIFE	5,466.4	5,153.3	6.1%	215.3	216.6	(0.6)%	5,681.7	5,369.9	5.8%
LIFE <sup>(1)</sup>									
MAPFRE VIDA - Large corporate operations							83.9	66.8	25.6%
Consolidation adjustments							(80.4)	(134.9)	(40.4)%
<b>TOTAL<sup>(1)</sup></b>	<b>6,469.3</b>	<b>6,104.7</b>	<b>6.0%</b>	<b>1,380.2</b>	<b>1,046.7</b>	<b>31.9%</b>	<b>7,853.0</b>	<b>7,083.3</b>	<b>10.9%</b>

Figures in million euros

(1) In the figures for 2007, MAPFRE SEGUROS GENERALES' Motor Business in the Canary Islands is included in MAPFRE AUTOMÓVILES; and the branches in Portugal of MAPFRE VIDA and MAPFRE EMPRESAS are included in MAPFRE SEGUROS GERAIS. This configuration of businesses was also applied to the pro forma figures for 2006 to permit homogeneous comparisons.

(2) Figures shown correspond to the premiums written by this company since the date when it was first included into MAPFRE's scope of consolidation.

(3) Figures for MAPFRE AUTOMÓVILES include the items corresponding to MVA, which was integrated at year end with retroactive effect from 1.3.2007.

Total revenues from investments for the companies that operate primarily in Spain increased 14.3% and amounted to €1,483.5 million (vs. €1,298.3 million in 2006). Of these, €1,184.7 million came from interests, dividends and equivalents, against €1,125.7 million in 2006.

Total revenues from business activities other than insurance reached €697.6 million, an increase of 8.2% over the previous year. Their breakdown by company is shown in the following table:

	2007	2006	VAR.% 07/06
MAPFRE INVERSIÓN and subsidiaries	118.5	110.2	7.5%
MAPFRE INMUEBLES	73.1	118.3	(38.2)%
MAPFRE QUAVITAE	119.1	103.6	15.0%
Other entities	386.9	312.6	23.8%
<b>TOTAL</b>	<b>697.6</b>	<b>644.7</b>	<b>8.2%</b>

Figures in million euros

The subsidiaries that operate in stockbroking, as well as mutual and pension fund management, which are grouped under MAPFRE INVERSIÓN, obtained revenues of €118.5 million, a 7.5% increase over 2006. The volume

of assets in mutual funds and managed portfolios stood at €4,038 million, equivalent to a 6.9% increase, and assets managed in pension funds reached €1,628.2 million, a 9% rise.

According to figures for 2006, which are the latest available, MAPFRE held again the first place in the Non-Life insurance ranking in Latin America, with a share of approximately 6.2% in the countries and territories in which it operates.

## INTERNATIONAL

Premiums written and accepted by the companies whose activity is primarily international evolved as follows:

	2007	2006	VAR.% 07/06
LIFE	670.9	547.8	22.5%
LATIN AMERICA <sup>(1)</sup>	628.3	503.1	24.9%
OTHER COUNTRIES <sup>(2)</sup>	42.6	44.7	(4.7)%
Non-life	2,496.5	2,099.6	18.9%
LATIN AMERICA <sup>(1)</sup>	2,292.4	1,958.6	17.0%
OTHER COUNTRIES <sup>(2)</sup>	204.1	141.0	44.8%
<b>DIRECT INSURANCE</b>	<b>3,167.4</b>	<b>2,647.4</b>	<b>19.6%</b>
ACCEPTED REINSURANCE	1,601.2	1,437.7	11.4%
ASSISTANCE	314.8	296.3	6.2%
<b>TOTAL CUMULATIVE PREMIUMS</b>	<b>5,083.4</b>	<b>4,381.4</b>	<b>16.0%</b>
Intra-group transactions eliminated upon consolidation	(625.9)	(532.0)	17.7%
<b>TOTAL CONSOLIDATED PREMIUMS <sup>(3)</sup></b>	<b>4,457.5</b>	<b>3,849.4</b>	<b>15.8%</b>

*Figures in million euros*

(1) Includes the consolidated figures for holding companies MAPFRE AMÉRICA and MAPFRE AMÉRICA VIDA.

(2) Includes Florida, the Philippines, Portugal and Turkey. In the figures for 2007, the branches in Portugal of MAPFRE VIDA and MAPFRE EMPRESAS are included in MAPFRE SEGUROS GERAIS. This configuration of businesses was also applied to the figures for 2006 to permit homogeneous comparisons.

(3) In this report, the figures for 2007 are compared with the pro forma figures for 2006, which, in compliance with legal requirements, have been prepared purely for comparative purposes on the basis of the consolidated financial statements of MAPFRE S.A. at the close of 2006 and the financial statements at the same date of those companies which were included into its scope of consolidation in January 2007.

The breakdown by business line of premiums written by the Direct Insurance companies with international activities is shown in the following table:

	2007	2006	% VAR
Motor	1,031.3	935.7	10.2%
Health and accidents	437.5	368.6	18.7%
Life	720.7	586.7	22.8%
Other lines	977.9	756.4	29.3%
<b>TOTAL</b>	<b>3,167.4</b>	<b>2,647.4</b>	<b>19.6%</b>

*Figures in million Euros*

The 18.6% increase in premiums at the AMERICA OPERATING UNIT (Life 24.9% and Non-Life 17%) mainly reflects the sustained growth in business volumes in Brazil and Mexico.



2007 ANNUAL SHAREHOLDERS' MEETING



The following table shows the growth rates of Direct Insurance premiums achieved in the various countries:

COUNTRY	PREMIUMS (LIFE AND NON-LIFE)			Local Currency	
	2007	2006	% 07/06		% 07/06
Brazil <sup>(1)</sup>	1,190.9	959.6	24.1%		26.0%
Mexico	387.6	310.9	24.7%		35.6%
Venezuela	306.3	296.6	3.3%		12.4%
Puerto Rico	276.7	270.9	2.1%		12.4%
Argentina	310.9	275.7	12.8%		24.6%
Other countries <sup>(2)</sup>	448.3	348.0	28.8%		-
<b>AMERICA OPERATING UNIT</b>	<b>2,920.7</b>	<b>2,461.7</b>	<b>18.6%</b>		-

Figures in million euros

(1) Figures for Brazil at the close of 2007 include premiums from MAPFRE NOSSA CAIXA of €140.3 million (€73.3 million as at 31.12.2006).

(2) Includes Chile, Colombia, the Dominican Republic, El Salvador, Paraguay, Peru and Uruguay.



PRESS CONFERENCE  
TO PRESENT THE HALF  
YEARLY RESULTS

According to figures for 2006, which are the latest available, MAPFRE held again the first place in the Non-Life insurance ranking in Latin America, with a share of approximately 6.2% in the countries and territories in which it operates. The following table shows the Non-Life direct insurance market shares in the various countries:

COUNTRY	MARKET SHARES <sup>(1)</sup>
Argentina	8.3%
Brazil	5.9%
Chile	9.3%
Colombia	4.2%
El Salvador	13.2%
Mexico	4.4%
Paraguay <sup>(2)</sup>	13.9%
Peru	6.6%
Puerto Rico	12.7%
Uruguay	5.3%
Venezuela	7.7%

(1) Figures as per the latest data available for each market.

(2) Total market share (Life + Non-Life).

In the accepted reinsurance business, MAPFRE RE and its subsidiaries recorded a consolidated volume of premiums of €1,601.2 million (€1,437.7 million in 2006), an 11.4% increase. Retained premiums were €1,066.5 million, equivalent to a 66.6% retention rate (68.5% in 2005). By geographical areas, 31% of accepted premiums came from

Spain, 28% from the rest of Europe, 27% from Latin America, 6% from North America and 8% from other countries.

The total revenues (premiums and revenues from the sale of services) of MAPFRE ASISTENCIA and its subsidiaries reached €428.7 million, a 1.7% increase over the previous year. Of these, €314.8 million corresponded to written and accepted premiums, with a 6.2% rise, and €113.9 million to revenues from services, a 9% decrease.

MAPFRE INTERNACIONAL obtained a total premiums volume of €246.7 million, as a result of the following development in the premiums of its subsidiaries:

- MAPFRE USA, which operates in Florida, wrote premiums of €14.6 million, a 9.5% decrease.
- MAPFRE INSULAR (The Philippines) achieved a 14.1% increase in its premiums volume, which stood at €21.2 million.
- The business activities in Portugal (comprising MAPFRE SEGUROS GERAIS and the Life and Credit and Surety businesses) booked premiums written of €148 million, equivalent to a 2% decrease
- GENEL SIGORTA (Turkey) recorded an 18.9% increase in its premiums figure that reached €229.6 million, of which only €62.9 million, corresponding to the last quarter, were included in MAPFRE's consolidated accounts.

The total income from investments for the companies that operate primarily outside of Spain grew 15.1% and amounted to €496.6 million. (vs. €431.3 million in 2006). Of these, €334.6 million came from interests, dividends and equivalents, against €305.9 million in 2006.



## Management ratios

In Non-life lines, the consolidated combined ratio was 92.6%, against 93.9% the previous year. The loss ratio has declined significantly in the Motor insurance line in Spain and in Commercial insurance, mitigating the impact of the greater incidence of large claims. The development of the main management ratios is shown in the following table:



JOSÉ MANUEL MARTÍNEZ AT THE INSURANCE HALL OF FAME

COMPANY	RATIOS					
	EXPENSE RATIO <sup>(1)</sup>		LOSS RATIO <sup>(2)</sup>		CCOMBINED RATIO <sup>(3)</sup>	
	2007	2006	2007	2006	2007	2006
MAPFRE S.A. consolidated <sup>(4)</sup>	24.6%	24.9%	68.0%	69.0%	92.6%	93.9%
<b>Companies operating primarily in Spain</b>						
MOTOR INSURANCE OP. UNIT <sup>(4)</sup>	16.7%	14.4%	74.5%	77.6%	91.2%	92.0%
GENERAL INSURANCE OP. UNIT	25.3%	29.9%	59.8%	58.7%	85.1%	88.6%
HEALTH	17.7%	16.6%	75.1%	78.1%	92.8%	94.7%
AGRICULTURAL AND LIVESTOCK	18.0%	21.7%	75.3%	67.3%	93.3%	89.0%
<b>FAMILY DIVISION</b>	<b>18.9%</b>	<b>18.5%</b>	<b>71.1%</b>	<b>72.8%</b>	<b>90.0%</b>	<b>91.3%</b>
COMMERCIAL INSURANCE OP. UNIT <sup>(5)</sup>	24.2%	20.5%	62.4%	65.3%	86.6%	85.8%
<b>TOTAL NON-LIFE SPAIN</b>	<b>19.5%</b>	<b>18.7%</b>	<b>70.2%</b>	<b>72.0%</b>	<b>89.7%</b>	<b>90.7%</b>
LIFE ASSURANCE OP. UNIT <sup>(6)</sup>	0.9%	0.9%				
<b>Companies operating primarily abroad</b>						
MAPFRE AMERICA	36.2%	36.4%	66.6%	66.6%	102.8%	103.0%
MAPFRE INTERNACIONAL	26.4%	24.7%	77.1%	81.3%	103.5%	106.0%
<b>INT'L. DIRECT INSURANCE DIVISION</b>	<b>35.3%</b>	<b>35.3%</b>	<b>67.6%</b>	<b>67.9%</b>	<b>102.9%</b>	<b>103.2%</b>
REINSURANCE	31.6%	34.8%	60.0%	57.6%	91.6%	92.3%
ASSISTANCE	27.8%	22.9%	64.2%	70.8%	92.0%	93.7%

(1) [(Operating expenses, net of reinsurance + profit sharing and returns – other technical income + other technical expenses) / Net premiums earned. Figures for the Non-life business.

(2) Net claims incurred + variation of other technical reserves/Net premiums earned. Figures for the Non-life business.

(3) Combined ratio = Expense ratio + Loss ratio. Figures for the Non-life business.

(4) In this report, the figures for 2007 are compared with the pro forma figures for 2006, which, in compliance with legal requirements, have been prepared purely for comparative purposes on the basis of the consolidated financial statements of MAPFRE S.A. at the close of 2006 and the financial statements at the same date of those companies which were included into its scope of consolidation in January 2007

(5) Given their importance, the net revenues from the risk classification activities of the credit and surety business are added to the numerator of the expense ratio.

(6) Net operating expenses/average third-party funds under management. Figures for MAPFRE VIDA.



## Results

The net consolidated result (after tax) was €976.1 million (€800.6 million as at 31.12.2006), a 21.9% increase; and the net result attributable to the parent company (after minority interests) reached €731.1 million, a 19.8% increase.

In general terms, most Units and Subsidiaries increased considerably their profits over fiscal year 2006. Among them, the growth achieved by the MOTOR INSURANCE and GENERAL INSURANCE Operating Units stands out. The following table shows the sources and breakdown of results:

	2007	2006 <sup>(1)</sup>	VAR.% 07/06
<b>NON-LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	9,292.5	8,452.2	9.9%
Premiums earned, net of ceded and retroceded reinsurance	7,710.3	6,989.4	10.3%
Net claims incurred and variation in other technical provisions	(5,241.5)	(4,825.6)	8.6%
Operating expenses, net of reinsurance	(1,809.4)	(1,601.7)	13.0%
Other technical income and expenses	(83.6)	(136.4)	(38.7)%
<b>Technical Result</b>	<b>575.8</b>	<b>425.7</b>	<b>35.3%</b>
Net fin'l. income and other non-technical income and expenses	528.9	493.8	7.1%
<b>Result of Non-life business</b>	<b>1,104.7</b>	<b>919.5</b>	<b>20.1%</b>
<b>LIFE ASSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	3,018.0	2,480.5	21.7%
Premiums earned, net of ceded and retroceded reinsurance	2,895.8	2,353.8	23.0%
Net claims incurred and variation in other technical reserves	(2,980.5)	(2,500.6)	19.2%
Operating expenses, net of reinsurance	(413.6)	(353.2)	17.1%
Other technical income and expenses	(11.9)	(4.6)	158.7%
<b>Technical Result</b>	<b>(510.2)</b>	<b>(504.6)</b>	<b>1.1%</b>
Net fin'l. income and other non-technical income and expenses	715.9	654.1	9.4%
Unrealised gains and losses in Unit-Linked products	(2.0)	21.8	(109.2)%
<b>Result of Life business</b>	<b>203.7</b>	<b>171.3</b>	<b>18.9%</b>
<b>OTHER BUSINESS ACTIVITIES</b>			
Operating revenues	522.2	480.3	8.7%
Operating expenses	(446.9)	(413.3)	8.1%
Other revenues and expenses	(18.0)	(1.7)	-
<b>Results from other business activities</b>	<b>57.3</b>	<b>65.3</b>	<b>(12.3)%</b>
<b>Result before tax and minority interests</b>	<b>1,365.7</b>	<b>1,156.1</b>	<b>18.1%</b>
Taxes	(389.6)	(355.5)	9.6%
<b>Result after tax</b>	<b>976.1</b>	<b>800.6</b>	<b>21.9%</b>
Result after tax from discontinued operations	(4.0)	0.0	-
<b>Result for the year</b>	<b>972.1</b>	<b>800.6</b>	<b>21.4%</b>
Result attributable to minority shareholders	(241.0)	(190.4)	26.6%
<b>Result attributable to the controlling Company</b>	<b>731.1</b>	<b>610.2</b>	<b>19.8%</b>

*Figures in million euros*

(1) Pro forma figures for 2006, prepared, in compliance with legal requirements, purely for comparative purposes on the basis of the consolidated financial statements of MAPFRE S.A. at the close of 2006 and the financial statements at the same date of those companies which were included into its scope of consolidation in January 2007.



Most Units and Subsidiaries increased considerably their profits over fiscal year 2006. Among them, the growth achieved by the MOTOR INSURANCE and GENERAL INSURANCE Operating Units stands out

The contribution of the main Units and Companies to the consolidated results is shown in the following table:

	NET RESULT	MINORITY INTERESTS	CONTRIBUTION TO CONSOLIDATED RESULT 2007	CONTRIBUTION TO CONSOLIDATED RESULT 2008
<b>INSURANCE ACTIVITIES</b>				
MOTOR <sup>(1) (2)</sup>	303.5		303.5	252.6
LIFE AND SAVINGS <sup>(3)</sup>	145.1	(71.1)	74.0	65.2
GENERAL INSURANCE	147.6	(72.3)	75.3	50.4
COMMERCIAL INSURANCE	86.8	(42.5)	44.3	40.3
HEALTH	18.6	(9.1)	9.5	8.4
MAPFRE GUANARTEME	12.2	(6.0)	6.2	3.7
Life Branch Portugal	1.9	(0.9)	1.0	0.6
Credit & Surety Branch Portugal	(0.1)	0.0	(0.1)	(0.2)
Individual result and consolidation adjustments			(2.2)	(1.3)
MAPFRE-CAJA MADRID HOLDING			208.0	167.1
AGRICULTURAL & LIVESTOCK	15.4		15.4	21.4
CCM VIDA Y PENSIONES	2.0	(1.0)	1.0	-
<b>OTHER ACTIVITIES</b>				
MAPFRE INMUEBLES	16.3		16.3	8.3
MAPFRE QUAVITAE	0.3	(0.1)	0.2	0.1
BANCO DE S.F. CAJA MADRID - MAPFRE			3.2	2.0
<b>COMPANIES OPERATING MAINLY IN SPAIN</b>			<b>547.6</b>	<b>451.5</b>
MAPFRE AMERICA	87.4	(9.6)	77.8	73.3
MAPFRE AMERICA VIDA	12.2	(1.5)	10.7	8.1
MAPFRE RE	87.8	(7.5)	80.3	67.9
ASSISTANCE OPERATING UNIT	7.6		7.6	10.0
MAPFRE SEGUROS GERAIS	5.3		5.3	4.8
MAPFRE INTERNACIONAL <sup>(4)</sup>	3.8		3.8	3.0
GENEL SIGORTA	9.0	(1.8)	7.2	-
<b>COMPANIES OPERATING MAINLY ABROAD</b>			<b>192.7</b>	<b>167.1</b>
Other companies and consolidation adjustments			(9.2)	(8.4)
<b>MAPFRE S.A.<sup>(1)</sup></b>			<b>731.1</b>	<b>610.2</b>

Figures in million euros

(1) The figures for 2006 have been calculated using the pro forma financial statements of MAPFRE S.A. and MAPFRE AUTOMÓVILES S.A., which have been prepared, in compliance with legal requirements, purely for comparative purposes, using the information contained in the consolidated financial statements for 2006 for the businesses that have been included into the scope of consolidation of both companies.

(2) The figures for the MOTOR insurance business include the items corresponding to MVA, which was consolidated at the close of the year with retroactive effects since 1.3.2007.

(3) Includes BANKINTER VIDA.

(4) Includes MAPFRE USA and MAPFRE INSULAR (The Philippines).

The contribution to the net profit attributable to the parent company of the companies that were integrated into the Group during the year (BANKINTER VIDA, CCM VIDA Y PENSIONES, GENEL SIGORTA, and MUTUA VALENCIANA AUTOMOVILISTA) amounted to €31 million overall.



## Investments and liquid assets

The book value of investments and liquid assets as at 31 December 2007 was €29,137.7 million, a 9.5% increase over the previous year. The following table shows its breakdown and percentage distribution:

	2007	% OVER TOTAL	2006	% OVER TOTAL
<b>Risk-free investments</b>	<b>2,001.8</b>	<b>6.9%</b>	<b>1,678.1</b>	<b>6.3%</b>
Cash	1,639.4	5.6%	1,422.3	5.3%
Unit-linked investments	362.4	1.2%	255.8	1.0%
<b>Real Estate Investments</b>	<b>1,760.3</b>	<b>6.0%</b>	<b>1,587.5</b>	<b>6.0%</b>
Buildings for own use	969.0	3.3%	804.0	3.0%
Other Real Estate investments	791.3	2.7%	783.5	2.9%
<b>Financial investments</b>	<b>24,882.3</b>	<b>85.4%</b>	<b>22,873.9</b>	<b>85.9%</b>
Shares	1,204.6	4.1%	911.4	3.4%
Fixed income	21,764.2	74.7%	20,169.3	75.8%
Mutual funds	1,242.5	4.3%	1,421.3	5.3%
Other financial investments	671.0	2.3%	371.9	1.4%
<b>Other investments</b>	<b>493.3</b>	<b>1.7%</b>	<b>477.2</b>	<b>1.8%</b>
Investments in associated companies	334.5	1.1%	269.9	1.0%
Accepted reinsurance deposits	112.8	0.4%	95.8	0.4%
Other	46.0	0.2%	111.5	0.4%
<b>TOTAL</b>	<b>29,137.7</b>	<b>100.0%</b>	<b>26,616.7</b>	<b>100.0%</b>

Figures in million euros

The value of real estate investments shown in the previous table does not include unrealised gains, which amounted to €1,066.8 million at the close of the year according to valuations performed by independent surveyors.

## Funding operations

In 2007, the following funding operations were carried out:

- Two syndicated loans were arranged: a €500 million revolving credit facility with a maturity of 7 years; and another €1,000 facility with a one-year maturity renewable for a further year. At the close of the year no drawdowns had been made against these facilities.
- Lower Tier 2 senior subordinated bonds were issued in the amount of €700 million with a 30 year maturity and a call option at year 10.



INAUGURATION  
OF A NEW  
BUILDING  
IN OVIEDO  
(ASTURIAS)



Total assets under management, including pension funds, amounted to €44,820.1 million, an increase of 15%

## Balance sheet

The consolidated balance sheet is shown in the following table:

	2007	2006 <sup>(1)</sup>	% 07/06
<b>ASSETS</b>			
Goodwill	1,016.9	604.0	68.4%
Fixed assets	1,340.1	1,144.9	17.0%
Investments, real estate and cash	29,137.7	26,616.7	9.5%
Participation by reinsurance in technical reserves	2,146.1	1,804.4	18.9%
Other assets	3,986.1	3,547.8	12.4%
<b>TOTAL ASSETS</b>	<b>37,626.9</b>	<b>33,717.8</b>	<b>11.6%</b>
<b>LIABILITIES</b>			
Shareholders' Equity	4,331.4	4,026.5	7.6%
Minority interests	1,283.0	1,027.8	24.8%
Debt	1,519.1	808.7	87.8%
Technical reserves	26,781.8	24,027.3	11.5%
Life assurance reserves	16,584.3	15,081.8	10.0%
Other technical reserves	10,197.5	8,945.5	14.0%
Reserves for risks and expenses	315.0	244.7	28.7%
Other liabilities	3,396.6	3,582.8	(5.2)%
<b>TOTAL LIABILITIES</b>	<b>37,626.9</b>	<b>33,717.8</b>	<b>11.6%</b>

Figures in million euros

(1) Pro forma figures for 2006, prepared, in compliance with legal requirements, purely for comparative purposes on the basis of the consolidated financial statements of MAPFRE S.A. at the close of 2006 and the financial statements at the same date of those companies which were included into its scope of consolidation in January 2007.

Total assets under management, including mutual and pension funds, amounted to €44,820.1 million (€38,988.3 million at the close of the previous year), an increase of 15%.

The integration of the recently acquired companies had the following impact on the main items of the balance sheet:

	BANKINTER VIDA	CCM VIDA Y PENSIONES	GENEL SIGORTA	MVA	TOTAL
Intangible assets	204.3	122.0	150.7	-	477.0
Total assets	486.2	974.5	547.2	224.3	2,232.2
Technical reserves	418.5	924.9	240.8	149.8	1,734.1

Figures in million euros



## Equity and returns

The net consolidated equity stood at €5,614.4 million, compared to €5,054.2 at the close of 2006. Of said amount, €1,283 million corresponded to minority interests in subsidiaries. Consolidated equity per share amounted to €1.90 at the close of 2007 (€1.77 as at 31.12.2006).

The variation in net equity during the year is shown in the following table:

	2007	2006 <sup>(1)</sup>
<b>BALANCE AS AT PRIOR YEAR END</b>	<b>5,054.3</b>	<b>4,466.5</b>
Revenues and expenses accounted for directly in equity		
Investments available for sale	(524.9)	(344.4)
Translation differences	(35.5)	(80.9)
Shadow accounting	411.5	331.9
TOTAL	(148.9)	(93.4)
Result for the period	972.1	800.6
Distribution of previous year's result	(131.8)	(16.5)
Interim dividend for the year	(221.2)	(123.7)
Other items	89.9	20.8
<b>BALANCE AS AT YEAR END</b>	<b>5,614.4</b>	<b>5,054.3</b>

*Figures in million euros*

(1) Pro forma figures for 2006, prepared, in compliance with legal requirements, purely for comparative purposes on the basis of the consolidated financial statements of MAPFRE S.A. at the close of 2006 and the financial statements at the same date of those companies which were included into its scope of consolidation in January 2007.

The variation in the consolidated equity during the year reflects:

- The retained result for the year.
- The reduction, caused by the rise in interest rates, in the portion corresponding to shareholders of the unrealised capital gains in the fixed-income investment portfolio of the Life business, shown in the shadow accounting adjustments.
- The increase in the dividend.

The variation in "Other items" corresponds fundamentally to the incorporation of the minority interests in BANKINTER VIDA, CCM VIDA Y PENSIONES, GENEL SIGORTA, IBERICAR and MVA.

The return on equity (ROE), defined as the ratio between the net profit attributable to the parent company (after minority interests) and its average shareholders' equity, was 17.5% (16.1% as at 31.12.2006).



MAPFRE  
NOMINATED AT  
THE PRINCE  
PHILIP AWARD  
FOR BUSINESS  
EXCELLENCE



The ROE for the main Units and Companies is shown in the following table:

	2007			2006
	AVERAGE EQUITY	NET RESULT	ROE % <sup>(1)</sup>	ROE % <sup>(1)</sup>
MOTOR INSURANCE <sup>(2)</sup>	911.0	315.8	34.7%	37.6%
LIFE ASSURANCE <sup>(3)</sup>	722.5	147.2	20.4%	20.3%
GENERAL INSURANCE	292.6	147.6	50.4%	36.6%
COMMERCIAL INSURANCE	355.2	86.5	24.4%	27.0%
HEALTH INSURANCE	125.9	18.6	14.8%	14.4%
AGRICULTURAL & LIVESTOCK INSURANCE	122.7	15.4	12.5%	18.8%
AMERICA	1,012.6	99.6	9.9%	10.5%
REINSURANCE	686.1	87.8	12.8%	12.2%
ASSISTANCE	103.7	7.6	7.3%	10.7%
MAPFRE SEGUROS GERAIS (Portugal)	66.5	7.2	10.8%	8.1%
MAPFRE INTERNACIONAL	247.7	17.3	7.0%	-
BANCO S.F. CAJA MADRID - MAPFRE	377.3	6.6	1.8%	1.4%
MAPFRE INMUEBLES	150.4	16.3	10.8%	7.0%
MAPFRE S.A. <sup>(2)</sup>	4,178.9	731.1	17.5%	16.1%

Figures in million euros

(1) Net result after taxes and minority interests/average shareholders' equity excluding minority interests.

(2) The figures for 2006 have been calculated using the pro forma financial statements of MAPFRE S.A. and MAPFRE AUTOMÓVILES S.A., which have been prepared, in compliance with legal requirements, purely for comparative purposes, using the information contained in the consolidated financial statements for 2006 with the businesses that have been included into the scope of consolidation of both companies.

(3) Figures for 2007 includes CCM VIDA Y PENSIONES

In the month of January, the Company carried out a capital increase of €108,082,063.30 through the issuance of 1,080,820,633 shares, whose listing was authorised on 1st March 2007.



LEFT: NEW OFFICES IN ARAVCA, MADRID  
RIGHT: 2<sup>ND</sup> LATINAMERICAN BUSINESS FORUM, PUNTA CANA DEL ESTE (URUGUAY)





## MAIN ACTIVITIES OF THE YEAR

### Acquisitions, projects and disposals

#### DIRECT INVESTMENTS

The Parent Company of the Group made the following outlays during the year:

- Acquisition of an 80% shareholding in GENEL SIGORTA through an outlay of €282 million in cash.
- Purchase of a 1.58% stake in MAPFRE AMÉRICA for a price of €21.2 million, which raised its total shareholding in this subsidiary to 89%.
- Acquisition of a 50% shareholding in CAJA CASTILLA LA MANCHA VIDA y PENSIONES for an amount of €114 million.
- Purchase of a 3.92% shareholding in SOCIETÀ CATTOLICA DI ASSICURAZIONE (Italy) through a series of open market purchases totalling €87.9 million.
- Purchase for a price of €29.5 million of a 3.6% stake in MAPFRE RE, which raised its total shareholding in this subsidiary to 91.53%.
- A further €277.3 million were invested in granting loans at market terms to subsidiaries and in subscribing for capital increases carried out by the same.

Overall, the investments made implied a net outlay of €811.9 million in cash, as shown in the following table:

SOCIEDAD	INVESTMENTS	LOANS	TOTAL
GENEL SIGORTA	282.0	-	282.0
CCM VIDA Y PENSIONES	114.0	-	114.0
MAPFRE AMERICA	119.5	(12.0)	107.5
SOCIETÀ CATTOLICA DI ASSICURAZIONE	87.9	-	87.9
BANCO S.F. CAJA MADRID - MAPFRE	73.4	-	73.4
MAPFRE AMERICA VIDA	70.1	(30.0)	40.1
MAPFRE RE	29.5	-	29.5
MAPFRE INMUEBLES	-	25.4	25.4
MAPFRE USA	-	22.7	22.7
MAPFRE INTERNACIONAL	-	16.0	16.0
MAPFRE ASISTENCIA	10.0	(2.1)	7.9
MAPFRE INFORMÁTICA A.I.E.	-	2.0	2.0
Other	3.1	0.4	3.5
<b>TOTAL</b>	<b>789.5</b>	<b>22.4</b>	<b>811.9</b>

#### INVESTMENTS MADE BY SUBSIDIARIES

MAPFRE AUTOMÓVILES has paid €29.4 million to acquire a 49% shareholding in LAYNA INVERSIONES S.L., the holding company for the Spanish car dealership network of Grupo Salvador Caetano (Portugal).

MAPFRE AMÉRICA acquired 100% of REAL PARAGUAYA DE SEGUROS and REAL URUGUAYA DE SEGUROS, for a price of €5.6 million and €6.2 million, respectively; and 98.55% of LATINA SEGUROS Y REASEGUROS (Peru), for a price of €10.7 million.

MAPFRE DOMINICANA SEGUROS, a subsidiary of MAPFRE AMÉRICA, completed its merger with SEGUROS PALIC.

MAPFRE VIDA acquired a 50% shareholding in BANKINTER SEGUROS DE VIDA for a price of €197.3 million.

MAPFRE INTERNACIONAL raised to 4.56% its shareholding in SOCIETÀ CATTOLICA DI ASSICURAZIONE (Italy) through a series of open market purchases totalling €31.3 million.

#### FUNDING

The investments detailed above were paid for with available excess cash and with the funds obtained from the capital increase and the issuance of subordinated bonds carried out during the year.



## Investments

The management of the Group's financial investments has been conservative, both in terms of credit risk and market risk (interest rate and markets).

The degree of solvency of fixed income investments remained very high. Assets with a AA rating or higher represented 87%, while bonds issued by EU Member States representing 41%. It is worth noting that the Group does not have any financial investments which are backed by North American sub-prime mortgages.

Interest rate risk has been maintained at low levels. 70% of Life technical reserves are covered by fixed income investments, which provide cover against interest rate movements, in accordance with Spanish regulations. For those investments which cover Non-life technical reserves, the modified duration has been maintained below 4% during the course of the year, ahead of the anticipated rise in medium and long term interest rates (which occurred during the first half of the year and which later moderated with the credit crisis).

The market risk of equities has also been moderate, since these represent just 17% of investments and are held in those portfolios which are not immune to interest rate movements.

With respect the property investment portfolio, during 2007 a building was acquired for own use in Aravaca (Madrid), two and a half floors of a building in Dr. Esquerdo Street (Madrid), together with land in Majadahonda (Madrid) to extend the headquarters. Also three buildings were sold: in Barcelona (Vía Augusta); Madrid (Paseo de Recoletos, 29); and in Caracas (Edificio El Chorro).

At year end, the occupancy rate of buildings leased to third parties amounted to 95.2%, versus 88.6% at year end 2006, with a total occupied space of 252,000 m<sup>2</sup>.



MEETING OF THE MAPFRE NETWORK ("RED MAPFRE") HELD ON 3RD JANUARY 2008



PRESS CONFERENCE TO PRESENT THE THIRD QUARTER 2007 RESULTS



## Human resources

The breakdown of the Group's workforce at the end of fiscal year 2007 and its comparison with the previous year is shown in the following table:

CATEGORY	NUMBER					
	SPAIN		OTHER COUNTRIES		TOTAL	
	2007	2006	2007	2006	2007	2006
MANAGERS	2,023	1,520	1,826	1,412	3,849	2,932
ADMINISTRATIVE	4,912	4,724	4,549	3,348	9,461	8,072
SALES	2,244	2,629	3,028	2,556	5,272	5,185
TECHNICAL AND OTHER	7,492	6,852	4,541	4,965	12,033	11,817
<b>TOTAL</b>	<b>16,671</b>	<b>15,725</b>	<b>13,944</b>	<b>12,281</b>	<b>30,615</b>	<b>28,006</b>

Detailed information on the Group's Human Resources Policy is provided in the Corporate Social Responsibility report.

## Regional structure

Throughout 2007, efforts were geared towards consolidating the new MAPFRE NETWORK model adopted in 2005, based on customer orientation, and on the global offering of the products and services of the Group's different companies. At the same time, all administrative and contractual formalities have been brought up-to-date to comply with the requirements of the new Mediation Act.

At year-end 2007, the Network consisted of 430 direct offices, supervised by 44 managers and 412 office directors, 2,628 franchise branches, staffed by professional agents, and 32 MAPFRE VIDA specific offices. This regional structure handled the work of a total of 15,490 tied agents and 3,206 brokers. It is worth mentioning that in 2007 agency contracts were extended to 90% of the agents who started working for MAPFRE in 2006.

The regional organisation was fostered, extended and consolidated by means of a number of different initiatives, among which the following should be underscored:

The "New Delegates" programme, which was attended by 597 brokers.

The 'Mapfre System Integrated Agent' programme, involving 795 new agents, in which €5.7 million has been invested.

1,300 sales and institutional campaigns aimed at more than four million customers.

The production of various reports and market research to facilitate the Network's sales initiatives.

The implementation of the 'Sales Management System' tool.

The Corporate Responsibility report provides extensive information about the Group's relations with its brokers.

## Internal control

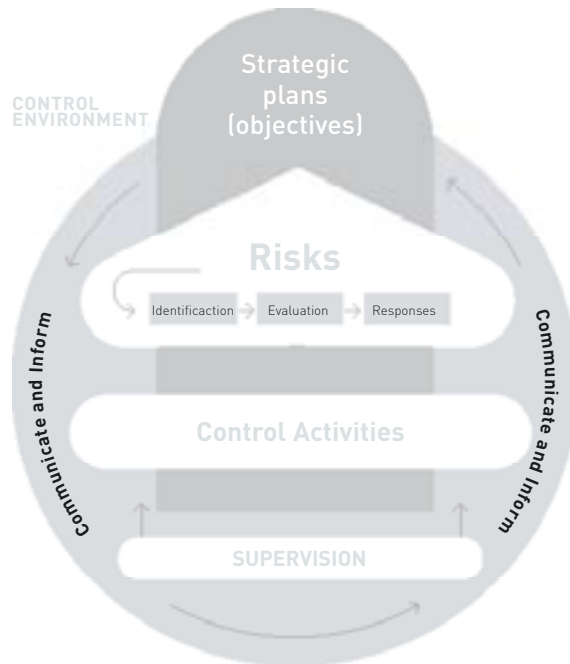
MAPFRE applies international standards for documenting, maintaining and supervising an adequate Internal Control System, the most prominent of which is COSO II-ERM (\*), prepared by the Committee of Sponsoring Organizations of the Treadway Commission, which links the Internal Control System to Risk Management. The permanent maintenance and efficient operation of the Internal Control System generates added value for MAPFRE, insofar as it enables enhancements in business management, in the efficacy and efficiency of business processes and sub-processes, and the efficient execution of the Strategic Plan; and it also allows the legal regulations in force in Spain to be met, where MAPFRE is a pioneer in the application of these principles in the insurance sector, as well as in the other countries where it is present.

Internal Control is by definition a process involving each and every one of the members of the organisation, and it is designed by Senior Management in order to evaluate specific operations with a reasonable level of safety in the four major categories: efficacy and efficiency of transactions, reliability and integrity of financial reporting, adequate risk management in keeping with the company's strategic objectives, and compliance with policies, laws and regulations.

(\*) Committee of Sponsoring Organizations of Treadway Commission. Enterprise Risk Management.

Throughout 2007, efforts were geared towards consolidating the new MAPFRE NETWORK model adopted in 2005, based on customer orientation, and on the global offering of the products and services of the Group's different companies

The internal control items, according to the above-mentioned COSO II Report, are stated below:



Set out below are the different headings in the Internal Control System as well as the degree of advancement that MAPFRE has achieved in each one of them.

### CONTROL ENVIRONMENT

MAPFRE currently takes care to encourage and intensifying the internal control environment that already exists within its organisation, with the involvement of the Senior Management and the Human Resources Area.



E-LEARNING COURSE PRESENTATION

To this end, an e-learning course has been prepared for all of the employees, informing of the basic information needed in respect of Internal Control, which has already been taught to MAPFRE's employees in Brazil, as well as to MAPFRE VIDA's employees in Spain. During the first quarter of 2008 the course will reach the staff of the rest of the Group companies.

At MAPFRE VIDA and MAPFRE BRAZIL a survey has also been conducted among the employees to measure the internal control environment existing at the various levels of responsibility. The survey will also be extended to the rest of MAPFRE's insurance companies during the first quarter of 2008.

### STRATEGIC PLANS

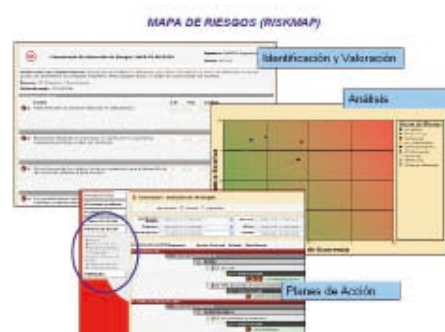
During 2007 a new tool (SIPE) was implemented at major companies in the Group in order to control and follow up on strategic plans.



SIPE TOOL

### RISK MANAGEMENT

All of the Group companies have prepared their risk maps using the 'Riskmap' software application, identifying and evaluating a number of risks and establishing action plans for those considered critical. These risk maps will be updated in the future on an annual basis. Extensive information about the MAPFRE Risk Management System may be found in Note 7 of the Annual Report.



RISKMAP SOFTWARE APPLICATION



## CONTROL ACTIVITIES

Throughout 2007, MAPFRE AUTOMÓVILES and MAPFRE VIDA updated a total of 254 manuals that describe the procedures of the different Riskmap processes and identify the controls currently in place.



INTERNAL CONTROL TOOL

In September 2007, work began on updating the procedure and control identification manuals of MAPFRE SEGUROS GENERALES, MAPFRE AGROPECUARIA, MAPFRE CAJA SALUD, MAPFRE EMPRESAS, MAPFRE CAUCIÓN Y CRÉDITO, MAPFRE ASISTENCIA and MAPFRE RE, and is scheduled for completion in May 2008. The Group's main companies overseas are also updating their procedure manuals

A new Internal Control Riskmap module is currently under production, and will serve both to keep the manuals up-to-date and to link the controls to the risks.

Lastly, MAPFRE is implementing an automated tool for preventing transactions/customers liable to be involved in money laundering, and reporting them to the competent authorities.

## INFORMATION AND COMMUNICATION

The use of existing communication channels has been stepped up to ensure that material information is identified, captured and conveyed on time and appropriately to allow staff to tackle their responsibilities; and



INTERNAL CONTROL TOOL



INTERNAL CONTROL TOOL

courses are being arranged to explain the Code of Ethics and Code of Good Governance.

## SUPERVISION

MAPFRE has fully independent Audit Departments that review and assess the suitability of the Internal Control system; The Internal Audit Plans for 2008 have also taken into account the Riskmap results, and system operational checks have been scheduled.

## Strategic Planning

As it is customary at MAPFRE, all of the Group's Divisions, Companies and Operating Units updated their respective Strategic Plans at year-end 2007, defining the objectives established for the following three years (in this case for the 2008-2010 period), as well as the strategies they plan to use to achieve these objectives. These plans constitute part of the Strategic Plan of MAPFRE S.A., which was approved by the Board of Directors at its meeting in February 2008.

In preparing the economic forecasts, efficiency and productivity indicators specific to each unit or Company were used, along with the common, homogeneous economic and financial indicators established for the Group as a whole.





## The Group's Divisions, Companies and Operating Units updated their respective Strategic Plans for the following three years as well as the strategies they plan to use to achieve these objectives

### Internal audit

At year-end 2007 the Company and its affiliates had five Internal Audit Services (SAI) in Spain, and fifteen Internal Audit Units (UAI) located in the main countries in Latin America, in Turkey, the Philippines and Portugal, all of which are coordinated by the Group Audit Area. During 2007, the Group's Internal Audit structure was re-tailored to the new operational organization in place since the turn of the year. To this end:

- The Internal Audit Service of the MAPFRE FAMILY Division's units and companies were merged into a single one.
- Since May 2007, there is a single Internal Audit Service for MAPFRE RE and MAPFRE ASISTENCIA, and since January 2008 there is only one International Audit Service.
- The INFORMATION TECHNOLOGIES Audit Service was launched on 1st January 2008 to boost IT audits both in Spain and overseas.

During 2007 a total 597 audits were conducted, of which 207 dealt with Central Services, 140 had to do with the Regional Structure and 56 with subsidiaries, 170 were special task audits and 24 were systems audits; and 14,569 hours were dedicated to training internal auditors—this represents an average 134 hours per auditor each year. Furthermore, the Internal Audit Area reviewed the Company's Management Reports and Annual Accounts for 2007, as well as the reports that the company submits quarterly to the Spanish Securities Exchange Commission (CNMV), and the relevant financial information submitted to MAPFRE'S governing bodies. The Audit Committee is informed regularly of all these actions.

### Information technologies

In 2007 the implementation of the new integrated insurance management system TRON21 commenced successfully. At the end of the year, the system was up and running in MAPFRE AUTOMÓVILES, MAPFRE AGROPECUARIA, MAPFRE GUANARTEME and MAPFRE EMPRESAS, and all the scheduled tasks and tests had been completed to ensure it is in place in the first quarter of 2008 in MAPFRE SEGUROS GENERALES, and to permit its future implementation in MAPFRE CAJA SALUD. On another note, throughout 2007 a large number of applications were developed or upgraded for the Group's different companies

The Balanced Data Processing Centre installed in Avila was brought on line as scheduled, and is being operated by a specialised external supplier, under appropriate supervision by MAPFRE. This DPC will permit complete computerised support for the Group's systems under any circumstances. Mention must also be made of the framework agreement reached with one of the world's top technology firms, which will now be looking after MAPFRE's medium-term needs in terms of configuring the

new technological infrastructure required (hardware and software), and delivering innovative consultancy services.

### Safety and environment

During 2007, decisive progress was made towards the configuration of a more comprehensive model for the various Safety and Environmental items, operating under the principles of centralised management and decentralised execution, in order to effectively and efficiently meet the legal regulation compliance requirements and those relating to the effective protection of people, the assets and the business. In this respect, important milestones were reached and other projects are being developed that represent important challenges because of their complexity, the deadlines set for their implementation or the number of players involved in the obtainment of the results that are sought. The highlights in this respect are:

- The efforts devoted to internal training and dissemination of Safety and Environmental-related issues.
- The approval by the Ministry of the Interior of our own Alarm Receiving Centre (CRA), as a result of which the new MAPFRE-designed IP Alarm systems are starting to be deployed in offices and buildings.
- The commissioning of the User Administration Operating Centre (COAS).
- The review and updating of the Self-Protection and Emergency Plans of 39 buildings and the start at the regional offices.
- The definition and implementation of electronic security and fire protection devices and equipment in eight buildings and 193 regional offices, and the extension, improvement or upgrading of safety and security installations in another 20 buildings.
- The development of the Information Security Plan, and of the Environmental Action Plan.

The Corporate Responsibility Report provides extensive information about MAPFRE's environmental management and policy.



### Communication, advertising and corporate image

In 2007, special emphasis was placed on boosting and co-ordinating internal and external communications, along with the Group's corporate image, the following achievements being worthy of note:

- In the field of external communications, 22 press conferences and 214 interviews were arranged with the Media, 301 press releases were issued, 443 information queries and 571 financial information questionnaires were answered, and 29 events were organized.
- As for internal communications, four editions of MUNDO MAPFRE, the institutional magazine, were published, together with a separate special edition devoted to presenting the 2006 results and the 2007 AGM, and two editions of RED MAPFRE, a magazine oriented to the Sales Network staff.
- The internal communication achieved through these magazines was backed up by the posting of 343 major news items on the Internal Portal. Work is underway on redesigning this Common Area of the MAPFRE portal, and 18 information bulletins were sent to the Group's board members, senior management, overseas executives and regional managers.
- Corporate image efforts remained focused on designing the new signs for the identification of unique buildings, while significant resources were allocated to advertising ("Ser Grande es una actitud" brand campaign, two waves of the Motor Insurance advertising campaign, sponsorship of the TV broadcasting of the World Motorcycling Championship, Pension Fund and Insurance campaign, and other actions in the printed press and on radio). This assured an almost permanent advertising presence throughout the year. The effects were borne out by the Brand Image Survey (Omnibus survey conducted by ICEA (Association for Cooperative Research between Insurance Companies and Pension Funds) -1st wave 2007-), which reflected unaided awareness of the MAPFRE brand by 78% of the population, aided awareness of the brand by 67% of the population, and



IMAGES OF THE 2007  
INSTITUTIONAL CAMPAIGN

campaign recall by more than 74% of respondents; and by the permanent survey conducted by the IMOP (Instituto de Marketing y Opinión Pública), showing a 27% increase in mentions of the MAPFRE brand, which not only tops the insurance industry in this regard, but also ranks among the top 100 most mentioned brands of all fields.

### EXTERNAL AUDIT

The Annual Accounts of the Company and main Group entities for 2007 were audited by Ernst & Young, with the exception of entities in Mexico, which were audited by Deloitte; in El Salvador, audited by BDO and in the Dominican Republic, audited by PriceWaterhouseCoopers. The External Auditors were paid €4,365,892 for the services rendered in connection with the audit of such accounts, with the main auditor having received €3,999,179 of that amount. Furthermore, the main auditor received payments of €509,354 for services related with the audit of the annual accounts and of €435,262 for other complementary services. Neither of the latter two payments is deemed to compromise the independence of the auditors.



FRONT COVERS OF MAPFRE'S INTERNAL MAGAZINE'S

**Business earnings can be expected to enable a favourable performance of stock markets, although growth rates will slow down in comparison to previous year.**

## POST-BALANCE SHEET EVENTS

The following events have occurred after the close of the year:

On 5th February, 2008, the new Framework Agreement that governs the strategic alliance between MAPFRE and CAJA MADRID was signed together with another agreement that sets out the transactions that must be carried out in order to reorganise the corporate shareholdings that will conform the structure of the alliance going forward, as a result of which:

MAPFRE S.A. will absorb MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. and CAJA MADRID will receive in the corresponding exchange 401,527,793 new shares of MAPFRE S.A., equivalent to 15% of its new share capital.

CAJA MADRID will acquire through a capital increase a 12.5% shareholding in MAPFRE INTERNACIONAL and will purchase the 30% stake MAPFRE held in CAJA MADRID BOLSA, GESMADRID and CAJA MADRID PENSIONES.

A new company, MAPFRE-CAJA MADRID VIDA (51% MAPFRE - 49% CAJA MADRID), will be created to operate as the future channel for the Life and Accidents insurance business distributed by the CAJA MADRID network.

The agreed reorganisation aims to: enhance and strengthen the alliance between both Groups, after five year of fruitful cooperation, and adapt it to the new corporate structure of the MAPFRE Group; and to lay new grounds for its extension to other countries in which both Groups may have a presence.

- On 17th January, 2008, MAPFRE and CAJA DUERO signed an agreement to jointly develop, sell and distribute the insurance products of the Life and Pension Plans business of said savings bank. Pursuant to such agreement, MAPFRE has acquired 50% of the shares of the subsidiaries DUERO VIDA S.A. and DUERO PENSIONES S.A.

- On 18th January, 2008, the transfer of VIAJES MAPFRE's business to CARLSON WAGONLIT TRAVEL (CWT) was formalised.

- On 25th January, 2008, the governing bodies of MAPFRE approved the integration of MAPFRE AUTOMÓVILES, MAPFRE SEGUROS GENERALES and MAPFRE CAJA SALUD into a single company (MAPFRE FAMILIAR S.A.), which will operate in all Non-life lines aimed at retail customers and small companies linked to the net assets of families.

- On the same day, 25th January, 2008, the governing bodies of MAPFRE likewise approved the integration of MAPFRE AGROPECUARIA into MAPFRE EMPRESAS, subject to the prior transfer to MAPFRE FAMILIAR of the portfolio of the lines in which the latter operates.

## PROSPECTS AND OBJECTIVES

The world economy is expected to grow at a more moderate pace in 2008, foreseeably at a rate of between 4.5% and 4.8%. Doubts on the possible impact of the adjustment in the US real estate sector on economic activity, as well as of the crisis in credit and financial markets, entail that we must not rule out future downward revisions of these expectations, although action by Central Banks and the consistency of domestic demand could offset those effects. It is expected that both the US and the Eurozone economies will record growth rates between 2 and 2.5 per cent, while countries such as India and China could remain in the 8 to 10 per cent region. The growth of the Spanish economy is expected to continue slowing down to a rate of below 3 per cent.

