

Annual report **2006**

**CONSOLIDATED FINANCIAL
STATEMENTS
MANAGEMENT REPORT
CORPORATE GOVERNANCE**

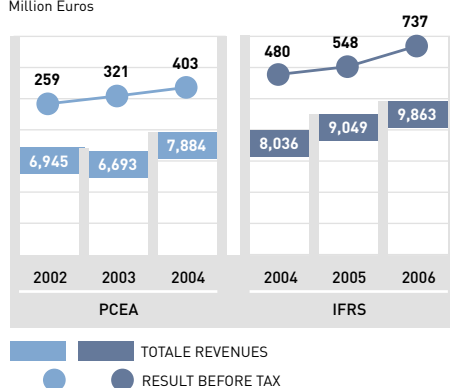


MAPFRE

MAPFRE S.A.: Accounting data

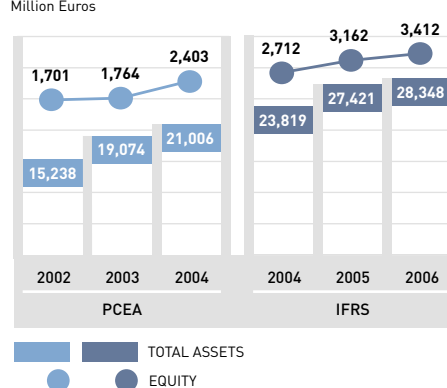
REVENUES AND RESULTS

Million Euros



ASSETS AND EQUITY

Million Euros



INCOME STATEMENT

	PCEA*			IFRS**		
	2002	2003	2004	2004	2005	2006
Total revenues	6,945	6,693	7,884	8,036	9,049	9,863
Written and accepted premiums	5,647	5,315	6,421	6,414	7,261	7,900
Non-life	3,357	3,599	4,397	4,429	5,242	5,849
Life	2,290	1,716	2,024	1,985	2,019	2,051
Result of the Non-life business	190	239	313	335	376	522
Result of the Life business	81	104	104	126	124	157
Result of the Other Business Activities	(12)	(22)	(14)	18	49	59
Result before tax	259	321	403	480	548	737
Result after tax and minority interests	113	141	183	209	250	330
Third party funds managed in Life assurance	11,834	14,946	16,048	17,378	19,252	20,105

Figures in million Euros

MANAGEMENT RATIOS

	PCEA*			IFRS**		
	2002	2003	2004	2004	2005	2006
Non-life						
Loss ratio, net of reinsurance	70.5%	67.8%	67.0%	67.6%	69.5%	65.0%
Expense ratio, net of reinsurance	30.8%	28.7%	27.3%	27.5%	28.1%	30.1%
Combined ratio, net of reinsurance	101.3%	96.5%	94.3%	95.1%	97.6%	95.1%
Life						
Net operating expenses / Reserves (MAPFRE VIDA)	1.2%	1.1%	1.2%	0.9%	0.9%	0.9%
Return on equity	10.1%	13.0%	13.3%	12.5%	12.4%	14.6%

BALANCE SHEET

	PCEA*			IFRS**		
	2002	2003	2004	2004	2005	2006
REAL ESTATE, INVESTMENTS AND CASH	12,658	15,686	17,283	19,700	21,808	22,513
Real estate (including property for own use)	514	528	639	619	723	882
Equities and mutual funds	730	901	1,063	1,205	1,354	1,784
Fixed income	9,217	11,411	12,970	15,748	17,851	18,138
Other investments	1,672	2,343	1,755	1,227	915	877
Cash	525	503	856	901	965	833
TECHNICAL RESERVES	12,008	15,330	16,542	17,824	20,427	21,004
Unearned premium reserves	1,185	1,501	1,808	1,804	2,285	2,575
Life assurance reserves	8,671	11,133	11,792	13,177	14,478	14,475
Claims reserves	1,387	1,974	2,245	2,240	3,073	3,354
Other reserves and Unit-Linked	765	722	697	603	591	600
EQUITY	1,701	1,764	2,403	2,712	3,162	3,412
Shareholders' capital and reserves	1,077	1,088	1,671	1,851	2,184	2,340
Minority interests	624	676	732	861	978	1,072
TOTAL ASSETS	15,238	19,074	21,006	23,819	27,421	28,348

Figures in million Euros

* PCEA: Spanish Accounting Standards for Insurance Companies["Plan de Contabilidad de Entidades Aseguradoras"]

** IFRS: International Financial Reporting Standard

MAPFRE S.A.: Accounting data

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY		
	2005	2006
BALANCE AS AT 1 JANUARY	2,712	3,161
Results and expenses recognised directly in equity		
From investments available for sale	352	(364)
From translation differences	126	(72)
From application of tacit accounting to Life reserves	(261)	334
TOTAL	217	(102)
Other results for the year	394	516
Distribution of result of previous year	(43)	(55)
Interim dividend for the year	(112)	(124)
Other changes in equity	(7)	16
BALANCE AS AT 31 DECEMBER	3,161	3,412

Figures in million Euros

GEOGRAPHICAL BREAKDOWN AND PRESENCE					
	2002	2003	2004	2005	2006
Number of countries in which the Group is present	37	37	38	38	39
Total number of employees	12,376	13,868	15,023	18,821	21,544
Spain	5,427	5,624	5,926	8,756	9,750
Other countries	6,949	8,244	9,097	10,065	11,794
Number of branches	3,230	3,529	3,812	4,273	4,702
Spain	2,637	2,725	2,788	2,861	2,910
Other countries	593	804	1,024	1,412	1,792
Geographical breakdown of premiums					
Spain	66%	65%	68%	64%	59%
Other countries	34%	35%	32%	36%	41%

MARKET SHARES					
	2002	2003	2004	2005	2006
Share of total premiums in Spain					
Non-life	7.1%	8.6%	8.7%	8.9%	8.8%
Life	8.2%	9.5%	9.9%	9.0%	8.4%
Total	7.6%	8.9%	9.2%	9.0%	8.6%
Share of total Life assurance technical reserves in Spain	8.9%	10.6%	10.6%	10.4%	10.3%
Share of total Non-life premiums in Latin America	5.2%	5.4%	5.7%	6.1%	n.a.

SHAREHOLDER STRUCTURE					
	2005		2006		
	%	Number	%	Number	
CARTERA MAPFRE *	54.9	1	55.3	1	
Other MAPFRE entities	1.1	6	1.1	5	
Investors holding 0.1% or more					
Spanish	8.1	11	6.4	14	
Foreign	22.7	39	21.6	33	
Investors holding less than 0.1%					
Spanish	10.2	33,085	12.8	47,987	
Foreign	3.0	869	2.8	1,182	
TOTAL	100	34,011	100	49,222	

* In 2005, MAPFRE MUTUALIDAD.

MAPFRE S.A.: Accounting data

STOCK MARKET INFORMATION

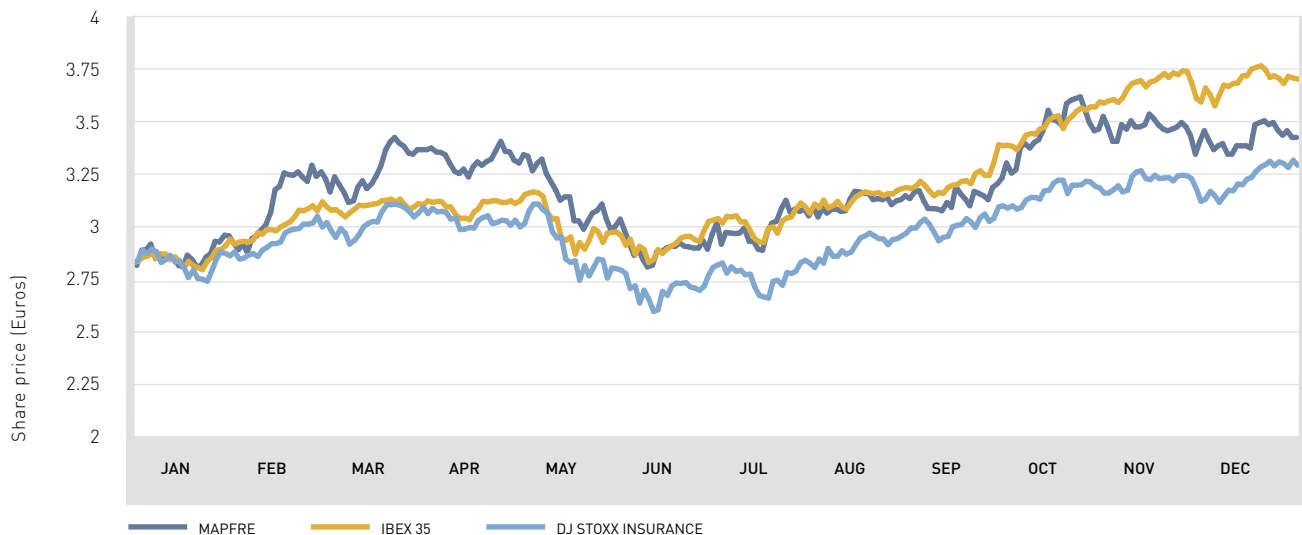
	2002	2003	2004 IFRS	2005 IFRS	2006 IFRS
Market Capitalisation as at 31 December (million Euros)	1,403.5	2,039.0	2,589.7	3,332.7	4,085.2
Number of shares in issue*	181,564,536	181,564,536	238,900,706	238,900,706	1,194,503,530
PE Ratio	12.4	14.4	12.4	13.3	12.4
Adjusted earnings per share (Euros)*	0.12	0.15	0.19	0.21	0.28
Price / Book value	1.30	1.87	1.40	1.53	1.75
Dividend per share (Euros)*	0.04	0.04	0.05	0.06	0.07
Dividend yield (%)	2.5	2.1	2.4	2.3	2.2
Average daily number of traded shares*	3,133,660	3,953,450	4,052,694	4,392,240	5,078,395
Average traded daily value (million Euros)	4.60	7.46	8.30	11.28	15.64

(*) The increase in the number of shares is due to the €500.5 million capital increase carried out in April 2004 and the 5-for-1 share split carried out in October 2006.

Earnings and dividends per share were calculated using an adjustment factor and the weighted number of shares, in compliance with IAS 33.

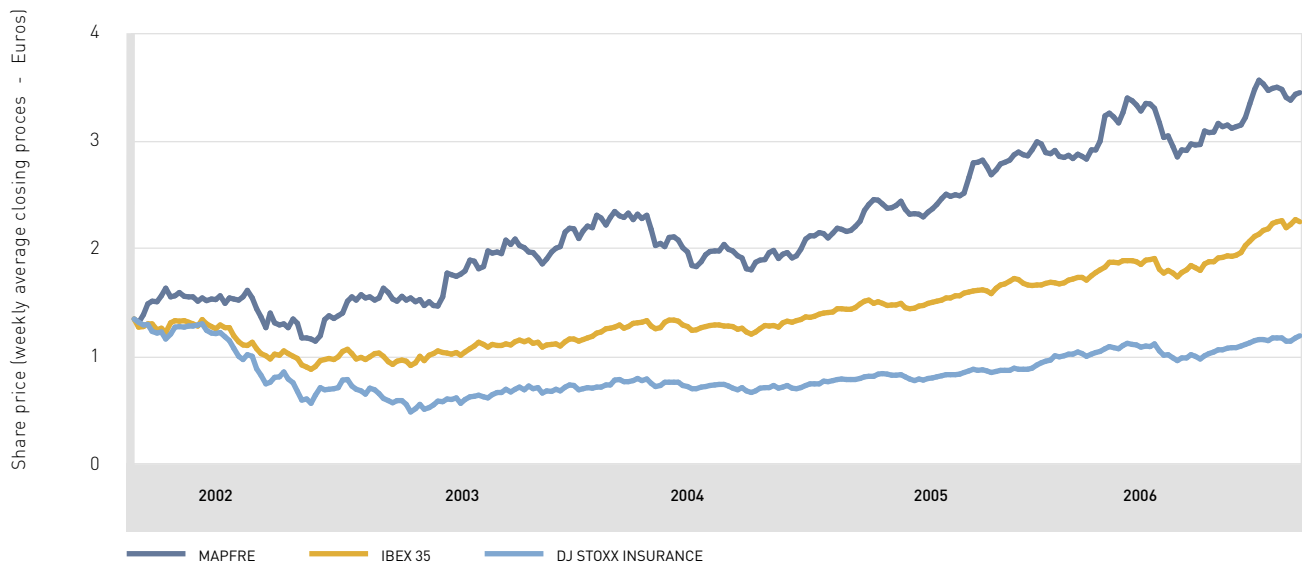
MAPFRE S.A. - IBEX 35 - DJ Stoxx Insurance

