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Mapfre S.A.

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Major Rating Factors

Strengths:

- Extremely strong interest coverage derived from very strong operating performance
- Diversified income streams from insurance, reinsurance, financial services, real estate, and related services subsidiaries in Spain and 42 other countries
- Low levels of group debt relative to peers

Weaknesses:

- Structural subordination of creditors to policyholders of the Mapfre group's operating entities

Counterparty Credit Rating
Local Currency
A+/Stable/--

Rationale

The 'A+' long-term counterparty credit rating on Spain-based Mapfre S.A. (formerly Corporación Mapfre) reflects its status as the holding company for the Mapfre insurance group (the Mapfre group or Mapfre), of which core operating entities include Mapfre Re Compañía de Reaseguros, S.A. (Mapfre Re; AA/Stable/--) and Mapfre Empresas, Compañía de Seguros y Reaseguros, S.A. (Mapfre Empresas; AA/Stable/--).

Positive stand-alone rating factors for Mapfre S.A. are its strong debt-servicing ability, strongly diversified income streams, and low levels of group debt relative to peers. These positive factors are offset by the structural subordination of creditors to policyholders of the Mapfre group's operating entities.

Fungibility of capital within the Mapfre group and dividend flows to Mapfre S.A. have benefited from a restructuring at the beginning of 2008 which resulted in Mapfre S.A.'s acquiring the 49% minority stake in Mapfre Caja Madrid Holding (MCMH; not rated) from Caja de Ahorros y Monte de Piedad de Madrid (Caja Madrid; AA-/Negative/A-1+). In exchange for this stake, Caja Madrid received 15% of new share capital in Mapfre S.A., leading to a higher external dividend burden and partly offsetting the positive features of the transaction.

Liquidity

Mapfre S.A.'s liquidity reflects that of the Mapfre group. Although Mapfre S.A. has few liquid assets of its own, Standard & Poor's Ratings Services believes that the overall liquidity of the Mapfre group is very strong, based on its very positive net operating cash flow ratio of 117% in 2007 and on the high percentage of readily realizable assets held within the group: Mapfre invests mainly in highly liquid government and corporate bonds and, at a group level, technical reserves are more than matched by liquid assets (by 106.5%).

Mapfre S.A.'s principal sources of liquidity include dividend payments from its main operating subsidiaries and the Mapfre group's financial flexibility (defined as the ability to source capital relative to requirements). Standard & Poor's believes the group could generate additional liquidity in light of its very strong financial flexibility. Further potential sources of liquidity are the more recent syndicated loan facility arranged with eight European banks, and also the Mapfre group's strong relationship with Caja Madrid.

Outlook

The stable outlook reflects Standard & Poor's expectation that Mapfre S.A. will continue to occupy a central role within the Mapfre group, and will continue to benefit from a steady stream of dividends and positive cash flows from operating subsidiaries. The outlook also reflects the additional revenue streams accruing to Mapfre S.A. following the recent restructuring of the Mapfre group in early 2008, although this will be partly offset by the higher external dividend burden derived from the widening of the shareholder base. Overall, Mapfre's financial flexibility has been further enhanced by this latest restructuring, and consequently Mapfre S.A. should be able to raise capital more effectively.

Financial Profile

Mapfre S.A. is the quoted 63%-owned holding company of the Mapfre group. As the primary financing entity for the group, it was the vehicle for the issue of the group's first hybrid debt of €700 million in 2007. This followed a senior debt issue of €275 million in 2001.

Financial strategy has historically been conservative, although capital is now managed more aggressively. The group maintains a good level of capitalization for all subsidiaries, and is enhancing this process via capital allocation based on internal capital models, so that any excess capital is held in Mapfre S.A. The group's funding includes reasonably low levels of debt, with the group consolidated debt-to-equity ratio standing at 22.3% in 2007.

Mapfre S.A. Financial Statistics

	--Year ended Dec. 31--	
(Ratios/multiples of coverage)	2007	*2006
Debt/capital (excl. policyholder capital) (%)	17.4	17.2
Hybrid capital ratio (%)	12.1	0.0
Double leverage ratio (%)	110.3	112.8
Interest coverage (excl. Operational debt) (x)	13.8	263.7
Fixed charge coverage (x)	7.6	8.3

*2006 figures are pro forma, including businesses contributed from Mapfre Mutualidad.

Ratings Detail (As Of August 29, 2008)*

Mapfre S.A.

Counterparty Credit Rating

Local Currency A+/Stable/--

Senior Unsecured (1 Issue) A+

Subordinated (1 Issue) A-

Counterparty Credit Ratings History

02-Jul-2007 *Local Currency* A+/Stable/--

19-Jun-2003 AA-/Stable/--

18-Jul-2002 A+/Positive/--

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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