Estimates suggest that, under normal conditions, official interest rates in the Eurozone will remain at current levels, whereas US rates will continue declining. Government debt yields will most likely keep rising once credit markets go back to their normal state and debt securities lose their safe haven status.

Business earnings can be expected to enable a favourable performance of stock markets, although growth rates will slow down in comparison to previous years.

Against this background, the Company's objectives for 2008-2010 are as follows:

- Attain in direct Non-life insurance higher growth rates than those obtained by the market of each country.
- To achieve above market growth rates in Life assurance and Savings products.
- To maintain a combined ratio equal to or lower than 97% in the Non-life direct insurance and reinsurance business.
- To obtain growing earnings per share and dividends.
- To continue to improve the expense ratio as a percentage of premiums (Non-life) and funds under management (Life and savings). The objective announced to achieve in 2009 a one percentage point reduction in the Non-life expense ratio in Spain with respect to its level in 2006 is maintained.

## OTHER INFORMATION

The following information is included in the Management Report pursuant to the provisions of section 116. bis of the Stock Market Act:

a) The share capital is represented by 2,275,324,163 fully subscribed and paid-in shares of a single class, each with a par value of €0.10. All the shares confer the same voting and dividend rights and are listed on the Madrid and Barcelona stock exchanges on the electronic market.

b) There are no share transfer restrictions.

c) CARTERA MAPFRE, S.L. directly owns 74.18% of the share capital as at 31st December 2007. The MAPFRE FOUNDATION directly owns 0.41% of the share capital and indirectly owns 74.20% as the sole shareholder of CARTERA MAPFRE, S.L. and of INSTITUTO TECNOLÓGICO DE SEGURIDAD MAPFRE, S.A, which in turn owns 0.02% of the share capital of MAPFRE, S.A. Therefore the direct and indirect shareholding of FOUNDATION MAPFRE amounts to 74.61%.

d) There are no voting right restrictions.

e) On 5th February 2008, CARTERA MAPFRE and CAJA MADRID signed a shareholders' agreement that will be deposited at the Registrar of Companies and will be made public pursuant to current regulations.

f) The rules applicable to the appointment and replacement of the Board members, in addition to the general rules stipulated in current regulations, are set forth in articles 14 and 16 of the Corporate Bylaws, in chapters II and III of the Code of Good Governance of MAPFRE and in articles 10 and 11 of the Regulations of the Board of Directors<sup>8</sup>.

Regarding the amendment of the Corporate Bylaws, in addition to the rules in force in general, it must be stated that, pursuant to the provisions of article 25 of the Corporate Bylaws, the statutory provisions set forth under Title IV "Protection of the General Interest of the Company" (articles 25 to 30) may only be amended by a resolution of an Extraordinary General Meeting called for this purpose, approved with the votes in favour of more than fifty per cent of the share capital.

g) The company's executive directors have been granted general powers of attorney in accordance with their managerial duties, these powers having been previously listed in the "List of Powers for General Powers of Attorney" approved by the Board of Directors and fully registered at the Madrid Registrar of Companies, where full detail of each of the representatives and their specific powers are also listed.

The individual members of the Board of Directors are not empowered to issue or buy back the company's shares.

h) No formalized agreements exist that will enter into force, be modified or conclude in the event of a change of control of the company as a result of a takeover bid.

i) No agreements exist between the company and its Board members, management officials or employees that stipulate indemnities when the latter resign or if the employment relationship comes to an end as a result of a takeover bid. Compensation for unjustified dismissal is established by referral to article 56, 1, a) of the Workers' Statute.

[8] Regarding the rules applicable to the appointment and replacement of the Board members, please refer to sections B.1.19 and B.1.20 of the MAPFRE Annual Corporate Governance Report.

JOSÉ MANUEL MARTÍNEZ  
RECEIVES THE MEDAL  
OF HONOUR FROM AICO  
IN RECOGNITION OF HIS  
PROFESSIONAL CAREER





Annual  
consolidated  
financial  
statements 2007

**A) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 AND 2006**

<b>ASSETS</b>	<b>NOTES</b>	<b>2007</b>	<b>2006</b>
<b>A) INTANGIBLE ASSETS</b>	<b>6.1</b>	<b>1,187.72</b>	<b>681.73</b>
I. Goodwill	6.1	1,016.93	603.97
II. Other intangible assets	6.1	170.79	77.76
<b>B) PROPERTY, PLANT AND EQUIPMENT</b>	<b>6.2</b>	<b>1,340.08</b>	<b>1,144.92</b>
I. Property for own use	6.2	969.03	804.02
II. Other property, plant and equipment	6.2	371.05	340.90
<b>C) INVESTMENTS</b>		<b>26,166.96</b>	<b>24,134.64</b>
I. Investments in property	6.2	791.34	783.48
II. Financial investments			
1. Portfolio held to maturity	6.4	1,110.14	854.97
2. Portfolio available for sale	6.4	22,557.38	20,770.90
3. Trading portfolio	6.4	1,214.85	1,248.09
III. Investments recorded applying the equity method		334.49	269.85
IV. Deposits established for accepted reinsurance		112.81	95.84
V. Other investments		45.95	111.51
<b>D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS BEARING THE INVESTMENT RISK</b>	<b>6.6</b>	<b>362.36</b>	<b>255.77</b>
<b>E) INVENTORIES</b>	<b>6.7</b>	<b>678.19</b>	<b>498.39</b>
<b>F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS</b>	<b>6.15</b>	<b>2,146.08</b>	<b>1,804.44</b>
<b>G) DEFERRED TAX ASSETS</b>	<b>6.20</b>	<b>356.22</b>	<b>528.90</b>
<b>H) CREDITS &amp; RECEIVABLES</b>	<b>6.8</b>	<b>2,871.47</b>	<b>2,504.98</b>
I. Credits on direct insurance and coinsurance operations	6.8	2,138.68	1,828.62
II. Credits on reinsurance operations	6.8	252.23	292.62
III. Tax credits	6.8		
1. Tax on profits to be collected	6.22	58.05	20.88
2. Other tax credits		146.49	131.21
IV. Corporate and other credits	6.8	276.02	231.65
V. Shareholders, called capital		—	—
<b>I) CASH AND BANK</b>	<b>6.10</b>	<b>1,639.40</b>	<b>1,422.25</b>
<b>J) ACCRUAL ADJUSTMENTS</b>		<b>808.37</b>	<b>698.79</b>
<b>K) OTHER ASSETS</b>		<b>47.48</b>	<b>43.02</b>
<b>L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>6.11</b>	<b>22.59</b>	<b>—</b>
<b>TOTAL ASSETS</b>		<b>37,626.92</b>	<b>33,717.83</b>

*Figures in million euros*

## A) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 AND 2006

LIABILITIES AND EQUITY	NOTES	2007	2006
<b>A) EQUITY</b>	<b>6.12</b>	<b>5,614.41</b>	<b>5,054.29</b>
I. Share capital	6.12	227.53	119.45
II. Reserves	6.12	2,840.79	2,604.96
III. Treasury stock		—	—
IV. Valuation adjustment reserves	6.12	170.10	261.26
V. Translation differences	6.24	(35.11)	(3.24)
VI. Retained earnings			
1. Results from previous years pending application		533.56	481.65
2. Result of the year attributable to the controlling Company	4.1	731.06	610.19
3. Interim dividends	4.2	(136.52)	(47.78)
<b>Equity attributable to the controlling Company's shareholders</b>		<b>4,331.41</b>	<b>4,026.49</b>
<b>Minority interests</b>		<b>1,283.00</b>	<b>1,027.80</b>
<b>B) SUBORDINATED LIABILITIES</b>	<b>6.13</b>	<b>719.59</b>	<b>—</b>
<b>C) TECHNICAL PROVISIONS</b>	<b>6.15</b>	<b>26,419.43</b>	<b>23,771.54</b>
I. Provisions for unearned premiums and for risks in progress	6.15	4,307.63	3,854.33
II. Provisions for life assurance	6.15	16,221.91	14,826.05
III. Provisions for outstanding claims	6.15	5,475.66	4,733.30
IV. Other technical provisions	6.15	414.23	357.86
<b>D) TECHNICAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK</b>	<b>6.15</b>	<b>362.36</b>	<b>255.77</b>
<b>E) PROVISIONS FOR RISKS AND EXPENSES</b>	<b>6.16</b>	<b>314.97</b>	<b>244.65</b>
<b>F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE</b>	<b>6.17</b>	<b>143.13</b>	<b>148.64</b>
<b>G) DEFERRED TAX LIABILITIES</b>	<b>6.22</b>	<b>428.26</b>	<b>626.25</b>
<b>H) DEBT</b>	<b>6.18</b>	<b>3,340.80</b>	<b>3,368.63</b>
I. Issuance of debentures and other negotiable securities	6.14	304.95	298.03
II. Due to credit institutions	6.14	494.54	510.64
III. Other financial liabilities	6.14	576.49	727.96
IV. Due on direct insurance and coinsurance operations	6.18	581.22	705.97
V. Due on reinsurance operations	6.18	233.72	257.61
VI. Tax payable			
1. Tax on profits to be paid	6.22	145.20	160.75
2. Other tax debts		265.80	199.35
VII. Other debts	6.18	738.88	508.32
<b>I) ACCRUAL ADJUSTMENTS</b>		<b>272.05</b>	<b>248.06</b>
<b>J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>6.11</b>	<b>11.92</b>	<b>—</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>37,626.92</b>	<b>33,717.83</b>

Figures in million euros

## B) CONSOLIDATED INCOME STATEMENT FOR YEARS ENDED 31 DECEMBER 2007 AND 2006

CONCEPT	Notes	2007	2006
<b>I. REVENUES FROM INSURANCE BUSINESS</b>			
1. Insurance premiums, net			
a) Written premiums, direct insurance	5.15	10,992.74	9,781.63
b) Premiums from accepted reinsurance	5.15	1,317.73	1,150.96
c) Premiums from ceded reinsurance	6.21	(1,305.52)	(1,211.16)
d) Variation in provisions for premiums and risks in progress, net	5.15		
Direct insurance	6.15	(364.50)	(326.11)
Accepted reinsurance	6.15	(94.42)	(136.57)
Ceded reinsurance	6.21	60.00	84.44
2. Profits from companies recorded by the equity method		1.97	6.61
3. Income from investments			
a) From operations	6.19	1,652.63	1,466.25
b) From equity	6.19	119.17	88.93
4. Unrealised gains in investments on account of life policyholders bearing the investment risk		39.26	22.90
5. Other technical revenues		33.57	21.91
6. Other non technical revenues		12.94	80.60
7. Positive translation differences	6.24	101.17	91.84
8. Reversal of the asset impairment provision	6.9	0.63	2.18
<b>TOTAL REVENUES FROM INSURANCE BUSINESS</b>		<b>12,567.37</b>	<b>11,124.41</b>
<b>II. EXPENSES FROM INSURANCE BUSINESS</b>			
1. Claims, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(7,279.66)	(6,391.27)
Accepted reinsurance	5.15	(793.96)	(664.14)
Ceded reinsurance	6.21	891.18	685.09
b) Claims related expenses	5.15	(428.17)	(337.24)
2. Variation in other technical provisions, net	5.15	(611.41)	(618.64)
3. Profit sharing and returned premiums		(34.60)	(32.44)
4. Net operating expenses	6.20		
a) Acquisition expenses		(1,826.36)	(1,565.15)
b) Administration expenses		(542.69)	(504.80)
c) Commissions and participation in reinsurance	6.21	180.57	147.50
5. Sharing in losses from companies recorded by the equity method		(0.09)	(0.05)
6. Expenses from investments			
a) From operations	6.19	(436.99)	(392.45)
b) From equity and financial accounts	6.19	(36.38)	(40.51)
7. Unrealised losses in investments on account of life policyholders bearing the investment risk		(41.22)	(1.05)
8. Other technical expenses		(128.94)	(162.89)
9. Other non technical expenses		(43.28)	(45.96)
10. Negative translation differences	6.24	(114.44)	(105.07)
11. Allowance to the asset impairment provision	6.9	(12.55)	(4.54)
<b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>		<b>(11,258.99)</b>	<b>(10,033.61)</b>
<b>RESULT OF THE INSURANCE BUSINESS</b>		<b>1,308.38</b>	<b>1,090.80</b>

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CONCEPT	Notes	2007	2006
<b>III. OTHER ACTIVITIES</b>			
1. Operating revenues		522.23	480.26
2. Operating expenses	6.20	(446.89)	(413.30)
3. Net financial revenues			
a) Financial revenues	6.19	57.78	27.32
b) Financial expenses	6.19	(84.91)	(40.32)
4. Results from minority interests			
a) Profits from companies recorded by the equity method		13.56	12.27
b) Losses from companies recorded by the equity method		(0.03)	(0.70)
5. Reversal of asset impairment provision	6.9	0.39	—
6. Allowance to the asset impairment provision	6.9	(4.78)	(0.27)
7. Result from the disposal of non current assets classified as held for sale, not included in discontinued operations		—	—
<b>RESULT FROM OTHER ACTIVITIES</b>		<b>57.35</b>	<b>65.26</b>
<b>IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>		<b>1,365.73</b>	<b>1,156.06</b>
<b>V. TAX ON PROFIT FROM ONGOING OPERATIONS</b>	6.22	<b>(389.61)</b>	<b>(355.50)</b>
<b>VI. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>		<b>976.12</b>	<b>800.56</b>
<b>VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>	6.11	<b>(3.99)</b>	<b>—</b>
<b>VIII. RESULT FOR THE YEAR</b>		<b>972.13</b>	<b>800.56</b>
1. Attributable to minority shareholders		(241.07)	(190.37)
2. Attributable to the controlling Company	4.1	731.06	610.19
<i>Figures in million euros</i>			
<b>Basic and diluted gains per share (euros)</b>	<b>4.1</b>	<b>0.32</b>	<b>0.27</b>

**C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2007 AND 2006**

CONCEPT	Equity attributable to the controlling shareholder						Total net equity
	Share capital	Reserves	Valuation adjustment reserves	Translation differences	Retained result	Minority interests	
<b>BALANCE AS AT 1 JANUARY 2006</b>	119.45	2,349.68	262.84	68.93	733.70	931.90	4,466.50
I. Changes in accounting policies	—	—	—	—	—	—	—
II. Correction of errors	—	—	—	—	—	—	—
<b>VARIATIONS IN 2006</b>	119.45	2,349.68	262.84	68.93	733.70	931.90	4,466.50
<b>VARIACIONES DEL EJERCICIO 2006</b>							
I. Results recognised directly in equity							
1. From investments available for sale	—	—	(169.42)	—	—	(174.94)	(344.37)
2. From translation differences	—	—	—	(72.17)	—	(8.73)	(80.90)
3. From application of shadow accounting	—	—	167.84	—	—	164.04	331.88
<b>Total results recognised directly in equity</b>	—	—	(1.58)	(72.17)	—	(19.64)	(93.39)
II. Other results for 2006	—	—	—	—	610.19	190.37	800.56
<b>Total results for 2006</b>	—	—	(1.58)	(72.17)	610.19	170.73	707.17
III. Distribution of 2005 results	—	250.49	—	—	(252.05)	(14.96)	(16.52)
IV. Interim dividends for 2006 (Note 4.2)	—	—	—	—	(47.78)	(75.89)	(123.67)
V. Capital increase	—	—	—	—	—	—	—
VI. Called capital pending payment	—	—	—	—	—	—	—
VII. Capital decrease in subsidiaries	—	—	—	—	—	—	—
VIII. Changes in perimeter and other increases	—	4.79	—	—	—	16.02	20.81
IX. Other decreases	—	—	—	—	—	—	—
<b>TOTAL VARIATIONS IN 2006</b>	—	255.28	(1.58)	(72.17)	310.36	95.90	587.79
<b>BALANCE AS AT 31 DECEMBER 2006</b>	119.45	2,604.96	261.26	(3.24)	1,044.06	1,027.80	5,054.29

Figures in million euros

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CONCEPT	Equity attributable to the controlling shareholder						Total net equity
	Share capital	Reserves	Valuation adjustment reserves	Translation differences	Retained result	Minority interests	
I. Changes in accounting policies	—	—	—	—	—	—	—
II. Correction of errors	—	—	—	—	—	—	—
<b>BALANCE AS AT 1 JANUARY 2007, RESTATED</b>	<b>119.45</b>	<b>2,604.96</b>	<b>261.26</b>	<b>(3.24)</b>	<b>1,044.06</b>	<b>1,027.80</b>	<b>5,054.29</b>
<b>VARIATIONS IN 2007</b>							
I. Results recognised directly in equity							
1. From investments available for sale	—	—	(299.96)	—	—	(224.95)	(524.91)
2. From translation differences	—	—	—	(31.87)	—	(3.67)	(35.54)
3. From application of shadow accounting	—	—	208.80	—	—	202.74	411.54
<b>Total results recognised directly in equity</b>	<b>—</b>	<b>—</b>	<b>(91.16)</b>	<b>(31.87)</b>	<b>—</b>	<b>(25.88)</b>	<b>(148.91)</b>
II. Other results for 2007	—	—	—	—	731.06	241.07	972.13
<b>Total results for 2007</b>	<b>—</b>	<b>—</b>	<b>(91.16)</b>	<b>(31.87)</b>	<b>731.06</b>	<b>215.19</b>	<b>823.22</b>
III. Distribution of 2006 results	—	386.70	—	—	(510.50)	(7.98)	(131.78)
IV. Interim dividends for 2007 (Note 4.2)	—	—	—	—	(136.52)	(84.67)	(221.19)
V. Capital increase at MAPFRE S.A. (Note 6.12) and controlled companies	108.08	3,335.14	—	—	—	34.82	3,478.04
VI. Effect of application from 1 Jan. 2006 of business combinations (Note 2.4)	—	(3,449.98)	—	—	—	—	(3,449.98)
VII. Capital decrease in subsidiaries	—	—	—	—	—	—	—
VIII. Changes in consolidation perimeter and other increases	—	—	—	—	—	97.84	97.84
IX. Other decreases	—	(36.03)	—	—	—	—	(36.03)
<b>TOTAL VARIATIONS IN 2007</b>	<b>108.08</b>	<b>235.83</b>	<b>(91.16)</b>	<b>(31.87)</b>	<b>84.04</b>	<b>255.20</b>	<b>560.12</b>
<b>BALANCE AS AT 31 DECEMBER 2007</b>	<b>227.53</b>	<b>2,840.79</b>	<b>170.10</b>	<b>(35.11)</b>	<b>1,128.10</b>	<b>1,283.00</b>	<b>5,614.41</b>

Figures in million euros

## D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDED 31 DECEMBER 2007 AND 2006

CONCEPT	2007	2006
Cash from collected premiums	11,692.95	10,181.75
Payment of claims	(6,760.14)	(5,514.06)
Collections from reinsurance operations	618.65	334.33
Payments on reinsurance operations	(901.07)	(723.11)
Payments of commissions	(981.40)	(925.80)
Collections from clients, other activities	802.71	476.56
Payments to suppliers, other activities	(747.10)	(364.55)
Other operating cash inflows	124.73	315.94
Other operating cash outflows	(2,415.45)	(3,182.35)
Outflows or inflows from payment/receipt of corporation tax	(407.20)	(233.62)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>1,026.68</b>	<b>365.09</b>
Purchases of intangible fixed assets	(60.45)	(79.45)
Purchases of property, plant and equipment	(208.46)	(194.57)
Acquisition of investments and payment of capital increases	(5,813.76)	(6,498.88)
Net cash paid by companies incorporated into the consolidation perimeter	(428.44)	(8.19)
Net cash from entities no longer included in the consolidation perimeter	(1.61)	8.26
Sales of property, plant and equipment	21.74	23.04
Sales of investments	4,406.67	5,537.29
Interest collected	981.35	802.95
Other payments	(51.75)	(51.53)
Dividends collected	48.68	41.94
Collections from loans and other financial instruments	796.04	1,529.37
Payments for loans and other financial instruments	(900.29)	(1,443.44)
<b>NET CASH FLOWS FROM INVESTMENT ACTIVITIES</b>	<b>(1,210.28)</b>	<b>(333.21)</b>
Dividends and donations paid	(352.03)	(152.42)
Collections on capital increases	21.96	8.05
Payments on return of shareholders' contributions	—	—
Proceeds from issuance of debenture bonds	700.00	—
Payments on interest and redemption of debenture bonds	(16.55)	(16.56)
Payments on interest and repayment of other borrowings	(229.60)	(22.35)
Proceeds from other borrowings	285.58	162.93
<b>NET CASH FLOW EFFECT OF FINANCING ACTIVITIES</b>	<b>409.36</b>	<b>(20.35)</b>
<b>NET INCREASE/(DECREASE) IN CASH FLOW</b>	<b>225.76</b>	<b>11.53</b>
Translation differences in cash flow and cash balances	(8.61)	(13.76)
<b>OPENING CASH BALANCE</b>	<b>1,422.25</b>	<b>1,424.48</b>
<b>CLOSING CASH BALANCE</b>	<b>1,639.40</b>	<b>1,422.25</b>

Figures in million euros



## E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 AND 2006

ASSETS	DIRECT INSURANCE					
	LIFE		MOTOR		OTHERS NON LIFE	
	2007	2006	2007	2006	2007	2006
<b>A) INTANGIBLE ASSETS</b>	<b>314.26</b>	<b>25.44</b>	<b>31.39</b>	<b>80.01</b>	<b>161.13</b>	<b>196.24</b>
I. Goodwill	265.12	19.05	5.23	53.84	127.35	161.39
II. Other intangible assets	49.14	6.39	26.16	26.17	33.78	34.85
<b>B) PROPERTY, PLANT AND EQUIPMENT</b>	<b>53.00</b>	<b>50.05</b>	<b>679.65</b>	<b>460.52</b>	<b>153.24</b>	<b>238.48</b>
I. Property for own use	35.62	34.43	524.73	328.22	112.52	190.89
II. Other property, plant and equipment	17.38	15.62	154.92	132.30	40.72	47.59
<b>C) INVESTMENTS</b>	<b>16,837.14</b>	<b>15,419.02</b>	<b>3,487.03</b>	<b>3,285.41</b>	<b>4,710.53</b>	<b>4,010.82</b>
I. Investments in property	179.75	161.18	358.21	472.39	319.93	252.08
II. Financial investments						
1. Portfolio held to maturity	207.35	172.67	385.99	233.41	299.22	280.17
2. Portfolio available for sale	15,806.08	14,707.50	2,325.22	2,269.57	2,806.81	2,578.94
3. Trading portfolio	506.33	260.95	206.22	164.44	326.06	228.34
III. Investments recorded applying the equity method	54.34	36.61	13.08	20.10	55.73	58.37
IV. Deposits established for accepted reinsurance	0.01	—	0.25	0.16	7.72	3.32
V. Other investments	83.28	80.11	198.06	125.34	895.06	609.60
<b>D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS BEARING THE INVESTMENT RISK</b>	<b>362.36</b>	<b>255.77</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>E) INVENTORIES</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS</b>	<b>63.58</b>	<b>43.82</b>	<b>163.69</b>	<b>96.17</b>	<b>2,109.46</b>	<b>1,744.91</b>
<b>G) DEFERRED TAX ASSETS</b>	<b>177.59</b>	<b>360.26</b>	<b>82.12</b>	<b>85.80</b>	<b>58.90</b>	<b>45.46</b>
<b>H) CREDITS &amp; RECEIVABLES</b>	<b>457.13</b>	<b>367.10</b>	<b>1,000.46</b>	<b>861.34</b>	<b>1,160.41</b>	<b>1,024.29</b>
I. Receivables on direct insurance and coinsurance operations	380.27	325.63	794.25	756.44	959.65	746.36
II. Receivables on reinsurance operations	8.37	6.09	29.24	28.69	95.54	137.83
III. Tax credits	19.07	6.66	37.24	27.29	40.39	52.56
IV. Corporate and other credits	49.42	28.72	139.73	48.92	64.83	87.54
V. Shareholders, called capital	—	—	—	—	—	—
<b>I) CASH AND BANK</b>	<b>381.98</b>	<b>301.01</b>	<b>244.71</b>	<b>209.67</b>	<b>388.19</b>	<b>303.91</b>
<b>J) ACCRUAL ADJUSTMENTS</b>	<b>67.69</b>	<b>59.36</b>	<b>195.10</b>	<b>168.75</b>	<b>381.47</b>	<b>338.10</b>
<b>K) OTHER ASSETS</b>	<b>18.14</b>	<b>2.62</b>	<b>11.94</b>	<b>5.12</b>	<b>17.52</b>	<b>10.25</b>
<b>L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>—</b>	<b>0.04</b>	<b>—</b>	<b>0.01</b>	<b>—</b>
<b>TOTAL ASSETS BY SEGMENTS</b>	<b>18,732.87</b>	<b>16,884.45</b>	<b>5,896.13</b>	<b>5,252.79</b>	<b>9,140.86</b>	<b>7,912.46</b>

Figures in million euros

REINSURANCE		OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
2007	2006	2007	2006	2007	2006	2007	2006
6.11	3.82	66.24	66.07	608.59	310.15	1,187.72	681.73
—	—	51.42	54.87	567.81	314.82	1,016.93	603.97
6.11	3.82	14.82	11.20	40.78	(4.67)	170.79	77.76
41.56	40.70	251.02	229.94	161.61	125.23	1,340.08	1,144.92
34.70	35.15	100.93	95.13	160.53	120.20	969.03	804.02
6.86	5.55	150.09	134.81	1.08	5.03	371.05	340.90
1,983.99	1,773.07	6,957.63	4,736.37	(7,809.36)	(5,090.05)	26,166.96	24,134.64
31.66	35.37	69.77	68.19	(167.98)	(205.73)	791.34	783.48
199.61	138.42	12.87	29.81	5.10	0.49	1,110.14	854.97
1,442.48	1,255.51	224.23	74.41	(47.44)	(115.03)	22,557.38	20,770.90
29.76	64.36	179.05	566.70	(32.57)	(36.70)	1,214.85	1,248.09
13.00	12.03	9.27	8.65	189.07	134.09	334.49	269.85
266.99	266.22	—	—	(162.16)	(173.86)	112.81	95.84
0.49	1.16	6,462.44	3,988.61	(7,593.38)	(4,693.31)	45.95	111.51
—	—	—	—	—	—	362.36	255.77
—	—	678.19	498.39	—	—	678.19	498.39
551.53	525.24	—	—	(742.18)	(605.70)	2,146.08	1,804.44
7.69	10.73	28.35	26.59	1.57	0.06	356.22	528.90
254.21	244.01	289.97	230.11	(290.71)	(221.87)	2,871.47	2,504.98
—	0.19	—	—	4.51	—	2,138.68	1,828.62
214.85	201.53	—	—	(95.77)	(81.52)	252.23	292.62
11.99	8.55	95.32	57.02	0.53	0.01	204.54	152.09
27.37	33.74	194.65	173.09	(199.98)	(140.36)	276.02	231.65
—	—	—	—	—	—	—	—
42.07	54.38	579.02	553.28	3.43	—	1,639.40	1,422.25
148.69	129.23	3.94	5.31	11.48	(1.96)	808.37	698.79
1.13	1.48	92.83	97.95	(94.08)	(74.40)	47.48	43.02
0.08	—	22.46	—	—	—	22.59	—
3,037.06	2,782.66	8,969.65	6,444.01	(8,149.65)	(5,558.54)	37,626.92	33,717.83

## E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007 AND 2006

LIABILITIES AND EQUITY	DIRECT INSURANCE					
	LIFE		MOTOR		NON LIFE	
	2007	2006	2007	2006	2007	2006
<b>A) EQUITY</b>	<b>995.71</b>	<b>660.19</b>	<b>1,528.49</b>	<b>1,287.43</b>	<b>2,350.32</b>	<b>2,022.36</b>
I. Share capital	327.45	150.22	424.95	428.16	1,179.80	1,011.22
II. Reserves	402.45	343.08	557.59	256.97	828.45	641.25
III. Treasury stock	—	—	—	(0.90)	—	(1.05)
IV. Valuation adjustment reserves	78.89	101.93	67.86	295.36	108.22	142.65
V. Translation differences	(14.28)	(15.99)	(112.24)	(139.71)	(298.65)	83.22
VI. Retained earnings	80.52	8.58	378.38	385.23	311.84	16.08
Equity attributable to the controlling Company's shareholders	875.03	587.82	1,316.54	1,225.11	2,129.66	1,893.37
Minority interests	120.68	72.37	211.95	62.32	220.66	128.99
<b>B) SUBORDINATED LIABILITIES</b>	<b>—</b>	<b>—</b>	<b>10.00</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>C) TECHNICAL PROVISIONS</b>	<b>16,441.98</b>	<b>14,967.84</b>	<b>3,491.95</b>	<b>3,199.84</b>	<b>5,339.88</b>	<b>4,483.95</b>
I. Provisions for unearned premiums and for risks in progress	21.81	17.22	1,761.08	1,605.68	1,975.06	1,678.51
II. Provisions for life assurance	16,025.28	14,631.78	—	0.07	—	66.01
III. Provisions for outstanding claims	362.73	293.38	1,730.59	1,591.81	3,003.05	2,409.31
IV. Other technical provisions	32.16	25.46	0.28	2.28	361.77	330.12
<b>D) TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS</b>	<b>362.36</b>	<b>255.77</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>E) PROVISIONS FOR RISKS AND EXPENSES</b>	<b>60.02</b>	<b>42.70</b>	<b>239.94</b>	<b>109.81</b>	<b>101.29</b>	<b>100.55</b>
<b>F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE</b>	<b>19.29</b>	<b>15.78</b>	<b>1.56</b>	<b>—</b>	<b>154.51</b>	<b>163.37</b>
<b>G) DEFERRED TAX LIABILITIES</b>	<b>183.12</b>	<b>394.24</b>	<b>122.25</b>	<b>104.83</b>	<b>84.35</b>	<b>92.29</b>
<b>H) DEBT</b>	<b>667.74</b>	<b>545.62</b>	<b>483.64</b>	<b>548.77</b>	<b>954.74</b>	<b>889.69</b>
I. Issuance of debenture bonds and other negotiable securities	—	—	—	—	—	—
II. Due to credit institutions	3.25	2.85	2.64	0.50	19.84	3.14
III. Other financial liabilities	393.69	289.52	0.68	0.73	0.34	0.11
IV. Due on direct insurance and coinsurance operations	97.16	108.34	139.83	264.85	342.94	332.47
V. Due on reinsurance operations	11.84	11.12	39.45	30.55	198.45	213.26
VI. Tax payable	46.10	27.64	123.72	105.24	165.15	153.45
VII. Other debts	115.70	106.15	177.32	146.90	228.02	187.26
<b>I) ACCRUAL ADJUSTMENTS</b>	<b>2.65</b>	<b>2.31</b>	<b>18.30</b>	<b>2.11</b>	<b>155.77</b>	<b>160.25</b>
<b>J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL LIABILITIES AND EQUITY BY SEGMENTS</b>	<b>18,732.87</b>	<b>16,884.45</b>	<b>5,896.13</b>	<b>5,252.79</b>	<b>9,140.86</b>	<b>7,912.46</b>

Figures in million euros



	REINSURANCE		OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
	773.94	673.55	6,577.36	4,657.17	(6,611.41)	(4,246.41)	5,614.41	5,054.29
	255.94	253.07	1,092.71	990.35	(3,053.32)	(2,713.57)	227.53	119.45
	326.42	251.67	5,023.80	3,175.46	(4,297.92)	(2,063.47)	2,840.79	2,604.96
	—	—	—	—	—	1.95	—	—
	18.44	23.54	(7.40)	12.29	(95.91)	(314.51)	170.10	261.26
	(29.11)	20.84	(3.04)	5.93	422.21	42.47	(35.11)	(3.24)
	194.78	114.97	357.08	382.53	(194.50)	136.67	1,128.10	1,044.06
	766.47	664.09	6,463.15	4,566.56	(7,219.44)	(4,910.46)	4,331.41	4,026.49
	7.47	9.46	114.21	90.61	608.03	664.05	1,283.00	1,027.80
	—	—	709.59	—	—	—	719.59	—
	1,897.03	1,722.64	—	—	(751.41)	(602.73)	26,419.43	23,771.54
	971.67	861.72	—	—	(421.99)	(308.80)	4,307.63	3,854.33
	125.63	125.21	—	—	71.00	2.98	16,221.91	14,826.05
	779.71	735.71	—	—	(400.42)	(296.91)	5,475.66	4,733.30
	20.02	—	—	—	—	—	414.23	357.86
	—	—	—	—	—	—	362.36	255.77
	8.94	8.27	68.20	21.40	(163.42)	(38.08)	314.97	244.65
	129.93	143.37	—	—	(162.16)	(173.88)	143.13	148.64
	27.23	27.71	8.01	6.60	3.30	0.58	428.26	626.25
	107.89	128.29	1,591.31	1,754.30	(464.52)	(498.04)	3,340.80	3,368.63
	—	—	304.95	298.03	—	—	304.95	298.03
	1.16	1.10	467.65	503.05	—	—	494.54	510.64
	0.07	0.09	181.71	519.00	—	(81.49)	576.49	727.96
	—	0.31	—	—	1.29	—	581.22	705.97
	77.39	86.16	—	—	(93.41)	(83.48)	233.72	257.61
	5.85	6.35	83.97	80.05	(13.79)	(12.63)	411.00	360.10
	23.42	34.28	553.03	354.17	(358.61)	(320.44)	738.88	508.32
	92.07	78.83	3.29	4.54	(0.03)	0.02	272.05	248.06
	0.03	—	11.89	—	—	—	11.92	—
	3,037.06	2,782.66	8,969.65	6,444.01	(8,149.65)	(5,558.54)	37,626.92	33,717.83

## E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDED 31 DECEMBER 2007 AND 2006

CONCEPT	DIRECT INSURANCE					
	LIFE		MOTOR		OTHERS NON LIFE	
	2007	2006	2007	2006	2007	2006
<b>I. REVENUES FROM INSURANCE BUSINESS</b>						
1. Insurance premiums, net						
a) Written premiums, direct insurance	2,926.25	2,400.95	3,649.19	3,338.74	4,417.26	4,041.91
b) Premiums from accepted reinsurance	—	—	5.78	28.81	211.08	175.91
c) Premiums from ceded reinsurance	(86.89)	(79.88)	(65.94)	(65.13)	(1,315.16)	(1,291.79)
d) Variation in provisions for premiums and risks in progress, net						
Direct insurance	(44.69)	(48.60)	(39.73)	(72.73)	(284.25)	(204.77)
Accepted reinsurance	—	(0.01)	0.27	10.22	(14.64)	(16.56)
Ceded reinsurance	(0.06)	0.07	(5.60)	(13.41)	53.10	83.66
2. Profits from companies recorded by the equity method	4.65	4.96	0.03	2.59	1.69	2.80
3. Income from investments						
a) From operations	1,025.58	918.82	294.99	267.21	253.63	226.31
b) From equity	30.57	20.28	18.86	42.43	115.64	51.40
4. Unrealised gains in investments on account of life policyholders bearing the investment risk	39.26	22.90	—	—	—	—
5. Other technical revenues	2.78	1.96	4.34	3.32	26.04	19.46
6. Other non technical revenues	6.22	6.99	171.59	152.64	25.19	48.53
7. Positive translation differences	5.30	0.18	2.92	0.77	12.94	8.35
8. Reversal of the asset impairment provision	—	—	0.56	—	22.05	0.09
<b>TOTAL REVENUES FROM INSURANCE BUSINESS</b>	<b>3,908.97</b>	<b>3,248.62</b>	<b>4,037.26</b>	<b>3,695.46</b>	<b>3,524.57</b>	<b>3,145.30</b>
<b>II. EXPENSES FROM INSURANCE BUSINESS</b>						
1. Claims, net						
a) Claims paid and variation in provision for claims, net						
Direct insurance	(2,376.61)	(1,919.93)	(2,390.29)	(2,272.86)	(2,518.26)	(2,199.45)
Accepted reinsurance	—	—	(3.86)	(18.54)	(118.85)	(100.22)
Ceded reinsurance	51.47	49.77	55.89	38.27	846.55	673.83
b) Claims related expenses	(10.49)	(7.25)	(211.83)	(153.09)	(170.61)	(139.42)
2. Variation in other technical provisions, net	(567.47)	(566.31)	(0.17)	3.17	(48.02)	(55.47)
3. Profit sharing and returned premiums	(29.55)	(28.86)	—	(0.07)	(4.87)	(3.05)
4. Net operating expenses						
a) Acquisition expenses	(291.72)	(243.71)	(550.13)	(426.19)	(748.42)	(678.55)
b) Administration expenses	(88.04)	(79.51)	(208.47)	(193.58)	(231.82)	(212.10)
c) Commissions and participation in reinsurance	20.35	17.25	4.51	9.09	202.94	192.76

*(Continues on the following page)*

REINSURANCE		OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
2007	2006	2007	2006	2007	2006	2007	2006
0.02	0.03	—	—	0.02	—	10,992.74	9,781.63
1,812.08	1,634.99	—	—	(711.21)	(688.75)	1,317.73	1,150.96
(548.72)	(463.11)	—	—	711.19	688.75	(1,305.52)	(1,211.16)
—	(0.01)	—	—	4.17	—	(364.50)	(326.11)
(118.72)	(170.12)	—	—	38.67	39.90	(94.42)	(136.57)
53.75	54.02	—	—	(41.19)	(39.90)	60.00	84.44
0.57	0.15	—	—	(4.97)	(3.89)	1.97	6.61
91.79	67.59	—	—	(13.36)	(13.68)	1,652.63	1,466.25
13.37	10.75	—	—	(59.27)	(35.93)	119.17	88.93
—	—	—	—	—	—	39.26	22.90
0.41	1.43	—	—	—	(4.26)	33.57	21.91
1.68	8.69	—	—	(191.74)	(136.25)	12.94	80.60
80.01	82.54	—	—	—	—	101.17	91.84
0.07	—	—	—	(22.05)	2.09	0.63	2.18
<b>1,386.31</b>	<b>1,226.95</b>	<b>—</b>	<b>—</b>	<b>(289.74)</b>	<b>(191.92)</b>	<b>12,567.37</b>	<b>11,124.41</b>
1.18	0.52	—	—	4.32	0.45	(7,279.66)	(6,391.27)
(935.42)	(851.38)	—	—	264.17	306.00	(793.96)	(664.14)
201.46	229.22	—	—	(264.19)	(306.00)	891.18	685.09
(37.08)	(37.86)	—	—	1.84	0.38	(428.17)	(337.24)
4.25	(1.20)	—	—	—	1.17	(611.41)	(618.64)
(0.18)	(0.46)	—	—	—	—	(34.60)	(32.44)
(429.47)	(395.95)	—	—	193.38	179.25	(1,826.36)	(1,565.15)
(20.81)	(21.19)	—	—	6.45	1.58	(542.69)	(504.80)
111.29	100.37	—	—	(158.52)	(171.97)	180.57	147.50

(Continued from the previous page)

CONCEPT	DIRECT INSURANCE					
	LIFE		MOTOR		OTHERS NON LIFE	
	2007	2006	2007	2006	2007	2006
5. Losses from companies recorded by the equity method	(0.61)	—	—	—	—	(0.05)
6. Expenses from investments						
a) From operations	(337.08)	(279.34)	(61.10)	(59.82)	(46.85)	(45.54)
b) From equity and financial accounts	(12.71)	(6.12)	(13.70)	(17.59)	(28.45)	(9.43)
7. Unrealised losses in investments on account of life policyholders bearing the investment risk	(41.22)	(1.05)	—	—	—	—
8. Other technical expenses	(13.95)	(5.94)	(38.79)	(61.26)	(74.23)	(93.88)
9. Other non technical expenses	(8.97)	(6.02)	(155.11)	(122.94)	(28.10)	(40.91)
10. Negative translation differences	(4.25)	(5.22)	(1.36)	(0.41)	(11.64)	(14.82)
11. Allowance to the asset impairment provision	(0.04)	—	(1.85)	(1.17)	(9.99)	(23.41)
<b>TOTAL EXPENSES FROM INSURANCE BUSINESS</b>	<b>(3,710.89)</b>	<b>(3,082.24)</b>	<b>(3,576.26)</b>	<b>(3,276.99)</b>	<b>(2,990.62)</b>	<b>(2,749.71)</b>
<b>RESULT OF THE INSURANCE BUSINESS</b>	<b>198.08</b>	<b>166.38</b>	<b>461.00</b>	<b>418.47</b>	<b>533.95</b>	<b>395.59</b>
<b>II. OTHER ACTIVITIES</b>						
1. Operating revenues	—	—	—	—	—	—
2. Operating expenses	—	—	—	—	—	—
3. Net financial revenues						
a) Financial revenue	—	—	—	—	—	—
b) Financial expenses	—	—	—	—	—	—
4. Results from minority interests						
a) Profits from companies recorded by the equity method	—	—	—	—	—	—
b) Losses from companies recorded by the equity method	—	—	—	—	—	—
5. Reversal of asset impairment provision	—	—	—	—	—	—
6. Allowance to the asset impairment provision	—	—	—	—	—	—
7. Result from the disposal of non current assets classified as held for sale, not included in discontinued operations	—	—	—	—	—	—
<b>RESULT FROM OTHER ACTIVITIES</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS</b>	<b>198.08</b>	<b>166.38</b>	<b>461.00</b>	<b>418.47</b>	<b>533.95</b>	<b>395.59</b>
<b>V. TAX ON PROFIT FROM ONGOING OPERATIONS</b>	<b>(56.60)</b>	<b>(49.95)</b>	<b>(129.91)</b>	<b>(128.67)</b>	<b>(136.65)</b>	<b>(114.37)</b>
<b>VI. RESULT AFTER TAX FROM ONGOING OPERATIONS</b>	<b>141.48</b>	<b>116.43</b>	<b>331.09</b>	<b>289.80</b>	<b>397.30</b>	<b>281.22</b>
<b>VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>VIII. RESULT FOR THE YEAR</b>	<b>141.48</b>	<b>116.43</b>	<b>331.09</b>	<b>289.80</b>	<b>397.30</b>	<b>281.22</b>
1. Attributable to minority shareholders	(69.48)	(55.23)	(13.08)	(5.79)	(143.60)	(108.54)
2. Attributable to the controlling company	72.00	61.20	318.01	284.01	253.70	172.68

Figures in million euros

REINSURANCE		OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
2007	2006	2007	2006	2007	2006	2007	2006
—	—	—	—	0.52	—	(0.09)	(0.05)
(18.10)	(14.27)	—	—	26.14	6.52	(436.99)	(392.45)
(6.30)	(8.08)	—	—	24.78	0.71	(36.38)	(40.51)
—	—	—	—	—	—	(41.22)	(1.05)
(2.60)	(1.81)	—	—	0.63	—	(128.94)	(162.89)
(6.92)	(10.10)	—	—	155.82	134.01	(43.28)	(45.96)
(97.19)	(84.62)	—	—	—	—	(114.44)	(105.07)
(0.67)	—	—	—	—	20.04	(12.55)	(4.54)
<b>(1,236.56)</b>	<b>(1,096.81)</b>	—	—	<b>255.34</b>	<b>172.14</b>	<b>(11,258.99)</b>	<b>(10,033.61)</b>
<b>149.75</b>	<b>130.14</b>	—	—	<b>(34.40)</b>	<b>(19.78)</b>	<b>1,308.38</b>	<b>1,090.80</b>
—	—	738.76	567.07	(216.53)	(86.81)	522.23	480.26
—	—	(659.33)	(505.36)	212.44	92.06	(446.89)	(413.30)
—	—	569.88	380.88	(512.10)	(353.56)	57.78	27.32
—	—	(118.73)	(71.28)	33.82	30.96	(84.91)	(40.32)
—	—	0.74	2.76	12.82	9.51	13.56	12.27
—	—	(0.70)	(0.74)	0.67	0.04	(0.03)	(0.70)
—	—	0.39	—	—	—	0.39	—
—	—	(4.78)	(0.27)	—	—	(4.78)	(0.27)
—	—	—	—	—	—	—	—
—	—	526.23	373.06	(468.88)	(307.80)	57.35	65.26
<b>149.75</b>	<b>130.14</b>	<b>526.23</b>	<b>373.06</b>	<b>(503.28)</b>	<b>(327.58)</b>	<b>1,365.73</b>	<b>1,156.06</b>
<b>(47.49)</b>	<b>(42.09)</b>	<b>(17.67)</b>	<b>(20.44)</b>	<b>(1.29)</b>	<b>0.02</b>	<b>(389.61)</b>	<b>(355.50)</b>
<b>102.26</b>	<b>88.05</b>	<b>508.56</b>	<b>352.62</b>	<b>(504.57)</b>	<b>(327.56)</b>	<b>976.12</b>	<b>800.56</b>
<b>(3.69)</b>	—	<b>(3.54)</b>	—	<b>3.24</b>	—	<b>(3.99)</b>	—
<b>98.57</b>	<b>88.05</b>	<b>505.02</b>	<b>352.62</b>	<b>(501.33)</b>	<b>(327.56)</b>	<b>972.13</b>	<b>800.56</b>
(7.42)	(9.42)	(105.15)	(90.40)	97.66	79.01	(241.07)	(190.37)
<b>91.15</b>	<b>78.63</b>	<b>399.87</b>	<b>262.22</b>	<b>(403.67)</b>	<b>(248.55)</b>	<b>731.06</b>	<b>610.19</b>

## E) FINANCIAL INFORMATION BY SEGMENTS – GEOGRAPHICAL BREAKDOWN

### 1. CONSOLIDATED ASSETS AS AT 31 DECEMBER 2007 AND 2006

GEOGRAPHICAL SEGMENT	2007	2006
I SPAIN	30,612.62	28,200.32
II OTHER EUROPEAN UNION COUNTRIES	1,611.55	1,531.20
III AMERICA	4,354.07	3,721.93
IV REST OF THE WORLD	1,048.68	264.38
<b>TOTAL ASSETS</b>	<b>37,626.92</b>	<b>33,717.83</b>

Figures in million euros

### 2. CONSOLIDATED ORDINARY REVENUES IN YEARS ENDED 31 DECEMBER 2007 AND 2006 (\*)

GEOGRAPHICAL SEGMENT	2007	2006
I SPAIN	8,575.75	7,692.86
II OTHER EUROPEAN UNION COUNTRIES	607.86	664.38
III AMERICA	3,295.27	2,893.95
IV REST OF THE WORLD	353.82	161.66
<b>TOTAL ORDINARY REVENUES</b>	<b>12,832.70</b>	<b>11,412.85</b>

Figures in million euros

### 3. PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENTS IN YEARS ENDED 31 DECEMBER 2007 AND 2006 (\*\*)

SEGMENTO GEOGRÁFICO	2007	2006
I SPAIN	1,948.18	1,373.24
II OTHER EUROPEAN UNION COUNTRIES	210.49	169.46
III AMERICA	731.80	754.15
IV REST OF THE WORLD	8.87	21.56
<b>TOTAL PURCHASES</b>	<b>2,899.34</b>	<b>2,318.41</b>

Figures in million euros

(\*) Ordinary revenues means direct insurance and accepted reinsurance premiums, as well as operating revenues from non insurance activities.

(\*\*) Including total cost incurred in each financial year in the acquisition of assets that are expected to be used during more than one year.

## F) CONSOLIDATED ANNUAL REPORT

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### 1. General overview on the company and its activity

MAPFRE, S.A. (hereinafter the “controlling Company” or “MAPFRE”) is a listed public limited company, parent of a number of controlled companies engaged in insurance in its various branches, both Life and Non Life, finance, securities and real estate investment, and services.

MAPFRE, S.A. is a subsidiary of CARTERA MAPFRE, S.L., Sociedad Unipersonal (hereinafter CARTERA MAPFRE), which is 100% controlled by FUNDACIÓN MAPFRE.

At the Extraordinary General Shareholders Meeting of the controlled Company held on 29 December 2006, the corporate name of CORPORACIÓN MAPFRE was changed to the present one, MAPFRE, S.A.

The scope of activity of the controlling Company and its subsidiaries (hereinafter the “Group” or “MAPFRE GROUP”) includes the Spanish territory, European Economic Area countries, and other countries.

The controlling Company was incorporated in Spain and its registered address is located in Madrid, Paseo de Recoletos, 25. In Spain, the MAPFRE GROUP is structured as follows:

#### A) CENTRAL SERVICES

These concentrate the technical and administrative functions of insurance management, the creation of new products, the preparation and development of marketing campaigns, as well as the provision of new commercial distribution networks for territorial offices.

#### b) MAPFRE NETWORK:

The extensive and growing territorial network of the MAPFRE GROUP (MAPFRE NETWORK) is divided into forty geographical divisions known as sub-centrals, from which the marketing, operational and administrative activities are coordinated and promoted.

The MAPFRE NETWORK consists of the following

- Own branches: these are serviced by staff from the MAPFRE NETWORK and essentially carry out marketing tasks, issuance of policies, attention to the public, and support to the agents’ network.
- Franchise branches: they are MAPFRE GROUP offices serviced by a fully captive agent; their work focuses virtually on the sale of the MAPFRE GROUP’s products.
- Agents: the MAPFRE GROUP has a high number of commission agents, who act as brokers in the writing of transactions by virtue of cooperation agreements.

The controlled companies have adapted their internal structure and distribution systems to the peculiarities of the markets where they are active.

The Board of Directors has issued the consolidated annual accounts on 6 February 2008. They are expected to be approved by the General Shareholders’ Meeting. The Spanish regulations envisage the possibility of modifying the consolidated annual accounts in the event the said governance body did not approve them

### 2. Bases of presentation of the annual consolidated financial statements

#### 2.1. BASES OF PRESENTATION

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

The consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets and for derivative financial instruments, which have been recorded at fair value.