Share price performance 1st January - 31st December 2006



MAPFRE S.A. - IBEX 35 - DJ STOXX INSURANCE

Share price performance 2002 / 2006



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PRO FORMA)

	2005	2006
BALANCE AS AT 1 JANUARY	3,696	4,466
Results and expenses recognised directly in equity		
From investments available for sale	356	(344)
From translation differences	137	(81)
From application of tacit accounting to Life reserves	(261)	332
TOTAL	232	(93)
Other results for the year	638	845
Distribution of result of previous year	(138)	(139)
Capital increase/(reduction) at subsidiaries	25	0
Other changes in equity	13	(25)
BALANCE AS AT 31 DECEMBER	4,466	5,054

Figures in million Euros

GEOGRAPHICAL BREAKDOWN AND PRESENCE

	2002	2003	2004	2005	2006
Number of countries in which the Group is present	37	37	38	38	39
Total number of employees	18,230	18,605	19,920	24,967	28,091
Spain	9,523	10,064	10,358	14,412	15,810
Other countries	8,707	8,541	9,562	10,555	12,281
Number of branches	3,230	3,529	3,812	4,273	4,702
Spain	2,637	2,725	2,788	2,861	2,910
Other countries	593	804	1,024	1,412	1,792
Geographical breakdown of premiums					
Spain	73%	73%	73%	70%	63%
Other countries	27%	27%	27%	30%	37%

MARKET SHARES

	2002	2003	2004	2005	2006*
Share of total Non-life premiums in Spain					
Motor	19.4%	19.6%	20.2%	21.0%	20.3%
Health	7.6%	7.4%	7.7%	7.9%	7.8%
Other	14.2%	17.7%	18.0%	18.3%	18.0%
Total Non-life	15.6%	17.0%	17.3%	17.8%	17.3%
Share of total Life assurance technical reserves in Spain	8.9%	10.6%	10.6%	10.4%	10.3%
Share of total Non-life premiums in Latin America	5.2%	5.4%	5.7%	6.1%	n.a.

* Provisional figures

EVOLUTION OF DIRECT INSURANCE IN SPAIN⁽¹⁾

Year	GROSS WRITTEN PREMIUMS		CLAIMS ⁽²⁾		% Market share	Employees
	Amount	% Variation	Number	Value		
1933	11	-	-	1	0.51	n.a.
1940	34	209	21,272	22	0.92	n.a.
1945	82	142	23,824	50	1.10	n.a.
1950	125	54	35,681	84	0.81	n.a.
1955	199	59	29,644	149	0.76	106
1960	477	139	25,193	225	0.83	125
1965	1,958	311	37,204	795	1.45	309
1970	4,405	125	59,938	2,608	1.78	561
1975	17,772	303	106,357	7,386	2.95	894
1980	67,301	279	175,610	32,040	4.14	987
1985	188,940	181	313,627	92,297	5.92	1,591
1990	762,017	303	773,725	378,866	7.44	3,308
1995	1,717,025	125	1,478,690	892,485	9.75	5,031
2000	3,816,084	122	3,846,180	2,032,365	10.39	6,376
2005	6,910,222	81	18,840,024	4,964,230	14.19	8,801
2006⁽³⁾	7,084,393	3	18,799,533	4,994,243	13.45	9,138

Figures in thousands Euros

(1) Figures for Gross written premiums and Claims includes Workers' Compensation insurance up until 1966, when the Outline Legislation for the Social Security System prohibits this line of insurance as a mercantile activity.

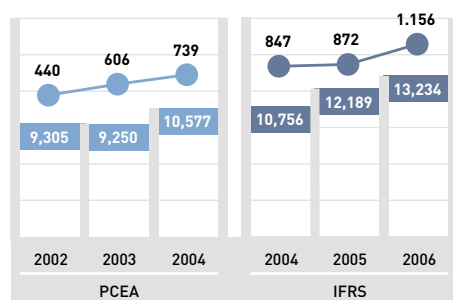
(2) Includes claims arising from Life protection and benefits paid for Life savings products. From 2000 onwards, this includes claims paid for Assistance and Health insurance.

(3) Provisional data

Pro forma data*

REVENUES AND RESULTS

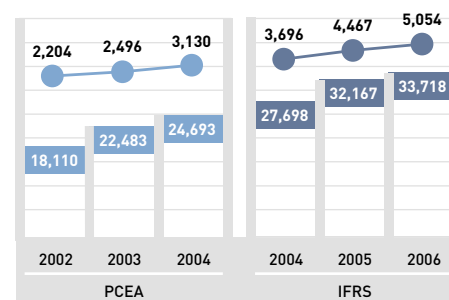
Million Euros



■ TOTAL REVENUES
● RESULT BEFORE TAX

ASSETS AND EQUITY

Million Euros



■ TOTAL ASSETS
● EQUITY

INCOME STATEMENT

	PCEA**			IFRS***		
	2002	2003	2004	2004	2005	2006
Total revenues	9,305	9,250	10,577	10,756	12,189	13,234
Written and accepted premiums	7,742	7,589	8,919	8,912	10,110	10,933
Non-life	5,296	5,712	6,713	6,736	7,801	8,452
Life	2,446	1,877	2,206	2,176	2,309	2,481
Result of the Non-life business	396	561	634	702	684	920
Result of the Life business	73	109	105	127	128	171
Result of the Other Business Activities	(29)	(64)	0	19	60	65
Result before tax	440	606	739	847	872	1,156
Result after tax and minority interests	206	299	366	405	458	610
Third party funds managed in Life assurance	12,498	15,113	16,233	17,564	19,585	20,536

Figures in million Euros

MANAGEMENT RATIOS

	PCEA**			IFRS***		
	2002	2003	2004	2004	2005	2006
Non-life						
Loss ratio, net of reinsurance	75.3%	72.8%	70.9%	70.2%	73.5%	69.0%
Expense ratio, net of reinsurance	20.9%	19.8%	20.6%	21.8%	22.1%	24.9%
Combined ratio, net of reinsurance	96.2%	92.6%	91.5%	92.0%	95.6%	93.9%
Life						
Net operating expenses / Reserves (MAPFRE VIDA)	1.2%	1.1%	1.2%	0.9%	0.9%	0.9%

BALANCE SHEET

	PCEA **			IFRS***		
	2002	2003	2004	2004	2005	2006
REAL ESTATE, INVESTMENTS AND CASH	14,845	18,347	20,105	22,601	25,409	26,617
Real estate (including property for own use)	1,034	1,068	1,206	1,201	1,365	1,588
Equities and mutual funds	967	1,198	1,402	1,526	1,713	2,333
Fixed income	10,740	13,890	15,229	16,576	19,835	20,169
Other investments	1,024	901	876	1,843	1,071	1,105
Cash	1,080	1,290	1,392	1,454	1,425	1,422
TECHNICAL RESERVES	14,100	17,695	19,156	20,257	23,317	24,027
Unearned premium reserves	2,151	2,553	2,952	2,937	3,541	3,854
Life assurance reserves	8,772	11,256	11,923	13,318	14,741	14,826
Claims reserves	2,310	3,008	3,393	3,384	4,425	4,733
Other reserves and Unit-Linked	868	878	888	618	610	614
EQUITY	2,204	2,496	3,130	3,696	4,467	5,054
Shareholders' capital and reserves	1,171	1,393	1,711	2,061	3,535	4,026
Minority interests	1,033	1,103	1,419	1,635	932	1,028
TOTAL ASSETS	18,110	22,483	24,693	27,698	32,167	33,718

Figures in million Euros

* MAPFRE S.A. pro forma data for 2005 and 2006 includes the new businesses and entities contributed in January 2007. For 2002 through to 2004, data corresponds to MAPFRE MUTUALIDAD and its participated companies.

** PCEA: Spanish Accounting Standards for Insurance Companies ("Plan de Contabilidad de Entidades Aseguradoras").

*** IFRS: International Financial Reporting Standard.

Key events in the expansion and development of MAPFRE over the last ten years

1997	<ul style="list-style-type: none"> ○ MAPFRE acquires SEGUROS LA SEGURIDAD in Venezuela and EL SOL NACIONAL in Peru. ○ The consolidated own funds of SISTEMA MAPFRE exceed €1,000 million. ○ MAPFRE insures over 3 million vehicles in Spain.
1998	<ul style="list-style-type: none"> ○ MAPFRE and CAJA MADRID sign their first framework business cooperation agreement. ○ Eight new minority shareholders take up a total 20% stake in MAPFRE AMÉRICA. ○ MAPFRE AMÉRICA VIDA begins operating and holding company MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO is incorporated. ○ Direct insurance premiums in Spain exceed €2,000 million.
1999	<ul style="list-style-type: none"> ○ Entry into the North American reinsurance market through MAPFRE REINSURANCE CORPORATION. ○ LA CENTRO AMERICANA (El Salvador) is acquired. ○ The International Centre for Management Training ("Centro Internacional de Formación de Directivos") is created. ○ The MAPFRE call centres handle over 10 million calls.
2000	<ul style="list-style-type: none"> ○ MAPFRE's market share in Spain exceeds 10%. ○ SISTEMA MAPFRE manages funds worth over €10,000 million. ○ The strategic alliance with CAJA MADRID is signed. ○ The consolidated equity of SISTEMA MAPFRE exceeds €2,000 million. ○ The Board of Directors of MAPFRE MUTUALIDAD approves the Code of Good Governance of SISTEMA MAPFRE.
2001	<ul style="list-style-type: none"> ○ MAPFRE strengthens its position in Burial insurance in Spain through the acquisition of FINISTERRE. ○ José Manuel Martínez becomes Chairman of SISTEMA MAPFRE, replacing Julio Castelo. ○ MAPFRE VIDA ends the year as the largest insurance company in Spain by volume of premiums. ○ Direct insurance premiums in Spain exceed €5,000 million. ○ MAPFRE insures over 4 million vehicles in Spain.
2002	<ul style="list-style-type: none"> ○ The first Collective Employment Agreement of the MAPFRE Insurance Group for the three-yearly period 2002-2004 is signed. ○ A wide-ranging management restructuring is approved and the Commercial Insurance Operating Unit is created. ○ SISTEMA MAPFRE manages funds worth over €20,000 million. ○ The MAPFRE call centres handle over 20 million calls. ○ mapfre@com, a single Internet portal to access the whole of SISTEMA MAPFRE, is launched.
2003	<ul style="list-style-type: none"> ○ The Board of Directors of SEPI awards MUSINI and MUSINI VIDA to MAPFRE - CAJA MADRID HOLDING. ○ Standard & Poor's raises the rating of MAPFRE MUTUALIDAD to 'AA' and those of CORPORACIÓN MAPFRE and MAPFRE RE to 'AA -'. ○ CORPORACIÓN MAPFRE's shares are included in the IBEX 35 and Dow Jones Stoxx Insurance equity indices. ○ The market capitalisation of CORPORACIÓN MAPFRE exceeds €2,000 million. ○ MAPFRE ASISTENCIA ORO is incorporated. ○ SISTEMA MAPFRE obtains a result before tax of over €600 million.
2004	<ul style="list-style-type: none"> ○ The total operating revenues of SISTEMA MAPFRE exceed €10,000 million. ○ MAPFRE insures over 5 million vehicles in Spain. ○ MAPFRE SEGUROS GENERALES insures over 2 million households in Spain. ○ CORPORACIÓN MAPFRE carries out a €500 million capital increase. ○ MAPFRE acquires a majority shareholding in QUAVITAE, the leading Spanish provider of comprehensive social and health care for the Elderly. ○ MAPFRE enters the Chinese market through the incorporation of ROAD CHINA ASSISTANCE, which distributes assistance programs.
2005	<ul style="list-style-type: none"> ○ The insurance premiums of SISTEMA MAPFRE exceed €10,000 million. ○ The market capitalisation of CORPORACIÓN MAPFRE exceeds €3,000 million. ○ SISTEMA MAPFRE manages funds worth over €30,000 million. ○ The Board of Directors of SEPI awards CLINISAS to MAPFRE CAJA SALUD. ○ MAPFRE acquires a majority shareholding in NOSSA CAIXA SEGUROS E PREVIDENCIA, a Brazilian Life and Pensions Insurer. ○ SISTEMA MAPFRE employs over 20,000 staff. ○ MAPFRE becomes the leading insurance group by volume of premiums in Non-life in Latin America. ○ All foundations that operate in Spain are merged into FUNDACIÓN MAPFRE.
2006	<ul style="list-style-type: none"> ○ MAPFRE implements a new corporate structure. ○ Results before tax exceed €1,000 million. ○ MAPFRE S.A.'s market capitalisation exceeds €4,000 million. ○ An agreement is established with Cattolica di Assicurazioni to develop Motor insurance in Italy. ○ An agreement is established with Caja Castilla La Mancha to develop the Life assurance and Pensions businesses of said Caja. ○ MAPFRE S.A.'s shares are incorporated into the "Footsie4Good" Social Responsibility index.



Annual report **2006**



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Governing Bodies



BOARD OF DIRECTORS
OF MAPFRE S.A.

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			
Fourth Vice-Chairman Mr. Domingo Sugranyes Bickel	MEMBER		VICE-CHAIRMAN	
Fifth Vice-Chairman Mr. Santiago Gayarre Bermejo	MEMBER			
Members				
Mr. Rafael Beca Borrego			MEMBER	
Mr. Rafael Fontoira Suris				MEMBER
Mr. Luis Hernando de Larramendi Martínez	MEMBER	MEMBER		
Mr. Sebastián Homet Duprá			MEMBER	
Mr. Antonio Huertas Mejías	MEMBER			
Mr. Luis Iturbe Sanz de Madrid			MEMBER	
Mr. Andrés Jiménez Herradón	MEMBER			
Mr. Manuel Lagares Calvo			CHAIRMAN	
Mr. Rafael Márquez Osorio				MEMBER
Mrs. Francisca Martín Tabernero				MEMBER
Mr. Antonio Miguel-Romero de Olano			MEMBER	
Mr. Alfonso Rebuelta Badías		MEMBER		
Mr. Agustín Rodríguez García				MEMBER
Mr. Matías Salvá Bennasar		MEMBER		
Mr. Francisco Vallejo Vallejo		MEMBER		
Secretary and Member				
Mr. José Manuel González Porro	SECRETARY AND MEMBER	SECRETARY	SECRETARY AND MEMBER	
Vice-Secretary				
Mr. Ángel 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

Dear Shareholder

The financial year 2006 referred to in this Annual Report was a year of major change for our Group: on 1st January 2007 the new structure was implemented, by virtue of which all of the Group's business activities have been integrated within our company, now called MAPFRE, S.A. (some of the Group businesses were formerly shared with MAPFRE MUTUALIDAD).

Our company has therefore embarked on a new journey, with much higher revenues and profits than the previous year; with a new Board of Directors comprising 14 non-executive directors (8 independent directors and 6 representing the owners) and 8 executive directors; and with a renewed operating structure which, among other things, has led to the creation of a major division in Spain (MAPFRE FAMILY DIVISION) that will lead to the generation of greater synergies and cost-savings, the use of shared technology platforms, and greater customer focus.

Our shareholders are participating, as of 2007, in a business group that: clearly ranks as the largest in Spain by insurance premiums and is the leader among the foreign companies operating in Latin America; it is also considering a number of attractive growth projects in those markets in which it is already present, and plans to expand in Europe, the United States and the Far East, building on its experience in the insurance sector, as shown by its efficiency, growth and favourable results in its existing insurance businesses; and has a strong entrepreneurial culture in which its service-oriented spirit, ethical principles and social presence act as the driving forces behind the expansion of our business.

From a corporate governance standpoint, our new structure also represents a substantial step forward in terms of transparency and segregation between the business activities, managed by the Board of Directors, and the non-profit activities, managed by the Trust of FUNDACIÓN MAPFRE, which at the same time exercises the rights that correspond to the majority shareholder and oversees the good governance of MAPFRE as a whole. In this framework, the main focus for the governing bodies of our company is the creation of shareholder value, observing the entrepreneurial principles that have guided us thus far and shall continue to direct our future: independence, social responsibility, ethical principles, humanism, and business and assets growth.

Main figures in 2006

This Annual Report for 2006 covers the last financial year, in which our Company (bearing the former corporate name of CORPORACIÓN MAPFRE) comprised only part of the Group's business activities. Nonetheless, in order to provide complete and transparent information, it also includes extensive pro forma information on the results that would have been obtained in 2006, if all of the activities that have been integrated into our Group in 2007 had been incorporated in the scope of consolidation.

In the financial year 2006, our consolidated capital and reserves increased by €156.4 million as a result of our ordinary operations, a 7.2% rise over the €2,183.6 million of the previous year, reflecting the excellent results generated by our subsidiaries overall:

- Non-Life direct insurance premiums grew by 11.6% compared to 2005.
- Funds under management from Life Assurance, pension funds and mutual funds increased by 4.4%.
- Consolidated total income rose by 9%.
- The consolidated net profit in 2006 amounted to €330.2 million, 32.2% higher than the previous year; earnings per share increased from €0.21 to €0.28.

Pro forma information

The new activities integrated into our Company also had very satisfactory results in 2006, the most significant figures being the following:

- MAPFRE AUTOMÓVILES reported a net profit of €252.8 million, with a premiums volume of €2,344.3 million.
- MAPFRE AGROPECUARIA, MAPFRE SEGUROS GERAIS and MAPFRE AMÉRICA VIDA achieved a net profit of €35.4 million, with a premiums volume of €757.6 million.

Overall, the pro forma consolidated net profit obtained in 2006 by all of the activities currently integrated in our Company amounted to €610.2 million, a 33.1% increase over 2005.

Our share price

The share price of our company, which was again included in the IBEX 35 in the month of July, performed favourably, gaining 22.6% in 2006. The average daily traded volume was 5,078,395 shares compared to 4,392,240 shares in 2005.

The adoption of our new corporate structure was welcomed by the market, as shown by the additional gain in the share price and the strong increase in the trading volumes during the days following the Extraordinary General Meeting, held on 29th December.

In October 2006 a share split was carried out whereby each share with a nominal value of €0.50 was divided into five new shares, each with a nominal value of €0.10; at the above mentioned Extraordinary General Meeting a capital increase was approved, amounting to €3,450 million. After these two operations, our Group has 2,275.3 million shares in issue, and the number of shares representing the free float has increased by 23%.

Growth of our activities

Our new corporate structure furnishes us with the necessary financial capacity to foster our expansion projects. The two operations announced at the end of 2006 reflect this approach: the agreement with CAJA CASTILLA-LA MANCHA for the joint development of the business of its affiliate CCM VIDA Y PENSIONES; and the creation, with the Italian insurer SOCIETÀ CATTOLICA DI ASSICURAZIONE, of a joint venture specialising in Motor Insurance (MAPFRE CATTOLICA AUTO), which shall integrate the current Motor portfolio of CATTOLICA GROUP, thereby commencing business with an annual premium volume of €1,100 million.

Both of these operations provide evidence of our determination to grow in new markets or businesses, taking advantage of those situations in which the contribution of our management experience and technology may add significant value.

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 in and support for the important changes carried out by us last 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 were made possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Martínez', with a long horizontal line extending from the end of the signature.

José Manuel Martínez
Chairman





General information

General information

MAPFRE is an independent Spanish business group which carries out insurance, reinsurance, financial, real estate and service activities in Spain and a further 38 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 System. 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.



MAPFRE'S HEADQUARTERS
IN MAJADAHONDA, MADRID

Up until 31st December 2006, the Group's parent company was MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS (MAPFRE MUTUALIDAD), which specialized in Motor insurance; the rest of the Group's business activities were carried out by companies controlled by MAPFRE MUTUALIDAD, some directly and others through a subsidiary holding company (CORPORACIÓN MAPFRE), whose shares are listed on the 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.

Following the wide-ranging corporate reorganisation carried out during 2006, the Group's parent company is now CORPORACIÓN MAPFRE S.A., which has changed its name to MAPFRE S.A. and comprises all the business activities previously carried out by MAPFRE MUTUALIDAD and its direct subsidiaries. MAPFRE MUTUALIDAD has been dissolved and has transferred its Mutual Equity Fund to FUNDACIÓN MAPFRE (the part corresponding to the Equity Reserves) and to the Mutual Members (the part corresponding to the Mutual Fund).

As a result of these operations, FUNDACIÓN MAPFRE has become the major shareholder of MAPFRE S.A., a foundation which carries out charitable activities of general interest through five specialized institutions (Social action; Insurance sciences; Culture; Prevention, health and the environment; and Road safety). The Foundation's shareholding in MAPFRE S.A. is held through CARETRA MAPFRE, a financial holding company whose shares are owned entirely by the Foundation.

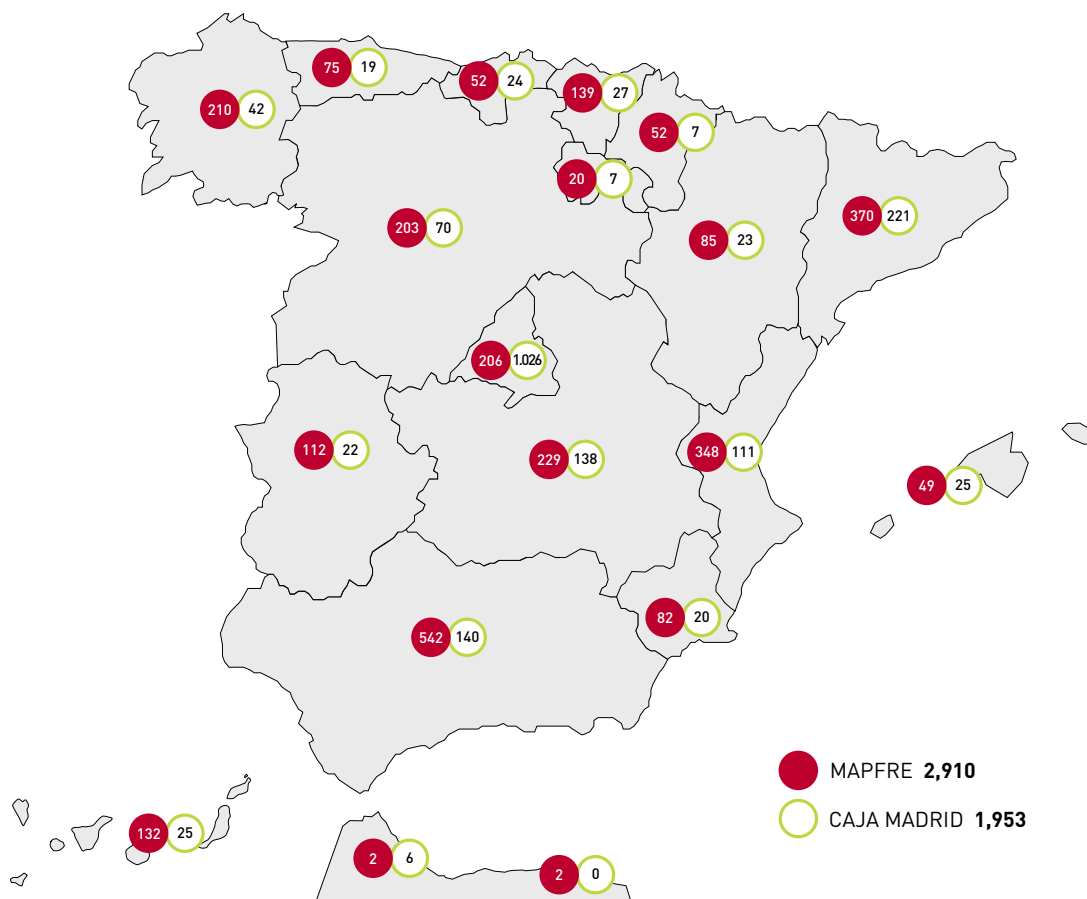
MAPFRE has established an important strategic alliance with CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID ("CAJA MADRID"), the parent company of the fourth largest Spanish financial group. This alliance is represented by the partial integration of the businesses in Spain through holding company MAPFRE-CAJA 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. This is complemented by other stakes held by CAJA MADRID in other companies of the MAPFRE Group (MAPFRE AMÉRICA y MAPFRE AMÉRICA VIDA) and by MAPFRE in companies of the CAJA MADRID Group (GESMADRID, CAJA MADRID PENSIONES and CAJA MADRID BOLSA).