The Group has decided to capitalise the expenses attributable to the acquisition of qualifying assets, with these expenses forming part of the cost of the said assets.

The controlled companies have adapted their internal structure and distribution systems to the peculiarities of the markets where they are active.

The Board of Directors has issued the consolidated annual accounts on 6 February 2008. They are expected to be approved by the General Shareholders' Meeting. The Spanish regulations envisage the possibility of modifying the consolidated annual accounts in the event the said governance body did not approve them.

## 2.2. INFORMATION BY SEGMENTS

Section E) of the consolidated financial statements includes financial information by segments, in relation to both business activities and geographical segments.

The controlling Company has identified the following main segments as regards business activities:

- Life direct insurance
- Direct Motor insurance
- Others Non Life direct insurance
- Life and Non Life accepted reinsurance
- Other activities

Revenues and expenses of the first four segments are those corresponding to the Life, Non Life and reinsurance activity, and those included under "Other activities" are those corresponding to property services, securities and real estate asset management, travel agency, services for the care of the elderly, assistance, etc.

The controlling Company's Management Report provides additional information on the evolution and characteristics of the business.

The established geographical segments are: Spain, other European Union countries, America and rest of the world

## 2.3. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

There has been no change in accounting policies or estimates, and no errors have been detected in the consolidated financial statements of previous years.

## 2.4. COMPARISON OF INFORMATION

During 2007, a corporate restructuring process has taken place as described in detail in note 6.12. As a result of the said restructuring, MAPFRE, S.A. becomes the parent of the companies forming the MAPFRE GROUP.

The said restructuring process has included corporate transfers - business combinations - always among entities under common control. IFRS 3 establishes the criteria to be applied in business combinations, albeit it states, in paragraph 3 b), that combinations carried out among entities under common control are beyond the scope of the rule. Since there is no other regulation among IFRS regulating these transactions, and according to the provisions of IAS 8.21, the accounting rules in force in the US have been applied. Pursuant to these rules, when business combinations consist of a mere reorganisation among entities under common control, the so-called "unification of interest" treatment must apply, according to which combinations are recorded at their equity and comparative financial statements must be prepared as if the said combinations had taken place at the beginning of the first financial year whose statements are presented. In order to comply with these rules, and so that the 2006 figures may be comparative, all the businesses contributed to MAPFRE, S.A. have been consolidated from 1 January 2006 as if made on that date. Therefore, the comparative figures corresponding to 2006 are different from those approved by the General Shareholders' Meeting for the said financial year and have not been audited.

The businesses contributed in the above described combination have been measured at their equity and no goodwill or unrealised gains from the contributed assets have been recognised. Since the capital increase has been carried out pursuant to market values, the difference between the amount of the capital increase and the net worth of the assets has been accounted for as lower amount of reserves.

In order that the financial information by segments as shown in section E) of the previous year's consolidated financial statements may be comparable with the figures of the present financial year, the controlling Company has made the required adjustments in order to breakdown the figures of the "Direct Motor Insurance" segment, which was not shown separately in the financial statements approved by the General Shareholders' Meeting for the said financial year.



## 2.5. CHANGES IN THE CONSOLIDATION PERIMETER

Appendix 1 identifies the companies that were incorporated into the consolidation perimeter in 2006 and 2007, together with details on their equity and results. In addition, appendix 1 provides a detail of other changes occurred in the consolidation perimeter.

The overall effect of these changes on the consolidatable group's equity, financial situation and results in 2006 and 2007 with respect to the preceding year is described in the relevant notes of the consolidated report.

## 2.6. ACCOUNTING JUDGEMENTS AND ESTIMATES

In the preparation of the consolidated financial statements under IFRS, the controlling Company's Board of Directors has made judgements and estimates based on assumptions on 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 related commitments.
- The useful life of intangible assets and of property, plant and equipment elements.
- The fair value of certain non-listed assets.

Estimates and assumptions used are regularly reviewed and are based on the historical experience and other factors that may have been considered as more reasonable from time to time. If a change in the estimates took place in a given period, as a consequence of these reviews, its effect would apply to that period and, if applicable, to successive periods.

## 3. Consolidation

### 3.1. SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES

Subsidiaries, associated undertakings and joint ventures included in the consolidation are identified and their details given in the table of shareholdings forming an integral part of the consolidated report as Appendix 1. The said appendix provides a breakdown of the joint ventures included by the proportionate consolidation method.

The configuration of companies as controlled companies is determined by the controlling Company holding a majority of the voting rights, directly or through subsidiaries, or, even if not holding half of the said rights, if the controlling Company is able to manage the said companies' financial and operating policies in order to obtain profits from their activities. Controlled companies are consolidated from the date when the Group acquires control, and are excluded from the consolidation on the date when it ceases in such control; therefore, the results relating to the part of the financial year while the said entities belong to the Group are included in the financial statements.

Associated undertakings are those where the controlling Company exercises a significant influence, albeit they are neither controlled companies nor joint ventures.

Significant influence means the power of intervening in the investee company's decisions on financial and operating policies, however without achieving control or joint control over the said policies. A significant influence is assumed to be exercised when the Company holds, either directly or indirectly through its controlled companies, at least 20% in the investee company's voting rights.

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 register additional losses, unless obligations have been incurred or payments have been made on behalf of the associated undertaking.

In order to determine if an investee is a controlled or associated undertaking, account has been taken of both the potential voting rights held and liable of exercise, and the call options on shares, debt instruments convertible into shares or other instruments entailing the possibility of increasing or reducing voting rights.

A joint venture is considered to exist when two or more entities undertake an economic activity subject to shared control and regulated by means of a contractual agreement.

Interests in jointly controlled companies are generally recognised in the consolidated financial statements by the proportional consolidation method.

Excluded from being considered as controlled companies, associated undertakings and joint ventures are the investments made in trust funds and similar undertakings.

The annual financial statements of controlled companies, associated undertakings and joint ventures used for the consolidation are those relating to the financial year closed as at 31 December 2006 and 2007

### 3.2. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION

The functional and presentation currency of the MAPFRE GROUP is the Euro, therefore the balances and transactions of Group companies whose functional currency is not the Euro and that do not operate in an hyperinflationary economy are translated into Euros at the closing exchange rate.

The exchange differences resulting from applying the above procedure, as well as those arising from translation of loans and other foreign currency instruments covering investments in foreign operations, have been recorded as a separate component of equity in the account "Translation differences", deducting the part of the said difference corresponding to Minority Shareholders.

Goodwill and fair value adjustments of assets and liabilities arising from the acquisition of Group companies whose currency is not the Euro are dealt with as assets and liabilities of foreign operations, stating them in the functional currency of the foreign undertaking and translating them at the closing exchange rate.

#### Adjustments to the opening balance

The columns of adjustments to the opening balance appearing in the various tables of the consolidated report include the changes occurred as a result of the application of a different exchange rate for the translation of figures corresponding to overseas subsidiaries.

Variations in the technical provisions recorded on the consolidated income statement differ from those obtained by difference in the balance sheet balances of the present and previous financial year, as a result of the application of a different exchange rate for the translation of figures in the case of overseas subsidiaries.

## 4. Profits per share and dividends

### 4.1. PROFITS PER SHARE

The calculation of the basic profits per share, which coincides with the diluted profits per share, there being no dilutive potential ordinary shares, is shown below:

CONCEPT	2007	2006
Net profit attributable to the controlling Company's shareholders (million euros)	731.06	610.19
Weighted average number of ordinary shares in issue (million euros)	2,275.32	2,275.32
<b>Basic profits per share (Euros)</b>	<b>0.32</b>	<b>0.27</b>

The weighted average number of ordinary shares in issue in financial year 2006 has been calculated as if the capital increased described in Note 6.12 had been carried out on 1 January of the said year.

## 4.2. DIVIDENDS

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

CONCEPT	TOTAL DIVIDEND (in million euros)		DIVIDEND PER SHARE (in euros)	
	2007	2006	2007	2006
Interim dividend	136.52	47.78	0.06	0.04
Final dividend	187.38	113.77	0.07	0.05
<b>Total</b>	<b>323.90</b>	<b>161.55</b>	<b>0.13</b>	<b>0.09</b>

The total amount of the final dividend for financial year 2007 includes the dividend to be paid to the new shares corresponding to the capital increase that is described in Note 6.12.

The total dividend for financial year 2007 has been proposed by the Board of Directors and is pending approval by the General Shareholders' Meeting.

The planned dividend pay-out complies with the requirements and limitations that are laid down in the legal regulations and the Company's bylaws.

During 2007, the controlling Company has distributed an interim dividend for a total amount of €136,519,449.78, which is recorded in the liabilities side under the heading "Interim Dividend". The cash statement prepared by the Board of Directors for the distribution is shown below.

CONCEPT	DATE OF RESOLUTION 15-10-2007
Cash available on the date of the resolution	425.25
Increases in cash forecast within one year	778.99
(+) From expected current collection transactions	366.49
(+) From financial transactions	412.50
Decreases in cash forecast within one year	(966.50)
(-) From expected current payment transactions	(67.00)
(-) From expected financial transactions	(899.50)
Cash available within one year	237.74

*Figures in million euros*

## 5. Accounting policies

The accounting policies applied in relation to the following items are as stated below:

### 5.1. INTANGIBLE ASSETS

#### Goodwill on merger

Goodwill on merger represents the excess of the cost paid in a business combination over the fair value of the assets and liabilities identifiable on the date of the merger.

#### Goodwill on consolidation

Goodwill on consolidation represents the excess of the cost of acquisition over the fair value of the stake in the controlled company's equity on the acquisition date, except for acquisitions made prior to 1 January 2004, where it corresponds to the goodwill, net of depreciation, recorded pursuant to the Spanish regulations applying on the said date. In the case of acquisition of stakes in the controlled company from minority shareholders subsequently to the initial one, the controlling Company has decided to recognise the said excess as greater goodwill on consolidation.

**Impairment of goodwill**

After its initial recognition and allocation to a cash generating unit, its possible loss in value is assessed at least once a year. When the recoverable value of the said cash generating unit is lower than its net book value, the corresponding loss in value is immediately recognised in the income statement, and generally no loss is recognised for individual assets not having experienced any impairment.

**Other intangible assets**

- Intangible assets arising from an independent acquisition

Intangible assets acquired from third parties in a market transaction are valued at cost. If their useful life is finite they are amortised depending upon it and, if they have an indefinite useful life, impairment tests are carried out at least on an annual basis.

- Intangible assets internally generated by the company

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

Capitalised development expenses are amortised 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.

- Intangible assets acquired by exchange of assets

Intangible assets acquired are generally recognised at the fair value of the asset received.

**5.2. BUSINESS COMBINATIONS**

The cost for the buying entity of a business combination is the fair value of the assets provided, debt instruments issued and liabilities incurred or assumed on the exchange date, plus any expenses directly attributable to the combination. Assets received and liabilities and contingencies assumed in a business combination are initially recorded at their fair value on the combination date.

Goodwill represents the excess of the cost paid over the acquired percentage of the fair value of assets and liabilities on the combination date.

**5.3. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTY**

Property, plant and equipment, and investment property are carried at cost less accumulated amortisation and, if applicable, accumulated impairment losses.

Costs incurred after the purchase are recognised as an asset only when future economic profits related to them are likely to revert to the Group and the cost of the element 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 investment property are amortised 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:

<b>GROUP OF ELEMENTS</b>	<b>YEARS</b>	<b>ANNUAL RATIO</b>
Buildings and other structures	50-25	2%-4%
Transport elements	6,25	16%
Furniture	10	10%
Fittings	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 elements of property, plant and equipment, and investment property are written off when they are sold or when they are no longer likely to produce future economic profits deriving from their continued use. Gains or losses arising from the write-off are accounted for in the consolidated income statement.

## 5.4. LEASES

### Finance leases

Leases transferring to the lessee all the risks and benefits inherent in the ownership of the leased asset are classified as finance leases. The lessee books the leased asset in its assets, at fair value or at the present value of minimum payments under the lease if this figure is lower:

Each lease payment is distributed between the liabilities and financial charges in order to arrive to a constant interest rate on the outstanding balance.

Financial costs are debited to the consolidated income statement.

Assets under finance lease are amortised during the useful life of the leased asset.

### Operating leases

Leases where the lessor retains a significant part of the risks and benefits inherent in the ownership are classified as operating leases. Payments in the concept of 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.

## 5.5. FINANCIAL INVESTMENTS

### Recognition

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

### Classification

Financial investments are classified into the following portfolios:

- Portfolio held to maturity

This category includes the securities with respect to which there is the intention and proven financial capacity to hold them until their maturity.

- Portfolio available for sale

This portfolio includes securities representing debt not classified under "Portfolio held to maturity" or "Trading portfolio" and the equity instruments of entities not being controlled, associated or jointly held businesses and which 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 realisation, which form part of a financial instruments portfolio being jointly identified and managed 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 elements are segregated and dealt with independently to the effects of their classification and valuation. Exceptionally, when the said segregation is not feasible, hybrid financial assets are accounted for at fair value.

### Valuation

On their initial recognition in the balance sheet, all financial investments forming part of the above mentioned portfolios are recognised at the fair value of the consideration delivered, plus, in the case of financial investments not being classified in the "Trading Portfolio", any dealing costs being directly attributable to their purchase.

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

a) Financial investments included in the "Portfolio Held to Maturity", which are valued at their amortised cost using the effective interest rate method.

The effective interest rate is the restatement rate equalling exactly the initial value of a financial instrument to all 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 asset and that are settled by delivering them, which are valued at cost.

The fair value of financial investments is the price that would be paid for them in an organised and transparent market ("Trading price" or "Market value"). When the said market value is not available, or when the price is not sufficiently representative, the fair value is determined by restating the future financial flows, including the redemption value, at rates equivalent to interest rate swaps denominated in euros, which is increased or decreased by a differential applied to the credit rating of the issuer and standardised according to the issuer's quality and the maturity period.

The fair value of the financial derivatives included in the "Trading portfolio" is taken to be their daily price or the present value of future cash flows if the former is not available.

The book value of financial investments is adjusted against the consolidated income statement when there is objective evidence of an event having occurred that has a negative impact on its future cash flows or on the recovery of the book value. The objective evidence of the impairment is determined on an individual basis for significant debt instruments and collectively for the groups of instruments not being individually significant.

The amount of impairment losses is equal to the difference between their book value and the present value of their estimated future cash flows, but for listed instruments, where the present value of cash flows is taken to be their market value, provided this is sufficiently reliable and considering, in any case, the credit risk. The amount of estimated impairment losses is recognised in the income statement, including, in addition, any reduction in the fair value of investments previously recognised under "Valuation adjustment reserves".

In the case of financial swaps of exchange of flows, the amounts accrued by the main transactions are recognised, with the amount resulting from flows being accounted for under "Other financial liabilities" or "Corporate and other credits", as the case may be.

## 5.6. HEDGING TRANSACTIONS

Hedging derivatives are recorded, as the case may be according to their valuation, under the heading "Other investments" or "Other financial liabilities".

Hedging derivatives are considered those that efficiently eliminate the risks of variations in fair value, alterations in cash flows or variations in the value of the net investment in businesses abroad.

Derivatives for hedging purposes are carried at fair value.

### Fair value hedge

The profit or loss arising from the valuation of the hedging instrument and the covered element is recognised in the consolidated income statement, in all cases.

## 5.7. INVESTMENTS ON ACCOUNT OF LIFE INSURANCE POLICYHOLDERS BEARING THE INVESTMENT RISK

Investments on account of policy holders bearing the investment risk are held in mutual funds and are valued at cost at the moment of subscription or purchase. The said acquisition cost is adjusted as greater or lower value of the investment, as applicable, depending upon the net asset value at the closing of the financial year. Revaluations and depreciations of these assets are accounted for as a credit or debit to the consolidated income statement of the Life direct insurance business segment.

## 5.8. ASSET IMPAIRMENT

At the end of each financial year, the Group assesses if there are signs that the asset element may have suffered a loss in value. If there are such signs, the recoverable value of the asset is estimated.

In the case of assets not being in operating conditions and of intangible assets with an indefinite useful life, the estimation of the recoverable value is made irrespectively of the existence of impairment signs.

If the book value exceeds the recoverable amount, a loss is recognised for the excess, reducing the book value of the asset down to its recoverable amount.

When there is an increase in the recoverable value of an asset other than goodwill, the previously recognised impairment loss is reversed, increasing the book value of the asset up to its recoverable value. This increase never exceeds the book value net of amortisation that would be accounted for had no impairment loss been recognised in previous years. The reversal is recognised in the consolidated income statement, unless the asset has been already subject to revaluation against "Valuation adjustment reserves", in which case the reversal is treated as a revaluation increase. After this reversal, the amortisation expense is adjusted in the following periods.

## 5.9. INVENTORIES

Inventories are valued at the lower of their acquisition or production cost and their net realisable value.

The acquisition cost includes the expenses directly attributable to the purchase, as well as an allowance for the overheads incurred for the transformation of inventories and any financial expenses incurred in their acquisition.

The net realisable value is the estimated sale price in the normal course of business, less any variable costs required for their sale.

## 5.10. CREDITS & RECEIVABLES

Valuation of these assets is generally made at the amortised cost, calculated pursuant to the effective interest rate method and deducting, if applicable, provisions for losses due to any perceived asset impairment.

In the case of credits with maturity beyond one year without the parties having expressly agreed the applicable interest rate, credits are discounted taking as implicit financial interest that in force in the Government Debt securities market with equal or similar term to the maturity of the credits, without prejudice to taking into account the related risk premium.

When there is objective evidence that an impairment loss has been incurred, the relevant provision has been made for the amount deemed not recoverable. The said 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 recognised in the consolidated income statement of the year.

The impairment loss corresponding to premiums pending collection is calculated separately for each line or risk, is presented in the consolidated income statement as a lower amount of written premiums, and consists of the part of the tariff premium accrued in the year that, according to past experience, is not likely to be collected, taking into account the impact of reinsurance.

Impairment is recognised in the consolidated income statement as an overall amount according to the age of receipts pending collection, or on an individual basis when the circumstances and status of receipts thus require.

Credits on recollection of claims are capitalised only when their realisation is considered as certain.

## 5.11. CASH AND BANK

Cash and Bank consists of cash and cash equivalents.

Cash is formed by cash and sight deposits with banks.

Cash equivalents correspond to highly liquid short term investments that can be easily converted into fixed amounts of cash and are subject to insignificant risks as to change in their value, and have maturities below 24 hours.

**5.12. ACCRUAL ADJUSTMENTS**

The heading "Accrual adjustments" of 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 expiry of the term of the contracts, with such expenses being those actually borne in the period, with the limit established in the technical bases.

Similarly, the heading "Accrual adjustments" of the liabilities side includes the amounts of fees and other acquisition expenses of ceded reinsurance that are to be allocated in subsequent years pursuant to the coverage period of ceded policies.

**5.13. NON-CURRENT ASSETS HELD FOR SALE AND RELATED LIABILITIES**

Assets held for sale, if applicable, are generally stated at the lower of their book value and their fair value deducting sale costs, these understood as any marginal costs directly attributable to the disposal, excluding financial costs, if applicable, and the income tax related expense.

Non-current assets classified as held for sale are not subject to amortisation.

Losses for impairment of their book value are recognised in the consolidated income statement. Similarly, when a recovery in value takes place, this is recognised in the consolidated income statement up to an amount equal to the impairment loss previously recognised.

**5.14. FINANCIAL AND SUBORDINATED LIABILITIES**

In their initial recognition in the balance sheet, financial liabilities are accounted for at their fair value. After this initial recognition, all financial liabilities are valued at their amortised cost, except financial liabilities classified as hedged items, or as accounting hedging instruments that follow the criteria and rules that are established in Note 5.6 of hedging transactions.

Premiums from the long term Life business, whether single premiums or regular premiums, are recognised when the right to collection arises on the part of the contract issuer.

**5.15. INSURANCE OPERATIONS****A) PREMIUMS****Direct insurance**

Premiums from the Non Life business and Life annual renewable contracts are recognised as revenues throughout the validity of the contracts, pursuant to the period of time elapsed. The accrual of premiums is made by allocating the provision for unearned premiums.

Premiums from the long term Life business, whether single premiums or regular premiums, are recognised when the right to collection arises on the part of the contract issuer.

**Ceded reinsurance**

Premiums corresponding to ceded reinsurance are accounted for pursuant to the written reinsurance contracts and under the same criteria as used for direct insurance.

**Accepted and retroceded reinsurance**

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

Retroceded reinsurance transactions are accounted for under the same criteria as accepted reinsurance, and pursuant to the retrocession contracts entered into.

**Coinsurance**

Coinsurance transactions are accounted for pursuant to the accounts received from the opening company and the participation in contracts entered into.



## **B) OTHER ASSETS AND LIABILITIES ARISING FROM INSURANCE AND REINSURANCE CONTRACTS**

### **a) Deposit components in insurance contracts**

Some Life assurance contracts contain both an insurance component and a deposit component. These two components are not valued separately, since all the rights and obligations deriving from the deposit component are recognised.

### **b) Embedded derivatives in insurance contracts**

Some Life assurance contracts contain embedded derivatives, essentially consisting of guaranteed redemption values and maturity values. The embedded derivative is not valued separately from the main insurance contract because it meets the conditions to be classified as an insurance contract, being valued jointly with the main contract pursuant to IFRS 4.

### **c) Insurance contracts acquired in business combinations or portfolio assignments**

Insurance contracts acquired in a business combination or portfolio assignment are recognised in the balance sheet as follows:

- a) the liabilities deriving from the insurance contracts are accounted for pursuant to IFRS 4;
- b) an intangible asset is accounted for, representing the difference between:
  - the fair value of the rights acquired and the rest of assumed contractual obligations, and
  - the amount described in section a) above

This intangible asset is amortised by the straight line method according to the estimated life of the contracts.

### **d) Capitalisation of acquisition fees and expenses**

Acquisition fees and expenses directly related to new production sales are not capitalised in any case, being taken to the consolidated income statement in the financial year when they are incurred.

## **C) TECHNICAL PROVISIONS**

The main assumptions and methods used in accounting for provisions are detailed below.

### **a) Direct insurance of companies belonging to the European Economic Area**

#### **Provision for unearned premiums**

The provision for unearned premiums is calculated on an individual policy basis and includes the tariff premium accrued in the financial year, having deducted the security surcharge.

#### **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 for the amount not showing the valuation of risks and expenses to be covered corresponding to the coverage period not elapsed at the closing date.

For the motor business, the calculation of this provision has been made considering all the guarantees covered with the products marketed by the different companies.

#### **Provision for Life assurance**

- In those life assurance policies with a coverage period equal to or shorter than one year, the provision for unearned premiums is calculated on a policy by policy basis and reflects the tariff premium accrued in the year, subject to allocation to future financial years.

When this provision is not sufficient, the provision for risks in progress is calculated also in order to cover the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the year's closing date.

- In those life assurance policies with a coverage period exceeding one year, the mathematical reserve has been calculated on a policy by policy basis as the difference between the current actuarial value of the future obligations of the controlled companies operating in this line, and those of the policy holder or insured party. The calculation basis is the inventory premium accrued in the year, represented by the pure premium plus the surcharge for administration expenses, both determined using the best estimates for mortality, morbidity, investment yields and administration expenses upon issuance of

the contracts, as detailed in the technical bases of the relevant products and types, and remaining unchanged throughout the life of the contract, unless their inadequacy becomes evident, in which case the calculation of the mathematical reserve would be changed.

Written policies having a profit sharing clause in force at the closing of each year share, on a pro-rata basis to their mathematical reserves and as specifically laid down in each contract, in the net yields obtained by the investments allocated to cover the said provisions. The amount of this profit sharing is recorded as a greater amount of mathematical reserves.

- This balance sheet heading also includes the provision for profit sharing and premium returns. This provision includes the amount of profits accrued in favour of policyholders, insured persons or beneficiaries and the premiums that must be reimbursed to policyholders.

#### **Provision for outstanding claims**

This represents the estimate valuation of outstanding claims deriving from occurrences prior to the end of the financial year, deducting interim payments effected. It includes the valuations of claims pending settlement or payment and pending to be reported, as well as the internal and external expenses relating to the liquidation of claims. In addition, in the Life Assurance business, it includes maturities and redemptions pending payment. In the Spanish companies, this calculation includes, if applicable, additional provisions for the deviation in the valuation of claims subject to long handling periods.

#### **Other technical provisions**

The most significant provision included under this heading is the Burial Insurance provision, which is calculated on a policy by policy basis, as the difference between the current actuarial value of future obligations of the controlled companies operating in this line and those of the policy holder or insured party.

For certain portfolios, the Burial Insurance provision is calculated by means of methods based on group capitalisation, with a financial-actuarial restatement being made of projected flows of premiums and expected claims up to the expiry of the group insurance.

#### **Technical provisions relating to Life assurance when the investment risk is borne by the policy holders**

The provisions for Life assurance where it has been contractually agreed that the investment risk will be fully borne by policy holders, have been calculated on a policy by policy basis, and they are valued according to the assets specifically allocated to determine the value of the rights.

#### **b) Direct insurance of entities not belonging to the European Economic Area**

Technical provisions are calculated pursuant to the local criteria in force in each country, except in the cases when their application could distort the true and fair image that must be shown by the financial statements, in which case the controlling Company's criteria have been adopted.

Life assurance provisions have been calculated using the operational assumptions, mortality tables and technical interest rate usual in the sector in the respective countries.

#### **c) Ceded reinsurance**

Technical provisions for cessions to reinsurers are shown in the balance sheet assets and are calculated according to the reinsurance agreements entered into and under the same criteria as used for direct insurance.

#### **d) Accepted reinsurance**

##### **Provision for unearned premiums**

Accepted reinsurance transactions are accounted for on the basis of the accounts received from ceding companies. If, upon closing the accounts, the ceding company's latest accounts are not available, the balance of other received accounts is considered as provisions for unearned premiums of non closed accounts, in order not to recognise results in the recording of such accounts. Exceptionally, if these provisions of non closed accounts were negatively affected by the recording of major claim payments, because of their being an actual loss not subject to being offset by movements of non closed accounts, the provision is adjusted for the relevant amount.

When the latest account and report on outstanding claims are available, the cancellation is made of provisions of non closed accounts, allocating the corresponding provisions for unearned premiums according to the information provided by the ceding company, and accruing them on a policy by policy basis. Failing this, the amount recorded for unearned premiums is the amount of the deposit of premiums withheld on this concept and, lastly, an overall method for the accrual of premiums may be used.

Acquisition expenses, as notified by ceding companies, are accrued under the heading of "Accrual adjustments" in the balance sheet assets, with these expenses corresponding to those actually borne in the period. When ceding companies do not notify the amounts, acquisition expenses are accrued on a risk by risk basis for facultative proportional reinsurance and overall for the rest of the proportional business.

#### **Provision for risks in progress**

This is calculated on an individual business line basis and supplements the provision for unearned premiums for the amount not showing the valuation of risks and expenses to be covered, corresponding to the coverage period not elapsed at the closing date.

#### **Provision for outstanding claims**

Provisions for claims are allocated for the amounts notified by the ceding company or, failing this, for withheld deposits, and include complementary provisions for claims existing and not reported, as well as for deviations in existing ones, in accordance with the company's own experience.

#### **e) Retroceded reinsurance**

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

#### **f) Liabilities adequacy test**

Technical provisions existing in the books 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. Recorded provisions are adjusted against the results of the financial year if it becomes evident that they are inadequate, as a consequence of the test.

#### **g) Shadow accounting**

In order to mitigate the accounting asymmetries arising from applying different valuation methods for assets and liabilities, IFRS allow the so-called "shadow accounting", in such a way that unrealised losses or gains in the relevant assets are recognised in the valuation of technical provisions.

### **D) CLAIMS**

The estimated cost of claims, both of the Life and the Non Life business, is recognised on the date of occurrence of events, accounting for all necessary expenses to be incurred up to the settlement of the claim.

For claim events occurred prior to the end of each financial year but not reported, the best estimate of their cost is recognised based on historical experience, through the provision for claims pending declaration.

Payments of claims are made against the previously recognised provision.

Claims corresponding to accepted reinsurance are accounted for on the basis of the accounts received from ceding companies.

Claims corresponding to ceded and retroceded reinsurance are accounted for according to the reinsurance contracts entered into, and under the same criteria as those used for direct insurance and accepted reinsurance, respectively.

**E) SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES OF ESTIMATION OF UNCERTAINTIES**

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

Generally, the estimates and assumptions used are periodically revised and are based on the historical experience and other factors that may have been considered as reasonable from time to time. When, as a result of these revisions, a change in estimates takes place in a given period, its effect would be applied in that period and, if applicable, in the successive ones.

The main assumption is based on the occurrence and development of claims, using the frequency and costs of the past few years. Likewise, estimates take into account assumptions on interest rates and exchange rates, delays in the payment of claims and any other external factor that might affect estimates.

As regards liabilities, assumptions are based on the best possible estimate at the time of issuing the contracts. Nevertheless, the relevant provisions would be established in order to cover any proven inadequacy, should this emerge.

The calculation of provisions does not use discount techniques for the valuation of future flows, except for the mathematical reserves in the Life business and provisions for death in Direct Insurance.

Throughout the year, no significant changes have taken place in the assumptions used to value liabilities deriving from insurance contracts.

**F) IMPAIRMENT**

When there is objective evidence that an impairment loss has taken place, the general valuation criterion mentioned in Note 5.10, Credits and Receivables, is applied.

**5.16. PROVISIONS FOR RISKS AND EXPENSES**

Provisions are recognised when the present obligation exists (legal or implicit) 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 fully, the reimbursement is recognised as a separate asset.

**5.17. DEBT**

The valuation of the items included under the heading "Debt" is generally made at amortised 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 taking as 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, without prejudice to taking into account the relevant risk premium.

**5.18. GENERAL CRITERION ON 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 depending upon the actual flow of goods and services represented by them, irrespectively of the date of the monetary or financial flow deriving from them.

**5.19. REMUNERATION TO STAFF**

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

**A) SHORT TERM REMUNERATION**

This is recorded according to the services provided by employees, on an accrual basis.

## **B) POST-EMPLOYMENT BENEFITS**

It essentially consists of defined benefit plans and defined contribution plans.

### **Defined benefit plans**

These are post-employment benefit plans differing from those with defined contribution.

The liability recognised in the balance sheet in relation to defined benefit pension plans is equal to the present value of the defined benefit obligation on the balance sheet date, deducting, if applicable, the fair value of the assets allocated to the plan.

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

Actuarial losses and gains arising are debited or credited to the consolidated income statement in the financial year when they occur.

### **Defined contribution plans**

These are post-employment benefit plans in which the entity involved makes pre-determined contributions to a separate entity (whether related or external to the Group) and has no legal or implicit obligation of making additional contributions, should there be an insufficiency of assets to honour the payment of benefits. Therefore, the obligation solely consists of making the agreed contribution to a fund, and the amount of benefits to be received by employees is determined by the contributions made plus the return obtained on the investments where the fund is materialised.

## **C) TERMINATION PAYMENTS**

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

## **D) SHARE-BASED PAYMENTS**

In financial year 2007, the MAPFRE Group has granted some Group officers an incentive plan that is benchmarked to the MAPFRE, S.A. share value

At the initial date when it is awarded, the mentioned plan is valued according to an option valuation method. The allocation of the valuation to results is made to the staff expenses item during the period of time established as requirement for the employee to qualify to its exercise, and a liability in favour of the employee is recognised as counterpart.

Every year, a re-estimate will be made of the initial valuation, recognising in the year's results the portion corresponding to the said year and the portion arising from the said re-estimate corresponding to previous years.

## **E) OTHER LONG TERM REMUNERATION**

The accounting record of other long term remuneration other than those described in the preceding paragraphs follows the above mentioned principles, except for the cost of past service, which is recognised immediately.

## **5.20. REVENUES AND EXPENSES FROM INVESTMENTS**

Revenues and expenses from investments are classified between operations and equity according to their origin, if they are allocated to covering technical provisions or they materialise shareholders' equity, respectively.

Revenues and expenses from financial investments are accounted for according to the portfolio in which they are classified, pursuant to the following criteria:

### **A) TRADING PORTFOLIO**

Changes in fair value are directly accounted for in the income statement, differentiating the portion attributable to yields, which is recorded as interest or, if applicable, as dividends, and the portion that is recorded as realised and unrealised results.

**B) PORTFOLIO HELD TO MATURITY**

Changes in fair value are recognised when the financial instrument is written off in the balance sheet and in case of impairment.

**C) PORTFOLIO AVAILABLE FOR SALE**

Changes in fair value are recognised directly in the company's equity until the financial asset is written off, at which time they are recorded in the income statement.

In all cases, the interest from financial instruments is calculated by the effective interest rate method.

**5.21. RECLASSIFICATION OF EXPENSES BY FINAL NATURE AND ALLOCATION TO ACTIVITY SEGMENTS**

The criteria followed for the reclassification of expenses according to their final nature are mainly based on the function fulfilled by each employee, with their direct and indirect cost being distributed pursuant to the said function.

As regards expenses not directly or indirectly related to staff, individual studies are carried out, and they are allocated according to the function fulfilled by the said expenses.

The established destinations are as follows:

- Expenses to be allocated to benefits
- Expenses to be allocated to investments
- Other technical expenses
- Other non technical expenses
- Acquisition expenses
- Administration expenses
- Operating expenses from other activities

Expenses have been allocated to the following segments, according to the business line having originated them:

- Direct insurance Life
- Direct insurance Motor
- Direct insurance Others Non Life
- Accepted reinsurance Life and Non Life
- Other activities

**5.22. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCIES**

Transactions in foreign currencies, other than in reinsurance, are translated into Euros at the exchange rate prevailing on the transaction date.

Reinsurance transactions in foreign currencies are recorded at the exchange rate established at the beginning of each quarter in the year. Later on, upon the closing of each quarter, they are all dealt with as a single transaction, translating the amount at the exchange rate prevailing on that date and recording the corresponding difference in the consolidated income statement.

At year end, existing balances denominated in foreign currencies are translated at the exchange rate of the Euro prevailing on that date, with all exchange differences being charged to the consolidated income statement, except those directly allocated to "Translation differences", which are those arising from the monetary items that form part of the net investment in a foreign operation and from the non monetary ones stated at fair value, where changes in valuation are directly recognised in equity.

## 5.23. INCOME TAX

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

For its determination, the liability method based on the balance sheet is used, according to which the relevant deferred tax assets and liabilities are recorded as may be necessary to correct the effect of temporary differences, which are the differences existing between the book value of an asset or a liability and that representing its tax valuation.

Likewise, long term deferred assets and liabilities are valued according to the rates that shall apply in the financial years when assets and liabilities are expected to be realised and paid, respectively.

Temporary differences may be "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 to the extent they may be recoverable when recording a deferred tax asset.

On the other hand, income tax related to items where modifications in valuation are directly recognised in equity are not allocated to the income statement, with the valuation changes being recorded in the said assets, net of the tax effect

## 6. Breakdown of financial statements

### 6.1. INTANGIBLE ASSETS

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

#### Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS OR APPROPRIATIONS	DISPOSALS, CANCELLATIONS OR REDUCTIONS	CLOSING BALANCE
<b>COST</b>						
GOODWILL	634.75	(13.93)	416.92	5.59	(2.85)	1,040.48
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	9.94	(0.07)	78.89	0.02	—	88.78
Computer applications	135.96	7.44	6.04	56.54	(16.57)	189.41
Others	51.40	—	2.03	3.91	(36.18)	21.16
<b>TOTAL COST</b>	<b>832.05</b>	<b>(6.56)</b>	<b>503.88</b>	<b>66.06</b>	<b>(55.60)</b>	<b>1,339.83</b>
<b>ACCUMULATED AMORTISATION</b>						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(5.79)	(0.41)	—	(3.37)	—	(9.57)
Computer applications	(87.54)	0.60	(4.62)	(36.28)	17.42	(110.42)
Others	(26.17)	—	(1.08)	(2.05)	20.77	(8.53)
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(119.50)</b>	<b>0.19</b>	<b>(5.70)</b>	<b>(41.70)</b>	<b>38.19</b>	<b>(128.52)</b>
<b>IMPAIRMENT</b>						
GOODWILL	(30.78)	—	(1.88)	(8.22)	17.33	(23.55)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	—	—	—	—	—	—
Computer applications	—	—	—	—	—	—
Others	(0.04)	—	—	—	—	(0.04)
<b>TOTAL IMPAIRMENT</b>	<b>(30.82)</b>	<b>—</b>	<b>(1.88)</b>	<b>(8.22)</b>	<b>17.33</b>	<b>(23.59)</b>
<b>TOTAL GOODWILL</b>	<b>603.97</b>	<b>(13.93)</b>	<b>415.04</b>	<b>(2.63)</b>	<b>14.48</b>	<b>1,016.93</b>
<b>TOTAL OTHER INTANGIBLE ASSETS</b>	<b>77.76</b>	<b>7.56</b>	<b>81.26</b>	<b>18.77</b>	<b>(14.56)</b>	<b>170.79</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>681.73</b>	<b>(6.37)</b>	<b>496.30</b>	<b>16.14</b>	<b>(0.08)</b>	<b>1,187.72</b>

Figures in million euros

The amounts shown as changes in the perimeter of financial year 2007 mainly arise from the acquisition of interests in the entities GENEL SIGORTA, BANKINTER SEGUROS DE VIDA (hereinafter BANKINTER VIDA) and CAJA CASTILLA LA MANCHA VIDA Y PENSIONES (hereinafter CCM VIDA Y PENSIONES), whose goodwill amounts to €150.69 million, €160.45 million and €89.51 million, respectively; and the portfolio acquisition expenses at BANKINTER VIDA and CCM VIDA Y PENSIONES amount to €46.41 million and €32.48 million, respectively.

### Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS OR APPROPRIATIONS	DISPOSALS, CANCELLATIONS OR REDUCTIONS	CLOSING BALANCE
<b>COST</b>						
GOODWILL	619.24	5.45	6.81	13.45	(10.20)	634.75
<b>OTHER INTANGIBLE ASSETS</b>						
Portfolio acquisition expenses	4.89	2.47	1.93	0.70	(0.05)	9.94
Computer applications	126.87	0.18	(1.67)	22.21	(11.63)	135.96
Others	41.77	2.60	8.51	43.09	(44.57)	51.40
<b>TOTAL COST</b>	<b>792.77</b>	<b>10.70</b>	<b>15.58</b>	<b>79.45</b>	<b>(66.45)</b>	<b>832.05</b>
<b>ACCUMULATED AMORTISATION</b>						
<b>OTHER INTANGIBLE ASSETS</b>						
Portfolio acquisition expenses	(4.88)	0.08	—	(0.99)	—	(5.79)
Computer applications	(76.20)	0.57	(0.42)	(16.78)	5.29	(87.54)
Others	(19.07)	(3.76)	(0.24)	(8.35)	5.25	(26.17)
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(100.15)</b>	<b>(3.11)</b>	<b>(0.66)</b>	<b>(26.12)</b>	<b>10.54</b>	<b>(119.50)</b>
<b>IMPAIRMENT</b>						
GOODWILL	(27.99)	(0.02)	—	(2.77)	—	(30.78)
<b>OTHER INTANGIBLE ASSETS</b>						
Portfolio acquisition expenses	—	—	—	—	—	—
Computer applications	—	—	—	—	—	—
Others	(0.04)	—	—	—	—	(0.04)
<b>TOTAL IMPAIRMENT</b>	<b>(28.03)</b>	<b>(0.02)</b>	<b>—</b>	<b>(2.77)</b>	<b>—</b>	<b>(30.82)</b>
<b>TOTAL GOODWILL</b>	<b>591.25</b>	<b>5.43</b>	<b>6.81</b>	<b>10.68</b>	<b>(10.20)</b>	<b>603.97</b>
<b>TOTAL OTHER INTANGIBLE ASSETS</b>	<b>73.34</b>	<b>2.14</b>	<b>8.11</b>	<b>39.88</b>	<b>(45.71)</b>	<b>77.76</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>664.59</b>	<b>7.57</b>	<b>14.92</b>	<b>50.56</b>	<b>(55.91)</b>	<b>681.73</b>

Figures in million euros

The amounts shown as changes in the perimeter of financial year 2006 mainly arise from the entity BALDRICH & ASSOCIATES INC., acquired during the year.

A breakdown is given below of the useful life and amortisation rates used for the following intangible assets, having adopted in all cases the straight-line method of amortisation.

GROUP OF ELEMENTS	USEFUL LIFE (YEARS)	AMORTISATION RATE (ANNUAL)
Computer applications	(years)	25%
Rights of use of administrative concessions	57	1.75%

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

The useful life of the following intangible assets is considered indefinite, as the said assets are expected to contribute to obtaining future revenues for the Group, indefinitely:



ELEMENT	BOOK VALUE	
	31/12/2007	31/12/2006
Goodwill on consolidation	898.85	485.16
Goodwill on merger	118.08	118.81

Figures in million euros

The following table provides detailed information on the cash generating units to which the different goodwill items are allocated, as well as their book value and, if applicable, the impairment amount over the last two years.

CONCEPT	CASH GENERATING UNIT	FINANCIAL YEAR 2006			FINANCIAL YEAR 2007			BALANCE 31/12/2007
		BALANCE 31.12.2005	ENTRIES/ CANCELATIONS	IMPAIRMENT IN THE PERIOD	BALANCE 31.12.2006	ENTRIES/ CANCELATIONS	IMPAIRMENT IN THE PERIOD	
<b>Consolidation goodwill</b>								
MAPFRE VIDA	Life Assurance (Spain and Portugal)	212.49	0.05	—	212.54	0.03	—	212.57
MAPFRE EMPRESAS	Business Insurance	40.31	(0.12)	—	40.19	(0.02)	—	40.17
GRUPO CORPORATIVO LML	Non Life Assurance (Mexico)	22.26	—	—	22.26	—	—	22.26
BRICKELL FINANCIAL SERVICES	Travel Assistance (U.S.A.)	17.14	0.51	—	17.65	—	—	17.65
MAPFRE AMÉRICA	Non Life Assurance (America)	22.23	—	—	22.23	8.27	—	30.50
MAPFRE WARRANTY	Guarantees	11.12	—	—	11.12	(0.04)	—	11.08
MAPFRE LA SEGURIDAD	Non Life Assurance (Venezuela)	9.76	—	—	9.76	—	—	9.76
MAPFRE QUAVITAE	Services for the Elderly	8.19	(0.06)	—	8.13	0.30	—	8.43
NOSSA CAIXA	Life Assurance (Brazil)	79.79	(0.66)	—	79.13	6.38	—	85.51
ABRAXAS	Travel Assistance (UK)	12.41	3.37	—	15.78	0.84	—	16.62
GENEL SIGORTA	Insurance (Turkey)	—	—	—	—	150.69	—	150.69
BANKINTER VIDA	Life Assurance (Spain)	—	—	—	—	160.45	—	160.45
CCM VIDA Y PENSIONES	Life Assurance and Pensions (Spain)	—	—	—	—	89.51	—	89.51
Others	—	36.81	12.13	(2.57)	46.37	(10.68)	7.96	43.65
<b>Total consolidation goodwill</b>		<b>472.51</b>	<b>15.22</b>	<b>(2.57)</b>	<b>485.16</b>	<b>405.73</b>	<b>7.96</b>	<b>898.85</b>
<b>Merger goodwill</b>								
MAPFRE FINISTERRE	Death insurance (Spain)	87.93	—	—	87.93	—	—	87.93
ASEICA	Medical assistance (Canary Islands)	12.73	—	—	12.73	—	—	12.73
IMECO	Medical assistance (Balearic Islands)	4.23	—	—	4.23	—	—	4.23
Others	—	13.85	0.29	(0.22)	13.92	—	(0.73)	13.19
<b>Total merger goodwill</b>		<b>118.74</b>	<b>0.29</b>	<b>(0.22)</b>	<b>118.81</b>	<b>—</b>	<b>(0.73)</b>	<b>118.08</b>
<b>Total goodwill</b>		<b>591.25</b>	<b>15.51</b>	<b>(2.79)</b>	<b>603.97</b>	<b>405.73</b>	<b>7.23</b>	<b>1,016.93</b>
<b>Goodwill in associated undertakings</b>								
MIDDLESEA INSURANCE	Insurance (Southern Europe)	6.00	—	—	6.00	—	—	6.00
Others	—	1.53	3.36	(1.17)	3.72	—	(2.04)	1.68
<b>Total goodwill in associated undertakings (equity method) (*)</b>		<b>7.53</b>	<b>3.36</b>	<b>(1.17)</b>	<b>9.72</b>	<b>—</b>	<b>(2.04)</b>	<b>7.68</b>

Figures in million euros

(\*) Goodwill related to acquisitions of associated undertakings is stated as a greater value of investments accounted for pursuant to the equity method.

The book value, net of any impairment, of each of the above described goodwill items is, in all cases, equal to or lower than the amount recoverable from the cash generating unit to which they are allocated, which has been determined according to its use value, calculated on the basis of cash flow projections.

The discount rate applied to the said projections is based on the interest rates of the geographical market where each cash generating unit operates, which ranges between 3.13 and 12.47, and to which a risk premium has been added according to the unit's type of activity.

The resulting discount rate applied in the most significant cases has been as follows:

GOODWILL	DISCOUNT RATE
MAPFRE VIDA, BANKINTER VIDA and CCM VIDA Y PENSIONES	6.63
MAPFRE EMPRESAS	7.63
NOSSA CAIXA	11.64
MAPFRE FINISTERRE	9.50
GENEL SIGORTA	16.97

Projections corresponding to the first five years take into account growth rates of the flows based on historical experience, while for the following years constant flows are considered.

## 6.2. PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTY

### Property, plant and equipment

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

Financial year 2007							
CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS OR APPROPRIATIONS	DISPOSALS, CANCELLATIONS OR REDUCTIONS OR APPROPRIATIONS	CLOSING BALANCE	MARKET VALUE
<b>COST</b>							
<b>PROPERTY FOR OWN USE</b>							
Land and natural resources	69.45	(1.98)	0.90	27.00	(4.86)	90.51	91.95
Buildings and other structures	827.21	(2.64)	62.63	105.63	(11.83)	981.00	1,527.05
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>							
Transport elements	94.56	0.28	3.60	84.98	(2.88)	180.54	167.21
Furniture and fittings	333.99	(2.67)	15.63	25.83	(6.42)	366.36	292.07
Other property, plant and equipment	170.47	(0.25)	5.24	12.37	(10.54)	177.29	104.83
Advances and fixed assets in progress	1.36	(0.03)	0.26	0.56	(0.64)	1.51	0.41
<b>TOTAL COST</b>	<b>1,497.04</b>	<b>(7.29)</b>	<b>88.26</b>	<b>256.37</b>	<b>(37.17)</b>	<b>1,797.21</b>	<b>2,183.52</b>
<b>ACCUMULATED AMORTISATION</b>							
PROPERTY FOR OWN USE	(90.45)	1.46	(7.57)	(14.60)	12.31	(98.85)	—
OTHER PROPERTY, PLANT AND EQUIPMENT	(255.26)	3.29	(15.89)	(99.25)	17.94	(349.17)	—
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(345.71)</b>	<b>4.75</b>	<b>(23.46)</b>	<b>(113.85)</b>	<b>30.25</b>	<b>(448.02)</b>	<b>—</b>
<b>IMPAIRMENT</b>							
<b>PROPERTY FOR OWN USE</b>							
Land and natural resources	(0.55)	0.07	—	—	0.48	—	—
Buildings and other structures	(1.64)	(1.94)	(0.11)	(0.04)	0.10	(3.63)	—
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>							
Transport elements	(0.18)	0.01	(0.83)	(0.01)	0.24	(0.77)	—
Furniture and fittings	(0.83)	(0.67)	—	—	—	(1.50)	—
Other property, plant and equipment	(3.21)	—	—	—	—	(3.21)	—
<b>TOTAL IMPAIRMENT</b>	<b>(6.41)</b>	<b>(2.53)</b>	<b>(0.94)</b>	<b>(0.05)</b>	<b>0.82</b>	<b>(9.11)</b>	<b>—</b>
<b>TOTAL PROPERTY FOR OWN USE</b>	<b>804.02</b>	<b>(5.03)</b>	<b>55.85</b>	<b>117.99</b>	<b>(3.80)</b>	<b>969.03</b>	<b>1,619.00</b>
<b>TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT</b>	<b>340.90</b>	<b>(0.04)</b>	<b>8.01</b>	<b>24.48</b>	<b>(2.30)</b>	<b>371.05</b>	<b>564.52</b>
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>1,144.92</b>	<b>(5.07)</b>	<b>63.86</b>	<b>142.47</b>	<b>(6.10)</b>	<b>1,340.08</b>	<b>2,183.52</b>

Figures in million Euros

## Financial year 2006

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS OR APPROPRIATIONS	DISPOSALS, CANCELLATIONS OR REDUCTIONS OR APPROPRIATIONS	CLOSING BALANCE	MARKET VALUE
<b>COST</b>							
<b>PROPERTY FOR OWN USE</b>							
Land and natural resources	65.46	(1.95)	0.78	12.34	(7.18)	69.45	81.23
Buildings and other structures	755.13	(1.13)	4.66	106.78	(38.23)	827.21	1,140.44
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>							
Transport elements	90.99	(0.01)	—	5.64	(2.06)	94.56	100.39
Furniture and fittings	291.89	0.63	(0.92)	50.66	(8.27)	333.99	202.15
Other property, plant and equipment	171.72	(6.85)	—	18.69	(13.09)	170.47	87.92
Advances and fixed assets in progress	9.76	(3.25)	—	0.46	(5.61)	1.36	0.66
<b>TOTAL COST</b>	<b>1,384.95</b>	<b>(12.56)</b>	<b>4.52</b>	<b>194.57</b>	<b>(74.44)</b>	<b>1,497.04</b>	<b>1,612.79</b>
<b>ACCUMULATED AMORTISATION</b>							
<b>PROPERTY FOR OWN USE</b>							
PROPERTY FOR OWN USE	(78.84)	1.05	(0.39)	(16.28)	4.01	(90.45)	—
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>							
OTHER PROPERTY, PLANT AND EQUIPMENT	(248.03)	3.61	—	(30.28)	19.44	(255.26)	—
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(326.87)</b>	<b>4.66</b>	<b>(0.39)</b>	<b>(46.56)</b>	<b>23.45</b>	<b>(345.71)</b>	<b>—</b>
<b>IMPAIRMENT</b>							
<b>PROPERTY FOR OWN USE</b>							
Land and natural resources	(0.17)	(0.46)	—	—	0.08	(0.55)	—
Buildings and other structures	(1.79)	0.06	—	—	0.09	(1.64)	—
<b>OTHER PROPERTY, PLANT AND EQUIPMENT</b>							
Transport elements	(0.18)	—	—	—	—	(0.18)	—
Furniture and fittings	(0.84)	0.01	—	—	—	(0.83)	—
Other property, plant and equipment	(3.21)	—	—	—	—	(3.21)	—
<b>TOTAL IMPAIRMENT</b>	<b>(6.19)</b>	<b>(0.39)</b>	<b>—</b>	<b>—</b>	<b>0.17</b>	<b>(6.41)</b>	<b>—</b>
<b>TOTAL PROPERTY FOR OWN USE</b>	<b>739.79</b>	<b>(2.43)</b>	<b>5.05</b>	<b>102.84</b>	<b>(41.23)</b>	<b>804.02</b>	<b>1,221.67</b>
<b>TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT</b>	<b>312.10</b>	<b>(5.86)</b>	<b>(0.92)</b>	<b>45.17</b>	<b>(9.59)</b>	<b>340.90</b>	<b>391.12</b>
<b>TOTAL TANGIBLE FIXED ASSETS</b>	<b>1,051.89</b>	<b>(8.29)</b>	<b>4.13</b>	<b>148.01</b>	<b>(50.82)</b>	<b>1,144.92</b>	<b>1,612.79</b>

Figures in million Euros

The main additions in 2007 arise from the merger between MUTUA VALENCIANA AUTOMOVILISTA and MAPFRE AUTOMÓVILES, and from the acquisition of a building in Aravaca (Madrid).

The main additions in 2006 arise from the acquisition of buildings by MAPFRE CAJA SALUD for the development of its activities in several Spanish cities and to the completion of a MAPFRE QUAVITAE residence that was in progress in year 2005.

The main cancellations in year 2006 correspond to transfers to investment property of buildings that have been leased to third parties, for an amount of €14.46 million, and to the transfer from fixed assets in progress to property for own use of the above mentioned MAPFRE QUAVITAE residence.

The fully depreciated cost of property, plant and equipment as at 31 December 2007 and 2006 amounts to €94.61 million and €70.99 million, respectively.

Impairment losses amount to €0.05 million and €0.00 million for financial years 2007 and 2006 respectively, and reversals amount to €0.82 million and €0.17 million. These amounts are recorded under the headings "Allocation to the asset impairment provision" and "Reversal of the asset impairment provision" in the consolidated income statement.

**INVESTMENT PROPERTY**

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

<b>Financial Year 2007</b>							
<b>CONCEPT</b>	<b>OPENING BALANCE</b>	<b>ADJUSTMENTS TO OPENING BALANCE</b>	<b>CHANGES IN PERIMETER</b>	<b>ADDITIONS OR APPROPRIATIONS</b>	<b>DISPOSALS, CANCELLATIONS OR REDUCTIONS</b>	<b>CLOSING BALANCE</b>	<b>MARKET VALUE</b>
<b>COST</b>							
<b>INVESTMENT PROPERTY</b>							
Land and natural resources	179.00	(0.08)	28.47	0.47	(102.36)	105.50	175.68
Buildings and other structures	710.67	6.84	16.78	112.50	(14.27)	832.53	1,359.64
<b>OTRAS INVERSIONES INMOBILIARIAS</b>	—	—	—	<b>9.83</b>	—	<b>9.83</b>	<b>9.83</b>
<b>TOTAL COST</b>	<b>889.67</b>	<b>6.76</b>	<b>45.25</b>	<b>122.80</b>	<b>(116.63)</b>	<b>947.85</b>	<b>1,545.15</b>
<b>ACCUMULATED AMORTISATION</b>							
INVESTMENT PROPERTY	(104.05)	0.45	(2.15)	(52.41)	6.43	(151.73)	—
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(104.05)</b>	<b>0.45</b>	<b>(2.15)</b>	<b>(52.41)</b>	<b>6.43</b>	<b>(151.73)</b>	<b>—</b>
<b>IMPAIRMENT</b>							
<b>INVESTMENT PROPERTY</b>							
Land and natural resources	(0.48)	—	—	—	0.48	—	—
Buildings and other structures	(1.66)	—	(0.36)	(4.33)	1.57	(4.78)	—
<b>TOTAL IMPAIRMENT</b>	<b>(2.14)</b>	<b>—</b>	<b>(0.36)</b>	<b>(4.33)</b>	<b>2.05</b>	<b>(4.78)</b>	<b>—</b>
<b>TOTAL INVESTMENT PROPERTY</b>	<b>783.48</b>	<b>7.21</b>	<b>42.74</b>	<b>66.06</b>	<b>(108.15)</b>	<b>791.34</b>	<b>1,545.15</b>

Figures in million Euros

Changes in perimeter in financial year 2007 arise from the incorporation of the entity GENEL SIGORTA.

Other movements in 2007 are mainly due to transfers and to the sale of an offices building in Barcelona.

<b>Financial Year 2006</b>							
<b>CONCEPT</b>	<b>OPENING BALANCE</b>	<b>ADJUSTMENTS TO OPENING BALANCE</b>	<b>CHANGES IN PERIMETER</b>	<b>ADDITIONS OR APPROPRIATIONS</b>	<b>DISPOSALS, CANCELLATIONS OR REDUCTIONS</b>	<b>CLOSING BALANCE</b>	<b>MARKET VALUE</b>
<b>COST</b>							
<b>INVESTMENT PROPERTY</b>							
Land and natural resources	148.67	(7.89)	—	38.91	(0.69)	179.00	261.72
Buildings and other structures	581.13	(0.39)	—	134.91	(4.98)	710.67	997.39
<b>TOTAL COST</b>	<b>729.80</b>	<b>(8.28)</b>	<b>—</b>	<b>173.82</b>	<b>(5.67)</b>	<b>889.67</b>	<b>1,259.11</b>
<b>ACCUMULATED AMORTISATION</b>							
INVESTMENT PROPERTY	(100.81)	0.62	—	(7.29)	3.43	(104.05)	—
<b>TOTAL ACCUMULATED AMORTISATION</b>	<b>(100.81)</b>	<b>0.62</b>	<b>—</b>	<b>(7.29)</b>	<b>3.43</b>	<b>(104.05)</b>	<b>—</b>
<b>IMPAIRMENT</b>							
<b>INVESTMENT PROPERTY</b>							
Land and natural resources	(1.70)	—	—	—	1.22	(0.48)	—
Buildings and other structures	(1.75)	—	—	—	0.09	(1.66)	—
<b>TOTAL IMPAIRMENT</b>	<b>(3.45)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1.31</b>	<b>(2.14)</b>	<b>—</b>
<b>TOTAL INVESTMENT PROPERTY</b>	<b>625.54</b>	<b>(7.66)</b>	<b>—</b>	<b>166.53</b>	<b>(0.93)</b>	<b>783.48</b>	<b>1,259.11</b>

Figures in million euros

The main addition in financial year 2006 arises from the acquisition by MAPFRE EMPRESAS of a building fully leased to third parties at Mateo Inurria Street in Madrid, amounting to €114.66 million.

The market value of investment property corresponds with the appraisal value determined by the Directorate General for Insurance and Pension Funds or by the authorised independent appraisal entity.

Lease revenues and expenses deriving from investment property in financial years 2007 and 2006 are detailed in the following table.

CONCEPT	OPERATIONS		INVESTMENTS OF: EQUITY		TOTAL	
	2007	2006	2007	2006	2007	2006
<b>Revenues from investment property</b>						
From rentals	71.74	65.84	12.77	10.80	84.51	76.64
Gains on disposals	29.85	62.49	—	0.45	29.85	62.94
<b>Total revenues from investment property</b>	<b>101.59</b>	<b>128.33</b>	<b>12.77</b>	<b>11.25</b>	<b>114.36</b>	<b>139.58</b>
<b>Expenses from investment property</b>						
Direct operating expenses	30.31	22.56	3.80	0.28	34.11	22.84
Other expenses	0.93	1.48	1.35	—	2.28	1.48
Losses on disposals	—	0.40	0.08	0.07	0.08	0.47
<b>Total expenses from investment property</b>	<b>31.24</b>	<b>24.44</b>	<b>5.23</b>	<b>0.35</b>	<b>36.47</b>	<b>24.79</b>

Figures in million euros

The impairment loss in the year is recorded under "Allocation to the asset impairment provision" and the reversal under "Reversal of the asset impairment provision" in the consolidated income statement.

### 6.3. LEASES

The Group has the following elements subject to operating lease agreements:

TYPE OF ASSET	NET BOOK VALUE		MAXIMUM DURATION OF AGREEMENTS (YEARS)		YEARS ELAPSED	
	2007	2006	2007	2006	2007	2006
<b>Investment property</b>	<b>791.34</b>	<b>783.48</b>	<b>25</b>	<b>25</b>	<b>12</b>	<b>11</b>

Figures in million euros

As at 31 December, minimum future collections from the last two years, to be received in the concept of operating lease agreements not liable of cancellation, are as follows:

CONCEPT	2007	2006
Less than one year	66.27	63.09
More than one year but less than five years	246.94	185.60
More than five years	11.25	9.55
<b>Total</b>	<b>324.46</b>	<b>258.24</b>

Figures in million euros

The Group is a lessee, pursuant to operating leases, of buildings and other property, plant and equipment.

These leases have an average duration of 5 years, without renewal clauses provided for in the agreements. There is no restriction whatsoever for the lessee with respect to entering into these leases.

As at 31 December, minimum future amounts collectable, to be received in the concept of operating lease agreements not liable to cancellation, are as follows:

<b>CONCEPT</b>	<b>2007</b>	<b>2006</b>
Less than one year	15.08	13.41
More than one year but less than five years	3.83	51.30
More than five years	0.02	0.07
<b>Total</b>	<b>18.93</b>	<b>64.78</b>

*Figures in million euros*

Contingent payments recorded as expense in financial years 2007 and 2006 amount to €0.04 million and €0.07 million, respectively.

#### 6.4. FINANCIAL INVESTMENTS

As at 31 December 2007 and 2006, the breakdown of financial investments is as follows:

<b>CONCEPT</b>	<b>BOOK VALUE</b>	
	<b>2007</b>	<b>2006</b>
<b>PORTFOLIO HELD TO MATURITY</b>		
Fixed income	715.85	669.78
Other investments	394.29	185.19
<b>Total portfolio held to maturity</b>	<b>1,110.14</b>	<b>854.97</b>
<b>PORTFOLIO AVAILABLE FOR SALE</b>		
Equities	1,195.56	904.55
Fixed income	19,933.26	18,403.12
Mutual funds	1,198.77	1,333.11
Others	229.79	130.12
<b>Total portfolio available for sale</b>	<b>22,557.38</b>	<b>20,770.90</b>
<b>TRADING PORTFOLIO</b>		
Derivatives (non hedging):		
Forward exchange contracts	5.54	—
Swaps	—	0.05
Other investments:		
Equities	9.03	6.93
Fixed income	1,115.09	1,096.35
Mutual funds	43.76	88.21
Others	41.43	56.55
<b>Total trading portfolio</b>	<b>1,214.85</b>	<b>1,248.09</b>

*Figures in million euros*

## PORTFOLIO HELD TO MATURITY

A breakdown is given below of investments allocated to the portfolio held to maturity, as at 31 December 2007 and 2006:

CONCEPT	BOOK VALUE (AMORTISED COST)		FAIR VALUE		REVENUES FROM INTERESTS		IMPAIRMENT			
	2007	2006	2007	2006	2007	2006	RECORDED LOSS		GAINS ON REVERSAL	
							2007	2006	2007	2006
Fixed income	715.85	669.78	723.22	669.78	71.28	66.23	—	—	—	0.17
Other investments	394.29	185.19	394.29	185.19	20.99	9.64	—	—	—	—
<b>Total</b>	<b>1,110.14</b>	<b>854.97</b>	<b>1,117.51</b>	<b>854.97</b>	<b>92.27</b>	<b>75.87</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.17</b>

Figures in million euros

## PORTFOLIO AVAILABLE FOR SALE

A breakdown is given below of investments allocated to the portfolio available for sale, as at 31 December 2007 and 2006:

CONCEPT	BOOK VALUE (FAIR VALUE)		IMPAIRMENT			
	2007	2006	RECORDED LOSS		GAINS ON REVERSAL	
			2007	2006	2007	2006
Equities	1,195.56	904.55	—	(0.53)	—	0.52
Fixed income	19,933.26	18,403.12	(3.70)	—	—	—
Mutual funds	1,198.77	1,333.11	(0.28)	—	0.14	—
Others	229.79	130.12	—	—	—	—
<b>Total</b>	<b>22,557.38</b>	<b>20,770.90</b>	<b>(3.98)</b>	<b>(0.53)</b>	<b>0.14</b>	<b>0.52</b>

Figures in million euros

Valuation adjustments in the portfolio investments amount to €838.15 million and €1,683.45 million as at 31 December 2007 and 2006, respectively, which have been recorded in equity, net of the tax.

Transfers to the income statement of valuation adjustments of portfolio investments in previous financial years, carried out during years 2007 and 2006, amount to €16.41 million and €37.27 million, both net, respectively.

## TRADING PORTFOLIO

The following table details the investments allocated to the trading portfolio as at 31 December 2007 and 2006:

CONCEPT	BOOK VALUE (FAIR VALUE)		CAPITAL GAINS (LOSSES) ALLOCATED TO RESULTS			
	2007	2006	UNREALISED		REALISED	
			2007	2006	2007	2006
<b>Derivatives (not for hedging)</b>						
Forward exchange contracts	5.54	—	5.54	—	—	—
Swaps	—	0.05	—	(0.03)	—	—
Options	—	—	—	—	—	—
Futures	—	—	—	—	—	—
Other derivatives	—	—	—	—	—	—
<b>Total derivatives (not for hedging)</b>	<b>5.54</b>	<b>0.05</b>	<b>5.54</b>	<b>(0.03)</b>	<b>—</b>	<b>—</b>
<b>Other investments</b>						
Equities	9.03	6.93	(0.39)	(2.79)	1.24	3.74
Fixed income	1,115.09	1,096.35	0.84	(3.64)	7.17	(1.47)
Mutual funds	43.76	88.21	0.14	2.30	3.69	0.25
Others	41.43	56.55	(0.67)	4.26	1.27	1.75
<b>Total other investments</b>	<b>1,209.31</b>	<b>1,248.04</b>	<b>(0.08)</b>	<b>0.13</b>	<b>13.37</b>	<b>4.27</b>
<b>Total trading portfolio</b>	<b>1,214.85</b>	<b>1,248.09</b>	<b>5.46</b>	<b>0.10</b>	<b>13.37</b>	<b>4.27</b>

Figures in million euros

The fixed income investments of the trading portfolio include €126.04 million and €474.38 million as at 31 December 2007 and 2006, respectively, corresponding to monetary assets and government debt sold temporarily, with a non optional repurchase agreement.

### 6.5. HEDGE TRANSACTIONS

The following table details the hedge transactions in force at the end of the last two financial years.

CONCEPT	DERIVATIVES FOR FAIR VALUE HEDGE					
	BOOK VALUE (FAIR VALUE)		CAPITAL GAINS (LOSSES) ALLOCATED TO RESULTS			
			REALISED		UNREALISED	
	2007	2006	2007	2006	2007	2006
Swaps	—	6,31	—	2,53	—	(9,95)
<b>Total</b>	<b>—</b>	<b>6,31</b>	<b>—</b>	<b>2,53</b>	<b>—</b>	<b>(9,95)</b>

Figures in million euros

The risk hedged in 2006 was the interest rate in the fair value of the issue of debentures that is described in Note 6.14. In 2007, the value of the derivative has been transferred to "Other financial liabilities", as the efficiency of the hedge is discontinued and it shows a creditor balance.

### 6.6. INVESTMENTS ON ACCOUNT OF LIFE POLICY HOLDERS BEARING THE INVESTMENT RISK

The following table shows the composition of the heading of investments on account of life policyholders bearing the investment risk as at 31 December 2007 and 2006:

CONCEPT	BOOK VALUE		RESULTS			
			REALISED		UNREALISED	
	2007	2006	2007	2006	2007	2006
Fixed income	15,28	—	(1,90)	—	—	—
Mutual fund holdings	347,08	255,77	6,52	19,39	(6,58)	2,46
<b>Total</b>	<b>362,36</b>	<b>255,77</b>	<b>4,62</b>	<b>19,39</b>	<b>(6,58)</b>	<b>2,46</b>

Figures in million euros

### 6.7. INVENTORIES

The following tables detail the movements of the heading of inventories in the last two financial years:

Financial Year 2007						
CONCEPTS	SALDO INICIAL	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	CANCELLATIONS	CLOSING BALANCE
Land	431,43	—	—	146,29	(1,77)	575,95
Finished buildings	0,97	—	—	29,17	(15,99)	14,15
Other finished products	8,19	—	—	—	(7,67)	0,52
Developments and works in progress	51,42	—	—	53,18	(23,39)	81,21
Raw materials	6,38	—	—	0,40	(0,42)	6,36
<b>Total</b>	<b>498,39</b>	<b>—</b>	<b>—</b>	<b>229,04</b>	<b>(49,24)</b>	<b>678,19</b>

Figures in million euros



## Financial Year 2006

CONCEPTS	SALDO INICIAL	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	CANCELLATIONS	CLOSING BALANCE
Land	263.04	—	—	228.96	(60.57)	431.43
Finished buildings	1.26	—	—	47.52	(47.81)	0.97
Other finished products	2.34	—	—	8.56	(2.71)	8.19
Developments and works in progress	38.01	—	—	67.99	(54.58)	51.42
Raw materials	5.85	—	—	0.67	(0.14)	6.38
<b>Total</b>	<b>310.50</b>	<b>—</b>	<b>—</b>	<b>353.70</b>	<b>(165.81)</b>	<b>498.39</b>

Figures in million euros

Additions correspond to purchases of land and developments made by MAPFRE INMUEBLES in the fulfilment of its activity.

Costs on capitalised interest in financial years 2007 and 2006 amounted to €15.56 million and €8.73 million, respectively. The capitalisation rate used in years 2007 and 2006 to determine the interest costs liable of being capitalised is 4.69% and 3.36%, respectively.

## 6.8. CREDITS AND RECEIVABLES

The following table shows the composition of credits and receivables as at 31 December 2007 and 2006; it also shows the impairment losses and gains on reversal of impairment recorded in the last two financial years:

CONCEPT	GROSS AMOUNT		IMPAIRMENT PROVISION		NET BALANCE IN THE BALANCE SHEET		IMPAIRMENT			
	2007	2006	2007	2006	2007	2006	RECORDED LOSSES	2006	GAINS ON REVERSAL	2006
Receivables on direct insurance and coinsurance transactions	2,139.77	1,833.73	(1.09)	(5.11)	2,138.68	1,828.62	—	—	—	—
Receivables on reinsurance transactions	254.46	294.25	(2.23)	(1.63)	252.23	292.62	(0.66)	(0.01)	—	0.01
Tax credits	204.54	152.09	—	—	204.54	152.09	—	—	—	—
Corporate and other credits	276.11	233.10	(0.09)	(1.45)	276.02	231.65	—	(0.02)	—	—
<b>Total</b>	<b>2,874.88</b>	<b>2,513.17</b>	<b>(3.41)</b>	<b>(8.19)</b>	<b>2,871.47</b>	<b>2,504.98</b>	<b>(0.66)</b>	<b>(0.03)</b>	<b>—</b>	<b>0.01</b>

Figures in million euros

The balances included under credits do not accrue interest and, generally, they are settled in the following year.

## 6.9 ASSET IMPAIRMENT

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

<b>Financial year 2007</b>							
<b>IMPAIRMENT IN:</b>	<b>OPENING BALANCE</b>	<b>ADJUSTMENTS TO OPENING BALANCE</b>	<b>CHANGES IN PERIMETER</b>	<b>RECORDING IN RESULTS</b>		<b>WRITE-OFF OF ASSET</b>	<b>CLOSING BALANCE</b>
				<b>ALLOWANCE</b>	<b>REDUCTION</b>		
<b>Intangible assets</b>	<b>30,82</b>	<b>—</b>	<b>1,88</b>	<b>8,22</b>	<b>—</b>	<b>(17,33)</b>	<b>23,59</b>
I. Goodwill	30,78	—	1,88	8,22	—	(17,33)	23,55
II. Other intangible assets	0,04	—	—	—	—	—	0,04
<b>Property, plant and equipment</b>	<b>6,41</b>	<b>2,53</b>	<b>0,94</b>	<b>0,05</b>	<b>(0,82)</b>	<b>—</b>	<b>9,11</b>
I. Property for own use	2,19	1,87	0,11	0,04	(0,58)	—	3,63
II. Other property, plant and equipment	4,22	0,66	0,83	0,01	(0,24)	—	5,48
<b>Investments</b>	<b>9,04</b>	<b>4,86</b>	<b>0,36</b>	<b>8,40</b>	<b>(0,20)</b>	<b>(2,24)</b>	<b>20,22</b>
I. Investment property	2,14	—	0,36	4,33	(0,04)	(2,01)	4,78
II. Financial investments							
- Portfolio held to maturity	—	—	—	—	—	—	—
- Portfolio available for sale	0,04	—	—	3,98	(0,14)	(0,23)	3,65
- Trading portfolio	—	1,94	—	0,01	(0,02)	—	1,93
III. Investments recorded by the participation method	—	—	—	0,08	—	—	0,08
IV. Deposits established for accepted reinsurance	—	—	—	—	—	—	—
V. Other investments	6,86	2,92	—	—	—	—	9,78
<b>Credits and receivables</b>	<b>8,19</b>	<b>—</b>	<b>—</b>	<b>0,66</b>	<b>—</b>	<b>(5,42)</b>	<b>3,43</b>
I. Credits from direct insurance and coinsurance transactions	5,11	—	—	—	—	(4,01)	1,10
II. Credits from reinsurance transactions	1,63	—	—	0,66	—	(0,06)	2,23
III. Tax credits	—	—	—	—	—	—	—
IV. Corporate and other credits	1,45	—	—	—	—	(1,35)	0,10
<b>Other assets</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total impairment</b>	<b>54,46</b>	<b>7,39</b>	<b>3,18</b>	<b>17,33</b>	<b>(1,02)</b>	<b>(24,99)</b>	<b>(56,35)</b>

Figures in million euros

## Financial year 2006

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	RECORDING IN RESULTS		WRITE-OFF OF ASSET	CLOSING BALANCE
				ALLOWANCE	REDUCTION		
<b>Intangible assets</b>	<b>28.03</b>	<b>0.02</b>	—	<b>2.77</b>	—	—	<b>30.82</b>
I. Goodwill	27.99	0.02	—	2.77	—	—	30.78
II. Other intangible assets	0.04	—	—	—	—	—	0.04
<b>Property, plant and equipment</b>	<b>6.19</b>	<b>0.40</b>	—	—	<b>(0.17)</b>	<b>(0.01)</b>	<b>6.41</b>
I. Property for own use	1.96	0.40	—	—	(0.17)	—	2.19
II. Other property, plant and equipment	4.23	—	—	—	—	(0.01)	4.22
<b>Investments</b>	<b>12.60</b>	—	—	<b>2.01</b>	<b>(2.00)</b>	<b>(3.57)</b>	<b>9.04</b>
I. Investment property	3.45	—	—	—	(1.31)	—	2.14
II. Financial investments							
- Portfolio held to maturity	3.74	—	—	—	(0.17)	(3.57)	—
- Portfolio available for sale	0.03	—	—	0.53	(0.52)	—	0.04
- Trading portfolio	—	—	—	—	—	—	—
III. Investments recorded by the participation method	—	—	—	—	—	—	—
IV. Deposits established for accepted reinsurance	—	—	—	—	—	—	—
V. Other investments	5.38	—	—	1.48	—	—	6.86
<b>Credits and receivables</b>	<b>10.24</b>	<b>3.60</b>	—	<b>0.03</b>	<b>(0.01)</b>	<b>(5.67)</b>	<b>8.19</b>
I. Credits from direct insurance and coinsurance transactions	1.51	3.60	—	—	—	—	5.11
II. Credits from reinsurance transactions	7.16	—	—	0.01	(0.01)	(5.53)	1.63
III. Tax credits	—	—	—	—	—	—	—
IV. Corporate and other credits	1.57	—	—	0.02	—	(0.14)	1.45
<b>Other assets</b>	—	—	—	—	—	—	—
<b>Total impairment</b>	<b>57.06</b>	<b>4.02</b>	—	<b>4.81</b>	<b>(2.18)</b>	<b>(9.25)</b>	<b>54.46</b>

Figures in million euros

## 6.10 CASH AND BANK

During financial years 2007 and 2006, expenditure was made in investments in Group companies, the most significant ones being as follows:

BUYING COMPANY	DETALLES DE LA ADQUISICIÓN			
	COMPANY	PERCENTAGE	ACTIVITY	PAID-UP AMOUNT
MAPFRE, S.A.	GENEL SIGORTA	80%	Insurance – Turkey	281.99
MAPFRE VIDA	BANKINTER VIDA	50%	Life Assurance – Spain	183.22
MAPFRE, S.A.	CCM VIDA Y PENSIONES	50%	Life Assurance – Spain	113.95

Datos en millones de euros

The said investments were partly financed with own funds and partly with the issuance of debentures as described in Note 6.13.

Likewise, throughout 2007 and 2006, disposals were made of investments in associated undertakings, amounting to €1.09 million and €8.26 million, respectively, mainly from the sale in 2007 of the stake in VIAJES TÍVOLI and in 2006 of the stake in CLÍNICA SANTA CATALINA.

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

### 6.11. NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE, RELATED LIABILITIES AND DISCONTINUED OPERATIONS

The main types of non current assets classified as held for sale and of discontinued activities, as well as their related liabilities as at 31 December 2007, are as follows:

CONCEPT	NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	DISCONTINUED OPERATIONS	TOTAL
<b>Assets</b>			
Intangible assets	—	2.93	2.93
Property, plant and equipment	7.24	0.45	7.69
Other assets	—	11.97	11.97
<b>Total assets</b>	<b>7.24</b>	<b>15.35</b>	<b>22.59</b>
Related liabilities	—	11.92	11.92

*Figures in million euros*

The described assets and liabilities mainly correspond to the "Other activities" segment.

The sale of non current assets held for sale is envisaged within 12 months, no realisation losses being expected.

Assets of discontinued operations are connected to the activity of VIAJES MAPFRE, having reached an agreement in January 2008 for the transfer of the travel agency to Carlson Wagonlit Travel.

During 2007, these assets have generated total revenues of €31.07 million and a net loss of €3.99 million. Net cash flows generated by the said assets in the same period amounted to €3.06 million.

### 6.12. EQUITY

#### Share capital

Share capital is recorded for the nominal value of shares being fully paid-up or the payment of which has been called.

The controlling Company's share capital as at 31 December 2007 is represented by 2,275,324,163 shares with a nominal value of €0.10 each, fully subscribed and paid-up. All the shares confer the same political and economic rights.

On 19th January 2007, a capital increase was carried out excluding the preferential subscription right, by issuing 1,080,820,633 new ordinary shares with a nominal value of €0.10 each, which were fully subscribed and paid-up. These shares were issued at a rate of 3,192%, namely, at €3.192 each, of which €0.10 corresponded to their nominal value and the remainder, €3.092, have been allocated as legal reserve until reaching 20% of the share capital, and the rest to share issuance premium.

The capital increase consisted of two tranches, the first amounting to €96,057,753.00 covered by a non cash contribution, previously assessed to that effect by and independent expert and owned by shareholder CARTERA MAPFRE, and a second tranche amounting to €12,024,310.30 by means of cash contribution from MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA (hereinafter MAPFRE MUTUALIDAD).

The first tranche of the capital increase consisted of issuing 960,577,530 of the controlling Company, with a nominal value of €0.10 each, and it was subscribed to by non cash contribution, on the part of shareholder CARTERA MAPFRE, of the following assets:

- 75,009,893 shares with a nominal value of €2 each in MAPFRE AUTOMÓVILES, SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS, a company with registered office in Majadahonda (Madrid).
- 17,851,193 shares with a nominal value of €3.27 each in MAPFRE AMÉRICA VIDA, S.A., a company with registered office in Madrid.
- 2,098,170 shares with a nominal value of €10 each in MAPFRE AGROPECUARIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS, S.A., a company with registered office in Majadahonda (Madrid).
- 4,976,123 shares with a nominal value of €4.99 each in MAPFRE SEGUROS GERAIS, S.A., a company with registered office in Lisbon (Portugal).
- 201,810 shares in MAPFRE USA CORPORATION, with registered office in Miami, Florida.

- 1,421,737 shares with a nominal value of €3 each in SOCIETA CATTOLICA DI ASSICURAZIONI, a company with registered office in Verona, Italia.
- 15,270,652 shares with a nominal value of €6.010121 each in BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE, S.A., a company with registered office in Majadahonda (Madrid).
- 30,294 shares with a nominal value of €10 each in CENTRO INTERNACIONAL DE FORMACIÓN DE DIRECTIVOS MAPFRE, S.A., a company with registered office in San Agustín de Guadalix.
- 287,500 shares with a nominal value of €6.01 each in MAPFRE SERVICIOS DE INFORMÁTICA, S.A., a company with registered office in Majadahonda, (Madrid).

The second tranche of the capital increase consisted of issuing 120,243,103 ordinary shares of the controlling Company, with a nominal value of €0.10 each, and it was fully subscribed to by MAPFRE MUTUALIDAD.

The said capital increase gave rise to expenses of €10.02 million, which has been deducted, net of the tax effect, for an amount of €3.26 million, from "Reserves" under equity.

CARTERA MAPFRE holds 74.18% and 55.17% in the share capital as at 31 December 2007 and 2006, respectively.

All the shares representing the controlling Company's capital are listed on the Madrid and Barcelona stock exchanges.

### Capital increases in progress

As a result of the reorganisation of corporate interests between MAPFRE and CAJA MADRID as described in Note 6.28, 401,527,793 new shares in the controlling Company will be issued, of the same class and series as the existing ones, with a nominal value of €0.10 each. The new shares, which will be fully subscribed to by CORPORACIÓN FINANCIERA CAJA DE MADRID, S.A., will entitle to sharing in the corporate gains with the same rights as existing shares, therefore they will earn the dividends to be distributed from the date of entering into the merger project that forms part of the said reorganisation.

### Valuation adjustment reserves

It includes the equity reserves arising from fair value adjustments of the different assets and liabilities that, pursuant to IFRS, must be directly recorded in the Group's equity accounts.

### Restrictions on the availability of reserves

- The "Reserves" item includes the legal reserve, amounting to €45.51 million and €23.89 million as at 31 December 2007 and 2006, which may not be distributed among shareholders, except in the event of winding-up of the controlling Company, and may be used only to offset potential losses.

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

- Likewise, the "Reserves" item also includes the reserve on redenomination of the share capital to Euros amounting to €0.15 million, pursuant to the provisions of article 28 of Act 46/1998.

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

### Capital management

MAPFRE has in place an internal policy on equity and dividends aimed at providing the Units, rationally and objectively, with the necessary capital to meet the assumed risks. Both the estimation of risks and the allocation of capital to each unit are detailed in Note 7 of the "RISK MANAGEMENT" report.

On the other hand, the items forming part of the Group's uncommitted equity abide by the requirements of the regulations in force.

The Group's solvency margin in financial years 2007 and 2006 amounts to €6,274.21 million and €4,532.07 million, respectively; these figures exceed the required minimum (which amounts to €2,294.78 million and €2,033.61 million respectively) by 2.73 times in year 2007 and 2.23 times in year 2006.

### 6.13. SUBORDINATED LIABILITIES

As at 31 December 2007, the balance of this account mainly includes the amortised cost of the subordinated debenture bonds issued by the controlling Company, their most significant terms and conditions being as follows:

- Nature of the issue: subordinated debenture bonds represented by book entries.
  - Total amount: €700 million.
  - No. of securities: 14,000.
  - Nominal per security: €50,000.
  - Issuance date: 24 July 2007.
  - Maturity: 24 July 2037.
  - First repayment option: 24 July 2017.
  - Repayment in special cases: due to reform or modification of tax regulations, failure to qualify as the issuer's shareholders funds, and change in the treatment afforded by Credit Rating Agencies.
  - Interest from issuance until the exercise date of the first repayment option: 5.921% per annum, payable on 24 July of each year.
  - Interest from the date of exercise of the first repayment option: variable rate equal to 3 month Euribor plus 2.05%, payable quarterly.
  - Deferral of interest: the issuer will have discretion to defer the payment of interest if this exceeds the profits available for distribution and if the issuer has not made any payment or repaid/repurchased any shares or securities issued pari passu with or ranking below the debenture bonds.
  - Settlement of deferred interest: the issuer shall be bound to pay deferred interest when it resumes regular payment of interest of debenture bonds, makes an early repayment of the debentures or makes payments or repurchases of any shares or securities ranking below the debenture bonds.
  - Priority order: they are subordinated to all ordinary creditors, these understood as all those that in the rank of priority stand before subordinated creditors in the event of the issuer's winding up.
  - Listing: Madrid Stock Exchange.
  - Law: Spanish laws.
  - Rating of issue: A- (Standard & Poor's).
- Interest accrued pending payment as at 31 December 2007 amounts to €18.17 million.

### 6.14. FINANCIAL LIABILITIES

The following table shows the fair value of financial liabilities:

CONCEPT	BOOK VALUE		FAIR VALUE	
	2007	2006	2007	2006
Issuance of debentures and other negotiable securities	304.95	298.03	295.70	298.03
Due to credit institutions	494.54	510.64	494.54	510.64
Other financial liabilities	576.49	727.96	576.49	727.96
<b>Total</b>	<b>1,375.98</b>	<b>1,536.63</b>	<b>1,366.73</b>	<b>1,536.63</b>

*Figures in million euros*

### Issuance of debenture bonds and other negotiable securities

As at 31 December 2006, the balance of this account included the fair value of the debenture bonds issued by the controlling Company. On 12 July 2007, the efficiency of the hedge of the swap entered into in previous years, which is described hereafter, was interrupted, therefore the balance of this account as at 31 December 2007 shows the amortised cost of the said debenture bonds, with their most significant terms and conditions being as follows:

- Nature of the issue: simple debentures represented by book entries.
- Total amount: €275 million.
- No. of securities: 2,750.
- Nominal per security: €100,000.
- Issuance date: 12 July 2001.
- Term: 10 years.
- Maturity: 12 July 2011.
- Repayment: In a lump sum at maturity, at par, free of expenses for holders.
- Listing: Mercado AIAF de Renta Fija.
- Coupon: 6.02% per annum, payable on the anniversaries of the issuance date until the final maturity date inclusive.
- Rating of issue: AA- (Standard & Poor's).

Interest accrued pending payment as at 31 December 2007 amounts to €7.8 million.

On 28 February 2002, an interest rate swap was agreed on the total amount of the issue, restructured on 23 June 2003, whereby the controlling Company receives on an annual basis an amount equivalent to 6.02% up to the final maturity of the issue, and undertakes to pay the 6 month Euribor plus 1.62%, with the maximum limit of 6.02% per annum. This swap was accounted for at fair value under "Other Investments" until financial year 2006, since it was a hedging transaction, and it is accounted for under "Other financial liabilities" from year 2007, since the efficiency of the hedge was interrupted and it shows a creditor balance.

### Due to credit institutions

The amounts owed to credit institutions as at 31 December 2007 and 2006 break down as follows:

TYPE OF DEBT	AMOUNT		AVERAGE INTEREST RATE		SECURITY GIVEN	
	2007	2006	2007	2006	2007	2006
Financial leases	2.58	2.78	7.95%	7.93%	—	—
Credit facilities	138.77	217.64	4.68%	3.72%	—	—
Loans	335.27	233.52	4.94%	3.38%	—	—
Others	17.92	56.70	—	—	—	—
<b>Total</b>	<b>494.54</b>	<b>510.64</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

Figures in million euros

### Other financial liabilities

"Other financial liabilities" include €125.95 million and €437.05 million as at 31 December 2007 and 2006, respectively, corresponding to temporary assignment of assets with non optional repurchase agreement.

Furthermore, "Other financial liabilities" includes the amount of other payment obligations of a financial nature, not included in other items.

## 6.15. TECHNICAL PROVISIONS

## 1. DETAIL OF THE TECHNICAL PROVISIONS BALANCE

The following table shows the composition of the balance of each one of the technical provisions recorded in the balance sheet in the last two financial years.

CONCEPT	DIRECT INSURANCE		ACCEPTED REINSURANCE		CEDED AND RETROCEDED REINSURANCE	
	2007	2006	2007	2006	2007	2006
<b>Provisions for unearned premiums and for risks in progress Non Life</b>						
1.1 Provision for unearned premiums	3,125.42	2,916.23	630.17	620.76	646.27	633.18
1.2. Provision for risks in progress	544.17	317.34	7.87	—	—	—
<b>Provisions for Life assurance</b>						
2.1 Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	63.77	47.93	77.94	72.25	16.30	52.74
2.1.2. Provision for risks in progress	86.57	58.05	—	—	—	—
2.2. Mathematical reserves	15,944.61	14,590.96	47.69	55.49	27.75	15.58
2.3. Provisions for profit sharing	1.33	1.37	—	—	0.69	—
<b>Provisions for claims</b>						
3.1. Pending settlement or payment	3,688.22	3,023.45	628.59	564.53	1,193.48	901.80
3.2. Claims incurred but unreported (IBNR)	1,015.34	1,019.97	20.59	16.38	257.31	192.71
3.3. For claim settlement internal expenses	118.75	108.58	4.17	0.39	4.15	8.34
<b>Other technical provisions</b>						
4.1. Burial	336.62	292.30	—	14.81	—	—
4.2. Others	57.59	50.75	20.02	—	0.13	0.09
<b>Total</b>	<b>24,982.39</b>	<b>22,426.93</b>	<b>1,437.04</b>	<b>1,344.61</b>	<b>2,146.08</b>	<b>1,804.44</b>

Figures in million euros



## 2. MOVEMENT OF EACH TECHNICAL PROVISION

### 2.1. Provisions for unearned premiums, for risks in progress, for claims, for profit sharing, and other technical provisions

#### A) DIRECT INSURANCE AND ACCEPTED REINSURANCE

##### Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	CANCELLATIONS	CLOSING BALANCE
<b>Provisions for unearned premiums and for risks in progress Non Life</b>						
1.1 Provision for unearned premiums	3,536.99	(210.87)	(111.87)	4,277.42	(3,959.82)	3,755.59
1.2 Provision for risks in progress	317.34	44.30	81.93	548.87	(440.40)	552.04
<b>Life assurance provisions</b>						
2.1 Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	120.18	(0.03)	9.41	141.72	(129.57)	141.71
2.1.2. Provision for risks in progress	58.05	3.71	0.35	86.53	(62.07)	86.57
2.2 Mathematical reserves	14,646.45	(1.41)	1,217.39	2,755.87	(2,626.00)	15,992.30
2.3 Provision for profit sharing	1.37	(0.05)	—	0.18	(0.17)	1.33
<b>Provisions for claims</b>						
3.1 Direct insurance Life	348.06	(2.27)	12.56	329.79	(416.32)	271.82
3.2 Direct insurance Non Life	3,803.94	(37.94)	210.28	5,520.95	(4,946.74)	4,550.49
3.3 Accepted reinsurance	581.30	(5.44)	—	792.69	(715.20)	653.35
<b>Other technical provisions</b>	<b>357.86</b>	<b>7.14</b>	<b>—</b>	<b>412.40</b>	<b>(363.17)</b>	<b>414.23</b>
<b>Total</b>	<b>23,771.54</b>	<b>(202.86)</b>	<b>1,643.79</b>	<b>14,866.42</b>	<b>(13,659.46)</b>	<b>26,419.43</b>

Figures in million euros

##### Financial Year 2006

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	CANCELLATIONS	CLOSING BALANCE
<b>Provisions for unearned premiums and for risks in progress Non Life</b>						
1.1 Provision for unearned premiums	3,084.92	(35.48)	—	3,571.25	(3,083.70)	3,536.99
1.2 Provision for risks in progress	456.13	(61.56)	—	387.94	(465.17)	317.34
<b>Life assurance provisions</b>						
2.1 Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	101.66	(13.24)	—	133.37	(101.61)	120.18
2.1.2. Provision for risks in progress	53.70	(12.49)	—	47.89	(31.05)	58.05
2.2 Mathematical reserves	14,582.48	(39.99)	—	2,305.02	(2,201.06)	14,646.45
2.3 Provision for profit sharing	3.59	(0.14)	—	0.74	(2.82)	1.37
<b>Provisions for claims</b>						
3.1 Direct insurance Life	155.42	(1.85)	—	287.15	(92.66)	348.06
3.2 Direct insurance Non Life	3,569.01	(42.56)	—	6,594.00	(6,316.51)	3,803.94
3.3 Accepted reinsurance	700.28	(8.35)	—	1,293.82	(1,404.45)	581.30
<b>Other technical provisions</b>	<b>309.92</b>	<b>(7.64)</b>	<b>—</b>	<b>342.22</b>	<b>(286.64)</b>	<b>357.86</b>
<b>Total</b>	<b>23,017.11</b>	<b>(223.30)</b>	<b>—</b>	<b>14,963.40</b>	<b>(13,985.67)</b>	<b>23,771.54</b>

Figures in million euros

## B) Ceded and retroceded reinsurance

**Financial Year 2007**

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ALLOWANCES	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	633.18	33.67	25.22	646.27	(692.06)	646.27
Provision for Life assurance	68.32	5.04	4.20	44.74	(77.56)	44.74
Provision for claims	1,102.85	(48.95)	35.56	1,454.94	(1,089.47)	1,454.94
Other technical provisions	0.09	(0.01)	—	0.13	(0.08)	0.13
<b>Total</b>	<b>1,804.44</b>	<b>(10.25)</b>	<b>64.98</b>	<b>2,146.08</b>	<b>(1,859.17)</b>	<b>2,146.08</b>

*Figures in million euros***Financial Year 2006**

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ALLOWANCES	APPLICATIONS	CLOSING BALANCE
Provision for unearned premiums	629.03	(80.29)	—	864.20	(779.76)	633.18
Provision for Life assurance	27.67	(0.91)	—	99.04	(57.48)	68.32
Provision for claims	991.15	2.98	—	1,565.72	(1,457.00)	1,102.85
Other technical provisions	—	—	—	0.09	—	0.09
<b>Total</b>	<b>1,647.85</b>	<b>(78.22)</b>	<b>—</b>	<b>2,529.05</b>	<b>(2,294.24)</b>	<b>1,804.44</b>

*Figures in million euros*

## 2.2. Mathematical reserves

CONCEPT	DIRECT INSURANCE AND ACCEPTED REINSURANCE		CEDED AND RETROCEDED REINSURANCE	
	2007	2006	2007	2006
Mathematical reserve at beginning of year	14,646.45	14,582.48	15.58	12.30
Adjustments to opening balance	(1.41)	(39.99)	4.04	(0.81)
Incorporation to perimeter (balance of reserve on incorporation date)	1,217.39	—	3.56	—
Premiums	2,244.07	1,746.43	8.18	5.74
Technical interests	476.00	457.30	0.31	0.51
Attribution of profit sharing	35.63	15.84	—	—
Payments/collections of claims	(1,940.55)	(1,536.48)	(4.68)	(2.20)
Provision adequacy test	—	—	—	—
Shadow accounting adjustments	(685.45)	(664.58)	—	—
Others	0.17	85.45	0.76	0.04
Exit from perimeter (balance of reserve on exit date)	—	—	—	—
<b>Mathematical reserve at year end</b>	<b>15,992.30</b>	<b>14,646.45</b>	<b>27.75</b>	<b>15.58</b>

*Figures in million euros*

### 2.3. Burial insurance provisions

CONCEPT	DIRECT INSURANCE AND ACCEPTED REINSURANCE	
	2007	2006
Provisions at beginning of year	307.11	264.90
Adjustments to opening balance	7.14	(0.58)
Incorporation to perimeter (balance of provision on incorporation date)	—	—
Premiums	131.74	131.08
Technical interests	14.56	12.22
Payment of claims	(121.14)	(97.52)
Provision adequacy test	—	—
Others	(2.79)	(2.99)
Exit from perimeter (balance of provision on exit date)	—	—
<b>Provisions at year end</b>	<b>336.62</b>	<b>307.11</b>

Figures in million euros

### 3. OTHER INFORMATION

#### 3.1. Technical provisions relating to Life assurance when policyholders bear the investment risk

CONCEPT	DIRECT INSURANCE AND ACCEPTED REINSURANCE	
	2007	2006
Provisions at beginning of year	255.77	299.70
Adjustments to opening balance	0.24	—
Incorporation to perimeter (balance of provision on incorporation date)	163.16	—
Premiums	35.24	25.48
Payment of claims	(91.56)	(90.24)
Gain in the valuation of assets	(1.96)	21.85
Loss in the valuation of assets	—	—
Recognised losses from provision adequacy test	—	—
Others	1.47	(1.02)
Exit from perimeter (balance of provision on exit date)	—	—
<b>Provisions at year end</b>	<b>362.36</b>	<b>255.77</b>

Figures in million euros

#### 3.2. Provisions for risks in progress

The allocation of the provisions for risks in progress has been effected by the Group's insurance companies according to the principles stated in Note 5.15.

#### 3.3. Information on Life Assurance

The allocation of an additional provision to life insurance, due to inadequate returns, has not been necessary.

The following table shows the characteristics of the main types of Life Assurance policies marketed by Group companies in 2007 and 200.

• • **Technical conditions at MAPFRE VIDA**

a) Agency Channel

TYPES	COVERAGE	TABLES	TECHNICAL INTEREST RATE	PROFIT SHARING	
				AMOUNT	WAY OF DISTRIBUTION
<b>Individual contracts, with regular premium, with profit sharing:</b>					
- Combined insurance	(1)	GKM80/95	6.00%	—	(6)
<b>Individual contracts with single premium without profit sharing:</b>					
- Combined insurance	(3)	GKM-95	(8)	—	—
- Survival	(4)	GRM/F-95	4.06% (5)	—	—
<b>Collective contracts with single premium with and without profit sharing:</b>					
- Insurance with counter-insurance	(2)	GKM-95	3.34%	0.80	(6)
- Survival	(4)	PERM/F 2000 P/C (7)	4.59% (5)	—	—
- Insurance with counter-insurance	(4)	PERM/F 2000 P/C (7)	3.87% (5)	—	—

Figures in million euros

(1) In case of life, an amount of capital at maturity is guaranteed, as well as appreciation of capital allocated by profit sharing. In case of death, a capital is guaranteed consisting of the sum of the net premiums paid until the insured person's death, capitalised at the technical interest (according to products) per full elapsed years, plus the net premiums forecast from the date of death until maturity of the contract. In addition, the mathematical reserve of the "bonuses" assigned in profit sharing is guaranteed.

(2) In case of life, an amount of capital at maturity is guaranteed, as well as appreciation of capital allocated by profit sharing. In case of death, a capital is guaranteed consisting of the sum of the net premiums paid until the insured person's death, capitalised at the technical interest (according to products) per full elapsed years, plus the net premiums forecast from the date of death until maturity of the contract. In addition, the mathematical reserve of the "bonuses" assigned in profit sharing is guaranteed.

(3) In case of life, the value of the insured fund shall be made effective upon maturity of the contract. The insured fund is established as a cumulative fund of premiums paid and interest corresponding to the successive periods, deducting the insurance costs at each time. In case of death, a capital is guaranteed, which is represented by the amount of the insured fund plus an additional capital calculated as a percentage of it.

(4) Temporary and for life annuities, in case of survival

(5) Floating interest rates are applied according to the Technical Note, abiding by the provisions of Royal Decree 2486/1998, approving the Regulations on Organisation and Supervision of Private Insurance, and of Order EHA/339/2007 dated 16th February 2007.

(6) The distribution of profit sharing is instrumented in deferred capital insurance policies with reimbursement of single premium reserves.

(7) As per resolution dated 3 October 2000 of the Directorate General of Insurance and Pension Funds, generational tables PERM/F 2000 C are applied to portfolio contracts, and the PERM/F 2000 P tables are applied to new production from that date.

(8) The technical interest rate is benchmarked to the Euribor. Regularly, with the frequency established in the contract, the technical interest rate is revised taking the said index as reference.

b) Bancassurance Channel

TYPES	COVERAGE	TABLES	TECHNICAL INTEREST RATE
<b>Individual contracts, with single premium and without profit sharing:</b>			
- Combined insurance	(1)	GRM/F-95	3.55%
- Combined insurance	(2)	GKM/F-95	4.12 %
- Combined insurance	(3)	GKM/F-95	4.70%

(1) The insurance policy guarantees payment of a constant annuity while the insured person lives and, should he/she die during the first year of validity of the insurance policy, the return of the premium paid. If death occurs after the first year, the return of the premium is guaranteed plus the lower of 3% of the premium and €6,010.