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 the end of 2006, the network comprised of:

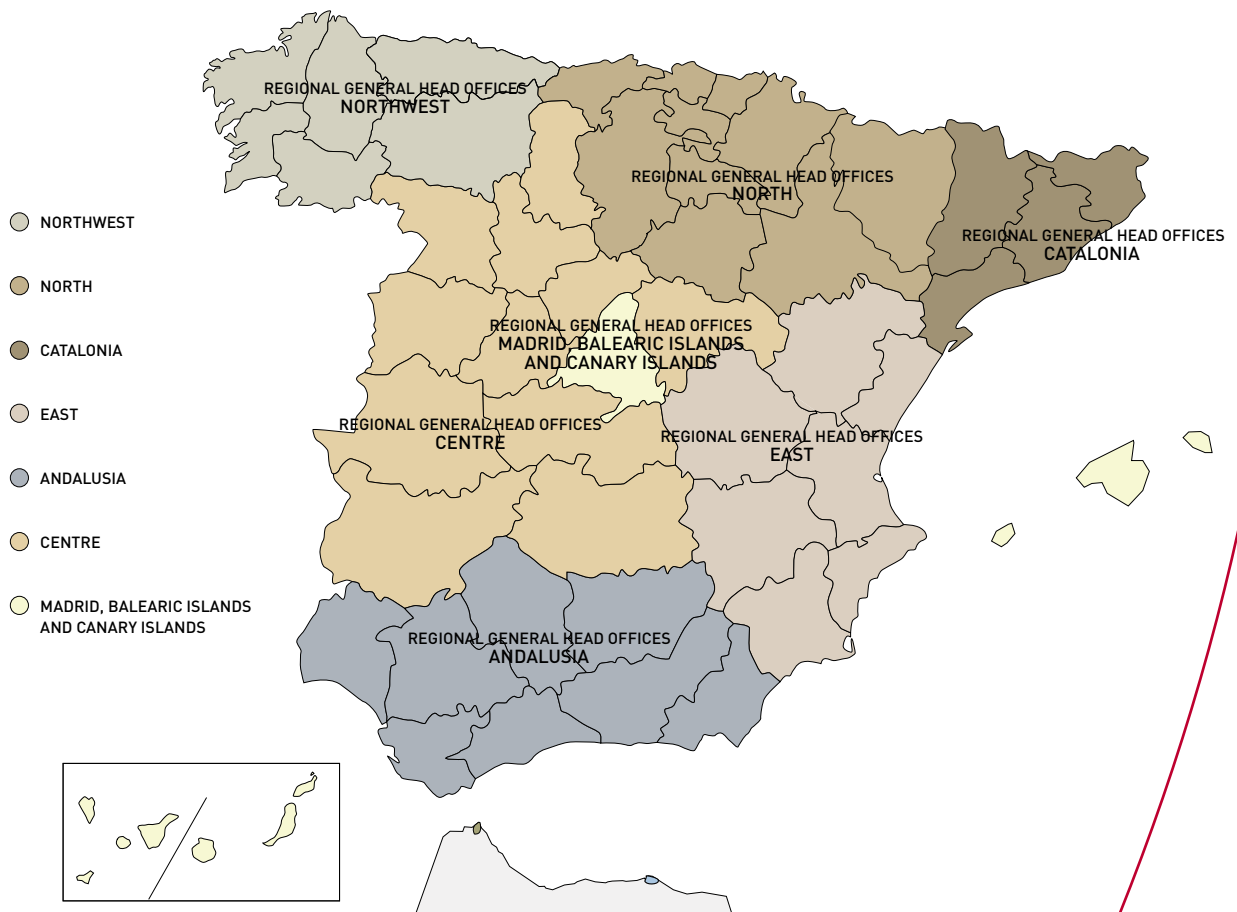
- 420 direct offices, with own management and staff (managers and advisors).
- 2,490 delegations, managed by a professional agent and his own staff.
- 24,154 agents and associates.

DISTRIBUTION NETWORK IN SPAIN IN 2006



All of these offices are grouped into forty sub-centres, which direct and coordinate the activities of the Network in a given area, which normally coincides with one or more provinces. These in turn are grouped under seven Regional General Head Offices (Andalusia, Catalonia, the Centre, the East, Madrid - Balearic Isles and Canary Islands, the Northwest and the North).

REGIONAL GENERAL HEAD OFFICES IN 2006





- ASSISTANCE
- REINSURANCE
- DIRECT INSURANCE



International presence

The Group's companies operate in a total of 38 countries, aside from Spain.

In 16 of these, the Group has companies which operate in Direct Insurance. The Assistance business, which is present in 38 countries, has the largest international presence. In addition, there are representative offices for accepting reinsurance in 16 countries. Overall, at the end of 2006, the Group had 1,792 offices and 12,281 employees in these countries.

By geographic areas, the largest presence is on the American Continent (21 countries), followed by Europe (12), Asia (4) and Africa (1).

Ratings

In accordance with standard financial market practices, MAPFRE has been rated by various credit rating agencies. This analysis has been undertaken for the consolidated Group and for certain subsidiaries, either due to legal requirements or for market related reasons.

The following table reflects the grades or ratings assigned to the main companies of the Group, in accordance with the international grading used by said agencies. In addition, there are other ratings assigned to other subsidiaries where local grading is applied.

It is worth noting that during fiscal year 2006, Standard & Poor's raised its rating for MAPFRE RE to "AA". It also affirmed its "AA" financial strength rating for the Group, as well as the "AA-" issuer credit rating assigned to MAPFRE S.A. The ratings assigned by A.M. Best and Moody's were not affected throughout 2006, reflecting in both cases the high solvency levels.

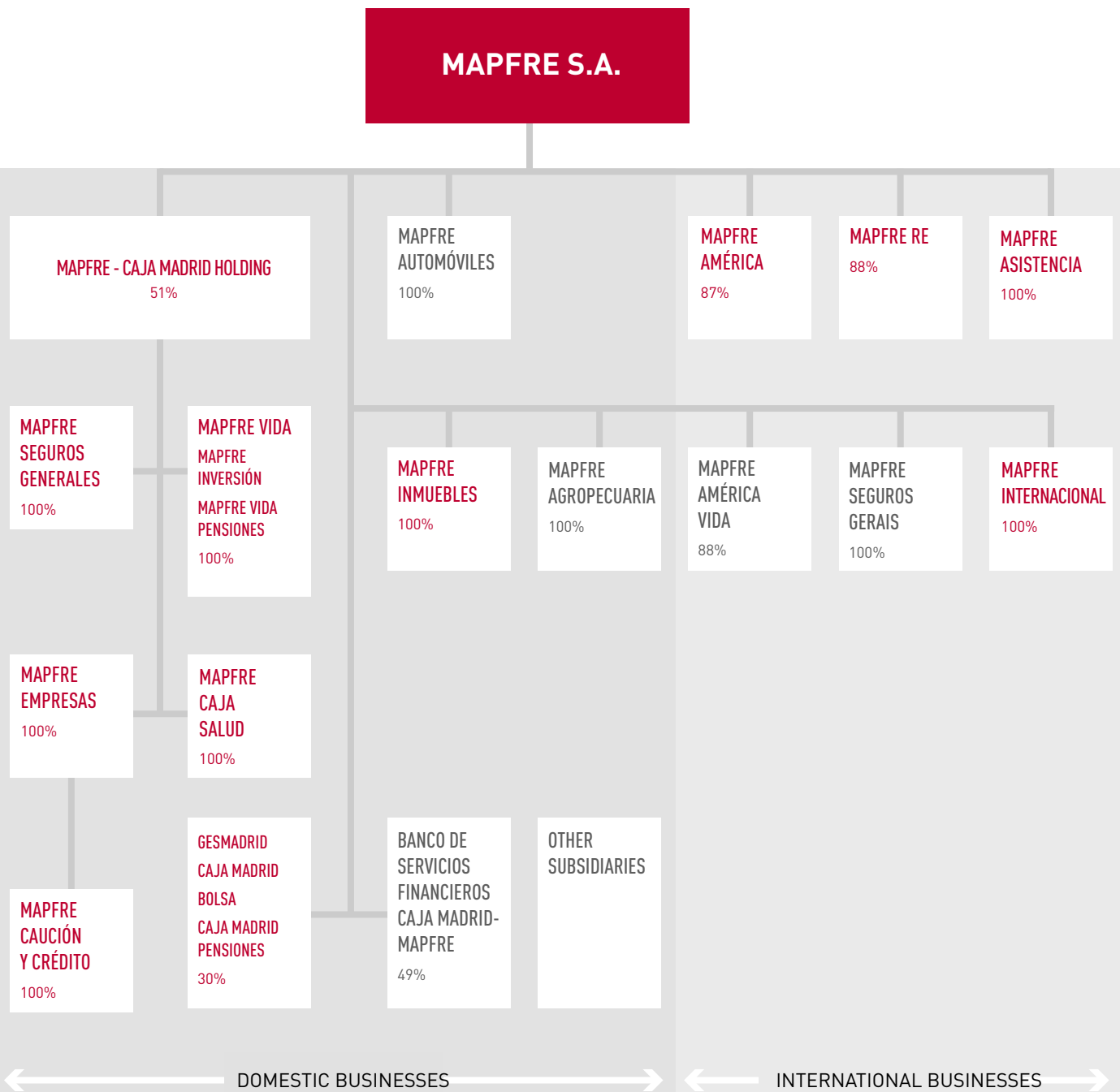
These excellent ratings received by our Group and its subsidiaries reflect the rating agencies' confidence in their strong capitalisation, market position and operating results.

COMPANY	Standard & Poor's		A.M. Best	
	2006 ⁽¹⁾	2005	2006 ⁽¹⁾	2005
MAPFRE MUTUALIDAD	AA (Excellent) Stable outlook	AA (Excellent) Stable outlook	A+ (Superior) Positive outlook	A+ (Superior) Positive outlook
MAPFRE S.A. (Debt issuer)	AA- (Excellent) Stable outlook (issuer credit rating)	AA- (Excellent) Stable outlook (issuer credit rating)	aa- Stable outlook (issuer credit rating)	aa- Positive outlook (issuer credit rating)
MAPFRE RE	AA (Excellent) Stable outlook	AA- (Excellent) Stable outlook	A+ (Superior) Positive outlook	A+ (Superior) Positive outlook
MAPFRE EMPRESAS	AA (Excellent) Stable outlook	AA (Excellent) Stable outlook	A (Excellent) Stable outlook	A (Excellent) Stable outlook
MAPFRE PRAICO	-	-	A (Excellent) Stable outlook	A (Excellent) Stable outlook
MAPFRE TEPEYAC	-	-	A- (Excellent) Stable outlook	A- (Excellent) Stable outlook

COMPANY	Moody's		A.M. Best	
	2006 ⁽¹⁾	2005	2006 ⁽¹⁾	2005
MAPFRE ASISTENCIA	A1 Stable outlook	A1 Stable outlook	A+ (Superior) Stable outlook	A+ (Superior) Stable outlook

(1) Ratings as at 31 December 2006

Organisational chart







**Material events
during the year**

Material events during the year

JANUARY

- (03.01.06) ○ AENOR renews the quality certificate awarded to MAPFRE CAUCIÓN Y CRÉDITO.
- (04.01.06) ○ MAPFRE is considered to be one of the top Spanish Brands, according to Interbrand, a multi-national consultancy firm.
- (08.01.06) ○ MAPFRE VIDA launches a new guaranteed fund, FONDMAPFRE BOLSA GVIII, where unit holders benefit from the average monthly revaluation of the Dow Jones Eurostoxx 50, S&P 500, Ibex 35, and Nikkei 225 stock indices.
- (09.01.06) ○ MAPFRE EMPRESAS integrates the activities of MUSINI and MAPFRE INDUSTRIAL, after receiving authorisation from the Dirección General de Seguros y Fondos de Pensiones (DGSFP).
- (25.01.06) ○ MAPFRE EMPRESAS wins the public tender for the insurance policy covering the construction works of Expoagua Zaragoza 2008.