(2) The insurance policy guarantees payment of a constant annuity while the insured person lives and, should he/she die during the first year of validity of the insurance policy, the return of the premium paid. If death occurs after the first year, the return of the premium is guaranteed plus the lower of 3% of the premium and €6,000. In addition, and during the period determined by the client, the annuity shall be increased by applying the technical interest rate in force during that period. After the end of the said period, the applicable interest rate shall be revised for the same period or for another one as established by the client.

(3) In case of life, the value of the insured fund shall be made effective upon maturity of the contract. The insured fund is established as a cumulative fund of premiums paid and interest corresponding to the successive periods, deducting the insurance costs at each time. In case of death, a capital is guaranteed, which is represented by the amount of the insured fund plus an additional capital calculated as 10%, with the limits and in the terms contemplated in the policy.

• **Technical conditions at MUSINI VIDA**

TYPES	COVERAGE	TABLES	TECHNICAL INTEREST RATE
<b>Single premium collective contracts, without profit sharing:</b>			
- Survival	(1)	PERM/F 2000 P/C (4)	4.31% (5)
- Life assurance	(2)	PERM/F 2000 P/C (4)	4.14% (5)
- Death insurance	(3)	GKM/F-80	2%

(1) Temporary and for life annuities, in case of survival.

(2) In case of life, a capital is guaranteed at maturity.

(3) Annual, renewable insurance policies; in case of death, payment of capital and/or a life annuity is guaranteed.

(4) As per resolution of 3rd October 2000 of the Directorate General of Insurance and Pension Funds, generational tables PERM/F 2000 C apply to portfolio contracts and PERM/F 2000 P to new production from that date.

(5) Floating interest rates are applied according to the Pricing Memo, abiding by the provisions of Royal Decree 2486/1998, approving the Regulations on Organisation and Supervision of Private Insurance, and of Order EHA/339/2007 dated 16th February 2007.

• **Technical conditions at BANKINTER VIDA**

TYPES	COVERAGE	TABLES	TECHNICAL INTEREST RATE
<b>Single premium collective contracts, without profit sharing:</b>			
- Combined insurance	(1)	GRM/F 95	5.42% (2)
- Combined insurance	(3)	GKM 80	Seguro donde el tomador asume el riesgo de la inversión
<b>Individual contracts, with regular Premium, without profit sharing:</b>			
- Death insurance	(4)	GKM 80	2.50%

(1) In case of life, a capital at maturity is guaranteed. In case of death, payment of the capitalised initial premium plus additional capital is guaranteed.

(2) During the validity period of the insurance, for periods with guaranteed return, a fixed technical interest rate for each policy/period or a returned indexed to the performance of certain indices or assets.

(3) In case of death, payment is guaranteed of the mathematical reserve plus additional capital.

(4) Life risk insurance, renewable annually or for a period, with fixed or variable capitals and capitals in the event of death and/or absolute and permanent disability, accidental death and advanced capital in the event of serious illness.

• **Technical conditions at CCM VIDA Y PENSIONES**

TYPES	COVERAGE	TABLES	TECHNICAL INTEREST RATE	PROFIT SHARING	
				AMOUNT	WAY OF DISTRIBUTION
<b>Collective contracts treated individually, with single Premium and with or without profit sharing:</b>					
- Combined insurance	(1)	GKM/F-80	4.10%	—	—
- Combined insurance	(2)	GRM/F-95	4.30%	—	—
- Combined insurance	(3)	GKM/F-80	0.40%	(4)	(4)
- Combined insurance	(5)	GKM/F-80	4.44%	—	—
- Combined insurance	(5)	GKM/F-95	6.5% (6)	—	—
- Survival	(7)	GRM/F-95	4.71%	—	—

(1) In case of life of the insured parties, or at least one of them, a capital at maturity is guaranteed. In case of death of both, payment of a percentage of the guaranteed capital upon maturity for the event of survival is guaranteed.

(2) In case of life of at least one of the insured parties, when two heads have been contracted, collection of a life annuity is guaranteed, with the option of choosing a guaranteed minimum. In the event of death of one or both, when two heads have been contracted, payment of a percentage of the premium is guaranteed.

(3) In case of life, the value of the insured fund shall be made effective upon maturity of the contract. The insured fund is established as a cumulative fund of premiums paid and interest corresponding to the successive periods, deducting the insurance costs at each time. In case of death, a capital is guaranteed, which is represented by the amount of the insured fund plus an additional capital calculated as a percentage of it.

(4) Two-fold profit sharing system: 50% in the variation of the Spanish CPI, which is settled on a yearly basis, and 50% in the revaluation of the Eurostoxx50 index at maturity. The distribution of the profit sharing takes place as an extraordinary contribution.

(5) In case of life, a capital at maturity is guaranteed. In case of death, payment of capital is guaranteed equal to 110% of the total cumulative balance.

(6) The technical interest rate is linked to the Euribor. Regularly, with the frequency established in the contract, the technical interest rate is revised taking the said index as reference.

(7) Temporary and for life annuities corresponding to the defined contributions of the pension plan of the employees of Caja de Ahorros de Castilla La Mancha.

• **Technical conditions at MAPFRE AMÉRICA VIDA**

The MAPFRE AMÉRICA VIDA group companies operate in their respective markets with both individual and collective contracts, with regular and/or single premiums, and with or without profit sharing. Contractual covers vary according to the conditions of the markets where they operate, including life and death insurance, combined insurance, for life annuities, death and burial, etc.

In the Brazilian company VERA CRUZ VIDA E PREVIDENCIA, its technical interest rate reaches a maximum of 6%. For some contracts, so-called "planos de previdencia", there is a "financial surplus" clause, whereby the distribution is calculated of a part of the returned obtained by the assets allocated to the contracts and a technical reserve is established with the said name.

The companies MAPFRE CHILE VIDA and MAPFRE PERÚ VIDA sell for life annuity insurance at a technical interest rate that varies according to market conditions, although calculated with financial flow matching techniques that ensure long term profitability of the operation.

At the company MAPFRE COLOMBIA VIDA, the distribution of profit sharing of some death and combined insurance policies is instrumented in deferred capital insurance with redemption of single premium reserves.

**3.4. Evolution of claims**

The following table shows the evolution of claims for Non Life direct insurance from the year of occurrence until the closing of financial years 2007 and 2006; it also shows the detail per year of occurrence of the provision for claims under the said insurance at the closing of the mentioned financial years.

<b>Financial Year 2007</b>		<b>EVOLUTION OF THE COST OF CLAIMS IN THE YEARS SUBSEQUENT TO THAT OF OCCURRENCE</b>								
<b>YEAR OF OCCURRENCE OF CLAIMS</b>	<b>CONCEPT</b>	<b>YEAR OF OCCURRENCE</b>	<b>1 YEAR LATER</b>	<b>2 YEARS LATER</b>	<b>3 YEARS LATER</b>	<b>4 YEARS LATER</b>	<b>5 YEARS LATER</b>	<b>6 YEARS LATER</b>	<b>7 YEARS LATER</b>	<b>OVER 7 YEARS LATER</b>
1999 and before	Outstanding provision	1,152.74	664.67	454.01	356.46	254.64	253.70	229.67	217.72	246.66
	Accumulated payments	2,045.43	2,546.44	2,751.15	2,850.12	2,929.11	2,973.48	3,010.10	3,044.55	3,057.68
	<b>Total cost</b>	<b>3,198.17</b>	<b>3,211.11</b>	<b>3,205.16</b>	<b>3,206.58</b>	<b>3,183.75</b>	<b>3,227.18</b>	<b>3,239.77</b>	<b>3,262.27</b>	<b>3,304.34</b>
2000	Outstanding provision	867.98	313.62	194.48	124.12	95.46	76.58	70.66	58.18	
	Accumulated payments	1,287.39	1,794.26	1,901.53	1,965.32	2,000.75	2,021.86	2,039.32	2,057.20	
	<b>Total cost</b>	<b>2,155.37</b>	<b>2,107.88</b>	<b>2,096.01</b>	<b>2,089.44</b>	<b>2,096.21</b>	<b>2,098.44</b>	<b>2,109.98</b>	<b>2,115.38</b>	
2001	Outstanding provision	1,001.48	398.78	241.75	166.07	130.90	101.84	100.62		
	Accumulated payments	1,555.86	2,116.18	2,261.19	2,336.74	2,374.20	2,402.67	2,498.17		
	<b>Total cost</b>	<b>2,557.34</b>	<b>2,514.96</b>	<b>2,502.94</b>	<b>2,502.81</b>	<b>2,505.10</b>	<b>2,504.51</b>	<b>2,598.79</b>		
2002	Outstanding provision	1,179.38	444.68	285.22	199.83	155.79	105.71			
	Accumulated payments	1,738.88	2,436.60	2,593.54	2,668.77	2,710.90	2,764.36			
	<b>Total cost</b>	<b>2,918.26</b>	<b>2,881.28</b>	<b>2,878.76</b>	<b>2,868.60</b>	<b>2,866.69</b>	<b>2,870.07</b>			
2003	Outstanding provision	1,454.56	552.29	331.68	241.89	158.78				
	Accumulated payments	2,016.80	2,860.51	3,051.27	3,110.69	3,201.02				
	<b>Total cost</b>	<b>3,471.36</b>	<b>3,412.80</b>	<b>3,382.95</b>	<b>3,352.58</b>	<b>3,359.80</b>				
2004	Outstanding provision	1,588.35	672.43	414.80	306.04					
	Accumulated payments	2,178.99	3,054.31	3,237.61	3,331.46					
	<b>Total cost</b>	<b>3,767.34</b>	<b>3,726.74</b>	<b>3,652.41</b>	<b>3,637.50</b>					
2005	Outstanding provision	1,965.64	804.76	440.70						
	Accumulated payments	2,661.73	3,685.26	3,886.80						
	<b>Total cost</b>	<b>4,627.37</b>	<b>4,490.02</b>	<b>4,327.50</b>						
2006	Outstanding provision	2,038.97	837.19							
	Accumulated payments	2,843.97	3,924.74							
	<b>Total cost</b>	<b>4,882.94</b>	<b>4,761.93</b>							
2007	Outstanding provision	2,296.61								
	Accumulated payments	3,155.26								
	<b>Total cost</b>	<b>5,451.87</b>								

Figures in million euros

### 31 December 2007

CONCEPT	YEAR OF OCCURRENCE									TOTAL
	2007	2006	2005	2004	2003	2002	2001	2000	1999 Y ANTERIORES	
Provision for claims Non Life direct insurance	2,296.61	837.19	440.70	306.04	158.78	105.71	100.62	58.18	246.66	4,550.49

Figures in million euros

### Financial Year 2006

YEAR OF OCCURRENCE OF CLAIMS	CONCEPT	EVOLUTION OF THE COST OF CLAIMS IN THE YEARS SUBSEQUENT TO THAT OF OCCURRENCE								
		YEAR OF OCCURRENCE	1 YEAR LATER DESPUÉS	2 YEARS LATER	3 YEARS LATER	4 YEARS LATER	5 YEARS LATER	6 YEARS LATER	7 YEARS LATER	OVER 7 YEARS LATER
1999 and before	Outstanding provision	242.39	163.27	135.26	108.42	73.07	73.40	65.76	66.54	66.86
	Accumulated payments	431.79	651.14	745.82	788.75	778.81	803.14	812.33	815.83	819.81
	<b>Total cost</b>	<b>674.18</b>	<b>814.41</b>	<b>881.08</b>	<b>897.17</b>	<b>851.88</b>	<b>876.54</b>	<b>878.09</b>	<b>882.37</b>	<b>886.67</b>
1999	Outstanding provision	704.75	365.33	283.87	222.45	159.67	156.56	140.27	141.92	
	Accumulated payments	1,255.45	1,456.92	1,565.29	1,618.43	1,701.71	1,713.14	1,732.75	1,740.22	
	<b>Total cost</b>	<b>1,960.20</b>	<b>1,822.25</b>	<b>1,849.16</b>	<b>1,840.88</b>	<b>1,861.38</b>	<b>1,869.70</b>	<b>1,873.02</b>	<b>1,882.14</b>	
2000	Outstanding provision	944.27	290.56	175.06	106.95	79.58	61.85	61.07		
	Accumulated payments	1,281.73	1,782.68	1,895.67	1,958.62	1,993.62	2,014.59	2,032.25		
	<b>Total cost</b>	<b>2,226.00</b>	<b>2,073.24</b>	<b>2,070.73</b>	<b>2,065.57</b>	<b>2,073.20</b>	<b>2,076.44</b>	<b>2,093.32</b>		
2001	Outstanding provision	983.92	378.57	225.86	209.42	118.16	89.15			
	Accumulated payments	1,569.35	2,127.04	2,282.87	2,273.50	2,395.20	2,424.27			
	<b>Total coste</b>	<b>2,553.27</b>	<b>2,505.61</b>	<b>2,508.73</b>	<b>2,482.92</b>	<b>2,513.36</b>	<b>2,513.42</b>			
2002	Outstanding provision	1,144.20	415.66	265.58	182.48	139.59				
	Accumulated payments	1,713.58	2,393.08	2,558.11	2,633.39	2,678.48				
	<b>Total cost</b>	<b>2,857.78</b>	<b>2,808.74</b>	<b>2,823.69</b>	<b>2,815.87</b>	<b>2,818.07</b>				
2003	Outstanding provision	1,413.64	519.36	303.70	218.56					
	Accumulated payments	1,972.27	2,785.93	2,987.40	3,062.59					
	<b>Total cost</b>	<b>3,385.91</b>	<b>3,305.29</b>	<b>3,291.10</b>	<b>3,281.15</b>					
2004	Outstanding provision	1,528.33	630.17	385.71						
	Accumulated payments	2,127.09	2,966.22	3,169.68						
	<b>Total cost</b>	<b>3,655.42</b>	<b>3,596.39</b>	<b>3,555.39</b>						
2005	Outstanding provision	1,904.05	764.62							
	Accumulated payments	2,587.89	3,559.00							
	<b>Total cost</b>	<b>4,491.94</b>	<b>4,323.62</b>							
2006	Outstanding provision	1,936.46								
	Accumulated payments	2,747.05								
	<b>Total cost</b>	<b>4,683.51</b>								

Figures in million euros

### 31 December 2006

CONCEPT	YEAR OF OCCURRENCE									TOTAL
	2006	2005	2004	2003	2002	2001	2000	1999	1999 AND BEFORE	
Provision for claims Non Life direct insurance	1,936.46	764.62	385.71	218.56	139.59	89.15	61.07	141.92	66.86	3,803.94

Figures in million euros

The percentage subject to allocation to ceded reinsurance of the claims shown in the preceding table amounts overall to 17.94% and 15.51% in financial years 2007 and 2006, respectively.

Details on the evolution of claims per year of occurrence in accepted reinsurance are not provided because, generally, ceding companies follow accounting methods different from the year of occurrence. Pursuant to studies carried out for accepted reinsurance, the degree of sufficiency of the technical provisions is adequate.

#### 6.16. PROVISIONS FOR RISKS AND EXPENSES

The following tables detail the movements of the provisions for risks and expenses in the last two financial years.

##### Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	APPROPRIATIONS		CANCELLATIONS		CLOSING BALANCE
				ALLOCATED PROVISIONS	INCREASED VALUE ON DISCOUNT	APPLIED PROVISIONS	REVERTED PROVISIONS	
Provision for taxes	85.38	6.25	2.67	26.55	9.09	(5.80)	(0.10)	124.04
Provision for payment of liquidation treaties	21.23	—	7.78	21.73	0.02	(9.24)	—	41.52
Provisions for restructuring	42.36	—	—	35.66	—	(26.91)	—	51.11
Other provisions on staff related commitments	50.06	3.95	1.66	46.60	0.51	(44.99)	(0.04)	57.75
Other provisions	45.62	(5.31)	3.54	13.54	—	(16.30)	(0.54)	40.55
<b>Total</b>	<b>244.65</b>	<b>4.89</b>	<b>15.65</b>	<b>144.08</b>	<b>9.62</b>	<b>(103.24)</b>	<b>(0.68)</b>	<b>314.97</b>

Figures in million euros

##### Financial Year 2006

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	APPROPRIATIONS		CANCELLATIONS		CLOSING BALANCE
				ALLOCATED PROVISIONS	INCREASED VALUE ON DISCOUNT	APPLIED PROVISIONS	REVERTED PROVISIONS	
Provision for taxes	63.36	(0.69)	—	27.13	0.23	(4.65)	—	85.38
Provision for payment of liquidation treaties	16.68	—	—	18.39	0.07	(13.91)	—	21.23
Provisions for restructuring	12.48	—	—	32.24	—	(2.36)	—	42.36
Other provisions on staff related commitments	37.65	18.52	(0.99)	37.77	0.50	(42.86)	(0.53)	50.06
Other provisions	38.18	(2.10)	0.52	23.99	1.95	(16.91)	(0.01)	45.62
<b>Total</b>	<b>168.35</b>	<b>15.73</b>	<b>(0.47)</b>	<b>139.52</b>	<b>2.75</b>	<b>(80.69)</b>	<b>(0.54)</b>	<b>244.65</b>

Figures in million euros

The provisions for risks and expenses include the estimated amounts of tax debts, payments on liquidation treaties, reversal fund, restructuring, staff incentives, and others deriving from the activities of the companies forming the Group, the settlement of which will take place over the coming years. The estimation of the allocated amount or of the timeframe when the provision will be liquidated is affected by uncertainties on the resolution of filed appeals and the evolution of other parameters. The preparation of assumptions on future events in order to determine the value of the provision has not been necessary.



### 6.17. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers according to the reinsurance coverage contracts entered into pursuant to usual business practices. The said deposits accrue interest to be paid and the average rollover period is quarterly, in general. Liquidation of the said interest is made quarterly.

### 6.18. DEBTS

The balances included in the heading of debt on direct insurance transactions and coinsurance, on reinsurance transactions, tax debt and other debts do not accrue any interest to be paid and, generally, their liquidation is carried out in the following financial year.

### 6.19. REVENUES AND EXPENSES FROM INVESTMENTS

The detail of revenues and expenses from investments for financial years 2007 and 2006 is shown below:

#### REVENUES FROM INVESTMENTS

CONCEPT	REVENUES FROM INVESTMENTS:				FINANCIAL REVENUES FROM OTHER ACTIVITIES		TOTAL	
	OPERATIONS		EQUITY		2007	2006	2007	2006
	2007	2006	2007	2006				
<b>REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR</b>								
Investment property								
Rentals	71.74	65.84	10.94	10.80	1.83	—	84.51	76.64
Others	0.12	—	2.52	—	—	—	2.64	—
Revenues from portfolio held to maturity								
Fixed income	61.64	50.37	9.64	15.86	—	—	71.28	66.23
Other investments	14.97	8.47	5.82	1.17	0.20	—	20.99	9.64
Revenues from portfolio available for sale	1,202.84	1,070.76	64.83	44.69	3.07	—	1,270.74	1,115.45
Revenues from the trading portfolio	30.11	73.14	5.61	2.52	10.82	—	46.54	75.66
Other financial returns	1.50	35.58	4.46	6.44	30.00	27.32	35.96	69.34
<b>Total revenues</b>	<b>1,382.92</b>	<b>1,304.16</b>	<b>103.82</b>	<b>81.48</b>	<b>45.92</b>	<b>27.32</b>	<b>1,532.66</b>	<b>1,412.96</b>
<b>REALISED AND UNREALISED GAINS</b>								
Net realised gains:								
Investment property	29.85	62.49	—	0.45	—	—	29.85	62.94
Financial investments portfolio held to maturity	0.05	0.97	—	—	—	—	0.05	0.97
Financial investments portfolio available for sale	217.87	84.78	14.81	5.94	3.42	—	236.10	90.72
Financial investments trading portfolio	11.59	4.34	0.50	0.19	2.61	—	14.70	4.53
Others	8.55	0.28	0.04	—	—	—	8.59	0.28
Net unrealised gains:								
Increase in fair value of the trading portfolio	—	6.05	—	0.50	5.54	—	5.54	6.55
Others	1.80	3.18	—	0.37	0.29	—	2.09	3.55
<b>Total gains</b>	<b>269.71</b>	<b>162.09</b>	<b>15.35</b>	<b>7.45</b>	<b>11.86</b>	<b>—</b>	<b>296.92</b>	<b>169.54</b>
<b>Total revenues from investments</b>	<b>1,652.63</b>	<b>1,466.25</b>	<b>119.17</b>	<b>88.93</b>	<b>57.78</b>	<b>27.32</b>	<b>1,829.58</b>	<b>1,582.50</b>

Figures in million euros

## EXPENSES FROM INVESTMENTS

CONCEPT	EXPENSES FROM INVESTMENTS:				FINANCIAL EXPENSES FROM OTHER ACTIVITIES		TOTAL	
	OPERATIONS		EQUITY		2007	2006	2007	2006
	2007	2006	2007	2006				
<b>FINANCIAL EXPENSES</b>								
Investment property								
Direct operating expenses	30.31	22.56	3.59	0.28	0.21	—	34.11	22.84
Other expenses	0.93	1.48	0.07	—	1.28	—	2.28	1.48
Expenses from portfolio held to maturity								
Fixed-income securities	12.44	12.51	1.87	5.63	—	—	14.31	18.14
Other investments	0.36	0.16	0.41	0.15	—	—	0.77	0.31
Expenses from portfolio available for sale	313.49	276.23	19.12	9.62	—	—	332.61	285.85
Expenses from the trading portfolio	0.26	23.23	0.26	1.24	16.71	—	17.23	24.47
Other financial expenses	9.09	9.74	7.20	16.07	65.86	40.32	82.15	66.13
<b>Total expenses</b>	<b>366.88</b>	<b>345.91</b>	<b>32.52</b>	<b>32.99</b>	<b>84.06</b>	<b>40.32</b>	<b>483.46</b>	<b>419.22</b>
<b>REALISED AND UNREALISED GAINS</b>								
Net realised losses								
Investment property	—	0.40	0.08	0.07	—	—	0.08	0.47
Financial investments portfolio held to maturity	—	0.08	—	—	—	—	—	0.08
Financial investments portfolio available for sale	69.50	26.05	3.60	2.97	0.11	—	73.21	29.02
Financial investments trading portfolio	0.53	0.26	0.06	—	0.74	—	1.33	0.26
Others	—	0.06	0.12	1.16	—	—	0.12	1.22
Unrealised losses								
Decrease in fair value of trading portfolio	0.08	6.45	—	—	—	—	0.08	6.45
Others	—	13.24	—	3.32	—	—	—	16.56
<b>Total losses</b>	<b>70.11</b>	<b>46.54</b>	<b>3.86</b>	<b>7.52</b>	<b>0.85</b>	<b>—</b>	<b>74.82</b>	<b>54.06</b>
<b>Total expenses from investments</b>	<b>436.99</b>	<b>392.45</b>	<b>36.38</b>	<b>40.51</b>	<b>84.91</b>	<b>40.32</b>	<b>558.28</b>	<b>473.28</b>

Figures in million euros

## 6.20. OPERATING EXPENSES

A detail of staff expenses and amortisation allowance expenses for the last two financial years is shown below.

CONCEPT	AMOUNT	
	2007	2006
Staff expenses	902.46	865.47
Allowances to amortisation	207.96	79.97
<b>Total</b>	<b>1,110.42</b>	<b>945.44</b>

Figures in million euros

## 6.21. RESULT OF CEDED AND RETROCEDED REINSURANCE

The result of ceded and retroceded reinsurance transactions in financial years 2007 and 2006 is shown below:

CONCEPT	NON LIFE		LIFE		TOTAL	
	2007	2006	2007	2006	2007	2006
Premiums	(1,231.40)	(1,081.91)	(74.12)	(129.25)	(1,305.52)	(1,211.16)
Variation in the provision for unearned premiums and for risks in progress	55.21	82.77	4.79	1.67	60.00	84.44
Claims paid and variation in the provisions for claims	848.91	615.42	42.27	69.67	891.18	685.09
Variation in other technical provisions	—	3.39	1.02	4.04	1.02	7.43
Participation of reinsurance in fees and expenses	162.46	129.74	18.11	17.76	180.57	147.50
Others	—	1.08	0.08	—	0.08	1.08
<b>Result of ceded and retroceded reinsurance</b>	<b>(164.82)</b>	<b>(249.51)</b>	<b>(7.85)</b>	<b>(36.11)</b>	<b>(172.67)</b>	<b>(285.62)</b>

*Figures in million euros*

## 6.22. FISCAL SITUATION

### Tax consolidation regime

From the 1985 financial year, part of the consolidated companies with registered office in Spain are included under Fiscal Group 9/85 to the effects of the Corporation Tax, the said group being formed by the controlling Company and its subsidiaries meeting the requirements to be subject to the said tax regime. The subsidiaries that form part of the said Fiscal Group in 2007 are detailed in Appendix 1 of this annual report.

Likewise, from 2002, some other consolidated companies having their registered office in Spain are included under Fiscal Group 95/02 to the effects of the Corporation Tax, the said group being formed by MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS, S.A. (hereinafter "MAPFRE-CAJA MADRID HOLDING") and its subsidiaries meeting the requirements to be subject to the said tax regime. The subsidiaries that form part of the said Fiscal Group in 2007 are detailed in Appendix 1 of this annual report.

### Elements of expense from income tax and reconciliation of the accounting result with the tax cost of ongoing concerns

Detail is provided below, for financial years ended as at 31 December 2007 and 2006, of the main elements of expense from income tax of ongoing concerns and the reconciliation between the expense from income tax and the product of multiplying the accounting result by the applicable tax rate. The Group has made the reconciliation by adding reconciliations made separately using the national rates of each country.

CONCEPT	AMOUNT	
	FINANCIAL YEAR 2007	FINANCIAL YEAR 2006
<b>Expense arising from taxes</b>		
Expense arising from taxes	1,365.73	1,156.06
32.5% of result before taxes, ongoing concerns (35% in 2006)	443.86	404.62
Tax effect of permanent differences	(22.15)	(22.41)
Tax incentive of the year	(27.54)	(17.57)
Tax effect from tax rates different from 32.5% (35% in 2006)	2.18	(6.87)
Total expense from current tax originating in the financial year	396.35	357.77
Total expense from current tax originating in previous years	(5.43)	3.08
Profits from previous periods not recognised previously due to the use of negative tax bases, deductions pending application or temporary differences	(1.31)	(5.35)
<b>Total expense from taxes of ongoing concerns</b>	<b>389.61</b>	<b>355.50</b>
<b>Tax on profits to be paid</b>		
Withholdings and interim payments	(306.06)	(154.85)
Temporary differences	5.35	(14.67)
Tax credits and incentives applied, registered in previous years	(0.19)	(1.26)
Tax on profits from discontinued operations	(1.56)	—
Impact of the consolidation from 1 January 2006 on the tax on profits from continuing operations of the business contributed to MAPFRE, S.A.	—	(44.85)
<b>Net tax to be paid on profits</b>	<b>87.15</b>	<b>139.87</b>

*Figures in million euross*

Deductions from double taxation have not been taken into account in the table above, since they are mainly related to dividends collected from subsidiaries eliminated in the consolidation process.

#### **Deferred tax assets**

The following tables provide a breakdown of movements for financial years 2007 and 2006 of the deferred tax assets heading, detailing their amount in relation to items directly debited or credited to equity accounts in each financial year.

## Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:			CLOSING BALANCE
				RESULTS	EQUITY	CANCELLATIONS	
Valuation difference in financial investments	3.05	—	8.15	1.25	(3.19)	—	9.26
Embedded derivatives	1.59	—	—	0.64	—	(0.37)	1.86
Valuation difference in mathematical reserves:							
Adaptation to new tables	4.00	—	—	(0.88)	—	—	3.12
Shadow accounting	339.16	—	—	(24.27)	(169.67)	(7.18)	138.04
Valuation difference in the provision for burial insurance	5.15	—	—	1.65	—	(0.74)	6.06
Capital increase and other expenses subject to amortisation	3.40	2.09	—	(1.88)	0.91	(0.31)	4.21
Tax credits on negative tax bases	5.25	—	—	1.65	—	(0.05)	6.85
Credits on tax incentives	0.14	—	—	8.53	—	(0.14)	8.53
Pension complements and other staff related commitments	96.26	—	—	5.34	—	(2.82)	98.78
Provisions for outstanding premiums	9.03	—	1.64	2.63	—	(0.85)	12.45
Sale of property developments pending delivery	2.20	—	—	(1.56)	—	—	0.64
Provisions for liabilities and others	43.16	—	0.47	8.58	—	(0.95)	51.26
Other concepts	16.51	5.36	0.11	8.88	—	(15.70)	15.16
<b>Total</b>	<b>528.90</b>	<b>7.45</b>	<b>10.37</b>	<b>10.56</b>	<b>(171.95)</b>	<b>(29.11)</b>	<b>356.22</b>

Figures in million euros

## Financial Year 2006

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:			CLOSING BALANCE
				RESULTS	EQUITY	CANCELLATIONS	
Valuation difference in financial investments	3.51	(0.06)	—	(0.01)	(0.39)	—	3.05
Embedded derivatives	9.15	(1.87)	—	(5.69)	—	—	1.59
Valuation difference in mathematical reserves:							
Adaptation to new tables	6.12	—	—	(1.85)	—	(0.27)	4.00
Shadow accounting	627.86	—	—	—	(287.51)	(1.19)	339.16
Valuation difference in the provision for burial insurance	2.04	—	—	3.11	—	—	5.15
Capital increase and other expenses subject to amortisation	2.93	—	—	—	1.22	(0.75)	3.40
Tax credits on negative tax bases	3.03	—	—	3.48	—	(1.26)	5.25
Credits on tax incentives	0.01	—	—	14.40	—	(14.27)	0.14
Pension complements and other staff related commitments	81.12	2.10	—	13.04	—	—	96.26
Provisions for outstanding premiums	7.61	—	—	1.42	—	—	9.03
Sale of property developments pending delivery	1.85	—	—	0.35	—	—	2.20
Provisions for liabilities and others	36.37	1.32	—	5.47	—	—	43.16
Other concepts	13.92	0.73	—	1.86	—	—	16.51
<b>Total</b>	<b>795.52</b>	<b>2.22</b>	<b>—</b>	<b>35.58</b>	<b>(286.68)</b>	<b>(17.74)</b>	<b>528.90</b>

Figures in million euros

The variation in the valuation of deferred tax assets arising from changes in the tax rate during financial year 2006 amounted to €77.19 million, of which €57.03 million were allocated to "Valuation adjustment reserves" and €20.16 million to "Results".

Deferred tax assets of the fully consolidated companies, as a consequence of negative tax bases pending application and of the temporary differences accumulated as at 31 December 2007 and 2006 amount to €385.02 million and €558.62 million, respectively.

Of the total amount of deferred tax assets, €356.22 million have been recorded in the balance sheet and in the equity or results accounts as at 31 December 2007, and €528.90 million as at 31 December 2006.

The remaining deferred tax assets accumulated as at 31 December 2007 and 2006, which amount to €28.80 million and €29.72 million, respectively, have not been accounted for pursuant to IFRS principles.

## DEFERRED TAX LIABILITIES

The following tables show the movements of the deferred tax liabilities heading for financial years 2007 and 2006:

### Financial Year 2007

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:			CLOSING BALANCE
				RESULTS	EQUITY	CANCELLATIONS	
Diferencia de valoración de inversiones financieras	505,86	(0,30)	0,15	(20,01)	(181,29)	(35,53)	268,88
Derivados implícitos	1,75	—	—	—	—	(1,75)	—
Provisión de estabilización y catastrófica	99,84	9,68	—	14,43	—	(3,17)	120,78
Otros	18,80	(0,44)	9,67	10,79	—	(0,22)	38,60
<b>Total</b>	<b>626,25</b>	<b>8,94</b>	<b>9,82</b>	<b>5,21</b>	<b>(181,29)</b>	<b>(40,67)</b>	<b>428,26</b>

*Datos en millones de euros*

### Financial Year 2006

CONCEPT	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:			CLOSING BALANCE
				RESULTS	EQUITY	CANCELLATIONS	
Diferencia de valoración de inversiones financieras	812,99	(0,27)	—	21,22	(311,28)	(16,80)	505,86
Derivados implícitos	5,72	—	—	(3,97)	—	—	1,75
Provisión de estabilización y catastrófica	72,48	—	—	29,85	—	(2,49)	99,84
Otros	31,89	(2,37)	—	3,15	—	(13,87)	18,80
<b>Total</b>	<b>923,08</b>	<b>(2,64)</b>	<b>—</b>	<b>50,25</b>	<b>(311,28)</b>	<b>(33,16)</b>	<b>626,25</b>

*Datos en millones de euros*

The balance of "Others" includes the deferred tax liability arising from the amortisation expense of goodwill at non resident entities, amounting to €2.41 million.

The full amount of deferred tax liabilities of fully consolidated companies as a consequence of accumulated temporary differences as at 31 December 2007 and 2006 has been recorded in the balance sheets as at the said dates.

The variation in the valuation of deferred tax liabilities arising from changes in the tax rate during the 2006 financial year amounted to €104.37 million, of which €84.31 million were allocated to "Valuation adjustment reserves" and €20.06 million to "Results".

## NEGATIVE TAX BASES

The breakdown of negative tax bases pending set-off in fully consolidated companies at the end of the last two financial years is as follows:

YEAR OF GENERATION	DEADLINE FOR THEIR APPLICATION	AMOUNT OF NEGATIVE TAX BASES				DEFERRED TAX ASSET			
		APPLIED IN FINANCIAL YEAR		PENDING APPLICATION		AMOUNT RECORDED		AMOUNT NOT RECORDED	
		2007	2006	2007	2006	2007	2006	2007	2006
2002	2017	1.42	18.86	—	1.42	—	0.05	—	0.38
2003	2018	2.78	—	29.55	32.33	0.08	0.08	8.78	9.62
2004	2019	—	—	26.23	26.23	1.70	1.70	6.17	6.17
2005	2020	—	—	50.96	50.96	3.11	3.11	12.18	12.18
2006	2021	—	—	12.09	5.64	1.96	0.31	1.67	1.37
<b>Total</b>		<b>4.20</b>	<b>18.86</b>	<b>118.83</b>	<b>116.58</b>	<b>6.85</b>	<b>5.25</b>	<b>28.80</b>	<b>29.72</b>

Figures in million euros

Assets accounted for in relation to deferred taxes on negative tax bases pending set-off in consolidated companies correspond with negative tax bases generated as a result of unusual management events and future tax profits are likely to exist against which they may be offset.

## TAX INCENTIVES

The detail of tax incentives in fully consolidated companies for financial years 2007 and 2006 is as follows:

TYPE	AMOUNT APPLIED IN FINANCIAL YEAR		AMOUNT PENDING APPLICATION		AMOUNT NOT RECORDED		DEADLINE FOR APPLICATION
	2007	2006	2007	2006	2007	2006	
Deduction on double taxation	24.07	11.74	—	0.14	—	—	2021
Others	17.36	2.53	8.53	—	—	—	2017
<b>Total</b>	<b>41.43</b>	<b>14.27</b>	<b>8.53</b>	<b>0.14</b>	<b>—</b>	<b>—</b>	<b>—</b>

Figures in million euros

## VERIFICATION BY THE TAX AUTHORITIES

Pursuant to the legislation in force, the tax returns filed for the different taxes may not be considered as definitive until they have been inspected by the tax authorities or until the prescription period (four years for Spanish companies) has elapsed.

As at 31 December 2007, fully consolidated companies have open to inspection all the taxes to which they are subject, corresponding to the maximum prescription period in each one of the countries they operate. In the opinion of the consolidated companies' advisers, the likelihood of fiscal liabilities affecting significantly consolidated companies' financial position as at 31 December 2007 is remote.

The most important tax assessments on GRUPO MAPFRE corresponding to the corporation tax, withholdings on capital gains and personal income tax and others of financial years 1989 to 2001 amount to €31.4 million, most of which relate to short term temporary differences. All of these tax assessments have been appealed against to the relevant authorities and they are pending resolution at year end. In the opinion of the consolidated companies' advisers, the likelihood of significant unrecorded fiscal liabilities emerging in this concept is remote.

## 6.23. REMUNERATION TO STAFF AND RELATED LIABILITIES

### Staff expenses

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

CONCEPT	AMOUNT	
	2007	2006
Short term remuneration		
Wages and salaries	660.33	603.23
Social security	193.26	143.02
Other remuneration	17.69	64.61
Post-employment benefits		
Defined contribution commitments	25.11	1.70
Defined benefit commitments	5.28	17.01
Other long term remuneration	—	—
Termination payments	—	35.90
Share-based payments	0.79	—
<b>Total</b>	<b>902.46</b>	<b>865.47</b>

*Figures in million euros*

In 2007, pursuant to the provisions of article 41.2 of the MAPFRE Insurance Group's Workers Agreement, there has been a transformation of the defined contribution pension related commitments that are regulated in article 58 of the insurance industry's Collective Agreement, into a defined contribution plan that is instrumented through a collective insurance contract.

In 2007, as a result of the said change, in addition to paying the said year's contribution according to the new conditions, an initial contribution has been paid corresponding to past service, as well as an extraordinary contribution to cover the cases where the new system might be potentially detrimental to employees' interests.

The amount resulting from settling the above mentioned commitment has been allocated to results.

### Post-employment benefits

#### A) Description of the defined benefit plans in force

The defined benefit plans in force, all of which are instrumented through insurance policies, are valued pursuant to the provisions detailed in the accounting policies, and are those where the benefit is determined according to end salaries, with a benefit paid as a for life annuity, subject to review according to the annual consumer price index (CPI) or by way of a benefit in the form of capital.

#### B) Amounts recognised in the Balance Sheet

On the one hand, there are obligations relating to defined benefit plans amounting to €180.90 million and €211.68 million, respectively, as at 31 December 2007 and 2006, which are fully externalised by means of policies entered into with MAPFRE VIDA and MAPFRE SEGUROS GENERALES, there being consequently no assets allocated to these plans.

In addition, there are obligations on pension related commitments, which are externalised with allocated insurance policies amounting to €14.61 million and €14.56 million as at 31 December 2007 and 2006, respectively.



### Reconciliation with the present value of the obligation

The reconciliation in 2007 and 2006 of the present value of the obligation arising from defined benefit plans is shown below:

CONCEPT	2007	2006
<b>Present value of obligation as at 1st January</b>	<b>226.24</b>	<b>216.46</b>
Cost of services in the year under review	14.62	18.16
Interest cost	8.02	8.25
Contributions made by plan members	—	—
Actuarial losses and gains	(9.74)	(1.58)
Changes from variations in the exchange rate	—	—
Benefits paid	(15.57)	(15.05)
Cost of past services	—	—
Business combinations	—	—
Reductions	—	—
Liquidations	(28.51)	—
Other concepts	0.45	—
<b>Present value as at 31st December</b>	<b>195.51</b>	<b>226.24</b>

*Figures in million euros*

Actuarial gains in financial year 2007 arise from the interest rate applied to the calculation of the present obligation as at 31 December 2007 according to zero coupon rates curve on the said date, since it entailed an increase with respect to the rate used in the calculation of the present value of the obligation as at 31 December 2006.

The amount shown under "Liquidations" in 2007 relates to the liquidation of the defined benefit plan that is described in the opening paragraph of this note.

### Reconciliation of the opening and closing balance of assets allocated to the plan

The following table details the reconciliation of the opening and closing balance of assets allocated to the plan in the last two financial years.

CONCEPT	2007	2006
<b>Value of assets allocated to the plan as at 1st January</b>	<b>14.56</b>	<b>15.28</b>
Expected return from assets allocated to the plan	0.56	0.84
Actuarial losses and gains	0.21	0.06
Changes from variations in the exchange rate	—	—
Contributions made by employer	—	0.10
Contributions made by members	—	—
Benefits paid	(0.72)	(1.72)
Business combinations	—	—
Liquidations	—	—
<b>Value of assets allocated to the plan as at 31st December</b>	<b>14.61</b>	<b>14.56</b>

*Figures in million euros*

**C) Amounts recognised in the consolidated income statement**

The following table details the amounts recognised in the consolidated income statement of financial years 2007 and 2006.

CONCEPT	2007	2006
Cost of services in year under review	14.62	18.16
Interest cost	8.02	8.25
Return expected from assets allocated to the plan	(7.25)	(0.83)
Return expected from assets allocated to covering mathematical reserves	—	(7.70)
Actuarial losses and gains	(10.11)	(0.87)
Cost of past services recognised in the year	—	—
Other concepts	—	—
<b>Total expense recognised in the income statement</b>	<b>5.28</b>	<b>17.01</b>

*Figures in million euros*

In addition, results have been accounted for arising from the liquidation of the defined benefit plan that is described in the opening paragraph of this note, as a consequence of the cancellation of the liability recognised by the said plan, amounting to €28.51 million, as detailed in the table of movements in the present value of the liability.

Actuarial losses and gains basically arise from the increase in the interest rate applied to the calculation of the present actuarial value of the obligation on the closing of financial year 2007 with respect to financial year 2006.

**D) Returns**

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

The actual return of the assets allocated to the plan, as well as the investments allocated to the cover of mathematical reserves, amounted to €13.49 million in 2007 and €9.86 million in 2006.

**E) Assumptions**

The main actuarial assumptions used on the closing date are as follows:

CONCEPT	2007	2006
<b>DEMOGRAPHICAL ASSUMPTIONS</b>		
Mortality tables	GKM/F-95	GKM/F-95
Survival tables	PERM/F-2000	PERM/F-2000
<b>FINANCIAL ASSUMPTIONS</b>		
Discount rate	3 - 4.66%	3 - 3.91%
Average annual salary increase	3%	3 - 5%
Average annual CPI	5%	3%
Expected return from allocated assets	3.59%	3.54%

**F) Estimates**

The best estimate of the contributions to the plan in 2008 has been made according to the staff existing at the Group as at 31 December 2007 and it amounts to €7.69 million.

**Share-based payments**

The controlling Company's Extraordinary Shareholders Meeting, held on 4 July 2007, approved the incentive plan linked to the value of the shares for the MAPFRE Group's officers as described below:

- Formula: Each member is granted the right to earn, in cash, the amount resulting from multiplying the number of shares in MAPFRE, S.A. assigned in theory, by the difference between the simple arithmetical mean of the closing share price during the stock market sessions of the 30 business days prior to the reporting date of the year and the simple arithmetical mean of the closing price during the stock market sessions corresponding to 30 business days immediately preceding the date of

inclusion into the scheme. Nevertheless, in the initial group of members, this reference has been replaced with the closing share price of 31 December 2006, which was €3.42 per share.

- Exercise of the right: The right shall be liable of exercise as to a maximum of 30% during the month of January of the fourth year, as to a maximum of 30% during the month of January of the seventh year, and the remainder during the month of January of the tenth year. All rights granted shall be exercised, at the latest, on the last day of the third period above mentioned.

The number of reference shares taken into account to the effects of calculation of the remuneration amounted to 8,625,733 shares in 2007, with the exercise price being, as mentioned above, of €3.42 per share.

No cancellation has taken place during the year.

In order to obtain the fair value of the granted options, the Black-Scholes model has been applied for the calculation of the price of share options, taking the following parameters into account:

- Risk-free interest rate: the interest rate of IRS (Interest Rate Swap) deals for the different periods, which as at 31 December ranged between 4.50% and 4.70%.
- Dividend yield: that resulting from the dividends paid against the latest financial year closed (2006) and the closing share price of financial year 2007.
- Volatility: that resulting from the performance of share prices during financial year 2007 (28.3%).

According to the above mentioned parameters, the said remuneration system is measured and recognised in the income statement pursuant to the rules explained in Note 5.19 of the annual report. Personnel expenses accounted for in the income statement in this concept amount to €0.79 million, with a liability being recognised for the same amount.

#### Staff numbers

The following table shows the number of employees at the end of the last two financial years, classified by categories and sex, and distributed by geographical segments.

GEOGRAPHICAL SEGMENT	OFFICERS				CLERKS				SALESPEOPLE				OTHERS				TOTAL			
	MEN		WOMEN		MEN		WOMEN		MEN		WOMEN		MEN		WOMEN		MEN		WOMEN	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Spain	1,591	1,595	419	408	1,670	1,625	3,168	3,029	1,324	1,347	1,039	881	1,764	1,759	5,530	4,948	6,349	6,326	10,156	9,266
Other European Union countries	51	51	39	39	131	132	183	184	101	101	92	92	56	56	64	59	339	340	378	374
America	1,068	913	586	501	1,455	1,240	2,457	2,089	1,236	1,050	1,287	1,095	2,238	1,936	1,742	1,513	5,997	5,139	6,072	5,198
Rest of the world	50	43	46	38	79	58	109	88	33	29	31	27	45	31	56	39	207	161	242	192
Average total number of employees	2,760	2,602	1,090	986	3,335	3,055	5,917	5,390	2,694	2,527	2,449	2,095	4,103	3,782	7,392	6,559	12,892	11,966	16,848	15,030

#### 6.24. NET RESULTS OF EXCHANGE DIFFERENCES

Positive exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amount to €101.17 million and €91.84 million in the 2007 and 2006 financial years, respectively.

Negative exchange differences other than those arising from financial instruments measured at fair value, allocated to the consolidated income statement, amount to €114.44 million and €105.07 million in the 2007 and 2006 financial years, respectively.

The reconciliation of the translation differences recognised in equity at the beginning and the end of the year, in 2007 and 2006, is shown below.

DESCRIPTION	AMOUNT	
	2007	2006
Translation differences at the beginning of the year	(3.24)	68.93
Net exchange differences on valuation of non monetary items	(4.47)	—
Net exchange differences on translation of financial statements	(27.40)	(72.17)
<b>Translation differences at year end</b>	<b>(35.11)</b>	<b>(3.24)</b>

Figures in million euros

As at 31 December 2007 and 2006, net exchange differences arising from the translation into Euros of the financial statements of those Group companies whose functional currency is not the Euro are:

COMPANY/SUB GROUP	GEOGRAPHICAL AREA	TRANSLATION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2007	2006	2007	2006	2007	2006
<b>Fully consolidated companies:</b>							
MAPFRE RE	Europe, America and rest of the world	11.49	8.47	—	—	11.49	8.47
MAPFRE AMÉRICA	America	—	—	(49.94)	(18.41)	(49.94)	(18.41)
MAPFRE AMÉRICA VIDA	America	8.07	2.30	—	—	8.07	2.30
OTHERS	—	4.95	4.60	(4.01)	(0.20)	0.94	4.40
Companies recorded by the equity method	—	2.26	—	(3.46)	—	(1.20)	—
<b>Total</b>		<b>26.77</b>	<b>15.37</b>	<b>(57.41)</b>	<b>(18.61)</b>	<b>(30.64)</b>	<b>(3.24)</b>

Figures in million euros

#### 6.25. CONTINGENT ASSETS AND LIABILITIES

At the end of financial years 2007 and 2006 and until the preparation of the financial statements, there is no evidence of the existence of contingent assets and liabilities for significant amounts.

#### 6.26. BUSINESS COMBINATIONS

##### Carried out during financial year 2007

During 2007 several shareholding interests were acquired, the most significant ones being the stakes in GENEL SIGORTA, BANKINTER VIDA, and CCM VIDA Y PENSIONES. The fair value of the identifiable assets and liabilities on the acquisition of the said interests, allocated provisionally while the appropriate identification and assessment of the said value is under study, is as follows:

CONCEPT	GENEL SIGORTA	BANKINTER VIDA	CCM VIDA Y PENSIONES
	80%	50%	50%
<b>ASSETS</b>			
Portfolio acquisition expenses	—	46.41	32.48
Other intangible assets	0.14	—	0.08
Property, plant and equipment	6.41	—	0.34
Investments	193.92	183.11	384.84
Credits and receivables	145.48	6.11	6.18
Other assets	74.29	69.95	70.81
<b>TOTAL ASSETS</b>	<b>420.24</b>	<b>305.58</b>	<b>494.73</b>
<b>LIABILITIES</b>			
Technical provisions	170.69	158.57	432.88
Debts	28.80	16.41	4.81
Other liabilities	14.96	67.83	4.58
<b>TOTAL LIABILITIES</b>	<b>214.45</b>	<b>242.81</b>	<b>442.27</b>
<b>Fair value of net assets</b>	<b>205.79</b>	<b>62.77</b>	<b>52.46</b>
<b>Goodwill</b>	<b>150.69</b>	<b>160.45</b>	<b>89.51</b>
<b>Total cost</b>	<b>356.48</b>	<b>223.22</b>	<b>141.97</b>

Figures in million euros

The above stated fair values coincide with the book values in the accounts of the entities prior to the combination, except for portfolio acquisition expenses, which are not recorded on their books.

The total cost of the combinations includes costs directly attributable to them amounting to €2.48 million in the concept of independent professionals, legal and financial advisory fees. Likewise, the said cost includes the amount of deferred payments.

From the date of acquisition, these investments have contributed €9.56 million to the Group's net profit.

In relation to the acquisition of the shareholding in GENEL SIGORTA, MAPFRE has granted the seller an irrevocable option to sell 20% of the shares not acquired in 2007 at the highest of the price of USD 1.3393 per share and market value. The option may not be exercised before the lapse of three years from the acquisition of 80% and, should it be exercised after the lapse of 5 years, the strike price would be market value. Likewise, the seller has granted MAPFRE an irrevocable purchase option over the said shares, in the described conditions. As at 31 December 2007, the fair value of the option is €19.39 million, which amount has been recorded under "Other financial liabilities".

Other business combinations with a lower cost, carried out during financial year 2007, were the merger between Mutua Valenciana Automovilista and MAPFRE AUTOMÓVILES and the acquisitions of shareholdings in IBERICAR, REAL PARAGUAYA DE SEGUROS, REAL URUGUAYA DE SEGUROS and LATINA SEGUROS Y REASEGUROS, among others (see Appendix 1).