FEBRUARY

- (06.02.06) ○ MAPFRE QUAVITAE opens a new retirement home in Bilbao.
- (09.02.06) ○ MAPFRE reports earnings for 2005, with a record result before taxes of €872 million.
- (10.02.06) ○ The "El camino de tu vida" campaign is relaunched on TV, the economic press, billboards and Internet.
- (25.02.06) ○ The Annual General meeting of MAPFRE MUTUALIDAD is held, which approves the Annual Accounts for 2005 and the management of the Board.

MARCH

- (06.03.06) ○ MAPFRE is again considered the most highly valued company in the insurance industry according to the MERC0 2006 report (Spanish Monitor of Corporate Reputation).
- (08.03.06) ○ MAPFRE ASISTENCIA acquires all the shares of CANADIAN ROADSIDE & RECOVERY INC., a motor assistance company based in Cambridge, Ontario.
- (09.03.06) ○ The MAPFRE Crecimiento Pension Plan receives the Expansi3n-Standard & Poor's Award for the best Mixed Global Equity performance over three years.
- (15.03.06) ○ MAPFRE extends its Accident Insurance offering with its new products, RENTA 140 and RENTA 190.
- (18.03.06) ○ MAPFRE's shares join the FTSE4Good index, which includes those companies from all over the world that are most committed to corporate responsibility.
- (20.03.06) ○ MAPFRE launches the Flat Fee Motor Insurance Policy linked to car purchase financing.
- (24.03.06) ○ The Environmental Management System of the MAPFRE headquarters in Majadahonda (Madrid) receives the ISO 14001 certificate issued by Det Norske Veritas (DNV).
- (27.03.06) ○ MAPFRE becomes the leading Insurance company by volume of mutual fund assets under management.

APRIL

- (04.04.06) ○ MAPFRE VIDA launches the Garantía-Index savings & investment insurance, which guarantees 105 per cent of the initial investment.
- (05.04.06) ○ MAPFRE MUTUALIDAD renews its range of Motor insurance policies, incorporating important changes and salient social cover.
- (07.04.06) ○ MAPFRE signs an agreement to sponsor the Expoagua Zaragoza 2008 International Exhibition.
- (26.04.06) ○ MAPFRE AGROPECUARIA launches a Forestry Insurance policy covering the reforestation expenses resulting from fires on private lands not used for agricultural purposes.
- (27.04.06) ○ The Annual General Meeting of Shareholders of CORPORACI3N MAPFRE is held. The Annual Accounts and a dividend of €0.32 (gross) per share are approved, as well as a 5-for-1 share split.

MAY

- (08.05.06) ○ MAPFRE ranks 11th among European Non-Life Insurance companies, improving two positions.
- (10.05.06) ○ MAPFRE AGROPECUARIA launches a new insurance policy for pig farms, and another policy to cover the needs of hunters on their trips abroad.
- (17.05.06) ○ The magazine *Actualidad Aseguradora* chooses the MAPFRE website as one of the best in the insurance sector because of its design, contents and online services for customers.
- (22.05.06) ○ *Mi Cartera de Inversión*, a financial publication, includes MAPFRE among the 10 largest companies in Spain.
- (22.05.06) ○ FUNDACIÓN MAPFRE presents its first study on Motor Insurance in Latin America, analysing the most relevant aspects of this insurance line in 19 countries.
- (23.05.06) ○ MAPFRE BRAZIL ends 2005 as the leading provider of Agricultural Insurance in Brazil, with a market share of 48 per cent.
- (25.05.06) ○ CLUB MAPFRE DEL AUTOMÓVIL launches the *Club Fracciona* service, which offers consumer loans at the best terms and conditions on the market.
- (29.05.06) ○ The Board of Directors of MAPFRE MUTUALIDAD unanimously resolves to submit to the General Assembly of Mutual members the proposal to provide the Group with a new corporate structure, in order to continue widening its activities and its international expansion.

JUNE

- (06.06.06) ○ MAPFRE QUAVITAE opens a new retirement home in the Community of Valencia.
- (06.06.06) ○ MAPFRE VIDA launches FONDMAPFRE GARANTIZADO 607, an equity mutual fund linked to four international stock market indices.
- (15.06.06) ○ The Extraordinary General Assembly of MAPFRE MUTUALIDAD approves the Group's new corporate structure.
- (26.06.06) ○ CIS, the telephone assistance platform of MAPFRE SEGUROS GENERALES, renews its ISO 9001:2000 certificate for the third year in a row.
- (29.06.06) ○ MAPFRE PUERTO RICO enters into an agreement with the US Government to provide medical assistance through the Medicare program.
- (30.06.06) ○ The Board of Directors of CORPORACIÓN MAPFRE approves the terms of the capital increase required for the re-organisation of the Group.

JULY

- (04.07.06) ○ MAPFRE ASISTENCIA extends its range of Travel Insurance with new policies and covers.
- (19.07.06) ○ Standard & Poor's raises the rating for MAPFRE RE to 'AA', considering it as a core company for the Group for the first time. It confirms its ratings for MAPFRE MUTUALIDAD (AA) and MAPFRE EMPRESAS (AA), as well as debt issued by CORPORACIÓN MAPFRE (AA-).
- (24.07.06) ○ MAPFRE MUTUALIDAD establishes discounts on Motor Insurance for drivers who do not lose any points on their driver's license.
- (25.07.06) ○ CORPORACIÓN MAPFRE's shares are again included in the Ibex 35 index.
- (27.07.06) ○ FUNDACIÓN MAPFRE presents the "Green Paper on Road Safety", which includes 77 proposals to reduce traffic accidents.
- (28.07.06) ○ The Chairman of MAPFRE ARGENTINA receives the 'Business man of the Year' award due to the company's strong growth and important achievements.

AUGUST

- (1.08.06) ○ FUNDACIÓN MAPFRE and the Inter-American Federation of Insurance Companies (FIDES) present the first global study on Taxation of Life Assurance in Latin America.
- (3.08.06) ○ The Madrid City Council acknowledges the work carried out by FUNDACIÓN MAPFRE'S Road Safety Institute during the presentation of the 2nd Promotion of Mobility Agents.
- (4.08.06) ○ MAPFRE QUAVITAE opens a new retirement home in Badajoz.
- (10.08.06) ○ *Negocios*, a newspaper, and Grupo Júbilo Comunicación awards SABIA BIOINGENIERIA ARAGONESA the Prize for Excellence in the 'Research and Management Programs' category.
- (21.08.06) ○ MAPFRE ASISTENCIA opens a representative office in Amman (Jordan), to develop the company's business in the Middle East.
- (31.08.06) ○ The Euromoney Group chooses MAPFRE as the Best Insurance Company in Latin America in 2006.

SEPTEMBER

- (8.09.06) ○ MAPFRE remains in the FTSE4Good Corporate Responsibility Index, which groups together those companies in the world which are most committed to corporate responsibility.
- (11.09.06) ○ The Professional Insurance Agents' Association of Puerto Rico chooses MAPFRE PRAICO as the country's best General Insurance Company.
- (12.09.06) ○ *Information Week* magazine includes MAPFRE TEPEYAC among the 50 most innovative companies in Mexico.
- (29.09.06) ○ MAPFRE VIDA starts to sell the new FONDMAPFRE GARANTIZADO 611 Fund.

OCTOBER

- (05.10.06) ○ Moody's, a ratings agency, confirms MAPFRE ASISTENCIA'S 'A1' financial strength rating, with a stable outlook.
- (05.10.06) ○ MAPFRE is chosen as one of Spain's most popular brands in a survey conducted by the magazine *Actualidad Económica* among over 2,100 professionals.
- (09.10.06) ○ MAPFRE PRAICO acquires the general insurance agency BALDRICH & ASSOCIATES, as well as AUTO GUARD and PROFIT SOLUTIONS, both companies dedicated to providing motor vehicle services.
- (18.10.06) ○ MAPFRE sets up a new call centre in Valladolid, from where it handles all types of issues related to motor vehicles.
- (19.10.06) ○ Her Majesty Queen Sophia presents the FUNDACIÓN MAPFRE 2006 Awards for Research, Development, Innovation and the Humanities.
- (24.10.06) ○ MAPFRE ARGENTINA receives the *Prestigio Seguros* award for the third time in a row, granted by the Public Opinion Research Centre (CEOP) and the company Comunica, and is ranked number one by executives from companies in the insurance industry.
- (26.10.06) ○ The Board of Directors of CORPORACIÓN MAPFRE resolves to pay, as of 17 November, an interim dividend of €0.20 per share (€0.04 after the share split) against 2006 profits.

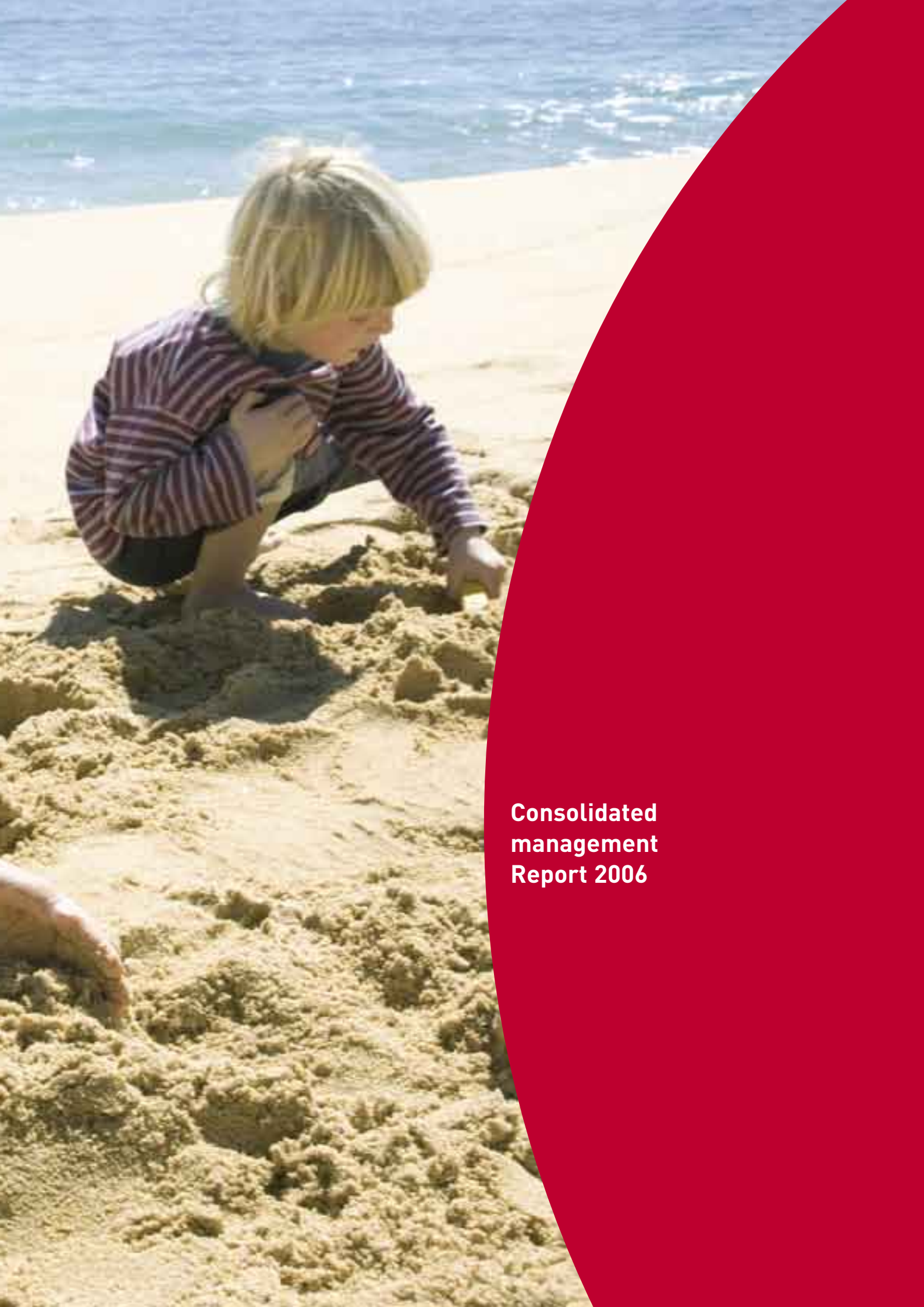
NOVEMBER

- (02.11.06) ○ MAPFRE SEGUROS GENERALES presents its two new Insurance policies, Family Protection and Rental Protection.
- (06.11.06) ○ AENOR grants MAPFRE MUTUALIDAD the ISO 9001-2000 quality certificate, which guarantees that the centres handling motor accidents and the company's medical centres comply with all of the quality requirements established by said standard.
- (17.11.06) ○ FUNDACIÓN MAPFRE starts its volunteer program, with over 500 participants drawn from among Group employees, associates and their families.
- (20.11.06) ○ *Call Center Magazine*, International Faculty for Executives (IFAES), Izo System, and the Spanish Association of Experts in Customer Call Centres (AEECCC) grant LÍNEA MAPFRE AUTOS *Call Center de Oro 2006* Award for excellence in the insurance sector.
- (22.11.06) ○ MAPFRE leads the 2005 ranking of Non-Life Insurance Companies in Latin America, and is ranked fourth overall among the insurance companies in the region.
- (22.11.06) ○ The Chairman of MAPFRE receives the Executive Award granted by the Spanish Confederation of Directors and Executives (CEDE), in recognition of individuals from Murcia who stand out for their managerial skills.
- (23.11.06) ○ MAPFRE acquires the San Antonio Polyclinic building in Bilbao in order to extend the activity of the San Francisco Javier Hospital.
- (27.11.06) ○ The FUNDACIÓN MAPFRE Trust and the Board of Directors of CORPORACIÓN MAPFRE define the new composition and members of the Group's governing bodies, as well as the relevant amendments to their Bylaws.

DECEMBER

- (01.12.06) ○ Managers, a consultancy firm, highlights MAPFRE ARGENTINA for its Record as the Best Company to Work for, according to the Great Place to Work criteria.
- (03.12.06) ○ MAPFRE ASISTENCIA starts operating in China, after entering into an agreement with China Life, the leading Life assurance company in China.
- (04.12.06) ○ MAPFRE RE opens an office in Munich to manage its business in Germany, Austria, and Central and Eastern Europe
- (05.12.06) ○ MAPFRE commences direct insurance operations in Ecuador.
- (12.12.06) ○ Twenty-three companies within the MAPFRE Group receive the ISO 14001 environmental certificate issued by Det Norske Veritas (DNV), in recognition of the optimal handling of environmental risk.
- (17.12.06) ○ MAPFRE and SOCIETÀ CATTOLICA DI ASSICURAZIONI (CATTOLICA) sign a letter of intent for the joint development in Italy of motor insurance distributed through agencies.
- (18.12.06) ○ MAPFRE and CAJA CASTILLA LA MANCHA reach an agreement for the joint development of the savings bank's life assurance and pension plan business, *CCM Vida y Pensiones*.
- (19.12.06) ○ Standard & Poor's, a rating agency, confirms the ratings and outlooks for MAPFRE and its subsidiaries after the announcement of the deal with SOCIETÀ CATTOLICA DI ASSICURAZIONI.
- (29.12.06) ○ After securing the required official authorisations, the Extraordinary General Meeting of CORPORACIÓN MAPFRE approved the resolutions needed to implement the Group's corporate restructuring, which was approved on 15th June 2006 by the General Assembly of MAPFRE MUTUALIDAD.
- (31.12.06) ○ The public deed is executed whereby the Insurance portfolio of MAPFRE MUTUALIDAD is transferred to a new company, MAPFRE AUTOMÓVILES, and equity reserves of MAPFRE MUTUALIDAD are transferred to FUNDACIÓN MAPFRE.





**Consolidated
management
Report 2006**

Consolidated management Report 2006

Economic environment

The world economy maintained its high rate of growth in 2006 (5.1%, according to the IMF), 0.2% above the growth rate for the previous year. Growth rates in the various geographic areas were more balanced than in previous years. The gradual loss of momentum in the North American economy was offset by high levels of activity in the Euro zone, led by countries such as Germany or Spain, the consolidation of economic recovery in Japan, and continuation of intense activity in major Asian economies such as China or India. Moreover, the increase in world trade (8.9% in 2006) and the high prices for major commodities over most of the year benefited emerging economies such as South-East Asia or Latin America.

Other features of the financial year from an economic viewpoint were the rise and subsequent fall in oil prices, which meant that inflation declined throughout the year; extremely favourable financial conditions for companies, despite the fact that central banks continued their normalisation process of official interest rates (increases of 1% in the United States and 1.25% in Europe), a cycle which Japan joined with its first increase in rates in six years; moderate increases in the returns from bonds; and the noteworthy depreciation of the US Dollar against the Euro.

Within this context, the trend was extremely satisfactory in those areas where MAPFRE has a major presence (Spain and Latin America). The Spanish economy is set to end the year with an increase in GDP of almost 3.8%, signalling an acceleration in comparison to previous years, and maintain a differential of almost one point against the Euro zone. Carried along by a healthy jobs market, internal demand was the main factor responsible for this performance, driven by steady consumer expenditure and dynamic investment. On the downside, some mention should be made of the ever increasing financial requirements, as a result of a substantial current account deficit, and price indices still far the European Union average.

The positive behaviour of financial markets only partially affected collective investment. Although mutual funds reached a new all-time high, growth (3.5%) was the lowest since 2002 due to competition from other financial products.

2006 was once again an excellent year for economic activity in Latin America. The region benefited from favourable international conditions – higher prices for raw materials and the wide availability of financing – with GDP growth estimated at 5.3%, an increase of 0.8% on the previous year. From an economic viewpoint, the major achievements were the consolidation of internal demand, an improvement in public accounts and the balance on current accounts, and generally lower inflation. The many electoral processes during the year scarcely affected the trend of Latin American economies. With respect to financial markets, particular mention should be made of the good performance of Latin American Stock Markets, which finished the year posting all-time highs and among the world's most profitable markets; the continued decline in risk premiums to minimum levels; successive improvements in the rating of sovereign debt by rating agencies; relative strength of currencies; and the decline in interest rates in Brazil and Mexico.

The year 2006 was also extremely positive with respect to equity markets, where indices in general finished the year close to the highest levels recorded over the last five years, or at all-time highs, such as the Dow Jones Industrial index, the IBEX 35, the Latin American markets, and certain markets in Asia. In general, the returns were extremely satisfactory, around 15% on average in Europe and the United States, and slightly lower in Japan. In developed markets, excellent returns were obtained by the Spanish market, double that of the European average.

After an initial positive phase to mid-May, stock markets capitalised on an increasingly positive context for equities, in an environment of available liquidity and a lack of investment alternatives. Thus there was an extremely favourable consolidation of a solid, global macroeconomic scenario: the relaxation of interest rates expectations, companies results which again surprised positively, a correction of over 20% in the price of oil from record levels, and the intensification of corporate activities with high premiums over market prices. The trend of rising markets thus continued, and in fact accelerated towards year-end. A more optimistic outlook among investors brought about a reduction in volatility levels to all-time lows.

The positive behaviour of financial markets only partially affected collective investment. Although mutual funds reached a new all-time high - €254,000 million, with 8.8 million unit holders - growth (3.5%) was the lowest since 2002 due to competition from other financial products. Pension funds had an excellent year, with double-digit increases in funds.

Development of the insurance markets

SPANISH MARKET*

In accordance with initial estimates, the total volume of premiums written by Spanish Insurance Companies rose in 2006 to €52,686 million, broken down as follows by lines of business:

Line of Business	2006	2005	% Var. 06/05
Life	22,540	20,532	9.8%
Non-Life	30,146	28,302	6.5%
Total Direct Insurance	52,686	48,834	7.9%

Figures in million euros

* Data supplied by the Spanish Association of Insurance and Reinsurance Companies, UNESPA.

The increase with respect the previous year once again exceeded the rate of growth of GDP for the Spanish economy.

Non-Life insurance accounted for 57.2% of the total volume of premiums. In absolute terms, Motor Insurance continued to be the largest by volume, although the growth rate was the lowest due to fierce competition. The table below shows the total estimated volume of Non-Life insurance premiums broken down by lines of business, and the variation with respect the previous year:

	2006	2005	% Var. 06/05
Motor	12,313	11,742	4.9%
Health	4,927	4,488	9.8%
Multi-peril	5,044	4,637	8.8%
Other Non-Life	7,861	7,435	5.7%
Total Non-Life	30,146	28,302	6.5%

Figures in million euros

In 2006, as in previous years, the decrease in the relative importance of the Motor Insurance component continued, as shown in the table below:

	2006	2005	2004	2003	2002
Motor	40.8%	41.5%	42.8%	44.5%	45.7%
Health	16.3%	15.9%	15.6%	15.2%	15.1%
Multi-peril	16.7%	16.3%	15.9%	15.7%	15.1%
Other Non-Life	26.1%	26.2%	25.7%	24.6%	24.1%

Based on the trends seen up to September, technical results have improved in all Non-Life lines, with the exception of Motor Insurance, which continues the negative trend observed during the previous year. The following table shows the development of the combined ratio as a percentage of net premiums earned:

	Total		Motor		Multi-peril		Health	
	30.09.06	30.09.05	30.09.06	30.09.05	30.09.06	30.09.05	30.09.06	30.09.05
Loss ratio	70.7%	71.2%	75.5%	74.2%	60.5%	60.4%	80.8%	81.6%
Expense ratio	20.4%	20.4%	18.3%	17.7%	30.3%	30.8%	11.2%	11.4%
Combined ratio	91.1%	91.6%	93.8%	91.9%	90.8%	91.2%	92.0%	93.0%

PRESS CONFERENCE
TO PRESENT THE 2006
RESULTS



The volume of managed Life savings, represented by technical reserves, was €131,081 million, up 5.6% on the previous year.

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

	2006	2005	% Var. 06/05
Life Assurance	131,081	124,181	5.6%
Mutual Funds	333,100	313,531	6.2%
Pension Funds	81,200	72,917	11.4%
Total	545,381	510,629	6.8%

Figures in million euros

LATIN AMERICAN MARKETS*

According to information available, the major Latin American insurance markets posted the following increases in their respective volume of written premiums, expressed in local currency at current prices¹:

Country	Date	Non-Life	Life	Total
Argentina	30/06/2006	24.4%	5.9%	18.2%
Brazil	31/12/2006 (E) ²	15.8%	19.6%	17.4%
Colombia	30/09/2006	15.5%	7.5%	13.3%
Chile	30/09/2006	12.1%	9.3%	10.4%
Dominican Republic	30/11/2006	21.6%	0.5%	19.2%
Mexico	30/09/2006	3.8%	27.2%	13.4%
Paraguay	30/06/2006	11.0%	8.8%	10.8%
Peru	30/11/2006	15.8%	8.9%	12.9%
Puerto Rico	30/09/2006	14.3%	(4.0)%	12.4%
El Salvador	30/09/2006	16.6%	11.4%	14.9%
Uruguay	31/12/2006 (E) ²	12.7%	11.2%	12.4%
Venezuela ³	31/12/2006	-	-	49.7%

(1) Percentage variations were calculated on the basis of the most recent information available for each country, and are presented on an annualised basis.