## BUSINESS COMBINATIONS IN PROGRESS

### a) Acquisition of the insurance company COMMERCE

MAPFRE and the insurance company COMMERCE (leading entity in Massachusetts, USA) signed on 30 October 2007 a merger agreement whereby MAPFRE will acquire 100% in the said entity's shares for USD 2,207 million (€1,503 million).

The agreement provides for the merger between COMMERCE and a MAPFRE USA subsidiary. When it is carried out, COMMERCE's shareholders will receive USD 36.70 per share, which represents a premium of 22.5% with respect to the average market price of the shares during the 30 days prior to the signature of the agreement.

MAPFRE will pay the transaction in cash and plans to fund it via a capital increase of €500 million (USD 734 million), an issuance of debenture bonds or up to €800 million (USD 1,175 million) and own funds until completing the full amount. To that effect, MAPFRE has made a forward purchase of USD 2,205 million at a fixed exchange rate of USD 1.4684/€ and with maturity on 9 May 2008.

The acquisition is subject to the relevant legal authorisations and to its approval by shareholders owning at least two thirds in the shares representing the capital of COMMERCE. To that effect, this latter entity has convened a General Shareholders Meeting for 14th February 2008.

#### b) Agreement with Caja Duero

MAPFRE and Caja Duero signed on 17 January 2008 an agreement for the development, marketing and joint distribution of Life assurance policies and Pension Plans through the said savings bank's network. Pursuant to this agreement, Caja Duero and MAPFRE will share the ownership of Unión Duero Life y Duero Pensiones as to 50% each, with the transaction being valued at €130 million.

### 6.27. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been carried out in market conditions.

#### TRANSACTIONS WITH GROUP COMPANIES

The transactions carried out between Group companies, with a null effect on results as they have been eliminated in the consolidation process, are detailed below:

CONCEPT	EXPENSES		REVENUES	
	2007	2006	2007	2006
Received/provided services and other expenses/revenues	247.09	222.28	250.94	199.53
Expenses/revenues from investment property	16.54	0.77	17.78	5.22
Expenses/revenues from investments and financial accounts	21.64	16.31	29.63	9.35
Dividends paid out	—	—	577.48	341.25
<b>Total</b>	<b>285.27</b>	<b>239.36</b>	<b>875.83</b>	<b>555.35</b>

*Figures in million euros*

#### REINSURANCE AND COINSURANCE TRANSACTIONS

Reinsurance and coinsurance transactions carried out between companies of the consolidatable Group, which have been eliminated in the consolidation process, are shown below:

CONCEPT	AMOUNT	
	2007	2006
Ceded/accepted premiums	710.09	676.95
Claims	264.89	301.24
Variation in technical provisions	39.67	39.23
Commissions	158.45	171.68
Interests on deposits	—	0.90
Other technical revenues and expenses	—	3.35

*Figures in million euros*

The following tables detail the balances with reinsurers and ceding companies, deposits established and technical provisions on reinsurance transactions with companies of the consolidatable Group, which have been eliminated in the consolidation process.

CONCEPT	ACCEPTED REINSURANCE		CEDED REINSURANCE	
	2007	2006	2007	2006
Credits and debts	(99.81)	(79.02)	99.81	79.02
Deposits	162.16	173.62	(162.16)	(173.62)
Technical provisions	(717.41)	(581.19)	717.41	581.19
<b>Total</b>	<b>(655.06)</b>	<b>(486.59)</b>	<b>655.06</b>	<b>486.59</b>

Figures in million euros

### Remuneration of key managerial staff

The following table details the remuneration earned in the last two financial years by key managerial staff (understanding as such the members of the Board of Directors, of the Management Committee and of the Delegate Committees of the controlling Company):

CONCEPT	AMOUNT	
	2007	2006
Short term remuneration		
Salaries	6.13	4.49
Fixed allowances	1.57	1.26
Attendance fees	0.71	0.83
Life assurance	0.22	0.18
Other concepts	0.17	0.17
Post-employment remuneration		
Defined benefits	1.20	2.96
Defined contribution	0.32	0.05
Other long term remuneration	—	—
Redundancy payments	—	—
Share-based payments	0.11	—
<b>Total</b>	<b>10.43</b>	<b>9.94</b>

Figures in million euros

External directors' basic remuneration consists of a fixed annual allowance for their belonging to the Board of Directors, which amounted to €25,778 in 2006 and to €40,000 in 2007. The said amount rises by 50% for those directors fulfilling positions within the Board or chairing a Commission or Delegate Committee, there not being, however, cumulative increases when the same person fulfils more than one office. In addition, they benefit from a Life assurance policy with an insured capital of €150,253 and enjoy some of the benefits extended to staff, such as medical insurance.

External directors belonging to Commissions or Delegate Committees also receive an attendance allowance, which amounted to €2,625 in 2006 and in 2007 it has amounted to €4,000 for attending the Delegate Commission and €3,500 for attending other Committees.

Executive directors (understanding as such both the company's executives and those fulfilling executive offices in other MAPFRE GROUP entities) receive the remuneration established in their contracts, including fixed salary, bonuses with varying amounts linked to results, life and disability insurance, and other benefits generally established for the Entity's staff; in addition, certain pension complements have been acknowledged to them for the event of retirement, externalised through a life insurance policy, it all according to the remuneration policy established by the Group for its senior managerial staff, whether or not they are directors. Executive directors earn an allowance for their attending the Delegate Commission, which amounted to €4,000 in 2007 and €3,150 in 2006, as well as, when applicable, a fixed remuneration as Chairmen of the Territorial Board.

The basic remuneration package of external directors is approved by the General Shareholders Meeting at the proposal of the Board of Directors and pursuant to the report issued by the Nomination and Remuneration Committee. The remuneration of executive directors, attendance fees of the external members of Commissions and Delegate Committees and the fixed allowance for the chairmanship of Territorial Boards are approved by the Board of Directors, pursuant to the report issued by the said Committee.

## 6.28. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

### Strategic alliance between the MAPFRE and CAJA MADRID Groups

On 5 February 2008, the new Framework Agreement regulating MAPFRE's strategic alliance with CAJA MADRID has been entered into, and another agreement defining the transactions to be carried out for the reorganisation of the corporate shareholdings through which the alliance will materialise in the future, as follows:

- MAPFRE S.A. will take MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS S.A. over, with CAJA MADRID receiving in exchange 401,527,793 new shares in MAPFRE S.A., representing 15% of its capital.
- Through a capital increase, CAJA MADRID will acquire a 12.5% shareholding in MAPFRE INTERNACIONAL, and will purchase the 30% shareholding owned by MAPFRE in CAJA MADRID BOLSA, GESMADRID and CAJA MADRID PENSIONES.
- The company MAPFRE-CAJA MADRID VIDA will be created (51% MAPFRE and 49% CAJA MADRID), which will channel in the future the Life and Accidents business distributed by the CAJA MADRID network.

The agreed reorganisation aims to potentiating and strengthening the alliance between both Groups, after five years of fruitful cooperation, and to adapt it to the MAPFRE Group's new corporate structure; likewise, it intends to lay new grounds for its extension to other countries where both Groups are present.

### Transfer of VIAJES MAPFRE to CARLSON WAGONLIT TRAVEL

Last 18 January 2008, MAPFRE reached an agreement for the transfer of VIAJES MAPFRE, the company's travel agency, to Carlson Wagonlit Travel (CWT).

The transaction includes business trips, meeting and event activities and vacations in Spain. Pursuant to the agreement, Carlson Wagonlit Travel will operate under its own brand the client portfolio managed by VIAJES MAPFRE until present. Furthermore, the agreement entails the transfer of most of VIAJES MAPFRE employees to CWT's staff.

### MAPFRE FAMILIAR

On 25 January 2008, MAPFRE's governing bodies have approved the integration of MAPFRE AUTOMÓVILES, MAPFRE SEGUROS GENERALES and MAPFRE CAJA SALUD into a single company (MAPFRE FAMILIAR S.A.) that will operate in all the Non Life business aimed at private customers and small size, family-owned companies.

### MAPFRE EMPRESAS

Also on 25 January 2008, MAPFRE's governing bodies have approved the integration of MAPFRE AGROPECUARIA into MAPFRE EMPRESAS, subsequent to the transfer to MAPFRE FAMILIAR of the activities falling into the business lines developed by the latter.



## 7. Risk management

### RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES

MAPFRE has a Risk Management System (SGR) in place based on the integrated management of each and every one of the entity's business processes, and on the adaptation of the risk level to the established strategic objectives. The different types of risks have been grouped under four areas, or categories, as detailed below:

- Operational Risks
  - Includes twenty three types of risks grouped under the following areas: actuarial, legal, technology, staff, collaborators, procedures, reporting, fraud, market, and tangible assets.
- Financial Risks
  - Includes interest rate, liquidity, exchange rate, market and credit risks.
- Insurance Activity Risks
  - It groups, separately for Life and Non Life, risks arising from inadequacy of premiums, adequacy of technical provisions and reinsurance.
- Strategic and Corporate Governance Risks
  - Includes the corporate ethics and corporate governance risks, and risks on organisational structure, alliances, mergers and acquisitions, regulatory and, lastly, market and competition risks.

### CENTRALISATION OF THE RISK MANAGEMENT SYSTEM

The MAPFRE structure is based on Units and Operating Companies having a high degree of autonomy in their management. The Group's governance and management bodies approve the lines of action of the Units and Companies as regards risk management, and permanently supervise their risk exposures, through indicators and ratios. In addition, there are general action guidelines in order to mitigate risk exposure, such as maximum levels of equity investment or credit rating of reinsurers.

The Economic and Management Control Area, through the Risk Management, coordinates the activities related to the quantification of risks and, in particular, the implementation of capital models in the operating units, designed to comply with the future Solvency II requirements.

Operating Units have a Risk Coordinator, reporting to the Administration Management, for the implementation of risk policies and management in each unit. These activities are coordinated through a Monitoring Committee for the implementation of the Risk Quantification Models, which meets monthly. The degree of progress in projects and other significant aspects are reported to MAPFRE's Senior Management through the Audit Committee.

In general terms, decisions on the underwriting of insurable risks and reinsurance covers are highly decentralised in the Units. The aspects related to Operational Risk are supervised centrally, although their implementation and monitoring are delegated on the Units. The management of Strategic and Corporate Governance risks is highly centralised. Financial risks are managed centrally through the Group's Investment General Management.

### ESTIMATION OF RISKS AND CAPITALS

MAPFRE has in place an internal capitalisation and dividend policy aimed at providing the Units, rationally and objectively, with the required capital to meet the risks they have assumed. Risk estimation is made by means of a standard fixed factors model that quantifies financial risks, credit risks and insurance activity risks. This benchmark will be subsequently replaced with that of each Unit's own model. In addition, the level of capital allocated to each Unit will never be lower than the legally required minimum from time to time plus a margin of 10%.

Allocated capital is determined pursuant to an estimation based on the budgets for the following year and is revised at least once a year, depending upon the evolution of risks.

Certain units require a capitalisation level higher than that arising from the above described general rule, either because they operate in other countries with different legal requirements, or because they require a financial solvency rating inherent in higher capitalisation levels. In these cases, MAPFRE's Management Committee determines the capitalisation level on a case by case basis, or grants additional guarantees that strengthen the capitalisation levels paying attention to each unit's peculiarities.

## OPERATIONAL RISKS

The identification and assessment of Operational Risks are carried out by means of the computer application Riskm.p, developed by MAPFRE, which prepares the entities' Risk Maps.

The management model for this risk is based on a dynamic analysis by processes, in such a way that the managers of each area or department carry out an annual identification and assessment of the potential risks affecting the following processes: Product development, Underwriting, Claims / Benefits, Administrative Management, Marketing Activities, Human Resources, Commissions, Coinsurance / Reinsurance, Technical Provisions, Investments, IT Systems, and Client Service.

## FINANCIAL RISKS

MAPFRE's policy for mitigating its exposure to this type of risk is based on a prudent investment policy, with the portfolio being heavily weighted in fixed-income securities.

In the management of investment portfolios, differentiation is made between those seeking to match the obligations arising from insurance contracts and those subject to active management. The former minimise exchange rate risks as well as interest rate and other risks of variation in prices, while the latter maintain a management policy with a certain degree of market risk assumption, along the following lines:

- In the portfolios not covering long term liability commitments, the variable in the management of the interest rate risk is the modified duration; at present, the said magnitude must stand around 5%, with a maximum value of 7%.
- The general policy on exposure to exchange rate risk is to minimise this risk when arising from insurance activity and to maintain an exposure to exchange rate risk only in the concept of diversification of investments. In any case, exposure to this risk may not exceed 10% of investments.
- As regards other possible market risks of financial assets, not being due to changes in the exchange rate or the interest rate, the rule is that investments subject to these risks may not exceed 20% of investments. As regards investment in equities, which are the main financial asset subject to this risk, an adequate international diversification exists, which allows to reduce the risk subject to a specific market.
- Risk limitations are established in terms of quantitative variables that are easily observable. Nevertheless, risk analysis in probability terms is carried out, according to historical volatilities and correlations.

With respect to credit risk, MAPFRE's policy is based on prudence (issuer's solvency) and on the diversification of fixed income investments. Thus, the fixed income securities portfolio in Europe is divided, roughly, as to half in securities guaranteed by European Union Member States, and the other half in securities issued by corporations having high credit rating.

Both for fixed income and equity investments, diversification criteria are applied by activity sectors and maximum risk limits per issuer.

## INSURANCE ACTIVITY RISKS

The organisation of MAPFRE, based on Units and Companies specialising in various business lines, requires them to be highly autonomous in their business management, in particular in the underwriting of risks and tariff fixing, as well as the indemnities or provision of services in the case of occurrences. Premium adequacy is a particularly important element, and its determination is supported by reports from independent experts in the units or situations when circumstances make it thus advisable.

The handling of claim related benefits, as well as the adequacy of provisions, are basic principles of insurance activity. Technical provisions are estimated by the actuarial teams of the different Units and Companies, and their adequacy is ratified by reports from independent experts whenever required. The prevalence of the personal damages business line in MAPFRE, with very short times for the settlement of claims, as well as the scant importance of insured long-tail risks, such as asbestos or professional liability, are elements mitigating this type of risk.

MAPFRE's presence in countries with greater possibilities of occurrence of catastrophes (earthquakes, hurricanes, etc.) requires special treatment of this type of risks, which, considering their frequency and intensity, may give rise to volatility in results or need of additional capitals. The Units and Companies operating in this type of risks, essentially MAPFRE AMÉRICA and MAPFRE RE, count on expert reports on catastrophe exposure, generally prepared by independent experts, which estimate the impact on insured assets in the event of occurrence of catastrophes. This information allows underwriting catastrophic risks according to each entity's financial capabilities and, if applicable, taking reinsurance covers that may limit their impact on

equity. In this connection, it is important to highlight the contribution of MAPFRE RE, which provides the Group with its extensive experience in the catastrophic risk market.

In relation to reinsurance risk, MAPFRE's policy is to cede business to reinsurers with proven financial capacity (minimum A credit rating by Standard & Poor's)

## STRATEGIC AND CORPORATE GOVERNANCE RISKS

The ethical principles applied to corporate management have been a constant feature at MAPFRE and form part of its bylaws and of its day to day work. In order to standardise this corporate culture and adapt it to the legal governance and transparency requirements in management, MAPFRE's Management Bodies approved in 2005 a revised version of the Good Governance Code, initially implemented in 1999. The strict application of Good Corporate Governance principles is considered by MAPFRE as the most efficient way for mitigating this type of risks.

### A) INSURANCE RISK

#### 1. Sensitivity to insurance risk

The sensitivity to insurance risk measures the impact on economic capital of upward and downward fluctuations of the conditioning factors for the said risk (number of insured risks, value of average premium, frequency and cost of claims). A measure of sensitivity to the Non Life assurance risk is the impact that the variation of a percentage point in the combined ratio would have on the results of the year and, consequently, on equity. This information is detailed in the following table, together with the volatility index of the said ratio, calculated according to its standard deviation in a five-year time horizon.

CONCEPT	IMPACT ON RESULTS OF A 1% VARIATION IN THE COMBINED RATIO		INDEX OF VOLATILITY OF THE COMBINED RATIO
	2007	2006	
<b>Main activity in Spain</b>			
Motor	17.42	18.88	1.6%
General	7.53	6.71	3.8%
Commercial	3.37	3.12	3.1%
Health	2.97	2.40	2.3%
Agricultural	1.49	1.48	2.0%
<b>Main activity outside of Spain</b>			
America	14.49	12.18	0.8%
Reinsurance	6.33	5.57	3.1%
Assistance	1.91	1.87	2.1%
<b>Total</b>	<b>55.13</b>	<b>54.33</b>	<b>1.4%</b>

*Figures in million euros*

For the Life activity, the sensitivity level is shown according to the results from the calculation of the embedded value, which has been made pursuant to the principles and methodology laid down in the so-called "European Embedded Value". The embedded value is obtained by adding to the adjusted equity the present value of the future profits of the managed portfolio (Life and fund management) and deducting the present value of options and guarantees granted to policyholders and the cost of the required regulatory capital.

The methodology to calculate the embedded value is based on the assessment of each one of the risk components in isolation and differentiating between the existing portfolio and the business attracted during the year. The different components of the embedded value have been calculated as follows:

- Adjusted equity: it is calculated adjusting book equity for unrealised capital gains and losses, and decreasing its value in the amount of goodwill, deferred expenses and dividends approved but pending payment.
- Present value of the portfolio's future profits: it is calculated by discounting future profits after taxes of the policies portfolio at present value, and including an estimate of the value of profits in favour of insured parties.

- Present value of the options and guarantees granted to policyholders: it includes the value of the options and guarantees that may be demanded by the insured parties, its estimation depending on the value of the financial variables from time to time. Its estimation is made by simulating the economic scenarios consistent with different market situations.
- Cost of required capital: it is an estimate of the financial cost necessary to cover the estimated risks of the policies portfolio.

Furthermore, the main assumptions used were as follows:

- Discount and reinvestment rates: based on the Euroswap rate curve zero coupon at year end.
- Internal management expenses: updated on the basis of an inflation rate of 2.5%.
- Technical variables (commissions, mortality, return on products...): on the basis of data and the entity's own experience.
- Tax rate: 32.5% in financial year 2007 and 30% in financial year 2008 and beyond.

The following table details the composition of MAPFRE VIDA's embedded value (figures for 2007 are not available at the date of drafting the consolidated annual accounts):

CONCEPT	2006	2005	% VARIATION
Adjusted equity	525.2	476.1	10.3%
Present value of future profits	1,245.2	1,028.8	21.0%
Present value of options and guarantees granted to policyholders	(84.9)	(74.8)	13.5%
Cost of required regulatory capital	(111.3)	(116.1)	(4.1)%
<b>Total embedded value</b>	<b>1,574.2</b>	<b>1,314.0</b>	<b>19.8%</b>

*Figures in million euros*

The main result of the sensitivity analysis of the calculation of embedded value in 2006 is as follows:

- An increase of 100 basis points in the discount rate, maintaining as constant the rates of financial return on investments, would give rise to a reduction in embedded value of €117.0 million.
- A decrease of 100 basis points in the rates of financial return on new investments, maintaining a constant discount rate, would give rise to a reduction in embedded value of €155.2 million.

The embedded value of BANKINTER VIDA and CCM VIDA Y PENSIONES, companies that became part of the consolidation perimeter in financial year 2007 and that are managed by the Life Unit, is not significant in relation to MAPFRE VIDA's figures.

The entities having their main activity outside of Spain and operating in the Life line essentially operate in risk modalities, albeit their volumes are not significant. The most important market is Brazil, a country where the Life business mainly focused on collective insurance covering death as guarantee in hire purchases of consumer products. The cover period of these products is short (in most cases below 18 months), therefore it is not considered significant as regards calculation of the embedded value.

## 2. Concentration of insurance risk

MAPFRE has carried out a policy of insurance risk diversification operating in virtually all insurance lines in Spain and extending its scope of action to the international markets, mainly in Latin American countries.

The Group has in place internal control mechanisms or procedures allowing it to identify all types of concentration of the insurance risk.

It is usual practice to use reinsurance contracts as an element that mitigates the insurance risk arising from concentration or accumulation of guarantees exceeding the maximum acceptance levels.

## 2.a) Premium income per risk

The following tables show written and accepted premiums classified according to the business risk for the last two financial years:

### Financial Year 2007

CONCEPT	ACCEPTED REINSURANCE				DIRECT INSURANCE				
					OTHER RISKS				
	NON LIFE				NON LIFE				
	LIFE	CAT RISK	OTHER RISKS	TOTAL	CAT RISK	LIFE	MOTOR	OTHERS	TOTAL
Written premiums direct insurance	—	—	—	—	5.92	2,926.25	3,649.19	4,411.38	10,992.74
Accepted reinsurance premiums	123.22	316.51	878.00	1,317.73	—	—	—	—	—

Figures in million euros

### Financial Year 2006

CONCEPT	ACCEPTED REINSURANCE				DIRECT INSURANCE				
					OTHER RISKS				
	NON LIFE				NON LIFE				
	LIFE	CAT RISK	OTHER RISKS	TOTAL	CAT RISK	LIFE	MOTOR	OTHERS	TOTAL
Written premiums direct insurance	—	—	—	—	6.89	2,400.95	3,338.74	4,035.05	9,781.63
Accepted reinsurance premiums	79.52	305.23	766.21	1,150.96	—	—	—	—	—

Figures in million euros

## 2.b) Premium income per geographical area

The following tables show written and accepted premiums corresponding to direct insurance and accepted reinsurance per geographical areas in the last two years:

### Financial Year 2007

GEOGRAPHICAL AREA	DIRECT INSURANCE			REINSURANCE	TOTAL
	LIFE	MOTOR	OTHERS NON LIFE		
Spain	2,256.28	2,624.65	3,137.35	127.36	8,145.64
Other EU countries	40.16	14.15	93.44	434.76	582.51
America	547.06	979.83	1,351.38	373.84	3,252.11
Rest of the world	82.75	36.35	46.17	164.94	330.21
Total	2,926.25	3,654.98	4,628.34	1,100.90	12,310.47

Figures in million euros

### Financial Year 2006

GEOGRAPHICAL AREA	DIRECT INSURANCE			REINSURANCE	TOTAL
	LIFE	MOTOR	OTHERS NON LIFE		
Spain	1,853.74	2,518.47	2,856.75	75.43	7,304.39
Other EU countries	43.51	—	181.13	401.86	626.50
America	503.70	836.67	1,156.24	345.77	2,842.38
Rest of the world	—	11.08	7.45	140.79	159.32
Total	2,400.95	3,366.22	4,201.57	963.85	10,932.59

Figures in million euros

### 2.c) Premium income per geographical area

The following tables show written and accepted premiums corresponding to direct insurance and accepted reinsurance per geographical areas in the last two years.

CURRENCY	FINANCIAL YEAR	
	2007	2006
Euro	7,940.68	7,241.36
US Dollar	291.63	287.04
Brazilian Real	1,190.82	959.55
Mexican Peso	387.56	310.93
Argentinean Peso	310.85	275.73
Bolívar venezolano	306.27	296.53
Venezuelan Bolivar	564.93	410.49
<b>Total</b>	<b>10,992.74</b>	<b>9,781.63</b>

*Figures in million euros*

### 3. Claims

Note 6.15 of the "Technical Provisions" section 3.4 offers information on the evolution of claims.

#### B) CREDIT RISK

##### 1. Credit risk arising from insurance contracts

The following table shows the maximum level of exposure to credit risk and the credit rating of reinsurers in the last two years:

CEDED AND RETROCEDED REINSURANCE	BOOK VALUE	
	2007	2006
Provision for Life Assurance	44.74	68.32
Provision for claims	1,454.94	1,102.85
Other technical provisions	0.12	0.09
Credits on ceded and retroceded reinsurance transactions	76.68	88.96
Debts on ceded and retroceded reinsurance transactions	(176.31)	(194.33)
<b>Total net exposure</b>	<b>1,400.17</b>	<b>1,065.89</b>

*Figures in million euros*

CREDIT RATING OF REINSURERS	BOOK VALUE	
	2007	2006
AAA	139.01	356.81
AA	220.62	135.14
A	302.48	254.66
BBB	381.65	6.48
BB or lower	109.68	0.05
Without credit rating	246.73	312.75
<b>Total net position</b>	<b>1,400.17</b>	<b>1,065.89</b>

*Figures in million euros*

The following table details the type of security granted by reinsurers in the last two financial years:

TYPE OF SECURITY	AMOUNT	
	2007	2006
Letters of credit	—	—
Guarantees	—	—
Pledge of assets	—	—
Other guarantees	2.75	—
<b>Total</b>	<b>2.75</b>	<b>—</b>

Figures in million euros

The balances corresponding to credits from direct insurance and coinsurance transactions amount to €2,138.68 million and €1,828.62 million as at 31 December 2007 and 2006, respectively. The estimated impairment is shown in the income statement as stated under accounting policy 5.10).

## 2. Credit risk arising from other financial instruments

The credit rating during the last two years of issuers of fixed-income instruments is shown below:

CREDIT RATING OF ISSUERS	BOOK VALUE					
	PORTFOLIO HELD TO MATURITY		PORTFOLIO AVAILABLE FOR SALE		TRADING PORTFOLIO	
	2007	2006	2007	2006	2007	2006
AAA	536.89	547.42	7,129.99	6,419.09	848.29	982.10
AA	59.23	17.16	9,200.27	9,140.08	105.59	83.87
A	19.06	18.53	3,123.93	2,296.45	35.89	30.38
BBB	60.95	2.65	201.42	130.96	41.50	—
BB or lower	22.88	56.40	192.33	192.51	53.56	—
Without credit rating	16.84	27.62	85.32	224.03	30.26	—
<b>Total</b>	<b>715.85</b>	<b>669.78</b>	<b>19,933.26</b>	<b>18,403.12</b>	<b>1,115.09</b>	<b>1,096.35</b>

Figures in million euros

### 3. Financial assets in default

The following table shows the age of fixed-income securities in default in the last two years.

AGE	2007	2006
Between 1 and 3 months	24.02	2.17
Between 3 and 6 months	1.62	—
Between 6 and 9 months	5.84	—
Between 9 and 12 months	3.83	—
Between 12 and 24 months	11.20	—
Over 24 months	4.59	—
<b>Total</b>	<b>51.10</b>	<b>2.17</b>

Figures in million euros

### 4. Credits and receivables

The following table shows the composition of the credits and receivables heading as at 31 December 2007 and 2006, as well as impairment losses, gains on reversal of impairment, and the amount of the guarantees received in the last two years:

CONCEPT	NET BALANCE IN THE BOOKS		IMPAIRMENT				GUARANTEES RECEIVED	
	2007	2006	RECORDED LOSSES		GAINS FROM REVERSAL		2007	2006
			2007	2006	2007	2006		
Credits on direct insurance and coinsurance transactions	2,138.68	1,828.62	—	—	—	—	—	—
Credit on reinsurance transactions	252.23	292.62	(0.66)	0.01	—	0.01	—	—
Tax credits	204.54	152.09	—	—	—	—	—	—
Corporate and other credits	276.02	231.65	—	0.02	—	—	—	10.73
<b>Total</b>	<b>2,871.47</b>	<b>2,504.98</b>	<b>(0.66)</b>	<b>0.03</b>	<b>—</b>	<b>0.01</b>	<b>—</b>	<b>10.73</b>

Figures in million euros

### C) LIQUIDITY RISK

As regards liquidity risk, MAPFRE's policy is based on maintaining cash balances sufficient to cover any contingency arising from its obligations vis-à-vis insured parties. Thus, as at 31 December 2007, the cash and cash equivalent balance amounted to €1,639.40 million (€1,422.25 million in the preceding year), equivalent to 6.18% of total financial investments and cash. On the other hand, as regards life and savings insurance, the investment policy preferably applied consists of matching the maturities of investments with obligations entered into in insurance contracts, in order to mitigate the risk exposure. In addition, most fixed-income investments are traded in organised markets, this providing a large capacity of action in view of potential liquidity strains.

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

Lastly, MAPFRE's leverage as regards its shareholders equity allows to obtain immediate additional liquidity through financing transactions that are offered on an on-going basis by various financial institutions.



## 1. Liquidity risk arising from insurance contracts

The detail of the estimate timetable of cash outflows from insurance liabilities recorded as at 31 December 2007 is as follows.

CONCEPT	CASH OUTFLOWS ESTIMATED IN YEAR							CLOSING BALANCE
	2008	2009	2010	2011	2012	2013 TO 2017	BEYOND	
Provision for unearned premiums/risks in progress	3,631.35	229.87	104.56	73.33	55.52	179.24	33.76	4,307.63
Provision for Life assurance	2,093.46	1,634.23	1,328.12	1,101.74	1,014.77	3,893.31	5,156.28	16,221.91
Provision for claims	3,326.84	976.35	368.57	239.55	172.98	364.51	26.86	5,475.66
Other technical provisions	49.56	8.66	8.44	8.41	8.42	35.80	294.94	414.23
Due on direct insurance and reinsurance transactions	564.04	7.42	2.14	2.23	1.54	0.75	3.10	581.22
Due on reinsurance transactions	233.73	—	—	—	—	—	—	233.73
<b>Total</b>	<b>9,898.98</b>	<b>2,856.53</b>	<b>1,811.83</b>	<b>1,425.26</b>	<b>1,253.23</b>	<b>4,473.61</b>	<b>5,514.94</b>	<b>27,234.38</b>

Figures in million euros

## 2. Liquidity risk arising from financial liabilities

The detail in the last two years of financial liabilities grouped by maturity is as follows:

### Financial Year 2007

CONCEPT	MATURITY IN:							CLOSING BALANCE
	2008	2009	2010	2011	2012	BEYOND		
Subordinated liabilities	39.19	37.06	35.04	33.13	31.32	543.85	719.59	
Issuance of debentures and other negotiable securities	16.16	15.47	14.80	258.52	—	—	304.95	
Due to credit institutions	215.07	209.85	29.11	4.71	4.25	31.55	494.54	
Other financial liabilities	391.62	184.87	—	—	—	—	576.49	
<b>Total</b>	<b>662.04</b>	<b>447.25</b>	<b>78.95</b>	<b>296.36</b>	<b>35.57</b>	<b>575.40</b>	<b>2,095.57</b>	

Figures in million euros

### Financial Year 2006

CONCEPTO	MATURITY IN:							CLOSING BALANCE
	2008	2009	2010	2011	2012	BEYOND		
Subordinated liabilities	—	—	—	—	—	—	—	
Issuance of debentures and other negotiable securities	16.16	15.45	14.77	14.11	237.54	—	298.03	
Due to credit institutions	302.75	73.60	99.65	4.83	29.81	—	510.64	
Other financial liabilities	325.15	213.72	189.09	—	—	—	727.96	
<b>Total</b>	<b>644.06</b>	<b>302.77</b>	<b>303.51</b>	<b>18.94</b>	<b>267.35</b>	<b>—</b>	<b>1,563.63</b>	

Figures in million euros

**D) MARKET RISK**

MAPFRE's General Investment Management regularly carries out an analysis of sensitivity to financial risk. Among others, the most usual indicators are the modified duration, for fixed-income securities, and the Value at Risk for equity instruments.

**1. Interest rate risk**

The following tables detail the significant information for the last two years regarding the level of exposure to the interest rate risk of financial assets and liabilities:

PORTFOLIO	AMOUNT OF ASSETS EXPOSED TO INTEREST RATE RISK IN:					
	FAIR VALUE (FIXED INTEREST RATE)		NOT EXPOSED TO RISK		TOTAL	
	2007	2006	2007	2006	2007	2006
Held to maturity	811.75	730.13	298.39	124.84	1,110.14	854.97
Available for sale	19,468.51	19,384.87	3,088.87	1,386.03	22,557.38	20,770.90
Trading	1,158.40	1,127.65	56.45	120.44	1,214.85	1,248.09
<b>Total</b>	<b>21,438.66</b>	<b>21,242.65</b>	<b>3,443.71</b>	<b>1,631.31</b>	<b>24,882.37</b>	<b>22,873.96</b>

Figures in million euros

CONCEPT	AMOUNT OF LIABILITIES EXPOSED TO INTEREST RATE RISK IN:					
	FAIR VALUE (FIXED INTEREST RATE)		NOT EXPOSED TO RISK		TOTAL	
	2007	2006	2007	2006	2007	2006
Subordinated liabilities	719.59	—	—	—	719.59	—
Issuance of debentures and other negotiable securities	304.95	298.03	—	—	304.95	298.03
Due to credit institutions	64.46	65.97	430.08	444.67	494.54	510.64
Other financial liabilities	576.49	727.89	—	0.07	576.49	727.96
<b>Total</b>	<b>1,665.49</b>	<b>1,091.89</b>	<b>430.08</b>	<b>444.74</b>	<b>2,095.57</b>	<b>1,536.63</b>

Figures in million euros

The following tables show, for years 2007 and 2006, the maturities, average interest rate and modified duration of financial investments:

### 31 December 2007

CONCEPT	CLOSING BALANCE	MATURITY IN:						AVERAGE INTEREST RATE %	MODIFIED DURATION %
		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	BEYOND OR UNDATED		
<b>PORTFOLIO HELD TO MATURITY</b>									
Fixed-income securities	715.85	198.41	18.90	53.33	16.93	75.14	353.14	6.74	5.23
Other investments	394.29	387.02	7.00	0.27	—	—	—	7.82	—
<b>Total portfolio held to maturity</b>	<b>1,110.14</b>	<b>585.43</b>	<b>25.90</b>	<b>53.60</b>	<b>16.93</b>	<b>75.14</b>	<b>353.14</b>	<b>—</b>	<b>—</b>
<b>PORTFOLIO AVAILABLE FOR SALE</b>									
Fixed-income securities	19,933.26	2,162.98	1,889.74	1,657.74	1,627.23	1,290.50	11,305.07	4.82	5.74
Other investments	229.79	229.79	—	—	—	—	—	12.43	—
<b>Total portfolio available for sale</b>	<b>20,163.05</b>	<b>2,392.77</b>	<b>1,889.74</b>	<b>1,657.74</b>	<b>1,627.23</b>	<b>1,290.50</b>	<b>11,305.07</b>	<b>—</b>	<b>—</b>
<b>TRADING PORTFOLIO</b>									
Forward exchange contracts	5.54	5.54	—	—	—	—	—	—	—
Fixed-income securities	1,115.09	783.61	79.81	59.67	39.85	16.76	135.39	7.94	1.02
Others	41.43	40.08	1.35	—	—	—	—	5.41	—
<b>Total trading portfolio</b>	<b>1,162.06</b>	<b>829.23</b>	<b>81.16</b>	<b>59.67</b>	<b>39.85</b>	<b>16.76</b>	<b>135.39</b>	<b>—</b>	<b>—</b>

Figures in million euros

### 31 December 2006

CONCEPT	CLOSING BALANCE	MATURITY IN:						AVERAGE INTEREST RATE %	MODIFIED DURATION %
		1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	BEYOND OR UNDATED		
<b>PORTFOLIO HELD TO MATURITY</b>									
Fixed-income securities	669.78	87.02	14.69	18.57	39.52	14.92	495.06	6.86	3.42
Other investments	185.19	167.54	9.05	4.89	—	—	3.71	3.82	—
<b>Total portfolio held to maturity</b>	<b>854.97</b>	<b>254.56</b>	<b>23.74</b>	<b>23.46</b>	<b>39.52</b>	<b>14.92</b>	<b>498.77</b>	<b>—</b>	<b>—</b>
<b>PORTFOLIO AVAILABLE FOR SALE</b>									
Fixed-income securities	18,403.12	1,576.64	1,554.04	1,655.20	937.42	1,083.81	11,596.01	4.26	6.91
Other investments	130.12	130.12	—	—	—	—	—	3.99	—
<b>Total portfolio available for sale</b>	<b>18,533.24</b>	<b>1,706.76</b>	<b>1,554.04</b>	<b>1,655.20</b>	<b>937.42</b>	<b>1,083.81</b>	<b>11,596.01</b>	<b>—</b>	<b>—</b>
<b>TRADING PORTFOLIO</b>									
Forward exchange contracts	0.05	—	—	—	—	—	0.05	—	—
Fixed-income securities	1,096.35	893.75	36.78	17.01	19.09	16.79	112.93	8.29	0.91
Others	56.55	56.55	—	—	—	—	—	4.75	—
<b>Total trading portfolio</b>	<b>1,152.95</b>	<b>950.30</b>	<b>36.78</b>	<b>17.01</b>	<b>19.09</b>	<b>16.79</b>	<b>112.98</b>	<b>—</b>	<b>—</b>

Figures in million euros

The modified duration shows the sensitivity of the value of the assets to changes in interest rates and represents an approach to the value of the percentage variation in the value of financial assets per each percentage point of variation in interest rates. For its calculation, the percentage variation of each financial asset is weighted according to its market value.

Balances included in the heading "Credits" of the balance sheet assets and under "Due on direct insurance and coinsurance operations", "Due on reinsurance operations", "Tax payable" and "Other debts" of the balance sheet liabilities do not accrue interest and, generally, they are settled within the following financial year. Liabilities with maturities exceeding one year are detailed in the section "Liquidity risk arising from financial liabilities".

## 2. Exchange rate risk

Exchange rate risk arising from insurance contracts

The following table provides a breakdown of financial investments arising from insurance contracts paying attention to the currencies in which they are denominated at the closing of the last two financial years.

CURRENCY	BOOK VALUE							
	PORTFOLIO HELD TO MATURITY		PORTFOLIO AVAILABLE FOR SALE		TRADING PORTFOLIO		TOTAL	
	2007	2006	2007	2006	2007	2006	2007	2006
Euro	189.30	116.98	21,290.76	19,711.64	193.80	618.19	21,673.86	20,446.81
US Dollar	306.80	313.54	718.25	652.91	63.35	45.34	1,088.40	1,011.79
Mexican Peso	49.06	52.65	12.93	10.84	168.09	156.74	230.08	220.23
Brazilian Real	324.17	272.59	30.71	19.78	652.69	309.68	1,007.57	602.05
Turkish Lira	114.37	—	79.47	—	—	—	193.84	—
Chilean Peso	9.68	9.36	113.06	123.92	11.93	11.31	134.67	144.59
Venezuelan Bolivar	0.38	3.74	118.68	124.61	0.05	0.06	119.11	128.41
Argentinean Peso	—	—	0.21	—	86.84	80.91	87.05	80.91
Colombian Peso	73.27	54.49	12.28	9.20	19.27	12.00	104.82	75.69
Pound Sterling	18.15	3.55	25.18	27.92	1.94	5.87	45.27	37.34
Canadian Dollar	—	0.66	24.84	21.58	—	—	24.84	22.24
Peruvian Sol	4.97	2.81	12.44	11.38	8.68	2.95	26.09	17.14
Otras monedas	19.99	24.60	118.57	57.12	8.21	5.04	146.77	86.76
<b>Total</b>	<b>1,110.14</b>	<b>854.97</b>	<b>22,557.38</b>	<b>20,770.90</b>	<b>1,214.85</b>	<b>1,248.09</b>	<b>24,882.37</b>	<b>22,873.96</b>

Figures in million euros

The following table provides a breakdown of financial liabilities arising from insurance contracts, paying attention to the currencies in which they are denominated, at the closing of the last two financial years.

CURRENCY	TECHNICAL PROVISIONS					
	DIRECT AND ACCEPTED INSURANCE (1)		CEDED AND RETROCEDED INSURANCE (2)		NET TOTAL (1-2)	
	2007	2006	2007	2006	2007	2006
Euro	22,887.61	21,214.80	1,464.40	1,406.94	21,423.21	19,807.86
US Dollar	764.82	718.92	188.96	137.26	575.86	581.66
Mexican Peso	212.75	188.30	15.55	—	197.20	188.30
Brazilian Real	978.79	638.12	97.18	48.58	881.61	589.54
Turkish Lira	225.56	—	41.57	—	183.99	—
Chilean Peso	335.66	289.80	161.98	124.85	173.68	164.95
Venezuelan Bolivar	183.83	164.18	10.92	6.51	172.91	157.67
Argentinean Peso	227.48	158.99	87.92	27.54	139.56	131.45
Colombian Peso	182.78	109.97	48.83	34.53	133.95	75.44
Pound Sterling	126.20	70.06	5.63	3.48	120.57	66.58
Canadian Dollar	7.64	3.48	0.45	—	7.19	3.48
Philippine Peso	21.06	19.34	7.41	6.66	13.65	12.68
Peruvian Sol	26.01	17.96	3.28	0.88	22.73	17.08
Other currencies	239.24	177.62	12.00	7.21	227.24	170.41
<b>Total</b>	<b>26,419.43</b>	<b>23,771.54</b>	<b>2,146.08</b>	<b>1,804.44</b>	<b>24,273.35</b>	<b>21,967.10</b>

Figures in million euros

### Exchange rate risk from other financial instruments

A detail is provided below of the currencies in which subordinated and financial liabilities are instrumented in the last two years:

CURRENCY	FINANCIAL YEAR	
	2007	2006
Euro	2,043.12	1,492.29
US Dollar	39.24	29.18
Other currencies	13.21	15.16
<b>Total</b>	<b>2,095.57</b>	<b>1,536.63</b>

Figures in million euros

### 3. Market risk

The following table shows the book value of equity securities and trust funds exposed to market risk and the Value at Risk (VaR) (maximum variation expected over a one year time horizon and for a 99% confidence level):

PORTFOLIO	BOOK VALUE	VAR
Available for sale	2,394.33	293.7
Trading	52.79	—
<b>Total</b>	<b>2,447.12</b>	<b>293.7</b>

Figures in million euros

### 4. Property risk

MAPFRE has property assets representing approximately 6.25% of total investments and cash, of which approximately 55.05% corresponds to own offices. The said assets meet the double function of being an administration and sales support, as well as generating financial revenues and diversifying investments. The breakdown of the said property is shown below:

CONCEPT	NET BOOK VALUE		MARKET VALUE	
	2007	2006	2007	2006
Investment property	791.34	783.48	1,545.15	1,259.11
Property for own use	969.03	804.02	1,619.00	1,221.67
<b>Total</b>	<b>1,760.37</b>	<b>1,587.50</b>	<b>3,164.15</b>	<b>2,480.78</b>

Figures in million euros

Unrealised property gains would offset a fall in the price of properties equivalent to approximately 44.37% of their market value.

## 8. Other information

### 8.1. DETAILS RELATING TO THE BOARD OF DIRECTORS

During the year, the controlling Company's directors did not carry out any transaction with the controlling Company itself or with any other Group company outside the scope of the companies' ordinary trading activities, nor under non market conditions.

In addition, the controlling Company's directors do not hold stakes in the capital of companies having the same, similar or complementary nature of activity to that of the controlling Company, nor carry out, either on their own account or on behalf of third parties, the same, similar or complementary activity to that of the Group companies' corporate object, with the following exceptions:

DIRECTOR	COMPANY	NUMBER OF SHARES/ STOCKS	OFFICE/POSITION
Mr. Alberto Manzano Martos	ACS	780	—
	ALLIANZ	50	—
	BBVA	3,130	—
	BNP PARIBAS	550	—
	Banco Español de Crédito	3,399	—
	Fomento de Construcciones y Contratas	565	—
	ING Groep	1,238	—
	Banco Popular Español	4,350	—
Mr. Domingo Sugranyes Bickel	Banco Santander	3,250	—
	Münchener Ruck	67	—
	Aegon NV	325	—
	Axa	142	—
	Fortis	200	—
	ING	440	—
	Cattólica Assicurazioni	100	Director
	BBVA	390	—
	BNP	105	—
	Banco Popular Español	563	—
Mr. Antonio Miguel-Romero Olano	Banco Santander	210	—
	Banco Santander	88	—
	Société Générale	—	Director (authorised by MAPFRE S.A.)
Mr. Antonio Miguel-Romero Olano	Middlesea Insurance, plc, Malta	—	Director (authorised by MAPFRE S.A.)
	Banco Santander	133	—
Mr. Francisco Vallejo Vallejo	BBVA	870	—
	Banco Urquijo, SBP, S.A.	—	Chairman
	Bancsabadell Vida	—	Director
	Bancsabadell Pensiones	—	Director
Mr. Antonio Huertas Mejias	Bancsabadell Seguros Generales	—	Director
	Automoción Peninsular Inmuebles, S.A.	—	Director (authorised by MAPFRE AUTOMOVILES)
	Ibericar, Sociedad Iberica del Automóvil, S.A.	—	Director (authorised by MAPFRE AUTOMOVILES)
	Layna Inversiones, S.L.	—	Director (authorised by MAPFRE AUTOMOVILES)

The following table details the shares in MAPFRE S.A. held by the controlling Company's directors, as well as the boards of directors of MAPFRE GROUP entities of which they are members.

<b>MAPFRE GROUP</b>		
<b>DIRECTOR</b>	<b>ENTITIES WHERE THEY FORM PART OF THE BOARD OF DIRECTORS</b>	<b>NUMBER OF SHARES IN MAPFRE S.A.</b>
Mr. Domingo Sugranyes Bickel	CARTERA MAPFRE; MAPFRE-CAJA MADRID HOLDING; MAPFRE CAJA SALUD; MAPFRE RE; MAPFRE AMÉRICA; MAPFRE AMÉRICA VIDA; MAPFRE ASISTENCIA; MAPFRE INMUEBLES; MAPFRE INSULAR; MAPFRE QUAVITAE; MAPFRE INVERSIÓN DOS; MAPFRE INTERNACIONAL; MAPFRE VIDA PENSIONES	50,023
Mr. Francisco Ruiz Risueño	MAPFRE VIDA; MAPFRE RE; MAPFRE AUTOMÓVILES; CCM VIDA Y PENSIONES	73
Mr. Santiago Gayarre Bermejo	CARTERA MAPFRE; MAPFRE VIDA; BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE	23
Mr. Agustín Rodríguez García	MAPFRE RE; MAPFRE ASISTENCIA	2,023
Mr. Luis Hernando de Larramendi Martínez	MAPFRE VIDA; MAPFRE INTERNACIONAL	546
Mr. Antonio Huertas Mejías	MAPFRE AUTOMÓVILES; MAPFRE SEGUROS GENERALES; MAPFRE RENTING DE VEHÍCULOS; CLUB MAPFRE; MAPFRE MULTICENTRO; EDITORIAL MAPFRE; BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE; MAPFRE SEGUROS GERAIS; NUEVO MULTICENTRO; MAPFRE CAJA SALUD; MAPFRE-CAJA MADRID HOLDING; MAPFRE INTERNACIONAL; MAPFRE VIDA; PUERTA DE ALCORCÓN 12; MAPFRE AGROPECUARIA; MAPFRE GUANARTEME	35,023
Mr. Manuel Jesús Lagares Calvo	MAPFRE VIDA; MAPFRE INVERSIÓN SOCIEDAD DE VALORES.	16,000
Mr. Alberto Manzano Martos	CARTERA MAPFRE; MAPFRE-CAJA MADRID HOLDING; MAPFRE VIDA; MAPFRE INMUEBLES; MAPFRE INVERSIÓN SOCIEDAD DE VALORES	16,000
Mr. José Manuel Martínez Martínez	CARTERA MAPFRE	65,000
Mr. Antonio Miguel-Romero de Olano	MAPFRE INMUEBLES; MAPFRE VIDA; MAPFRE- CAJA MADRID HOLDING; MAPFRE ASISTENCIA; MAPFRE QUAVITAE	1,980
Mr. Filomeno Mira Candel	CARTERA MAPFRE; MAPFRE VIDA; MAPFRE-CAJA MADRID HOLDING; MAPFRE EMPRESAS; MAPFRE CAUCIÓN Y CRÉDITO	35,000
Mr. Alfonso Rebuelta Badías	MAPFRE AMÉRICA; MAPFRE AMÉRICA VIDA; BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE; MAPFRE EMPRESAS; MAPFRE INTERNACIONAL	46
Mr. Sebastián Homet Duprá	MAPFRE AMÉRICA VIDA; MAPFRE AMÉRICA; MAPFRE CAJA SALUD	-
Mr. José Manuel González Porro	CARTERA MAPFRE; MAPFRE INMUEBLES; CONSTITUCIÓN Y LEYES	100,000
Mr. Rafael Márquez Osorio	MAPFRE AMÉRICA; MAPFRE AMÉRICA VIDA	-
Mr. Andrés Jiménez Herradón	MAPFRE RE; MAPFRE AMÉRICA; MAPFRE AMÉRICA VIDA; MAPFRE INTERNACIONAL; MAPFRE AUTOMÓVILES	11,873
Mr. Matías Salvá Benassar	MAPFRE SEGUROS GENERALES; MAPFRE RE; MAPFRE EMPRESAS	249,030
Mrs. M <sup>a</sup> . Francisca Martín Tabernero	MAPFRE VIDA	23
Mr. Rafael Fontoira Suris	MAPFRE INMUEBLES; MAPFRE VIDA	23
Mr. Rafael Beca Borrego	MAPFRE SEGUROS GENERALES; MAPFRE AMÉRICA; MAPFRE AMÉRICA VIDA.	174,184
Mr. Francisco Vallejo Vallejo	MAPFRE SEGUROS GENERALES	35,023
Mr. Luis Iturbe Sanz de Madrid	-	30,000

## 8.2. EXTERNAL AUDITORS' FEES

The annual accounts of the MAPFRE GROUP and the main companies forming part of it, for financial year 2007, have been audited by the firm Ernst & Young, except for those based in Mexico, which are audited by Deloitte, in El Salvador, which are audited by BDO, and in the Dominican Republic, which are audited by PriceWaterhouseCoopers. The fees accrued in favour of External Auditors in the said financial year for their account auditing services amount to €4,365,892, of which €3,999,179 correspond to the main auditors. Furthermore, there is an additional amount of €509,354 in favour of the main auditor in the concept of audit related services and €435,262 accrued for other complementary services provided by them, which figures are not considered to jeopardise the independence of auditors.