(2) Estimated year end figures.

(3) Life assurance accounts for less than 3% of the Venezuelan market's total premiums, therefore any changes have only a minor bearing on the sector as a whole.

In 2006, the Latin American markets performed as follows:

- o In ARGENTINA, with data to the end of June, the volume of premiums shows a significant increase with respect to the previous year, mainly from Non-Life insurance business, featuring a 57% increase in the Workers' Compensation insurance line, arising from the increase in the active population. Motor insurance is noticeably accelerating due to a sharp rise in vehicle sales. Growth in the Life business was restricted by a fall in demand for retirement related insurance. The Non-Life loss ratio increased due to price competition in the Motor Insurance business, and a rise in the number of court cases related with Workers' Compensation insurance.

* Data for Latin American markets were obtained from supervisory bodies and sectorial associations in each country, from MAPFRE companies operating there, and from FUNDACION MAPFRE

- In BRAZIL, with estimated 2006 year-end data, the total volume of premiums reported a sharp increase with respect to the previous year. The main factor behind the growth was VGBL Life Insurance*, which experienced high demand in view of its attractive financial and fiscal returns. With respect to Non-Life insurance, the Motor Insurance sector grew strongly, mainly due to price increases. Growth in wealth protection insurance, meanwhile, was modest, due to the appreciation of the Real against the US Dollar, the currency in which policies are normally referenced in this line of insurance. The year was characterised by an improvement in the technical results for Non-Life insurance, thanks to the application of more restrictive subscription criteria, measures taken against fraud, and increasing costs control.
- In CHILE, with data to the end of September, the rate of growth in the volume of premiums accelerated, due to a recovery in Life business driven by the high demand for policies linked to bank financing, which offset the sustained decrease in the Life Annuity business. The main feature of the Non-Life business was an 11.2% increase in Motor Insurance, driven by an increase in vehicle sales. The Non-Life insurance loss ratio declined, particularly in the Fire and Motor Insurance lines.
- In COLOMBIA, with data to the end of September, the total volume of premiums experienced a considerable increase (8.1% in real terms), due to an acceleration in economic activity, which has driven Non-Life business volumes, particularly Motor Insurance, which benefited

* Life Assurance Generating Free Benefits.

PRESS CONFERENCE
WITH THE GOVERNOR OF
PUERTO RICO



from increased sales of vehicles. The Non-Life loss ratio fell, thanks to a tightening on subscriptions and control of risks, and increased security in the country. However, there was no change in the technical balance with respect to the previous year, due to fierce price competition in Fire, Transport and Earthquake insurance.

- In the DOMINICAN REPUBLIC, with data to the end of November, the volume of premiums increased noticeably with respect to the previous year, thanks to a rise of over 30% in Fire insurance, the main line in this market, caused by increases in the price of cover for catastrophe insurance. Motor insurance experienced considerable price competition, limiting growth to 10%, despite a significant increase in vehicle sales, which resulted in a worsening of the loss ratio. Meanwhile, the loss ratio was quite low in Fire-related business, due to the absence of claims brought about by natural disasters.
- In MEXICO, with data to the end of September, the total volume of premiums showed a significant increase, thus reversing the trend recorded during the previous year. This positive trend was due mainly to the Life business, thanks to the high demand for savings products brought on by attractive tax treatment in an environment of stable interest rates. In Non-Life business the growth in Motor Insurance premiums was over 7%, as a result of an increase in the number of vehicles purchased using financing. Accident and Illness maintained the growth reported for the previous year, around 13%, due to rate increases. Other Non-Life business, meanwhile, fell by around 5% due to fierce price competition. The loss ratio increased for Motor Insurance, leading to an upward revision of tariffs, and fell in other Non-Life businesses, due to the low incidence of claims caused by natural disasters.



EXTRAORDINARY
GENERAL MEETING,
15TH JUNE 2006

- In PARAGUAY, with data for the first six months, the growth rate accelerated with respect to the previous year, thanks to an increase of over 16% in Motor Insurance driven by an increase in imported second-hand vehicles following the devaluation of the US Dollar. However this depreciation had a negative effect on a number of sectors of the economy, particularly agriculture. This resulted in a slowdown in growth rates in other Non-Life areas and Life assurance, the latter remaining stable at 7.2% of total premiums. The Non-Life loss ratio fell, mainly due to a significant reduction in the Motor Insurance line.
- In PERU, with data to the end of November, premium growth accelerated with respect to the previous year. Non-Life business showed the most significant increase, mainly due to Motor Insurance, as a result of the increase in sales of new vehicles, and Earthquake cover, due to higher rates as a result of a rise in the cost of reinsurance. The growth in Life and Pensions was slightly less, due to a decrease of almost 7% in the main line of business (Retirement Earnings), caused by the termination of an early retirement scheme for unemployment. The Non-Life loss ratio fell, mainly thanks to the 4% decrease in Fire business, which accounts for 22% of total Non-Life insurance.
- In PUERTO RICO, according to data from the first nine months, the market reported substantial growth, mostly due to an increase of over 22% in Health insurance, as a





NEW HEADQUARTERS
OF MAPFRE CHILE

result of the continued success of health care plans for retired individuals, subsidised and regulated by the federal authorities (Medicare). Other Non-Life business, including Motor Insurance, declined due to a slump in economic activity on the island, causing a fall in demand and fierce price competition. Life premiums also fell due to a decrease in the volume subscribed by foreign companies. The Non-Life loss ratio decreased with respect to the previous year.

- The market in EL SALVADOR, with data to the end of September, reported a growth rate in excess of the previous year. Growth was almost 20% in the main Non-Life lines (Fire and Motor), although it is likely that the overall growth rates for the year as a whole will be lower, due to fierce price competition. The loss ratio increased substantially in most Non-Life insurance lines, due to insufficient rates and an increase in frequency.
- In URUGUAY, according to the estimated figures for the year overall, the insurance market accelerated its growth trend versus the previous year, thanks to the recovery of the Uruguayan economy. Non-Life insurance experienced growth in most lines of business, particularly Motor Insurance, which increased by over 11% due to a gradual recovery in the sales of vehicles. As in 2005, the Life business maintained steady progress, caused by the growth in the active population and in salaries. The Non-Life loss ratio decreased, with a noteworthy fall in Motor Insurance, caused by a slight increase in rates and a decrease in frequency.
- In VENEZUELA, with year-end data, the market showed the highest growth of the last nine years both in nominal and in real terms (+ 32.7%), mainly due to substantial activity in Health business, due to the continuing process of externalisation of group policies in the public sector, and Motor Insurance, due to increased vehicle sales. Price competition was intense, producing higher loss ratios and acquisition costs which, within a context of lower interest rates, reduced the industry's technical-financial results.

The global reinsurance companies are experiencing a reduction in the growth of premiums, partly caused by the voluntary limitation of catastrophe business in certain areas, as a result of a better analysis of exposures and a redrafting of the models used, and partly by an increase in retentions and the replacement, by certain cedants, of proportional reinsurance with non-proportional reinsurance.

REINSURANCE MARKET

The worldwide reinsurance market progressed satisfactorily in 2006, due to the low incidence of natural catastrophe claims, with no large individual claims affecting results negatively.

The reduction in the combined ratio, due to the abovementioned absence of major natural catastrophes, and improved financial returns, would seem to indicate that the reinsurance market is set to end the year with considerably higher earnings than in 2004 and 2005, both of which were affected by large and frequent natural disaster claims, leading to substantial losses.

The market has generally witnessed an improvement in conditions and prices in zones and business lines affected by catastrophes, and the maintenance of conditions or a slight reduction in tariffs in unaffected markets. It may be deduced that pressure from competitors will increase in 2007, in order to obtain market shares and revenues in accordance with their high market capitalisation and expectations.

In general, the global reinsurance companies are experiencing a reduction in the growth of premiums, partly caused by the voluntary limitation of catastrophe business in certain areas, as a result of a better analysis of exposures and a redrafting of the models used, and partly by an increase in retentions and the replacement, by certain cedants, of proportional reinsurance with non-proportional reinsurance.

New capital continued to reach the sector in 2006 from major mutual funds as "sidecars", catastrophe bonds, or new reinsurers operating in the Bermuda market.

SPANISH AGRICULTURE
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HEADQUARTERS



Business development

OPERATING REVENUES AND FUNDS UNDER MANAGEMENT

Gross written and accepted premiums, including accepted reinsurance premiums, written by the subsidiaries of the Company, amounted to €7,900.1 million in 2006, an 8.8% increase. Total operating revenues reached €10,212.7 million, including €349.6 million of new gross contributions to pension funds. The breakdown of these revenues by business line is shown in the following table:

	2006	2005	Var. % 06/05
Companies operating primarily in Spain	6,151.8	5,884.9	4.5%
Gross written and accepted premiums	4,689.6	4,508.6	4.0%
Income from investments	1,071.1	1,110.8	(3.6)%
Other income	391.1	265.5	47.3%
Companies operating primarily abroad	3,715.3	3,178.3	16.9%
Gross written and accepted premiums	3,210.5	2,751.7	16.7%
Income from investments	364.5	297.2	22.6%
Other income	140.3	129.4	8.4%
Holding company	167.8	241.6	(30.5)%
CUMULATIVE REVENUES SUBTOTAL	10,034.9	9,304.8	7.8%
Consolidation adjustments and other companies	(171.8)	(256.2)	(32.9)%
CONSOLIDATED REVENUES SUBTOTAL	9,863.1	9,048.6	9.0%
Gross contributions to pension funds	349.6	295.7	18.2%
TOTAL REVENUES FROM OPERATIONS	10,212.7	9,344.3	9.3%

Figures in million euros

In 2006, total cumulative and total consolidated revenues grew 7.8% and 9% over the previous year, respectively. This development was characterised by the following factors:

- Organic growth in premiums volumes, which was particularly significant outside of Spain.
- The rise in interest rates, which reduced financial income through shadow accounting adjustments.
- The appreciation of the Euro against the US Dollar and Latin American currencies, which reduced the amount of revenues coming from Latin America.

The following table shows the evolution of managed funds in Life Assurance and Savings products:

	2006	2005	Var. % 06/05
Life assurance technical reserves	14,834.4	14,867.7	(0.2)%
Pension funds	1,493.2	1,287.4	16.0%
Mutual funds	3,777.3	3,097.1	22.0%
TOTAL	20,104.9	19,252.2	4.4%

Figures in million euros

The variation in managed funds obtained in 2006 (4.4%) reflects primarily the following factors:

- An increase in the recurring sale of Life Savings products.
- Growth rates above the market average in the volume of funds managed in Mutual and Pension Funds.

The reduction in the market value of investments, due to the abovementioned rise in interest rates versus the previous year, lead to a €334.3 million downwards adjustment in Life assurance technical reserves.

Spain

Gross written and accepted premiums issued by the companies that operate primarily in Spain reached €4,689.6 million, to which €349.6 million of new gross contributions to pension funds must be added. The following table provides a breakdown of these volumes.

	2006	2005	Var.% 06/05
LIFE ASSURANCE OPERATING UNIT	1,891.8	1,915.3	(1.2)%
GENERAL INSURANCE OPERATING UNIT	1,182.8	1,140.2	3.7%
COMMERCIAL INSURANCE OPERATING UNIT	1,233.2	1,101.5	12.0%
MAPFRE CAJA SALUD	388.0	353.3	9.8%
Consolidation adjustments	(6.2)	(1.7)	-
TOTAL PREMIUMS	4,689.6	4,508.6	4.0%
Gross contributions to pension funds	349.6	295.7	18.2%

Figures in million euros

The decrease in the volume of premiums of the LIFE ASSURANCE OPERATING UNIT is due to the absence of non-recurring operations arising from the externalisation of corporate pension commitments, which amounted to €148.6 million in 2005. Excluding these, premiums volumes grew 7.1%, thanks to a 6.6% increase in Life Savings premiums and the sustained growth in retail Life Protection products. The revenues of the stockbroking and mutual and pension funds management subsidiaries grouped under MAPFRE INVERSIÓN reached €110.2 million, a 19.4% increase over the previous year, thanks to growth above the market average in managed funds.