## 8.3. ENVIRONMENTAL ISSUES

The Group companies do not have any environmental related item that might be significant or specifically included in the present consolidated financial statements.

## 8.4. ADDITIONAL NOTE FOR 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 annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

## 9. ADDITIONAL NOTE FOR 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.





## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>AUTOMÓVIL</b>				
MAPFRE AUTOMÓVILES S.A. DE SEGUROS Y REASEGUROS	Ctra. Pozuelo, 52 (Majadahonda) Spain	28.14%	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE, S.A.</li> <li>• CARTERA MAPFRE</li> <li>• MAPFRE AGROPECUARIA</li> </ul>
MAPFRE RENTING DE VEHICULOS S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	32.50%	Financial	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• MAPFRE S.A.</li> </ul>
CLUB MAPFRE S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	32.50%	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• MAPFRE RENTING</li> </ul>
CENTRO DE EXPERIMENTACIÓN Y SEGURIDAD VIAL MAPFRE S.A.	Ctra. Valladolid, km 1 (Ávila) Spain	32.50%	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• MAPFRE S.A.</li> </ul>
MAPFRE MULTICENTRO DEL AUTOMÓVIL S.A.	Crta. De Pamplona a Zaragoza, Polígono Ind. Cordovilla (Navarra) Spain	-	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
MULTISERVICAR CENTRO S.A.	Crta. Antigua de Ajalvir s/n (Alcalá de Henares) Madrid - Spain	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• CESVIMAP</li> </ul>
MULTISERVICAR ASTURIAS S.A.	C/ Gil de Jaz, 10 (Oviedo) Spain	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• CESVIMAP</li> </ul>
MULTISERVICAR AVILA S.A.	Crta de Valladolid km 1 (Ávila) Spain	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• CESVIMAP</li> </ul>
MULTISERVICAR MAJADAHONDA S.A.	C/ Arcipreste de Hita, 4 (Majadahonda) Spain	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• CESVIMAP</li> </ul>
CESVI FRANCE S.A.S.	Zone d'Activite Industriel Chalembert, Rue Evariste Gallois, 86130, Jaunay-Clan Poitiers (France)	-	Studies for optimising motor insurance tariffs	<ul style="list-style-type: none"> <li>• CESVIMAP</li> </ul>
CESVI ARGENTINA S.A.	C/ 9 y 17. Parque Ind.Pilar- Buenos Aires (Argentina)	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE ARGENTINA SEGUROS</li> <li>• MAPFRE AUTOMÓVILES</li> </ul>
CESVI BRASIL S.A. CENTRO DE EXPERIMENTO E SEGURANZA VIARIA	Rua Amador Aguiar, 700- City Empresarial - São Paulo (Brazil)	-	Scientific and technical research	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
CESVI COLOMBIA	Autop. Bogotá-Medellín, km 1,8 Santa Fé de Bogotá (Colombia)	23.40%	Scientific and technical research	<ul style="list-style-type: none"> <li>• MAPFRE SEGUROS GENERALES DE COLOMBIA</li> <li>• MAPFRE AUTOMÓVILES</li> </ul>
CESVI MÉXICO	C/ 1 Sur nº 101 Parque Ind.Toluca 2000 Toluca (Mexico)	27.00%	Research centre	<ul style="list-style-type: none"> <li>• MAPFRE TEPEYAC</li> </ul>
MAPFRE VERA CRUZ CONSULTORIA TECNICA E ADMINISTRAÇÃO DE FUNDOS	Avda. María Coelho Aguiar, 215 São Paulo (Brazil)	35.14%	Consultancy	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• MAPFRE VERA CRUZ VIDA</li> </ul>
LAYNA INVERSIONES S.L.	Portugal	-	Holding	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
NUEVO MULTICENTRO DEL AUTOMOVIL	Ctra. Pozuelo, 52 (Majadahonda) Spain	32.50%	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
IBERICAR	Ctra. Pozuelo, 52 (Majadahonda) Spain	32.50%	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
AUTOMOCIÓN PENINSULAR INMOBILIARIA	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	-	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
IBERIRENT	Ctra. Pozuelo, 52 (Majadahonda) Spain	32.50%	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> <li>• CLUB MAPFRE</li> </ul>
SERVICIOS AUXILIARES, S.A.U.	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
RADIO TAXI, S.A.U.	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	<ul style="list-style-type: none"> <li>• SERVICIOS AUXILIARES, S.A.U.</li> </ul>

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
99.5129 - 0.0001	- 100.0000	4,055,982	3,479,862	899,908	538,048	2,437,732	2,749,331	303,618	281,599	(A)	(A)
99.9833 0.0167	99.9833 0.0167	131,389	129,726	7,030	5,253	39,434	34,386	1,195	1,046	(A)	(A)
99.9984 0.0016	99.9984 0.0016	6,873	6,056	3,312	2,726	13,524	9,135	576	954	(A)	(A)
99.9999 0.0001	99.9999 0.0001	17,009	15,605	13,910	13,910	11,749	10,961	1,512	1,053	(A)	(A)
100.0000	100.0000	16,780	17,386	14,192	14,647	16,130	17,767	(719)	(530)	(A)	(A)
99.9999 0.0001	99.9999 0.0001	1,074	708	450	352	4,180	3,582	98	(146)	(A)	(A)
99.9999 0.0001	99.9999 0.0001	58	59	58	58	-	-	(1)	(1)	(A)	(A)
99.9999 0.0001	99.9999 0.0001	269	254	194	189	895	863	12	(7)	(A)	(A)
99.9999 0.0001	99.9999 0.0001	53	53	(7)	(7)	-	1	-	-	(A)	(A)
10.0000	10.0000	-	6,100	-	6,158	-	-	-	-	(D)	(D)
4.3700 49.7000	4.3700 49.7000	4,370	3,480	3,039	2,865	2,865	1,314	105	120	(B)	(B)
100.0000	100.0000	4,937	4,434	4,486	4,364	3,213	-	(31)	78	(A)	(A)
3.6400 63.9500	3.6400 63.9500	16,354	15,869	15,802	15,294	5,797	5,051	483	600	(A)	(A)
13.9500	13.9500	4,642	3,429	4,305	2,196	3,880	3,771	289	564	(D)	(D)
99.9577 0.0423	99.9576 0.0424	2,100	16,815	19,926	16,666	888	1,000	312	170	(A)	(A)
49.0000	-	-	-	-	-	-	-	-	-	(C) (G)	-
100.0000	-	102	-	101	-	-	-	10	-	(A) (G)	-
49.0000	-	140,735	-	140,682	-	-	-	560	-	(C) (G)	-
50.0000	-	60	-	60	-	-	-	-	-	(A) (G)	-
99.0000 1.0000	- -	62	-	61	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>MOTOR (Continued)</b>				
TALLERES PETROMUTUA, S.A.U.	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	• SERVICIOS AUXILIARES, S.A.U.
MVA ASISTENCIA, S.A.U	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	• SERVICIOS AUXILIARES, S.A.U.
ARAGONGRAF, S.A.U	C/ Bronce 18, Torrejón de Ardoz, (Madrid) Spain	-	Services	• SERVICIOS AUXILIARES, S.A.U.
MVA VIAJES, S.A.U.	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	• SERVICIOS AUXILIARES, S.A.U.
LAURIA 5, CORREDURIA DE SEGUROS, S.L.	C/ del Gremis 8, Polig. Vara de Quart, (Valencia) Spain	-	Services	• SERVICIOS AUXILIARES, S.A.U.
DISEÑO URBANO, S.L.	Avda. Juan XXIII 64 (Valencia) Spain	-	Services	• MAPFRE AUTOMÓVILES
ESPACIOS AVANZADOS DEL MEDITERANEO, S.L.	C/ Siete S/N Alboraya (Valencia) Spain	-	Services	• MAPFRE AUTOMÓVILES
HABITUSER, S.L.	C/ Fuente San Luís Mayor 15-21 (Valencia) Spain	-	Services	• MAPFRE AUTOMÓVILES
SERVICIOS COMERCIALES Y ENERGÉTICOS BENIDORM, S.L.	Avda. Juan XXIII 64 (Valencia) Spain	-	Services	• MAPFRE AUTOMÓVILES
<b>MAPFRE - CAJA MADRID HOLDING</b>				
MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS S.A.	Pº Recoletos 25 (Madrid) Spain	35.00% (2)	Holding	• MAPFRE S.A.
<b>LIFE</b>				
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Avda. General Perón,40 (Madrid) Spain	20.98% (2)	Insurance and reinsurance	• MAPFRE-CAJA MADRID HOLDING
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Avda. General Perón,40 (Madrid) Spain	32.50% (2)	Consultancy	• MAPFRE VIDA • MAPFRE S.A.
GESTION MODA SHOPPING S.A.	Avda. General Perón,40 (Madrid) Spain	32.50% (2)	Management of shopping centres	• MAPFRE VIDA • MAPFRE S.A.
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Avda. General Perón,40 (Madrid) Spain	27.00% (2)	Securities broker/dealer	• MAPFRE VIDA • MAPFRE S.A.
MAPFRE INVERSIÓN DOS SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA S.A.	Avda. General Perón,40 (Madrid) Spain	30.08% (2)	UCITS management	• MAPFRE INVERSIÓN • MAPFRE S.A.
MAPFRE VIDA PENSIONES, ENTIDAD GESTORA DE FONDOS DE PENSIONES S.A.	Avda. General Perón,40 (Madrid) Spain	32.50% (2)	Pension fund administration	• MAPFRE INVERSIÓN • MAPFRE S.A.
MAPFRE VIDEO Y COMUNICACIÓN S.A.	C/ Sor Angela de la Cruz, 6 (Madrid) Spain	35.00%	Advertising agency	• MAPFRE VIDA • MAPFRE SEGUROS GENERALES • MAPFRE S.A. • MAPFRE AUTOMÓVILES • MAPFRE EMPRESAS • MAPFRE AGROPECUARIA
MIRACETI S.A.	Avda. General Perón,40 (Madrid) Spain	32.50% (2)	Real estate	• MAPFRE VIDA • MAPFRE S.A.
MUSINI VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOCIEDAD UNIPERSONAL	C/ Manuel Cortina, 2 (Madrid) Spain	32.50% (2)	Insurance	• MAPFRE VIDA

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
100.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
50.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
22.4700	-	-	-	-	-	-	-	-	-	(C) (G)	-
40.0000	-	-	-	-	-	-	-	-	-	(C) (G)	-
50.0000	-	-	-	-	-	-	-	-	-	(C) (G)	-
51.0000	51.0000	1,067,186	1,127,250	1,018,335	1,023,915	179,507	156,568	175,045	154,848	(A)	(A)
99.8797	99.8741	15,092,203	15,061,536	575,378	482,909	3,043,628	2,627,517	147,012	100,844	(A)	(A)
99.9339 0.0661	99.9339 0.0661	1,511	1,357	1,436	1,311	338	328	125	139		(A)
99.8215 0.1785	99.8215 0.1785	642	504	535	423	1,458	1,348	112	112	(A)	(A)
99.9991 0.0009	99.9991 0.0009	263,028	642,008	103,653	95,446	94,950	85,439	30,619	19,025	(A)	(A)
99.9853 0.0147	99.9853 0.0147	36,196	31,507	28,163	25,597	51,980	49,165	3,867	2,782	(A)	(A)
99.9971 0.0029	99.9971 0.0029	57,792	51,161	53,049	47,348	27,656	23,266	13,132	10,598	(A)	(A)
25.0000 25.0000 - - 25.0000 25.0000	43.0000 10.0000 15.0000 32.0000 - -	60,903	41	60,575	41	-	1	-2,666	-	(A)	(A)
99.9991 0.0009	99.9991 0.0009	44,906	47,857	43,235	45,355	5,557	2,328	2,747	874	(A)	(A)
100.0000	100.0000	884,978	1,062,629	49,537	115,013	107,079	116,163	4,320	2,300	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>LIFE (Continued)</b>				
BANKINTER SEGUROS DE VIDA	Avda. Bruselas, 12 (Alcobendas) Spain	34.89%	Insurance	• MAPFRE VIDA
CAJA CASTILLA LA MANCHA VIDA Y PENSIONES	C/ Carretería, 5 (Cuenca) Spain	–	Insurance	• MAPFRE, S.A.
<b>GENERAL INSURANCE</b>				
MAPFRE SEGUROS GENERALES COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 50. Majadahonda. (Madrid) Spain	33.59% (2)	Insurance and reinsurance	• MAPFRE-CAJA MADRID HOLDING
MAPFRE GUANARTEME COMPAÑÍA DE SEGUROS Y REASEGUROS DE CANARIAS S.A.	C/ Poeta Agustín Millares,3 (Las Palmas de G.C.) Spain	25.81% (2)	Insurance and reinsurance	• MAPFRE SEGUROS GENERALES • SEGESYMED
MAPFRE CONSULTORES DE SEGUROS Y REASEGUROS S.A.	Pº de Recoletos, 25 (Madrid) Spain	32.74%	Advisory and management services	• MAPFRE SEGUROS GENERALES • MAPFRE, S.A.
SEGESYMED S.A. SOCIEDAD UNIPERSONAL	Ctra. Pozuelo, 50. Majadahonda. (Madrid) Spain	– (2)	Medical and surgical assistance	• MAPFRE SEGUROS GENERALES
PROYECTOS Y SERVICIOS MAPFRE S.A.	C/ Poeta Agustín Miralles Sall, 3 (Las Palmas de G. C.) Spain	36.17% (2)	Insurance agency	• MAPFRE GUANARTEME • MAPFRE, S.A.
ELIPSE CANARIAS S.A.	C/ Poeta Agustín Miralles Sall, 3 (Las Palmas de G. C.) Spain	50.00% (2)	Services	• MAPFRE GUANARTEME • PROYECTOS Y SERVICIOS MAPFRE
MESEVAL AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	26.14% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
MULTISERVICIOS MAPFRE MULTIMAP S.A.	C/ Manuel Silvela, 15 (Madrid) Spain	32.50% (2)	Real estate services	• MAPFRE SEGUROS GENERALES • SEGESYMED
GESTORA DE ACTIVOS FUNERARIOS GESMAP S.A.	Pº de Recoletos ,23 (Madrid) Spain	26.74% (2)	Undertaker services	• MAPFRE SEGUROS GENERALES
SALZILLO SERVICIOS FUNERARIOS, S.L.	C/ Historiador Torres Fontes s/n (Murcia) Spain	–	Undertaker services	• GESMAP
DE MENA SERVICIOS FUNERARIOS, S.L.	Crta. Pozuelo, 50 (Majadahonda) Spain	33.33%	Undertaker services	• GESMAP
SERVICIOS FUNERARIOS LA CARIDAD	C/ Fariñas, 57 San Lúcar de Barrameda (Cádiz) Spain	–	Undertaker services	• GESMAP
ISABELO ALVAREZ MAYORGA S.A.	Crta. Ávila-Valladolid km 0,8 (Ávila) Spain	–	Undertaker services	• GESMAP
FUNERARIA HISPALENSE S.L.	Avda. Ramón y Cajal, 1 Dos Hermanas (Sevilla) Spain	–	Undertaker services	• GESMAP
TANATORIO DE ECIJA	C/ Arfe, 13 (Córdoba) Spain	–	Undertaker services	• GESMAP
TANATORIO Y CEMENTERIO DE SANLÚCAR, S.L.	C/ Cuesta de Belén Palacio (Sanlúcar de Barrameda) Spain	–	Undertaker services	• LA CARIDAD
SERVICIOS FUNERARIOS FUNENESIS, S.L.	Plaza Profesor Tamarit Olmos, 16 (Valencia) Spain	–	Undertaker services	• GESMAP
TINERFEÑA DE SERVICIOS DE TECNOLOGÍA E INNOVACIÓN PARA EL AUTOMÓVIL S.A.	Subida de Mayorazgo (Santa Cruz de Tenerife) Spain	– (2)	Motor technology and innovation services	• MAPFRE GUANARTEME

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
50.0000	-	486,181	-	45,472	-	85,825	-	5,466	-	(A) (G)	-
50.0000	-	974,518	-	41,345	-	174,220	-	1,977	-	(A) (G)	-
100.0000	100.0000	2,049,972	1,689,185	367,834	327,060	1,235,626	1,022,719	159,816	99,277	(A)	(A)
99.9980 0.0020	99.9980 0.0020	302,028	435,974	82,144	84,903	122,967	198,414	12,541	16,318	(A)	(A)
50.0000 50.0000	50.0000 50.0000	1,853	1,622	1,653	1,509	633	659	152	243	(A)	(A)
100.0000	100.0000	2,543	2,318	2,376	1,839	305	247	(663)	(867)	(A)	(A)
99.8520 0.1480	99.8520 0.1480	466	956	466	663	119	3,701	(138)	90	(A)	(A)
99.9900 0.0100	99.9900 0.0100	112	345	122	170	26	2,562	(24)	38	(A)	(A)
100.0000	100.0000	127	308	124	139	120	919	65	24	(A)	(A)
97.5000 2.5000	97.5000 2.5000	4,800	3,823	2,079	1,128	22,921	13,499	951	446	(A)	(A)
100.0000	100.0000	8,284	5,463	7,845	5,041	1,386	1,222	64	60	(A)	(A)
64.0000	64.0000	700	685	497	459	955	935	61	47	(A)	(A) (F)
70.0000	70.0000	610	544	507	416	623	656	70	58	(A)	(A) (F)
42.0000	42.0000	-	68	-	68	-	-	-	(2)	(C)	(C) (F)
50.0000	50.0000	-	351	-	351	-	-	-	(1)	(C)	(C) (F)
50.0000	50.0000	-	61	-	61	-	-	-	(19)	(C)	(C) (F)
25.0000	25.0000	-	221	-	221	-	-	-	-	(C)	(C) (F)
75.0000	-	-	-	-	-	-	-	-	-	(A) (G)	-
50.0000	-	-	-	-	-	-	-	-	-	(C) (G)	-
100.0000	100.0000	6,622	6,253	4,296	4,390	1,962	2,402	(72)	(288)	(A)	(C)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>GENERAL INSURANCE (Continued)</b>				
SEPENVAL S.L.SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	30.59% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
INVERSIONES GESTISAN S.L.	C/ La Rosa,2 (Santa Cruz de Tenerife) Spain	-	Hospital management	• MAPFRE GUANARTEME
FINISTERRE AGENCIA CANARIA DE SEGUROS S.A. SOCIEDAD UNIPERSONAL	C/ Bravo Murillo, 28 (Las Palmas de G. C.) Spain	- (2)	Insurance agency	• MAPFRE GUANARTEME • MAPFRE SEGUROS GENERALES
SEFIN AGENCIA DE SEGUROS S.A.	C/ Játiva, 23 (Valencia) Spain	30.00% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
COSEBAL AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	25.42% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
LISS ASSURANCE AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	30.00% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
HEJEAN, AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	39.22% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
AGEPAL, AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	23.89% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
SEPROVAL, AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	22.86% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
SEGURLIS, AGENCIA DE SEGUROS S.A. SOCIEDAD UNIPERSONAL	C/ Játiva, 23 (Valencia) Spain	22.73% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
INMO ALEMANA SEGUROS, S.A.	Pº. De la Castellana, 24 (Madrid) Spain	-	-	• MAPFRE SEGUROS GENERALES
<b>COMPANIES</b>				
MAPFRE EMPRESAS SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS	C/ Manuel Cortina, 2 (Madrid) Spain	31.81% (2)	Insurance	• MAPFRE-CAJA MADRID HOLDING • MAPFRE AUTOMÓVILES
ITSEMAP SERVICIOS TECNOLÓGICOS S.A.	Pº de Recoletos, 25 (Madrid) Spain	31.15%	Technology services	• MAPFRE EMPRESAS • MAPFRE RE • MAPFRE S.A.
ITSEMAP MÉXICO S.A.	Porfirio Diaz, 102 Col.Nochebuena México D.F. (Mexico)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS
ITSEMAP PORTUGAL LTDA	Rua Castillo, 52 Lisboa (Portugal)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS
ITSEMAP VENEZUELA	Avda.Libertador, Torre Maracaibo Caracas (Venezuela)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS
ITSEMAP CHILE, S.A.	Apoquindo, 4499 Santiago (Chile)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS • INVERSIONES IBÉRICAS
ITSEMAP BRASIL LTDA	Rua São Carlos do Pinhal, 696 - São Paulo (Brazil)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS • MAPFRE RE ASSESORÍA
INTERBOLSA S.A.	C/ Manuel Cortina, 2 (Madrid) Spain	32.50% (2)	Financial	• MAPFRE EMPRESAS
SERVIFINANZAS S.A. SOCIEDAD UNIPERSONAL	C/ Manuel Cortina, 2 (Madrid) Spain	32.50% (2)	Financial	• MAPFRE EMPRESAS

Figures in € thousands



SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
100.0000	100.0000	117	1,043	111	196	232	1,428	58	42	(A)	(A)
-	25.0000	-	833	-	294	-	-	-	-	(H)	(C)
- 100.0000	100.0000 -	84	83	84	82	2	1	1	1	(A)	(A)
100.0000	100.0000	615	683	614	673	33	174	20	78	(A)	(A)
100.0000	100.0000	1,054	1,203	1,054	1,142	88	922	73	162	(A)	(A)
100.0000	100.0000	29	33	29	32	1	9	1	4	(A)	(A)
100.0000	100.0000	168	237	166	92	125	84	106	31	(A)	(A)
100.0000	100.0000	640	621	639	614	157	234	70	46	(A)	(A)
100.0000	100.0000	592	590	588	588	37	60	27	25	(A)	(A)
100.0000	100.0000	481	826	480	502	42	368	18	40	(A)	(A)
10.0000	-	-	-	-	-	-	-	-	-	(C) (G)	-
99.9991 0.0009	99.9851 -	3,313,270	2,830,390	338,125	280,028	81,630	64,003	77,066	70,745	(A)	(A)
60.0000 39.9752 0.0248	60.0000 39.9752 0.0248	5,065	6,153	3,004	2,747	6,728	6,057	256	348	(A)	(A)
99.9998	99.9998	773	400	323	360	1,061	619	77	56	(A)	(A)
99.9857	99.9857	981	916	397	378	910	883	40	62	(A)	(A)
100.0000	100.0000	-	1	-	-52	-	-	-	-	(A)	(A)
75.0000 25.0000	75.0000 25.0000	33	34	35	41	1	-	(1)	-	(A)	(A)
99.9792 0.0208	99.9792 0.0208	1,244	965	834	803	2,566	1,783	195	32	(A)	(A)
100.0000	80.0000	81	624	80	622	12	18	7	11	(A)	(A)
100.0000	100.0000	407	545	385	473	189	198	127	214	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>COMPANIES (Continued)</b>				
GESMUSINI SERVICIOS, S.A. SOCIEDAD UNIPERSONAL	C/ Padilla, 26 (Madrid) Spain	34.62% (2)	Financial	• MAPFRE EMPRESAS
INDUSTRIAL RE MUSINI S.A.	6B Route de Trèves, Senningerberg (Luxembourg)	32.50%	Reinsurance	• MAPFRE EMPRESAS
MAPFRE CAUCIÓN Y CRÉDITO COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.	Avda. General Perón, 40 (Madrid) Spain	35.20% (2)	Insurance and reinsurance	• MAPFRE EMPRESAS • MAPFRE SERVICIOS MARÍTIMOS
MAPFRE AMÉRICA CAUCIÓN S.A.	Avda. General Perón, 40 (Madrid) Spain	- (2)	Holding	• MAPFRE CAUCIÓN Y CRÉDITO • MAPFRE EMPRESAS
MAPFRE FIANZAS S.A.	Avda. Magnocentro, 5 Col. C. San Fernando Huixquilucan (Mexico)	-	Insurance	• MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO • MAPFRE TEPEYAC
MAPFRE SERVICIOS DE CAUCIÓN S.A.	Avda. General Perón, 40 (Madrid) Spain	- (2)	Insurance	• MAPFRE CAUCIÓN Y CRÉDITO • MAPFRE S.A.
MAPFRE GARANTÍAS Y CRÉDITO S.A.	Teatinos, 280 Santiago de Chile (Chile)	15.75%	Insurance	• MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO • INVERSIONES IBÉRICAS
MAPFRE SEGURADORA DE GARANTÍA E CRÉDITO S.A.	Avda. Mª Coelho Aguiar 215 São Paulo (Brazil)	32.66%	Insurance	• MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO
MAPFRE SEGURADORA DE CRÉDITO A LA EXPORTACIÓN S.A.	Avda. Mª Coelho Aguiar 215 São Paulo (Brazil)	-	Insurance	• MAPFRE SEGURADORA DE GARANTÍA
COMPAÑÍA DE SEGUROS DE CRÉDITOS COMERCIALES S.A.	Carrera 64 nº149 A-30 Medellín (Colombia)	46.35%	Insurance	• MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO • MAPFRE S.A. • MAPFRE COLOMBIA • MAPFRE COLOMBIA VIDA
MAPFRE SEGUROS DE CRÉDITO S.A.	Avda. Magnocentro, 5 México D.F. (Mexico)	-	Insurance	• MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO • SEGUROS TEPEYAC
MAPFRE SERVICIOS DE PREVENCIÓN S.L.	C/ Hernández Lazaro 29 (Madrid) Spain	72.11% (2)	Medical services	• MAPFRE EMPRESAS
ENKEN ASISTENCIA SANITARIA	C/ Hernández Lazaro 29 (Madrid) Spain	35.09% (2)	Medical services	• MAPFRE EMPRESAS
SERVICIOS DE PERITACIÓN MAPFRE S.A.	C/ Manuel Silvela, 15 (Madrid) Spain	12.25% (2)	Services	• MAPFRE EMPRESAS • MAPFRE CAUCIÓN
MAPFRE SERVICIOS MARÍTIMOS, COMISARIADO Y LIQUIDACIÓN DE AVERÍAS S.A.	Avda. Sabino Arana,4 (Bilbao) Spain	-	Loss adjusters	• MAPFRE EMPRESAS • MAPFRE S.A.
<b>HEALTH</b>				
MAPFRE CAJA SALUD DE SEGUROS Y REASEGUROS S.A.	Pº de Recoletos, 29 (Madrid) Spain	32.50% (2)	Insurance and reinsurance	• MAPFRE-CAJA MADRID HOLDING • MAPFRE VIDA
IGUALSERVICIOS HUESCA S.L.	C/ Tarbes,3 (Huesca) Spain	32.50% (2)	Medical services	• MAPFRE CAJA SALUD

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
100.0000	100.0000	846	839	843	835	34	34	-	17	(A)	(A)
100.0000	99.8000	57,620	57,927	26,299	23,222	2,030	2,377	-	-	(A)	(A)
99.9960 0.0040	99.9960 0.0040	231,113	220,686	40,308	33,753	4,170	12,264	3,804	2,937	(A)	(A)
99.9924 0.0036	99.9924 0.0036	23,066	23,192	23,041	23,168	703	686	(127)	(639)	(A)	(A)
99.9800  0.0200	99.9800  0.0200	3,602	3,725	3,003	3,569	225	114	(182)	(20)	(A)	(A) (F)
99.6800 0.3200	99.6800 0.3200	166	163	166	163	7	4	4	3	(A)	(A)
99.9923  0.0077	99.9923  0.0077	15,272	13,292	7,116	6,699	566	990	931	1,072	(A)	(A)
100.0000	100.0000	29,467	26,113	11,374	9,255	1,938	1,786	1,334	1,438	(A)	(A)
99.9900	99.9900	-	-	-	-	-	-	-	-	(A)	(A) (F)
94.8937  4.7872 0.1064 0.1064	94.8937  4.7872 0.1064 0.1064	15,986	14,718	7,469	6,849	1,833	2,525	787	679	(A)	(A)
99.9800  0.0200	99.9800  0.0200	4,908	5,707	3,174	3,438	251	348	128	45	(A)	(A)
100.0000	100.0000	8,640	7,099	4,014	432	21,047	13,472	26	(663)	(A)	(A)
-	100.0000	-	1,305	-	1,055	-	1,917	-	555	(H)	(A)
96.0000 4.0000	96.0000 4.0000	2,484	2,221	680	416	4,778	4,201	265	(108)	(A)	(A)
99.9600 0.0400	99.9600 0.0400	1,737	1,737	1,666	1,654	100	1,036	13	(18)	(A)	(A)
74.9888 25.0000	74.9888 25.0000	337,567	298,523	129,619	116,912	432,747	400,197	18,688	14,981	(A)	(A)
100.0000	100.0000	960	820	819	384	1,159	1,457	230	309	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>HEALTH (Continued)</b>				
HOSCLIMAP	C/ Llodio s/n (Madrid) Spain	32.50% (2)	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE CAJA SALUD</li> <li>• MAPFRE S.A.</li> </ul>
CENTROS MÉDICOS ISLAS CANARIAS S.A.	Rafael Cabrera, 22 (Las Palmas de Gran Canaria) Spain	32.50% (2)	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE CAJA SALUD</li> </ul>
SERVIMEDIC BALEAR S.L.	C/ Carlos I, 4 Bajo (Palma de Mallorca) Spain	32.50% (2)	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE CAJA SALUD</li> </ul>
CLINISAS, CLÍNICAS CASTELLÓ S.A.	C/ Castello 56 (Madrid) Spain	32.50% (2)	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE CAJA SALUD</li> </ul>
CENTROS MÉDICOS MAPFRE S.L.	Pso. De Recoletos, 29 (Madrid) Spain	32.50% (2)	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE CAJA SALUD</li> </ul>
<b>BANCA Y FINANZAS</b>				
BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE S.A.	Ctra. Pozuelo , 52 (Majadahonda) Spain	–	Banking	<ul style="list-style-type: none"> <li>• MAPFRE, S.A.</li> <li>• CARTERA MAPFRE</li> </ul>
FANCY INVESTMENT S.A..	Avda. 18 de Julio, 841 Montevideo (Uruguay)	–	Financial	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> </ul>
CAJA MADRID BOLSA SOCIEDAD DE VALORES Y BOLSA	C/ Serrano, 39 (Madrid) Spain	–	Securities broker-dealer	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> </ul>
GESMADRID SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA	Pº de la Castellana 189, (Madrid) Spain	–	Investment company	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> </ul>
CAJA MADRID PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES	Pº de la Castellana 189 (Madrid) Spain	–	Pension fund management firm	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> </ul>
<b>REASEGURO</b>				
MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.	Pº de Recoletos,25 (Madrid) Spain	35.00% (1)	Reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> <li>• MAPFRE AUTOMÓVILES</li> </ul>
COMPAGNIE INTERNATIONALE D'ASSURANCES ET REASSURANCES (C.I.A.R.)	45, Rue de Trèves Bruselas (Belgium)	34.00%	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE RE</li> <li>• MAPLUX REINSURANCE</li> </ul>
MAPFRE CHILE REASEGUROS S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE RE</li> </ul>
INVERSIONES IBÉRICAS S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Financial and real estate	<ul style="list-style-type: none"> <li>• MAPFRE RE</li> </ul>
CAJA REASEGURADORA DE CHILE S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE CHILE REASEGUROS</li> </ul>
INMOBILIARIA COSTA DE MONTEMAR S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Real estate	<ul style="list-style-type: none"> <li>• INVERSIONES IBÉRICAS</li> </ul>
CAJA RE ARGENTINA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35.00%	Advisory services	<ul style="list-style-type: none"> <li>• INVERSIONES IBÉRICAS</li> </ul>
INVERSIONES MAPFRE RE	C/ 72/10-07-oficina 502 Bogotá (Colombia)	35.00%	Securities and real estate investment and management	<ul style="list-style-type: none"> <li>• MAPFRE RE</li> <li>• INVERSIONES IBÉRICAS</li> </ul>
MAPFRE RE ASSESORIA LTDA.	Rua São Carlos do Pinhal, 696 São Paulo (Brazil)	15.00%	Consultancy	<ul style="list-style-type: none"> <li>• MAPFRE RE</li> <li>• ITSEMAP DO BRASIL</li> </ul>

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
99.9987 0.0013	99.9987 0.0013	22,431	21,992	19,952	14,374	9,971	7,911	8,244	3,533	(A)	(A)
100.0000	100.0000	2,486	2,624	2,451	2,579	369	397	128	129	(A)	(A)
100.0000	100.0000	-	68	-	24	-	151	-	131	(A)	(A)
100.0000	100.0000	17,875	13,847	16,391	11,834	7,466	5,649	456	1,434	(A)	(A)
100.0000	-	664	-	454	-	17	-	146	-	(A) (G)	-
48.9620 -	- 48.8867	6,230,265	4,711,672	487,548	299,982	509,471	198,142	6,390	4,041	(C)	(C)
100.0000	100.0000	5,922	5,464	5,749	5,291	449	929	449	892	(A)	(A)
30.0000	30.0000	294,889	334,727	72,462	56,668	35,999	25,419	13,467	12,791	(C)	(C)
30.0000	30.0000	66,818	68,820	42,187	41,979	126,789	131,930	10,177	11,912	(C)	(C)
30.0000	30.0000	39,047	39,677	31,115	30,311	46,364	40,850	7,920	6,527	(C)	(C)
91.5288 0.0100	87.8941 0.0100	2,794,323	2,550,498	691,767	606,853	1,177,628	1,033,936	91,092	71,909	(A)	(A)
99.9900 0.0100	99.9900 0.0100	19,316	20,905	8,933	9,725	2,561	2,419	479	503	(A)	(A)
99.9986	99.9986	89,309	100,257	38,675	41,560	6,553	6,965	(3,619)	896	(A)	(A)
99.9986	99.9986	19,779	22,819	19,575	22,083	1,984	865	1,062	309	(A)	(A)
99.8467	99.8467	77,691	94,187	30,404	27,305	5,144	4,564	3,077	1,581	(A)	(A)
31.4400	31.4400	21,074	17,713	19,888	17,685	2,122	816	1,637	40	(C)	(C)
99.9900	99.9900	114	113	97	101	5	1	-	(2)	(A)	(A)
94.9000 5.1000	94.9000 5.0999	2,506	1,115	2,302	1,107	1,848	193	1,387	45	(A)	(A)
99.9998 0.0002	99.9998 0.0002	45	19	12	11	138	58	17	(11)	(B)	(B)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>REINSURANCE (Continued)</b>				
ADMINISTRADORA DE PROPIEDADES S.A.	Napoleón 3096 Santiago (Chile)	17.00%	Real estate	• INVERSIONES IBÉRICAS
COMERCIAL Y TURISMO S.A.	Napoleón 3096 Santiago (Chile)	17.00%	Real estate	• INVERSIONES IBÉRICAS
MAPFRE RE HOLDINGS INC.	100 Campus Drive New Jersey 07932-2006 (U.S.A.)	35.00%	Holding	• MAPFRE RE
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA S.A.	Bouchard 547 piso 14 B. Aires (Argentina)	35.00%	Real estate	• MAPFRE RE
INMOBILIARIA TIRILLUCA S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Real estate	• INVERSIONES IBÉRICAS
MAPFRE COMPAÑÍA DE SERVICIOS GENERALES	Junior Tarata, 16 Lima (Peru)	30.00%	Consultancy	• MAPFRE RE • INVERSIONES IBÉRICAS
MAPFRE MANDATOS Y SERVICIOS	Bouchard 547 piso 14 B. Aires (Argentina)	35.00%	Services	• CAJA REASEGURADORA DE ARGENTINA • MAPFRE RE
REINSURANCE MANAGEMENT INC.	100 Campus Drive New Jersey 07932-2006 (U.S.A.)	35.00%	Services	• MAPFRE RE HOLDINGS
MAPLUX REINSURANCE COMPANY LTD	E Building Immeuble C6, Parc d'Activite Syrdall Munsbanch (Luxembourg)	-	Reinsurance	• MAPFRE SEGUROS GENERALES • MAPFRE S.A.
<b>ASSISTANCE</b>				
MAPFRE ASISTENCIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Insurance and reinsurance	• MAPFRE S.A. • MAPFRE AUTOMÓVILES
IBEROASISTENCIA PORTUGAL	Avda. Liberdade, 40 Lisboa (Portugal)	27.50%	Travel assistance	• MAPFRE ASISTENCIA
BRASIL ASISTENCIA	Ed. Crystal Tower, Alameda Mamore 989. Alphaville S. Paulo (Brazil)	34.00%	Travel assistance	• MAPFRE ASISTENCIA
AFRIQUE ASSISTANCE	16, Rue Dr. Alphonse Laverning, 1002 (Tunisia)	35.00%	Travel assistance	• MAPFRE ASISTENCIA
VEEASISTENCIA	Avda. del Libertador Torre Maracaibo Caracas (Venezuela)	34.00%	Travel assistance	• MAPFRE ASISTENCIA • MAPFRE RE
COMPAÑÍA DE ASISTENCIA DE LOS ANDES S.A.	Carrera, 11, N° 93 - B - 09 Bogotá (Colombia)	38.50%	Travel assistance	• MAPFRE ASISTENCIA • INVERSIONES MAPFRE RE • IBEROASISTENCIA
FEDERAL ASSIST	7300 Corporate Center Drive, Suite 601 Miami - Florida 33126 (U.S.A.)	37.60%	Travel assistance	• MAPFRE ASISTENCIA
IBEROASISTENCIA ARGENTINA S.A.	Tucuman, 744 B. Aires (Argentina)	35.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
31.2900	31.2900	447	440	86	20	1,177	977	120	55	(C)	(C)
31.2000	31.2000	68	87	(75)	(60)	275	244	(18)	(22)	(C)	(C)
100.0000	100.0000	622	61,419	14	38,487	1,281	496	684	2,381	(A)	(A)
99.9000	99.9000	8	9	8	9	-	-	-	-	(B)	(B)
43.7500	43.7500	9,493	9,082	9,296	9,061	16	30	(124)	(93)	(C)	(C)
-	98.0000	-	12	-	12	-	-	-	(27)	(H)	(B)
-	1.0000										
1.0000	1.0000	180	178	112	64	746	573	20	(14)	(B)	(B)
99.0000	99.0000										
100.0000	100.0000	622	1	14	1	-	-	-	-	(A)	(A)
-	99.9630	23,794	18,546	3,529	3,425	5,431	2,971	11	-	(A)	(A)
100.0000	0.0370										
99.9971	99.9971	301,268	261,668	98,581	76,502	2,028	1,749	(411)	(3,555)	(A)	(A)
0.0029	0.0029										
100.0000	100.0000	576	2,120	(16)	91	-	1,877	(106)	32	(A)	(A)
99.9990	99.9990	13,874	12,777	10,082	8,819	410	29,027	377	1,427	(A)	(A)
49.0000	49.0000	2,182	2,621	1,338	1,124	-	1,169	322	204	(A)	(A)
99.9980	99.9980	2,375	1,715	1,088	730	-	1,240	305	381	(A)	(A)
0.0020	0.0020										
94.8999	94.8999	2,420	1,766	910	886	-	3,927	39	58	(A)	(A)
0.0008	0.0008										
5.0977	5.0977										
100.0000	100.0000	2,725	4,017	1,182	1,338	-	9,847	(15)	(42)	(A)	(A)
99.9999	99.9999	5,461	4,393	2,634	2,672	15	10,384	353	659	(A)	(A)
0.0001	0.0001										

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>ASSISTANCE (Continued)</b>				
SUR ASISTENCIA	Avda. Apoquindo 4499 Santiago de Chile (Chile)	17.50%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
IBEROASISTENCIA S.A.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• MAPFRE AUTOMÓVILES</li> </ul>
IRELAND ASSIST	22-26 Prospect Hill Galway (Ireland)	12.50%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
GULF ASSIST E.C.	Manama Centre Building Manama (Barhain)	-	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
FRANCE ASSISTANCE	55, Rue Raspail Levallois Perret (France)	34.33%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• MAPFRE WARRANTY</li> </ul>
EUROSOS ASSISTANCE	282 Messogion Avenue 155,62 Neo Psychico. Atenas (Greece)	35.00%	Travel assistance	<ul style="list-style-type: none"> <li>• IBEROASISTENCIA</li> <li>• MAPFRE ASISTENCIA</li> </ul>
CARIBE ASISTENCIA	Avda. Tiradentes Esq. Pres. Gonzalez Edif.La Cumbre. Ens. Naco. Domingo-(Dominican Republic)	25.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
ECUASISTENCIA	Avda. Doce de Octubre, 1942 Quito (Ecuador)	25.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• ANDIASISTENCIA</li> </ul>
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Consultancy	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
PERÚ ASISTENCIA S.A.	Tarata 160-9ª -Miraflores Lima (Peru)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
VIAJES MAPFRE S.A.	Sor Ángela de la Cruz, 6 (Madrid) Spain	32.50% (1)	Travel agency	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
VIAJES MAPFRE ON LINE	Sor Ángela de la Cruz, 6 (Madrid) Spain	-	Travel agency	<ul style="list-style-type: none"> <li>• VIAJES MAPFRE</li> </ul>
MELIÁ TOUR	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00%	Travel tour operator	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
MÉXICO ASISTENCIA	Avda. Insurgentes Sur, 1685 Colonia Guadalupe Inn México D.F. (Mexico)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
IBERO ASISTENCIA SERVICIOS DE TELEMARKETING S.L.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Telemarketing	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
ALLMAP ASSIST GMBH	Im Rosengarten, 256 61118 Bal Vilbel (Germany)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
PANAMÁ ASISTENCIA	C/ 50 local 9 D, piso 9 Panamá, Bella Vista (Panama)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>
TUR ASSIST.	Hakki Yeten Caddesi Dogu is Merkezi 17/2 (Turkey)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
URUGUAY ASISTENCIA	Rincón, 487 of.610 Montevideo (Uruguay)	30.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> <li>• IBEROASISTENCIA</li> </ul>
ASISTENCIA BOLIVIANA	Celso Castedo Barba, 39 Centro-Santa Cruz (Bolivia)	25.00%	Travel assistance	<ul style="list-style-type: none"> <li>• MAPFRE ASISTENCIA</li> </ul>

Figures in € thousands



SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
99.0000 1.0000	99.0000 1.0000	4,044	2,459	1,500	112	(2)	5,967	722	(503)	(A)	(A)
99.9300 0.0700	99.9300 0.0700	5,933	10,777	927	878	(2)	13,250	(63)	107	(A)	(A)
100.0000	100.0000	1,645	1,619	1,521	1,133	-	2,028	220	134	(A)	(A)
74.6250	74.6250	9,253	11,592	3,233	3,339	127	3,987	2,251	2,327	(A)	(A)
- 100.0000	100.0000 -	-	-	-	-	-	-	-	-	(A)	(A)
0.5000 99.5000	0.5000 99.5000	1,408	1,565	249	217	-	4,104	63	101	(A)	(A)
51.9997	51.9997	1,978	1,765	1,006	1,043	-	1,055	214	230	(A)	(A)
50.0000 50.0000	50.0000 50.0000	1,248	670	197	197	-	2,703	74	133	(A)	(A)
99.9259 0.0741	99.9259 0.0741	-	3,401	3,488	3,401	-	-	90	414	(A)	(A)
99.8639 0.1361	99.8639 0.1361	364	444	22	196	-	471	(164)	98	(A)	(A)
99.7600 0.2400	99.7600 0.2400	14,136	11,506	2,985	4,486	-	22,209	(1,952)	(353)	(A)	(A)
-	60.0000	-	-	-	-	-	-	-	-	(H)	(A) (F)
100.0000	50.0000	434	2,147	34	182	-	918	(150)	(640)	(A)	(A)
99.9998	99.9998	10,525	9,961	1,811	2,776	393	19,605	(541)	820	(A)	(A)
8.6000 91.4000	26.5000 73.5000	-	-	-	-	-	-	-	-	(A)	(A)
99.9500 0.0500	99.9500 0.0500	-	39	52	39	-	-	44	-	(B)	(B)
58.0000	58.0000	656	621	344	400	-	707	75	139	(A)	(A)
91.6667 8.3333	91.6667 8.3333	2,587	5,487	794	193	-	32,568	97	(251)	(A)	(A)
94.8165 5.1835	94.8165 5.1835	1,117	1,235	367	550	(19)	2,510	(75)	132	(A)	(A)
99.4600	99.4600	-	109	75	109	-	-	(28)	(17)	(B)	(B)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>ASSISTANCE (Continued)</b>				
COSTA RICA ASISTENCIA	Sabana Norte rest Chicote 100 mN 25 E 200 N 25 E San José de Costa Rica (Costa Rica)	30.00%	Travel assistance	• MAPFRE ASISTENCIA
QUETZAL ASISTENCIA	Diagonal 6, zona 10 Ed.internaciones, Of. 301 (Guatemala)	-	Travel assistance	• MAPFRE ASISTENCIA
EL SALVADOR ASISTENCIA S.A.	Centro Finarc Gigarte Torre B 3º nivel sobre Alameda Roosevelt S.Salvador (El Salvador)	25.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
NICASSIT S.A.	Edificio PCS Digital, 2º Km 4,5 Carretera a Masaya Managua, (Nicaragua)	30.00%	Travel assistance	• MAPFRE ASISTENCIA
BENELUX ASSIST. S.A.	Rue de Trèves, 45 Bruxelles, (Belgium)	34.00%	Travel assistance	• MAPFRE ASISTENCIA
NOVASSIST S.L.R.	Vía G. Cuboni, 12 Roma (Italy)	37.25%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
VIAJES TÍVOLI	Coso,89-91 (Zaragoza) Spain	35.00%	Travel agency	• MAPFRE ASISTENCIA
GENERAL SERVICES REINSURANCE LIMITED	38/39 Fitzwilliam Square Dublin 2 (Ireland)	12.50%	Reinsurance	• MAPFRE ASISTENCIA
MAPFRE WARRANTY S.P.A.	Strada Trossi 10/A 13030 Verrone (Italy)	37.25%	Warranty extension	• MAPFRE ASISTENCIA • IBEROASISTENCIA
ALLIANCE OPTIMALE S.L.R.	Zac de la Donniere, 8 69970 Marennes (France)	30.00%	Warranty of vehicles	• MAPFRE WARRANTY
MAPFRE WARRANTIES	Route des Trois Cantons 11 L- 18399 Windhoj (Luxembourg)	-	Warranty of vehicles	• MAPFRE WARRANTY
SDMA	Zac de la Donniere, 8 69970 Marennes (France)	-	Warranty of vehicles	• MAPFRE WARRANTY
NORASIST S.A.	1930 Yonge S.T. Suite 1028 Toronto, Ontario M4S 1Z4 (Canada)	30.00%	Travel assistance	• FEDERAL ASSIST • MAPFRE ASISTENCIA
BRICKELL FINANCIAL SERVICES INC.	7300 Corporate Center Drive, Suite 601 Miami -Florida 33126 (U.S.A.)	37.30%	Travel assistance	• MAPFRE ASISTENCIA
ROAD CHINA ASSISTANCE	Jianguolu Chaoyang District, Beijing, PR (China)	30.00%	Travel assistance	• MAPFRE ASISTENCIA
MAPFRE ABRAXAS	Blenheim Court,9 - Beaufort Park BS32 4NE Almondsbury Bristol - (United Kingdom)	12.50%	Insurance	• MAPFRE ASISTENCIA
CANADIAN ROADSIDE AND RECOVERY INC.	(Canada)	-	Travel assistance	• MAPFRE ASISTENCIA
CENTRO INTERNACIONAL DE SERVICIOS Y ASISTENCIA S.A.	Edificio Biotec Plaza Local 010 Ruta 8 Km 17,500 Montevideo (Uruguay)		Call Center	• MAPFRE ASISTENCIA
INDIA ROADSIDE ASSISTANCE PRIVATE LIMITED	4th Floor Dinasty Business Park Building; Andheri Kurla Road Mumbai Maharashtra (India)	-	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
ROAD SIDE ASSIST ALGERIE	Algeria	40.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA • IBEROSERVICIOS • IBEROCONSULTING

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
100.0000	100.0000	-	162	152	162	-	-	-	43	(B)	(B)
99.9920	99.9920	461	933	266	303	-	1,408	119	146	(A)	(A)
99.9900 0.0100	99.9900 0.0100	578	483	176	304	3	1,020	116	228	(A)	(A)
100.0000	100.0000	-	52	131	52	-	-	87	8	(B)	(B)
70.0000	70.0000	3,036	4,935	2,416	1,888	-	2,672	528	442	(A)	(A)
- -	99.0000 1.0000	-	889	-	90	-	535	-	2	(H)	(A)
-	20.0000	-	158	-	158	-	-	-	(685)	(H)	(C)
100.0000	100.0000	83	919	(442)	504	-	-	(447)	-	(A)	(A)
99.9900 0.0100	99.9900 0.0100	25,482	24,230	4,486	4,531	362	24,397	2,059	2,469	(A)	(A)
100.0000	100.0000	-	-	52	39	-	-	44	-	(A)	(A)
100.0000	100.0000	-	-	-	-	-	-	-	-	(A)	(A)
-	100.0000	-	-	-	-	-	-	-	-	(H)	(A)
- 100.0000	100.0000 -	762	589	298	218	-	1,625	123	12	(A)	(A)
100.0000	100.0000	10,804	14,859	4,023	2,660	-	40,869	655	758	(A)	(A)
100.0000	100.0000	823	556	107	461	-	145	(254)	(267)	(A)	(A)
100.0000	100.0000	4,872	7,907	2,656	2,756	-	12,457	1,983	1,915	(A)	(A)
100.0000	100.0000	-	589	-	218	-	1,625	-	12	(A)	(A) (F)
100.0000	100.0000	400	-	263	-	-	-	169	-	(A) (G)	-
99.6300 0.3700	- -	599	-	242	-	-	-	(234)	-	(A) (G)	-
60.0000 0.0004 0.0003 0.0003	-	528	-	460	-	-	-	-	-	(A) (G)	-

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>SERVICES FOR THE ELDERLY</b>				
MAPFRE QUAVITAE S.A.	C/ Francisco de Rojas, 8 (Madrid) Spain	50.14%	Assistance services	<ul style="list-style-type: none"> <li>• MAPFRE SEGUROS GENERALES</li> <li>• MAPFRE S.A</li> </ul>
QUAVITAE BIZI-KALITATE S.L.	C/ Teodoro González de Zárate, 14 (Vitoria) Spain	35.00%	Services for the elderly	<ul style="list-style-type: none"> <li>• MAPFRE QUAVITAE</li> </ul>
AZUL CENTROS RESIDENCIALES S.A.	C/ Francisco de Rojas, 8 (Madrid) Spain	35.00%	Services for the elderly	<ul style="list-style-type: none"> <li>• MAPFRE QUAVITAE</li> </ul>
PROVITAE CENTROS ASISTENCIALES S.L.	C/ Fuencarral, 123 (Madrid) Spain	35.00%	Services for the elderly	<ul style="list-style-type: none"> <li>• MAPFRE QUAVITAE</li> </ul>
BIOINGENIERIA ARAGONESA S.L.	C/ Francisco de Rojas, 8 (Madrid) Spain	35.00%	Technology for the elderly	<ul style="list-style-type: none"> <li>• MAPFRE QUAVITAE</li> <li>• MAPFRE SEGUROS GENERALES</li> </ul>
<b>REAL ESTATE</b>				
MAPFRE INMUEBLES S.A.	Avda. General Perón, 38 (Madrid) Spain	36.00% (1)	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE S.A</li> </ul>
DESARROLLOS URBANOS CIC. S.A.	Avda. General Perón, 38 (Madrid) Spain	35.00% (1)	Real estate services	<ul style="list-style-type: none"> <li>• MAPFRE INMUEBLES</li> <li>• MAPFRE S.A</li> </ul>
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Avda. General Perón, 38 (Madrid) Spain	35.00% (1)	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE INMUEBLES</li> <li>• DESARROLLOS URBANOS</li> </ul>
INMOBILIARIA MAPINVER S.A.	Avda. General Perón, 38 (Madrid) Spain	32.00%	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE INMUEBLES</li> </ul>
INMOBILIARIA BRAVO UREÑA S.L.	Juan Bravo, 3 (Madrid) Spain	35.00%	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE INMUEBLES</li> </ul>
PUERTA DE ALCORCÓN 12 S.L.	C/ Arzobispo Morcillo, 62 (Madrid) Spain	-	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
MM REAL STATE LLC	Blue Lagoon, Drive Suite,200 Miami (U.S.A.)	-	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
INVERSIONES LA MAGDALENA LIMITADA S.L.	C/ Teatinos 280 (Chile)	-	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE AUTOMÓVILES</li> </ul>
<b>INTERNATIONAL</b>				
MAPFRE INTERNACIONAL S.A	Pº de Recoletos,25 (Madrid) Spain	35.00% (1)	Holding	<ul style="list-style-type: none"> <li>• MAPFRE S.A</li> <li>• MAPFRE EMPRESAS</li> </ul>
GENEL SIGORTA	Meclisi Mebusan CAD.91 Salipazari Istanbul (Turkey)	20.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE S.A.</li> </ul>
MAPFRE SEGUROS GERAIS S.A.	Rua Castilho, 52 Lisboa (Portugal)	37.85%	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE SEGUROS GENERALES</li> <li>• MAPFRE INTERNACIONAL</li> <li>• CARTERA MAPFRE</li> <li>• MAPFRE GUANARTEME</li> <li>• MAPFRE CAUCIÓN</li> <li>• MAPFRE EMPRESAS</li> </ul>
MIDDLESEA INSURANCE P.L.C.	Floriana JTL, 16 (Malta)	-	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE INTERNACIONAL</li> </ul>
MAPFRE INSULAR INSURANCE CORPORATION	Rada St. Corner de la Rosa Sta. Manila (Philippines)	35.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE INTERNACIONAL</li> </ul>
MAPFRE USA CORPORATION	6101 Blue Lagoon Drive, Suite200, Miami (U.S.A.)	35.00%	Holding	<ul style="list-style-type: none"> <li>• MAPFRE INTERNACIONAL</li> <li>• CARTERA MAPFRE</li> </ul>
AMSTAR INSURANCE COMPANY	6101 Blue Lagoon Drive, Suite200, Miami (U.S.A.)	35.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE USA CORPORATION</li> </ul>
AMSTAR MANAGEMENT COMPANY	6101 Blue Lagoon Drive, Suite200, Miami (U.S.A.)	35.00%	Services	<ul style="list-style-type: none"> <li>• MAPFRE USA CORPORATION</li> </ul>

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
10.7643 46.0733	10.7643 46.0731	95,212	98,782	45,369	50,038	99,163	85,879	(619)	(1,019)	(A)	(A)
99.9900	99.9990	25,361	26,472	5,445	5,632	12,877	13,081	362	1,387	(A)	(A)
50.0000	50.0000	2,463	5,079	693	257	685	1,065	(906)	(1,000)	(E)	(E)
50.0000	50.0000	4,083	8,373	6,708	6,048	-	8	660	(72)	(E)	(E)
59.9900 40.0000	59.9900 40.0000	7,745	4,844	1,670	3,140	4,780	4,871	643	247	(A)	(A)
99.9680	99.9680	630,576	460,865	154,972	145,268	71,696	117,255	16,103	8,332	(A)	(A)
89.9216 0.0784	89.9216 0.0784	105,025	102,827	556	547	65	101	9	30	(A)	(A)
99.9000 0.1000	99.9000 0.1000	749	579	548	399	1,764	1,383	221	80	(A)	(A)
50.0000	50.0000	22,862	22,772	4,786	4,782	69	1	21	(1)	(E)	(E) (F)
50.0000	50.0000	164	273	273	143	5	7	1	3	(E)	(E)
100.0000	100.0000	82	82	82	82	-	-	-	-	(A)	(A)
100.0000	100.0000	8,046	10,428	7,585	10,373	473	110	(302)	(20)	(A)	(A)
100.0000	100.0000	25,103	24,976	20,853	24,976	1,575	-	(3,756)	-	(A)	(A)(F)
99.9995 0.0005	99.9982 0.0018	198,208	74,688	155,752	43,401	5,674	194	2,663	158	(A)	(A)
80.0000	-	547,191	-	264,846	-	273,334	-	30,992	-	(A) (G)	-
25.0010 74.9981 - 0.0003 0.0003 0.0003	25.0000 - 75.0000 - - -	215,456	201,074	62,391	70,628	22,829	112,987	1,110	4,829	(A)	(A)
21.0000	21.0000	296,191	264,341	81,959	78,305	82,555	13,374	3,609	5,959	(C)	(C)
74.9384	75.2000	40,985	40,188	19,538	17,101	15,604	14,063	2,102	1,932	(A)	(A)
100.0000 -	42.7200 57.2800	73,113	45,908	19,424	20,410	10,385	11,373	440	434	(A)	(A)
100.0000	100.0000	4,063	4,520	4,197	3,663	249	242	142	125	(A)	(A)
100.0000	100.0000	37	27	72	63	6	2	15	16	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>INTERNATIONAL (Continued)</b>				
M & F PREMIUM FINANCE	6101 Blue Lagoon Drive, Suite200, Miami (U.S.A.)	-	Financial	• MAPFRE USA CORPORATION
MAPFRE INSURANCE COMPANY OF FLORIDA	6101 Blue Lagoon Drive, Suite200, Miami (U.S.A.)	35.00%	Insurance	• MAPFRE USA CORPORATION
MAPFRE INSURANCE CORPORATION	100 Campus Drive New Jersey 07932-2006 (U.S.A.)	35.00%	Insurance and reinsurance	• MAPFRE RE HOLDINGS • MAPFRE USA CORPORATION
<b>OTHERS</b>				
MAPFRE AGROPECUARIA COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	31.21%	Insurance and reinsurance	• CARTERA MAPFRE • MAPFRE S.A.
CENTRO INTERNACIONAL DE FORMACIÓN DE DIRECTIVOS S.A.	Ctra. Nacional I, km 32,500 (San Agustín de Guadalix) Spain	-	IT	• CARTERA MAPFRE • MAPFRE S.A.
MAPFRE SERVICIOS DE INFORMÁTICA S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	Research, training and advisory services	• MAPFRE S.A. • CARTERA MAPFRE • MAPFRE SEGUROS GENERALES
MAPFRE INTERNET S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	IT	• MAPFRE VIDA • MAPFRE SEGUROS GENERALES • MAPFRE AUTOMÓVILES • MAPFRE CAJA SALUD • MAPFRE CAUCIÓN Y CRÉDITO • MAPFRE RE • MAPFRE S.A. • MAPFRE ASISTENCIA • MAPFRE EMPRESAS
MAPFRE INFORMÁTICA A.I.E.	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	IT	• MAPFRE AUTOMÓVILES • MAPFRE GUANARTEME • MAPFRE INVERSIÓN • MAPFRE SEGUROS GENERALES • MAPFRE VIDA • MAPFRE CAUCIÓN Y CRÉDITO • MAPFRE CAJA SALUD • MAPFRE-CAJA MADRID HOLDING • MAPFRE S.A. • MAPFRE RE • MAPFRE ASISTENCIA • MAPFRE AMÉRICA • MAPFRE AGROPECUARIA • MAPFRE AMÉRICA VIDA • MAPFRE EMPRESAS
MULTINAVARRA	C/ Doctor Huarte, 1 (Pamplona) Spain	-	Insurance agency	• MAPFRE AGROPECUARIA
<b>MAPFRE AMERICA</b>				
MAPFRE AMÉRICA S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	35.00% (1)	Holding	• MAPFRE S.A. • MAPFRE AUTOMÓVILES
<b>ARGENTINA</b>				
MAPFRE ARGENTINA HOLDING S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero, Buenos Aires (Argentina)	35.00%	Holding	• MAPFRE AMÉRICA

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
-	100.0000	-	60	-	60	-	7	-	5	(H)	(A)
100.0000	100.0000	38,160	39,710	14,558	15,871	9,655	10,582	744	1,010	(A)	(A)
-	100.0000		61,357		37,808		496		2,381	(A)	(A)
100.0000	-										
0.0172	99.9838	345,207	334,226	118,749	126,676	253,548	272,103	15,397	21,404	(A)	(A)
99.9790	0.0048										
-	99.9998	545	385	153	104	1,108	1,074	49	13	(A)	(A)
100.0000	0.0002										
95.8330	-	6,118	6,187	2,953	2,882	18,067	17,513	90	36	(A)	(A)
-	95.8330										
4.1670	4.1670										
15.0000	15.0000	26,013	3,928	23,898	2,880	10,187	7,702	61	181	(A)	(A)
22.0000	22.0000										
52.5000	52.5000										
4.0000	4.0000										
1.2500	1.2500										
1.0000	1.0000										
1.0000	1.0000										
2.0000	2.0000										
1.2500	1.2500										
59.5000	59.5000	21,546	15,479	1,000	1,000	63,463	44,835	-	-	(A)	(A)
7.0000	7.0000										
0.5000	0.5000										
12.1000	12.1000										
5.0000	5.0000										
2.5000	2.5000										
0.1000	0.1000										
0.1000	0.1000										
0.1000	0.1000										
1.0000	1.0000										
1.0000	1.0000										
0.5000	0.5000										
3.5000	3.5000										
0.1000	0.1000										
7.0000	7.0000										
100.0000	-	3	-	3	-	-	-	-	-	(A) (G)	-
89.0776	87.4590	778,110	620,350	742,332	578,590	57,265	15,505	63,954	(14,463)	(A)	(A)
0.0001	-										
100.0000	100.0000	47,226	42,915	46,748	42,709	120	136	634	6,014	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>ARGENTINA (Continued)</b>				
MAPFRE ARGENTINA SEGUROS S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Insurance	• MAPFRE ARGENTINA HOLDING
ACONCAGUA SEGUROS DE RETIRO S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Insurance	• MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA SEGUROS
SURASSUR S.A.	Lavalle, 348 B.Aires (Argentina)	35.00%	Insurance brokerage	• MAPFRE ARGENTINA HOLDING
MAPFRE ARGENTINA A.R.T.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Workers compensation insurance	• MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA SEGUROS
MAPFRE SALUD S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	-	Insurance	• MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA ART • MAPFRE ARGENTINA VIDA
CLUB MAPFRE ARGENTINA	Avda. Juana Marsão 205, C 1107CBE Puerto Madero Buenos Aires (Argentina)	-	-	• MAPFRE ARGENTINA • MAPFRE ARGENTINA VIDA
<b>BRAZIL</b>				
MAPFRE VERA CRUZ SEGURADORA S.A.	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Insurance	• MAPFRE DO BRASIL • MAPFRE AMÉRICA
MAPFRE RISCOS ESPECIAIS SEGURADORA S.A.	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Insurance	• MAPFRE VERA CRUZ SEGURADORA
CLUBE MAPFRE DO BRASIL LTDA.	Avda. dos Autonomistas, 701 Vila- Yara - Osasco SP CEP 06020-000 (Brazil)	34.00%	Advisory services	• MAPFRE, S.A. • MAPFRE AMÉRICA
MAPFRE NOSSA CAIXA VIDA E PREVIDENCIA, S.A.	Al. Santos, 415, 7 ardar São Paulo (Brazil)	34.00%	Insurance	• MAPFRE VERA CRUZ SEGURADORA
DETECTAR D.T. TRANSF. E ADMÓN. DE RISCOS	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Risk administration	• MAPFRE, S.A. • MAPFRE VERA CRUZ SEGURADORA
MAPFRE PARTICIPAÇÕES LTDA	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Securities broker-dealer	• MAPFRE VERA CRUZ SEGURADORA • CLUBE MAPFRE DO BRASIL
<b>CHILE</b>				
MAPFRE CHILE SEGUROS S.A.	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Holding	• MAPFRE AMÉRICA • INVERSIONES MAPFRE CHILE RE
EUROAMÉRICA ASESORÍAS GENERALES S.A.	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Investment company	• MAPFRE CHILE SEGUROS
MAPFRE COMPAÑÍA DE SEGUROS GENERALES DE CHILE S.A.	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Insurance	• MAPFRE CHILE SEGUROS • EUROAMÉRICA ASESORÍAS
<b>COLOMBIA</b>				
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Insurance	• MAPFRE AMÉRICA • APOINT
CREDIMAPFRE	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Real estate financiers	• GESTIMAP • MAPFRE SEGUROS GENERALES DE COLOMBIA

Figures in € thousands



SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
99.9988	99.9979	237,421	195,707	31,687	27,418	212,571	203,043	(32)	50	(A)	(A)
23.5688 76.4312	23.5688 76.4312	-	-	-	-	-	-	-	-	(A)	(A)
100.0000	100.0000	254	226	83	60	656	688	(83)	(14)	(A)	(A)
99.4456 0.5544	99.2696 0.7304	60,299	55,079	12,558	13,098	83,381	63,164	1,204	5,239	(A)	(A)
95.0000 2.5000 2.5000	95.0000 2.5000 2.5000	(35)	247	169	247	48	-	(414)	-	(A)	(A) (F)
95.0000 5.0000	- -	-	-	-	-	-	-	-	-	(A) (G)	-
9.7826 90.2174	15.0732 84.9268	901,622	678,079	307,558	220,709	869,543	621,860	37,473	21,072	(A)	(A)
100.0000	46.0300	69,976	33,221	36,422	10,661	73,936	31,425	9,604	1,942	(A)	(C)
0.5143 99.4857	0.5143 99.4857	15,332	14,911	14,638	14,088	8,947	3,184	(384)	(34)	(A)	(A)
51.0000	51.0000	214,036	97,023	37,902	19,827	152,338	79,876	26,446	6,948	(A)	(A)
- 100.0000	100.0000 -	10,909	10,411	10,688	10,045	1,375	1,116	202	109	(A)	(A)
99.9000 0.10000	- -	104,302	-	104,302	-	5,655	-	5,216	-	(A) (G)	-
99.9937 0.0042	99.9937 0.0042	236,731	235,260	21,714	29,984	53,463	52,107	(239)	(4)	(A)	(A)
100.0000	100.0000	4,580	6,464	4,580	6,761	209	-	(2,005)	(3,213)	(A)	(A)
71.0500 28.9500	59.1500 40.8500	230,308	228,434	15,784	16,560	53,034	51,608	(7,596)	(7,865)	(A)	(A)
94.2294 5.7623	94.2294 5.7623	324,791	237,485	61,737	61,296	1,915,461	350,812	(1,434)	(814)	(A)	(A)
5.0854 94.9144	5.0833 94.9144	44,128	32,841	12,392	11,245	4,948	3,479	1,146	1,266	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>COLOMBIA (Continued)</b>				
GESTIMAP S.A.	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Vehicle spare parts information	<ul style="list-style-type: none"> <li>• MAPFRE SEGUROS GENERALES DE COLOMBIA</li> <li>• CREDIMAPFRE</li> </ul>
AUTOMOTORES CAPITAL LTDA	Carrera, 14, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Repair, purchase and sale of vehicles	<ul style="list-style-type: none"> <li>• CREDIMAPFRE</li> </ul>
<b>MEXICO</b>				
MAPFRE TEPEYAC S.A.	Avda. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	-	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> <li>• GRUPO CORPORATIVO LML</li> </ul>
GRUPO CORPORATIVO LML	Avda. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	30.00%	Holding	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
UNIDAD MÓVIL DE DIAGNÓSTICO S.A.	Avda. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	30.00%	Medical services	<ul style="list-style-type: none"> <li>• MAPFRE TEPEYAC</li> </ul>
ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.	Prado Sur, 230 Col. Lomas Chapultepec México D.F. (Mexico)	30.00%	Legal advisory services	<ul style="list-style-type: none"> <li>• MAPFRE TEPEYAC</li> </ul>
TEPEYAC INC.	109 Este San Ysidro Blvd #65 San Isidro (California) U.S.A..	-	Motor insurance	<ul style="list-style-type: none"> <li>• MAPFRE TEPEYAC</li> </ul>
<b>PARAGUAY</b>				
MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	Avda. Mariscal López, 910 Asunción (Paraguay)	30.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
REAL PARAGUAYA DE SEGUROS S.A.	Estrella esq. Alberdi, Asunción (Paraguay)	-	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
<b>PERU</b>				
MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS	Avda. Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	30.00%	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
LATINA SEGUROS Y REASEGUROS, S.A.	Avda. Armendáriz 339 Miraflores. Lima (Peru)	30.00%	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
MAPFRE PERÚ ENTIDAD PRESTADORA DE SALUD	Avda. Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	30.00%	Medical assistance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
<b>PUERTO RICO</b>				
MAPFRE PRAICO CORPORATION	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
MAPFRE PRAICO INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
MAPFRE PREFERRED RISK INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO INSURANCE</li> </ul>
MAPFRE PAN AMERICAN INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
PUERTO RICAN INSURANCE AGENCY INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Insurance brokerage	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
PAN AMERICAN FINANCE CORPORATION	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Financial	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
92.5888	92.5888	658	606	656	600	1	1	(16)	(15)	(A)	(A)
7.4107	7.4112										
100.0000	100.0000	-	-	-	-	-	-	-	-	(A)	(A)
55.6602	55.6602	514,668	447,765	125,867	131,595	265,136	244,184	9,034	7,010	(A)	(A)
44.3398	44.3398										
100.0000	100.0000	32,605	36,756	32,605	36,752	13	16	(24)	(144)	(A)	(A)
99.9982	99.9982	506	631	82	199	4,601	5,073	(72)	169	(A)	(C)
78.8145	78.8145	459	465	324	340	2,658	2,774	22	89	(A)	(A)
100.0000	100.0000	-	-	-	-	-	-	-	-	(A)	(A) (F)
81.1200	81.1200	12,348	9,973	3,775	3,347	7,384	5,405	445	(271)	(A)	(A)
99.9800	-	-	-	-	-	-	-	-	-	(A) (G)	-
99.3849	99.3849	30,618	27,290	7,366	10,171	35,601	31,234	(2,393)	(923)	(A)	(A)
98.5500	-	35,299	-	6,320	-	-	-	-	-	(A) (G)	-
98.5900	-	760	-	740	-	22	-	(167)	-	(A) (G)	-
100.0000	100.0000	488,842	527,692	161,569	173,769	55	-	(1,036)	(469)	(A)	(A)
100.0000	100.0000	354,611	403,715	132,882	126,006	134,774	126,656	11,819	15,949	(A)	(A)
100.0000	100.0000	81,325	102,172	102,172	27,561	26,582	29,809	3,749	3,535	(A)	(A)
100.0000	100.0000	19,663	36,299	36,299	26,172	2,223	5,598	1,128	1,267	(A)	(A)
100.0000	100.0000	808	610	231	336	1,427	2,147	66	(7)	(A)	(A)
100.0000	100.0000	664	539	43	579	46	42	23	(104)	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>PUERTO RICO (Continued)</b>				
MAPFRE LIFE INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	25.00%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> <li>• MAPFRE AMÉRICA VIDA</li> </ul>
BALDRICH & ASSOCIATES INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Insurance Brokerage	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
AUTOGUARD INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Extended Warranty Contracts	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
PROFIT SOLUTIONS INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Protection against theft	<ul style="list-style-type: none"> <li>• MAPFRE PRAICO CORPORATION</li> </ul>
<b>DOMINICAN REPUBLIC</b>				
MAPFRE DOMINICANA S.A.	Avda. Pedro H. Ureña, 150 esq. A. Lincoln. La Esperilla Sto. Domingo (Dominican Republic)	-	Securities broker-dealer	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
MAPFRE DOMINICANA SEGUROS S.A.	Avda. Pedro H. Ureña, 150 esq. A. Lincoln. La Esperilla Sto. Domingo (Dominican Republic)	-	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE DOMINICANA</li> </ul>
COMPAÑÍA DE SEGUROS PALIC	Avda. Abraham Lincoln, 952 (Dominican Republic)	-	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE DOMINICANA</li> </ul>
MAPFRE BANCO HIPOTECARIO DOMINICANO	Avda. Abraham Lincoln, 952 (Dominican Republic)	-	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE DOMINICANA</li> </ul>
<b>URUGUAY</b>				
MAPFRE URUGUAY S.A.	Bulevar Artigas, 459 Montevideo (Uruguay)	25%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	-	Financial	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
REAL URUGUAYA DE SEGUROS	Avda. 18 de Julio, 988 Montevideo (Uruguay)	25%	Insurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
<b>VENEZUELA</b>				
MAPFRE LA SEGURIDAD S.A.	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	-	Insurance and reinsurance	<ul style="list-style-type: none"> <li>• MAPFRE AMÉRICA</li> </ul>
CEFOPROSEG C.A.	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Training	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>
INVERSORA SEGURIDAD C.A.	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Financing of policies	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>
CLUB MAPFRE S.A.	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Provision of services	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>
INMOBILIARIA 96 C.A.	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Real estate	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>
AUTOMOTOR MULTISERVICAR	(Venezuela)	-	Research, training and advisory services	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>
ESTACIONAMIENTOS EL CHORRO	C/ 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Property administration	<ul style="list-style-type: none"> <li>• MAPFRE LA SEGURIDAD</li> </ul>

Figures in € thousands

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
65.4100	65.4100	30,256	50,716	9,291	17,351	52,712	66,230	(1,147)	1,837	(A)	(A)
34.5900	34.5900										
100.0000	100.0000	4,271	2,472	(8)	(279)	5,340	1,214	176	41	(A)	(A) (F)
100.0000	100.0000	8,676	8,030	(152)	(509)	2,157	519	367	193	(A)	(A) (F)
100.0000	100.0000	304	339	314	144	703	250	100	39	(A)	(A) (F)
81.7300	81.7300	13,382	14,926	13,375	14,853	46	4	44	(334)	(A)	(A)
-	100.0000	-	8,973	-	3,191	-	14,605	-	(872)	(H)	(A)
-	38.3300	-	40,230	-	10,179	-	40,158	-	2,432	(H)	(C)
50.0000	-	59,200	-	9,562	-	117,044	-	1,587	-	(A) (G)	-
100.0000	100.0000	10,990	10,542	3,217	2,808	7,943	7,957	131	50	(A)	(A)
100.0000	100.0000	3,750	4,220	3,068	3,463	786	898	(33)	16	(A)	(A)
100.0000	-	18,298	-	2,222	-	-	-	-	-	(A) (G)	-
99.5159	99.5159	226,548	238,044	53,522	93,796	591,904	570,660	35,927	29,433	(A)	(A)
100.0000	100.0000	4	5	2	2	84	71	1	(1)	(A)	(A)
100.0000	100.0000	46,958	30,761	42,682	35,815	10,492	8,259	6,753	4,694	(A)	(A)
100.0000	100.0000	381	425	167	373	1	6	1	4	(A)	(A)
100.0000	100.0000	3	4	6	6	-	-	-	-	(A)	(A)
99.7000	99.7000	7	4	3	4	-	-	-	-	(A)	(A) (F)
100.0000	100.0000	4	5	4	2	-	-	-	-	(A)	(A)

## SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

NAME	REGISTERED OFFICE	EFFECTIVE TAX RATE	ACTIVITY	SHAREHOLDING
				HOLDER
<b>EL SALVADOR</b>				
MAPFRE LA CENTRO AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	25.00%	Insurance	• MAPFRE AMÉRICA
INMOBILIARIA AMERICANA S.A.	Alameda Roosevelt, 31-07 San Salvador (El Salvador)	25.00%	Real estate	• MAPFRE AMÉRICA
<b>SPAIN</b>				
MAPFRE SOFT S.A.	Ctra. Pozuelo 52 (Majadahonda) Spain	32.50% (1)	IT	• MAPFRE AMÉRICA • MAPFRE AUTOMÓVILES
<b>MAPFRE AMERICA LIFE</b>				
MAPFRE AMÉRICA VIDA S.A.	General Perón, 40 (Madrid) Spain	35.00%	Holding	• MAPFRE, S.A. • CARTERA MAPFRE
MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	35.00%	Insurance	• MAPFRE AMÉRICA VIDA • MAPFRE ARGENTINA HOLDING
MAPFRE VERA CRUZ VIDA E PREVIDENCIA	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Insurance	• MAPFRE AMÉRICA VIDA • FANCY INVESTMENT • MAPFRE VERA CRUZ SEGURADORA
DTVM	Avda. de las Naciones Unidas nº 11.711 Balrro Brooklin Novo São Paulo (Brazil)	34.00%	Distribution of securities	• MAPFRE VERA CRUZ VIDA
MAPFRE COLOMBIA VIDA S.A.	Carrera 14, nº 74-36 Santa Fé de Bogotá (Colombia)	38.50%	Seguros	• MAPFRE AMÉRICA VIDA • APOINT • MAPFRE AMÉRICA • MAPFRE SEGUROS GENERALES DE COLOMBIA
MAPFRE CHILE VIDA, S.A.	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Holding	• MAPFRE AMÉRICA VIDA
MAPFRE COMPAÑÍA DE SEGUROS DE VIDA DE CHILE	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Insurance	• MAPFRE CHILE VIDA
TEPEYAC ASESORES	Avda. Magnocentro 5 Col.C.San Fernando Huixquilucan (Mexico)	30.00%	Fund administration	• MAPFRE AMÉRICA VIDA • MAPFRE TEPEYAC
INVERSIONES PERUANAS	General Perón, 40 (Madrid) Spain	-	Holding	• MAPFRE AMÉRICA VIDA • MAPFRE AMÉRICA
MAPFRE PERÚ VIDA S.A.	Avda. 28 de Julio, Miraflores-Lima (Peru)	30.00%	Insurance	• INVERSIONES PERUANAS
CORPORACIÓN FINISTERRE	Avda. 28 de Julio, Miraflores-Lima (Peru)	30.00%	Undertaker services	• MAPFRE PERÚ VIDA.

Figures in € thousands

## MÉTODO O PROCEDIMIENTO DE CONSOLIDACIÓN

- (A) Fully consolidated subsidiaries  
 (B) Subsidiaries excluded from consolidation  
 (C) Associated and investee undertakings consolidated by the equity method  
 (D) Associated and investee undertakings excluded from consolidation  
 (E) Joint ventures consolidated by proportional integration  
 (F) Companies joining the consolidation perimeter in financial year 2006  
 (G) Companies joining the consolidation perimeter in financial year 2007  
 (H) Companies exiting the consolidation perimeter in financial year 2007

## TAX GROUP

- (1) Company forming part of Tax Group number 9/85  
 (2) Company forming part of Tax Group number 95/02

SHAREHOLDING		FINANCIAL YEAR END FIGURES									
% IN SHARE CAPITAL		ASSETS		EQUITY		REVENUES		RESULTS IN FINANCIAL YEAR		CONSOLIDATION METHOD	
2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
72.8687	72.8687	42,292	32,027	11,366	12,460	17,093	16,058	1,598	1,367	(A)	(A)
78.7450	78.6477	5,807	6,691	4,642	5,132	496	544	48	57	(A)	(A)
99.9991 0.0009	99.9991 0.0009	2,635	3,634	2,111	3,188	3,675	4,398	(491)	575	(A)	(A)
87.5707 -	- 87.5707	168,715	101,046	167,804	70,802	6,348	1,074	17,416	(6,153)	(A)	(A)
80.0000 20.0000	80.0000 20.0000	26,352	19,744	6,282	4,675	15,015	9,520	1,351	1,754	(A)	(A)
86.3279 3.7508 9.8996	84.6466 5.4209 9.9010	603,990	409,200	153,436	90,037	431,269	337,686	11,972	6,928	(A)	(A)
100.0000	100.0000	2,789	1,221	1,513	1,061	2,276	61	1,001	184	(A)	(A)
94.2852 5.7146 0.0001 0.0001	93.6158 6.3840 0.0001 0.0001	289,468	162,253	29,273	21,623	214,647	232,719	5,446	4,332	(A)	(A)
100.0000	100.0000	3,518	4,235	3,518	4,421	-	-	-	-	(A)	(A)
100.0000	100.0000	46,109	42,556	3,507	4,418	6,656	13,011	(867)	(1,147)	(A)	(A)
51.0000 16.0000	51.0000 16.0000	434	366	320	358	12	71	2	35	(B)	(B)
87.0387 12.9613	87.0387 12.9613	12,779	10,405	12,779	10,405	2,465	1,295	2,156	(146)	(A)	(A)
67.2725	65.9725	94,457	89,832	11,216	9,975	28,398	28,840	3,124	1,965	(A)	(A)
100.0000	100.0000	2,152	2,500	1,762	1,879	3,872	3,599	(33)	259	(A)	(A)





Audit Report  
Consolidated Annual  
Accounts 2007

## AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Translation of a report and consolidated annual accounts originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 9).

To the Shareholders of  
MAPFRE, S.A.

1. We have audited the consolidated annual accounts of MAPFRE, S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2007, the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement and the notes thereto for the year then ended, the preparation of which is the responsibility of the Parent Company's directors. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated annual accounts, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

2. In accordance with mercantile law, for comparative purposes the Parent Company's directors have included for each of the captions included in the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and the notes thereto, in addition to the figures of 2007, those of 2006. As explained in Note 2.4 to the consolidated annual accounts, for 2006 figures to be comparative, all the businesses combinations contributed to MAPFRE, S.A. were consolidated from January 1, 2006 as if the business combinations were already such at that date. For this reason the comparative figures relating to 2006 differ from those approved for this year. Our opinion refers only to the consolidated annual accounts for 2007. On February 7, 2007 we issued our audit report on the approved 2006 consolidated annual accounts, in which we expressed an unqualified opinion.

3. The Parent Company and some of its subsidiaries have performed significant transactions with other MAPFRE GROUP companies. Information about these transactions is given in the Note 6.27 to the accompanying consolidated annual accounts.

4. In our opinion, the accompanying 2007 consolidated annual accounts give a true and fair view, in all material respects of the consolidated equity and consolidated financial position of MAPFRE, S.A. and its subsidiaries at December 31, 2007 and the consolidated results of its operations, changes in consolidated equity and consolidated cash flow for the year then ended and contain the required information necessary for their adequate interpretation and comprehension, in conformity with the international financial reporting standards adopted by the European Union which have been applied on a consistent basis with those applied in the preparation of the previous year's figures presented for purposes of comparison.

5. The accompanying consolidated management report for the year ended December 31, 2007 contains such explanations as the Parent Company's directors consider appropriate concerning the situation of MAPFRE, S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated annual accounts. We have checked that the accounting information included in the consolidated management report mentioned above agrees with the consolidated annual accounts for the year ended December 31, 2007. 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 the consolidated companies.

ERNST & YOUNG, S.L.  
(signed in the original issued in spanish  
language)

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Manuel Martínez Pedraza

February 7, 2008

Proposed resolutions  
for the MAPFRE  
ordinary general  
meeting

## PROPOSED RESOLUTIONS

- Approval of the individual and consolidated Annual Accounts for financial year 2007.
- Approval of the Board of Directors' management during financial year 2007.
- Re-election, for a new four-year period, of the director Mr. Luis Iturbe Sanz de Madrid.
- Appointment of Mr. Esteban Tejera Montalvo as a director, for a four-year period, as a replacement for Mr. Domingo Sugranyes Bickel, who is retiring.
- Appointment of Mr. Ignacio Baeza Gómez as a director, for a four-year period, as a replacement for Mr. Agustín Rodríguez García, who has announced his resignation from the position in order to facilitate the proper re-constitution of the Board.
- Appointment of Mr. Miguel Blesa de la Parra as a director, for a four-year period.
- Appointment of Mr. José Antonio Moral Santín as a director, for a four-year period.

The said nominations have received the backing of the Appointments and Remuneration Committee. The re-election of Mr. Luis Iturbe Sanz de Madrid was originally proposed by the said Committee.

- Amendment of articles 2, 6, 9, and 16 of the Regulations of the Company's General Shareholders Meeting, which are to be given the wording set forth in the Report drawn up by the Board of Directors.
- Approval of the merger between MAPFRE, S.A. and MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS, S.A., by way of the take over of the latter by the former, in accordance with the terms laid down in the Merger Project drawn up on 25 January 2008 by the Board of Directors.
- Approval of the annual balance sheet closed as at 31 December 2007 as balance sheet for the merger.
- Increase the share capital of the company, as a result of the merger by way of take over of MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS, S.A., in the amount of FORTY MILLION, ONE HUNDRED AND FIFTY-TWO THOUSAND, SEVEN HUNDRED AND SEVENTY-NINE EUROS, THIRTY CENTS (40,152,779.30 euros), by way of the issue and distribution of 401,527,793 ordinary shares with a par value of TEN EURO CENTS (0.10 euros) each one, of the same class and series as before, numbered consecutively from 2,275,324,164 to 2,676,851,956, each inclusive, in accordance with the following terms:

**a)** The shares shall be issued with an issue premium, the determination of which is delegated to the Board of Directors, and from

which such sum as may be necessary shall be allocated to funding the statutory reserve until such time as the said reserve reaches twenty per cent of the share capital, and the rest to voluntary freely-available reserves.

**b)** The new shares shall be fully subscribed, in accordance with the provisions of the merger project, by CORPORACION FINANCIERA CAJA DE MADRID, S.A.

**c)** The new shares shall receive such dividends as may be distributed as from the date the merger project is subscribed.

• To amend, as a result, Article 5 of the Corporate By-laws, which shall be re-cast to state as follows:

"Article 5

The share capital is set at the amount of TWO HUNDRED AND SIXTY-SEVEN MILLION, SIX HUNDRED AND EIGHTY-FIVE THOUSAND, ONE HUNDRED AND NINETY-FIVE EUROS, SIXTY CENTS, represented by 2,676,851,956 ordinary shares with a par value of 0.10 euros each one, numbered consecutively from 1 to 2,676,851,956, each inclusive, which are fully paid up".

• To configure the transaction for the merger by way of take over of MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS, S.A., in such a way as to be subject to the special tax regime provided for at Chapter VIII of Title VII of Royal Legislative Decree 4/2004 of 5 March, approving the Restated Version of the Corporation Tax Act.

• To request from the Madrid and Barcelona Securities Markets, and to the Automated Securities Trading System, the listing of the 401,527,793 new shares to be issued with a par value of ten euro cents each, and to likewise apply to the Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (IBERCLEAR) that it may likewise proceed at the appropriate time to record the new shares at the Electronic Share Register, and the Board of Directors is hereby conferred powers as broad as may be required by law in order to execute this resolution, including deciding on what date it is to be put into effect.

• Approval of the distribution of earnings proposed by the Board of Directors, and therefore to distribute a total dividend of 0.13 euros gross per share to shares numbers 1 to 2,275,324,163, each inclusive, and of 0.07 euros gross per share to shares numbers 2,275,324,164 to 2,676,851,956, each inclusive. Part of this dividend, in the sum of 0.06 euros gross per share, was anticipated to shares numbers 1 to 2,275,324,163 by way of a resolution of the Board of Directors approved on 5 October 2007, and the rest, up to the total agreed, i.e. 0.07 euros gross per share to all shares, numbers 1 to 2,676,851,956, each inclusive, shall be paid as from 4 June 2008.

- To authorize the Board of Directors so that it may, in accordance with the provisions of Article 153 of the Restated Version of the Companies Act, during the five years following the date of this resolution, increase the share capital one or more times up to a maximum of 113,766,208.15 euros, equivalent to 50% of the share capital. The Board of Directors shall freely determine the form and conditions governing any capital increases performed pursuant to this authorization, with powers to authorize the following: the issue of the shares with or without voting rights, even with an issue premium; the exclusion, either in whole or in part, of shareholders' right to first refusal, and where appropriate, the exclusion of the same right pertaining to the holders of securities convertible into company shares, within the terms laid down at Article 159.2 of the Restated Version of the Companies Act and similar provisions; and the amendment, as the case may be, of Article 5 of the corporate by-laws in order to adapt it to the value of the resulting share capital. This authorization entails the withdrawal of the authorization conferred on 26 February 2005.

Likewise, the Board of Directors is hereby authorized to delegate the powers conferred by way of this resolution in favour of the Delegated Committee, pursuant to Article 141, number 1, second paragraph, of the Restated Version of the Companies Act.

- To apply for permission for the shares issued by the company as a result of the capital increases carried out by the Board of Directors in exercise of the authorization set forth in the above resolution to be listed on the Stock Exchange, for the purposes of the provisions of Article 27 b) of the Stock Exchange Regulations, in accordance with the wording thereof contained at Royal Decree 1,536/81, and in the same terms and conditions as are set forth there. It is expressly resolved that in the event that a request for exclusion from listing should be made at a later date, this shall be approved with the same formalities, and in such event the interests of those shareholders who oppose the resolution or who do not vote shall be safeguarded. The resolution for official admission to listing entails acceptance of the rules that exist or may be introduced with regard to the Securities Market and Stock Exchange, and in particular with regard to trading, participation in, and exclusion from official listing.

- To confer on the Board of Directors such powers as may be necessary in order to issue bonds, debentures, or any other fixed-income securities (hereinafter, the securities) in accordance with the following terms:

- The securities may consist in simple bonds or debentures, which may be convertible into newly-issued shares, or exchanged for shares in the Company already in circulation, as well as convertible into warrants or other instruments which, directly or indirectly, may give a right to the

subscription or acquisition of Company shares, which shares may be either newly-issued or in circulation

- The Board of Directors shall have the broadest powers in order to proceed to the issue of the securities and to set the characteristics and conditions for each issue, in particular, for the purpose of example and not limitation, the following:

- to determine the par value, type of issue, premiums and exercise price, issue currency, form of representation, interest rate and amortization;
- to establish anti-dilution clauses, subordination clauses; to grant guaranties of an in rem or personal nature, for compliance with the duties arising as a result of the issue; to contract with third parties for the issue of guaranties;

- to set, where appropriate, the internal rules for the syndication of debenture holders and to appoint the coordinator; to establish, in the event the issue is convertible and exchangeable, that the issuer reserves the right to opt at any time between the conversion or exchange of the securities being performed by way of the delivery of newly-issued shares, of shares in circulation, or of a combination of both.

- to request that the securities are admitted for trading on all kinds of markets, whether organized or not, whether national or foreign; to provide for the exclusion, either in whole or in part, of the right to first refusal pertaining to shareholders and the holders of convertible debentures, warrants, and any other securities of a similar nature, where this should be justified in the interests of the Company.

- to increase the share capital in the amount necessary in order to meet the requests for conversion and/or exercise of the right to subscribe the shares to the extent that the value of these increases together with that of the others agreed pursuant to the authorization conferred by the General Meeting of the Company does not exceed one half of the figure for the share capital; to amend the article of the corporate by-laws with regard to the value of the share capital.

- In the event of the issue of debentures or bonds which are convertible or may be exchanged, the following criteria shall be applicable with regard to the determination of the rules and formats of the conversion or exchange: the conversion or exchange ratio shall be fixed, the fixed-income securities shall be valued for their par value, and the shares shall be valued for the fixed rate as determined by the Board of Directors, or for a rate that may be determined in accordance with the value of the Company's shares as listed on the Stock Exchange on the date/s or over the period/s taken as a reference and laid down in the same Board resolution; in any event, the price of the shares may not be lower than the highest out of (i) the arithmetic mean of the closing prices of the Company's shares on the

Automated Securities Trading System during the period to be determined by the Board of Directors, which shall not be more than three months or less than fifteen days, prior to the date on which the Board of Directors meeting approving the issue of the securities is held, and (ii) the closing price of the shares on the same Automated Securities Trading System on the day before the meeting of the Board of Directors at which, in exercise of this delegation of powers, the issue of the securities is approved

Within the limits laid down in the above paragraph, the Board of Directors shall have the broadest powers in order to develop and determine the rules and formats for the conversion and exchange.

– The issue may be performed in one or more goes, at any time, within the maximum time limit of five years as from the date on which this resolution is approved.

– The maximum total value of the issues allowed pursuant to this delegation of powers shall be of THREE THOUSAND MILLION euros or the equivalent thereof in another currency.

• To counter-sign the Report on the remuneration policy for directors which is submitted before the General Meeting for consultative purposes.

The said Report on the remuneration policy for directors has the backing of the favourable report by the Appointments and Remuneration Committee.

• To set the fixed allowance in favour of the non-executive directors for membership of the Board of Directors at the sum of 42,200 euros gross, with effect as from 1 January 2008. The said amount shall be applicable throughout 2008, and shall be updated for successive years in the same percentage as is laid down for the general wage settlement for the company's staff. The allowance shall be increased by 50% in the case of those persons holding the chairmanship or vice-chairmanship of the Board of Directors or the chairmanship of a Delegated Committee (non-executive), and there shall be no cumulative increases where one person holds more than one of the said positions.

The remuneration of the members of the Delegated Committees shall consist in an allowance for attendance at the meetings, which for 2008 shall be set at the sum of 4,220 euros gross, in the case of the Delegated Committee, and at the sum of 3,693 euros gross for all other Committees, and these sums shall be updated in accordance with the same terms as are set forth in the above paragraph. Where joint meetings are held of two or more bodies, only one allowance shall be payable.

The said proposal for the updating of remuneration in favour of Senior Representative Officers has the backing of the favourable report by the Appointments and Remuneration Committee.

• • To extend the appointment of the firm Ernst & Young, S.L. as the Company's Accounts Auditors, both for the Individual Annual

Accounts and for the Consolidated Accounts, should the Company be under a duty to formulate such accounts or decide to do so voluntarily, for a fresh one-year period, i.e. for financial year 2008, although the appointment may be revoked by the General Meeting prior to the end of the said period should there be a justifiable reason for doing so.

• To confer the broadest powers on the Board of Directors so that it may, with regard to the above resolutions for capital increase and the issue of debentures or bonds, whether convertible or not, or of any other kind of fixed-income securities, approved at this General Meeting:

a) Complete, in general terms, the above resolutions in so far as this is necessary for their validity and execution.

b) Carry out such delegations as it may consider necessary in favour of the Company's Delegated Committee or of members of the Board of Directors.

• Delegate the broadest powers in favour of the Chairman of the Board of Directors, Mr. José Manuel Martínez Martínez, the Vice Chairmen, Mr. Alberto Manzano Martos and Mr. Filomeno Mira Candel, and the Secretary of the Board, Mr. José Manuel González Porro, so that they may, indistinctly, proceed to the execution of the above resolutions and engross them in public format in so far as this is necessary, amending them in accordance with the observations made by the Commercial Registrar when assessing them and which ought to be accepted in the opinion of the delegates.

• To authorize the Board of Directors to clarify and interpret the above resolutions.

• To thank those who participate in the management of the company for their faithful co-operation in this financial year.

# Acknowledgements and special mentions



## ACKNOWLEDGEMENTS AND SPECIAL MENTIONS

Since the date of the previous annual report, 110 MAPFRE employees have concluded or are about to reach the end of their active working life, as well as the following senior managers:

- Mr. Santiago Gayarre Bermejo, who joined MAPFRE in 1970, and after various posts in the regional head offices, held the following positions: General Manager at ACONAGUA (Buenos Aires, Argentina), General Manager and Chief Executive of MAPFRE MUTUALIDAD, Executive Chairman of MAPFRE AMÉRICA VIDA, and Fifth Vice-Chairman of MAPFRE S.A

- Mr. Domingo Sugranyes Bickel, who joined MAPFRE in 1981, and has held the positions of General Manager and Executive Vice-Chairman of CORPORACIÓN MAPFRE, Chairman of MAPFRE CAUCIÓN Y CRÉDITO and Fourth Vice-Chairman of MAPFRE S.A

- Mr. Emilio Madrigal Martín, who joined MAPFRE in 1986 and held, among others, the following positions: Manager of IT Systems and Deputy Commercial Manager MAPFRE MUTUALIDAD, General Manager of MAPFRE INTERNET and Deputy General Manager of the FAMILY DIVISION.

- Mr. Carlos Hoyos Elizalde, who joined MAPFRE in 1972 and held, among other, the following positions: Head of the Commercial Department at MAPFRE INDUSTRIAL, General Manager of MAPFRE CAUCIÓN Y CRÉDITO and General Manager of Corporate Development at MAPFRE CAUCIÓN Y CRÉDITO.

- Mr. Víctor Bultó Millet, who joined MAPFRE in 1989, and held the following positions: General Manager at MAPFRE INDOSUEZ, Chief Executive and General Manager at MAPFRE INVERSIÓN, Deputy Chairman and Chief Executive of MAPFRE VIDA, and Chief Investment Officer of the MAPFRE Group.

- Mr. Miguel Ángel Gallegos Pintado, who joined MAPFRE in 1989, who held the positions of Deputy General Manager at MAPFRE INDOSUEZ, and Board Member and General Manager at MAPFRE INVERSIÓN.

- Mr. Alonso Uri Cabonero, who joined MAPFRE in 1967 and held, among other, the following positions: Technical Deputy Manager of the Subscription Area and Manager of the Health Area at MAPFRE VIDA, and General Manager of MAPFRE CAJA SALUD.

- Mr. Luis de Mingo Cachón, who joined MAPFRE in 1977 and who held, among other, the following positions: Manager of Risks, Deputy Manager of Industrial and Engineering Risks and Manager Adjunct at CORPORACIÓN MAPFRE, Technical Manager of the Reinsurance Unit and General Manager of the Industrial Risks Division at MAPFRE EMPRESAS.

- Mrs. Rosa Gallur Rodríguez, who joined MAPFRE in 1981 and who held, among other, the following positions: Regional Manager of the Regional Headquarters in Catalonia, Manager of Life Assurance in Madrid, Chairwoman of the Regional Commission, Manager of the Balearic Islands sub-centre and Deputy Chairwoman of the Regional Board of the Balearic Islands.

- D. Rafael San Martín Fernández, que se incorporó a MAPFRE en 1986, y que ha desempeñado entre otros los cargos de Jefe de Sección y Subjefe Superior de MAPFRE VIDA, Consejero-Director General de MAPFRE AMÉRICA VIDA y Director General de Medios de la Unidad de Empresas.



LEAVING  
FAREWELL  
FOR SANTIAGO  
GAYARRE AND  
DOMINGO  
SUGRANYES

Also the following have ceased as board members of the Regional areas: Mr. Pedro López de Ayala (Andalusia); Mr. Manuel Maeso Muro (Extremadura); Mr. Manuel Lorente Ruiz, Mr. Manuel Peláez Castillo and Mr. Francisco Solano López Bleda (South East)

MAPFRE would like to express its gratitude to all of the above for their contribution.

### IN MEMORIAM

Since the preparation of the previous Annual Accounts, 11 employees have passed away, 6 in Spain (Mr. Jesús Coronado Paniagua, Mr. Francisco Roales Valladares, Mr. Rafael Aceña Gracián, Mrs. Dolores Gómez Roncero, Mr. Agustón Larrosa Villuendas and Mrs. Paloma Peláez Ruiz) and 5 in the Americas (Mrs. María Cecillia Cora, Mrs. Patricia Da Silva Borges, Mr. William Katayama, Mrs. Rosangela salves Motta and Mrs. María Josefia Mouro Mata).

Furthermore, Mr Luis Leguina Cebreiros also passed away. He joined MAPFRE in 1970 and held, among other, the following positions: Manager of the Regional Organisation; Genral Comptroller and General Control Manager of the Group; General Manager and Chief Executive of MAPFRE MUTUALIDAD; Chairman of BANCO MAPFRE and Member of the Board of CORPORACIÓN MAPFRE, in representation of the controlling shareholder.





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MAPFRE contributes to the presevation of the environment. This report has been printed using environmentally friendly processes and on ecological and chlorine-free papaer.

This report contains the Consolidted Management Report and Consolidated Annual Accounts for fiscal year 2007 , togetehr with the corresponding Auditors' Report of MAPFRE S.A., as well as miscellaneous additional information. The company puts at the disposal of its shareholders and other interested parties the Individual Management Report and Annual Accounts, with the corresponding Auditors' Report.