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EDUARDO BARREIROS



Premium growth in the GENERAL INSURANCE OPERATING UNIT reflects the transfer of the industrial risks portfolio of its subsidiary MAPFRE GUANARTEME to MAPFRE EMPRESAS. Excluding this, the increase in its business volume stood at 7.1%, as a result of a 9.9% rise in the General Insurance and Burial lines, and a 10.4% decrease in the Motor Insurance business (Canary Islands) which will be transferred to MAPFRE AUTOMÓVILES under the new structure. In 2006, there were over 2.3 million homes insured and more than 4.4 million policies issued.

The business volume of the COMMERCIAL INSURANCE OPERATING UNIT includes the premiums from the abovementioned integration of MAPFRE GUANARTEME'S industrial risks portfolio. Excluding this, premiums grew 8.7% in the year, despite strong competition. The following increases were recorded: 7.2% in the Industrial business in Spain, reflecting the attainment of new clients; 10.9% in the Global Risk business, thanks to significant growth abroad; and 5.3% in the Credit and Surety business, on the back of sustained growth in Latin America.

Lastly, MAPFRE CAJA SALUD, which operates in a highly specialised business line, recorded a 9.8% increase in premiums, which came primarily from the Health Assistance (retail business) and Expense Reimbursement lines, which grew 8.3% and 13.3%, respectively.

The following table shows a breakdown of written and accepted premiums by line of business in 2005 and 2006, together with the corresponding market shares (provisional in the case of 2006):

	2006	2005	Var. % 06/05	Market Share	
				2006	2005
Motor	129.0	143.9	(10.4)%	1.0%	1.2%
Health	388.0	353.3	9.8%	7.8%	7.9%
Other - Non-Life	2,281.5	2,090.1	9.2%	16.6%	16.8%
Consolidation adjustments	(6.2)	(1.7)			
TOTAL NON-LIFE	2,792.3	2,585.6	8.0%	8.8%	8.9%
Life Protection	274.9	252.2	9.0%		
Life Savings	1,622.4	1,522.2	6.6%		
Life Externalisations	0.0	148.6	-		
Consolidation adjustments	-	-			
TOTAL LIFE	1,897.3	1,923.0	(1.3)%	8.4%	9.0%
TOTAL	4,689.6	4,508.6	4.0%	8.6%	9.0%

Figures in million euros

The breakdown of premiums written through the agents channel and the CAJA MADRID bank channel was as follows:

	Agents Channel			Caja Madrid Bank Channel			Total		
	2006	2005	Var. %	2006	2005	Var. %	2006	2005	Var. %
LIFE	1,061.7	1,073.0	(1.1)%	830.1	842.3	(1.4)%	1,891.8	1,915.3	(1.2)%
GENERAL INSURANCE	1,047.5	1,033.3	1.4%	135.3	106.9	26.6%	1,182.8	1,140.2	3.7%
COMMERCIAL INSURANCE	1,205.7	1,076.7	12.0%	27.5	24.8	10.9%	1,233.2	1,101.5	12.0%
HEALTH	367.0	335.0	9.6%	21.0	18.3	14.8%	388.0	353.3	9.8%
Consolidation adjustments							(6.2)	(1.7)	-
TOTAL	3,681.9	3,518.0	4.7%	1,013.9	992.3	2.2%	4,689.6	4,508.6	4.0%

Figures in million euros

Total income from investments for the companies that operate primarily in Spain decreased 3.6% to €1,071.1 million (vs. €1,110.8 million in 2005). Of these, €965.6 million came from interest, dividends and equivalents, against €986.5 million in 2005.

Total income from non insurance operations amounted to €416 million, a 41.1% increase over the previous year. Its breakdown is shown in the following table:

	2006	2005	% Var. 06/05
MAPFRE INVERSIÓN and subsidiaries	110.2	92.3	19.4%
MAPFRE INMUEBLES	118.3	37.4	-
MAPFRE QUAVITAE	103.6	85.0	21.9%
Other entities	83.9	80.2	4.6%
TOTAL	416.0	294.9	41.1%

Figures in million euros



FRONT COVER OF THE PUBLICATION "RANKING OF LATIN AMERICAN INSURANCE COMPANIES", ISSUED BY FUNDACIÓN MAPFRE

International

Gross written and accepted premiums issued by the Units and Companies that operate primarily abroad, evolved as follows:

	2006	2005	Var. % 06/05
MAPFRE AMÉRICA	2,031.9	1,655.0	22.8%
Argentina	266.2	195.2	36.4%
Brazil ⁽¹⁾	621.9	434.6	43.1%
Chile	107.7	133.6	(19.4)%
Colombia	62.9	55.2	13.9%
El Salvador	32.0	28.4	12.7%
Mexico	310.9	250.8	24.0%
Paraguay	9.1	8.6	5.8%
Peru	31.2	27.1	15.1%
Puerto Rico	270.9	254.3	6.5%
Dominican Republic	10.8	1.8	–
Uruguay	11.7	10.0	17.0%
Venezuela	296.6	255.4	16.1%
MAPFRE INTERNACIONAL	34.7	12.9	169.0%
MAPFRE INSULAR (The Philippines)	18.5	12.9	43.4%
MAPFRE U.S.A.	16.2	–	–
SUBTOTAL DIRECT INSURANCE	2,066.6	1,667.9	23.9%
ACCEPTED REINSURANCE	1,437.7	1,337.4	7.5%
ASSISTANCE	296.3	254.5	16.4%
TOTAL CUMULATIVE PREMIUMS	3,800.6	3,259.8	16.6%
Intra-group transactions eliminated upon consolidation	(590.1)	(508.1)	16.1%
TOTAL CONSOLIDATED PREMIUMS	3,210.5	2,751.7	16.7%

Figures in million euros

(1) Figures at the close of 2006 include premiums from MAPFRE NOSSA CAIXA amounting to €73.3 million (€11.5 million in 2005).

The breakdown of Direct insurance premiums written by business lines and by companies that operate abroad, is shown in the following table:

	2006	2005	Var. % 06/05
Motor	886.2	749.4	18.3%
Health and accidents	338.8	263.1	28.8%
Other lines of business	841.6	655.4	28.4%
TOTAL	2,066.6	1,667.9	23.9%

Figures in million euros

MAPFRE AMÉRICA reported premiums of €2,031.9 million, a 22.8% increase over the previous year. It is worth noting the growth achieved by the subsidiaries operating in Brazil, Argentina and Mexico.

MAPFRE is the leading Non-Life insurance group in Latin America, where it ranked first in 2005 with a share of approximately 6.1% of the premiums of the countries and territories in which it operates. The following table shows the Non-Life direct insurance market shares in the various countries:

Countries	Market shares ⁽¹⁾
Argentina	8.0%
Brazil	5.4%
Chile	12.3%
Colombia	4.2%
El Salvador	13.0%
Mexico	3.7%
Paraguay ⁽²⁾	13.3%
Peru	6.4%
Puerto Rico	12.4%
Uruguay	5.1%
Venezuela	9.6%

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

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

In the accepted reinsurance business, MAPFRE RE and its subsidiaries recorded consolidated premiums of €1,437.7 million (€1,337.4 million in 2005), a 7.5% increase. Retained premiums were €984.3 million, equivalent to a 68.5% retention rate (68.3% in 2005). By geographical areas, 41% of accepted premiums came from Spain, 25% from the rest of Europe, 22% from Latin America, 4% from North America and the remaining 8% from other countries. During 2006, the North American operations were reorganised, with the transfer to the parent company MAPFRE RE, the business of its subsidiary MAPFRE REINSURANCE CORPORATION and also its Canadian branch.

The total revenues (premiums and revenues from the sale of services) of MAPFRE ASISTENCIA and its subsidiaries reached €421.4 million, a 15.9% increase over the previous year. The geographical breakdown was as follows: Spain, 14%; Latin America, 26%; other European countries, 43%; North America, 13%; and 4% from other areas.

Lastly, MAPFRE INTERNACIONAL recorded consolidated premiums of €34.7 million. Its subsidiaries evolved as follows:

- MAPFRE USA, which operates in Florida, wrote premiums totalling €16.2 million.
- MAPFRE INSULAR (The Philippines) grew written premiums by 43.4% in euros (35.1% in local currency).

The total income from the investments held by the companies that operate primarily outside of Spain grew 22.6% to €364.5 million. (vs. €297.2 million in 2005). Of these, €251.7 million came from interests, dividends and equivalents, versus €218.5 million in 2005.

MANAGEMENT RATIOS

The consolidated Non-Life combined ratio was 95.1%, against 97.6% the previous year. This ratio improved in virtually all Units and Companies, especially at MAPFRE RE, reflecting the limited occurrence of insured natural catastrophe claims. The evolution of the main management ratios is shown in the following table:

Units and Companies	Ratios					
	Expense Ratio ⁽¹⁾		Loss Ratio ⁽²⁾		Combined Ratio ⁽³⁾	
	2006	2005	2006	2005	2006	2005
Companies operating primarily in Spain						
GENERAL INSURANCE OPERATING UNIT	27.7%	27.3%	62.8%	64.7%	90.5%	92.0%
COMMERCIAL INSURANCE OPERATING UNIT ⁽⁴⁾	20.3%	12.1%	65.7%	78.0%	86.0%	90.1%
MAPFRE CAJA SALUD	16.6%	15.7%	78.1%	81.2%	94.7%	96.9%
MAPFRE-CAJA MADRID HOLDING	23.6%	21.1%	66.5%	71.2%	90.1%	92.3%
Companies operating primarily abroad						
MAPFRE AMÉRICA	36.4%	34.8%	66.6%	68.2%	103.0%	103.0%
MAPFRE RE	34.8%	32.1%	57.6%	67.6%	92.3%	99.7%
MAPFRE ASISTENCIA	22.9%	25.3%	70.8%	71.4%	93.7%	96.7%
LIFE ASSURANCE OPERATING UNIT ⁽⁵⁾	0.9%	0.9%				
Consolidated total	30.1%	28.1%	65.0%	69.5%	95.1%	97.6%

(1) (Operating expenses, net of reinsurance + profit sharing and returned premiums – other technical income + other technical expenses) / Net premiums earned. Figures for the Non-Life business. In 2006, figures include the reserves appropriated for early retirements to be undertaken in future years, which added 0.4 percentage points to the expense ratio.

(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) Given the importance of credit opinion activities for MAPFRE CAUCIÓN y CRÉDITO, the net income from other activities of this subsidiary is added to the numerator of the expense ratio.

(5) Net operating expenses/average third-party funds under management.



RESULTS

The consolidated profit after tax was €515.9 million (€393.8 million in 2005), a 31% increase. The net consolidated profit after tax and minority interests reached €330.2 million, a 32.2% increase.

In general terms, most Units and Subsidiaries increased considerably their profits versus fiscal year 2005. Of special mention is the growth achieved by MAPFRE RE, MAPFRE SEGUROS GENERALES and MAPFRE CAJA SALUD. The following table shows the sources and breakdown of results:

	2006	2005	Var. % 06/05
INSURANCE ACTIVITIES	677.1	523.7	29.3%
Companies operating primarily in Spain	445.6	364.3	22.3%
Companies operating primarily abroad	231.5	159.4	45.2%
OTHER ACTIVITIES	63.7	41.0	55.4%
Holding & other companies and consolidation adjustments	(3.4)	(16.8)	(79.8)%
Result before tax and minority interests	737.4	547.9	34.6%
Taxes	(221.5)	(154.1)	43.7%
Result after tax	515.9	393.8	31.0%
Result attributable to minority interests	(185.7)	(144.0)	29.0%
Result after tax and minority interests	330.2	249.8	32.2%

Figures in million euros

The development of the results of the main Units and Companies with respect to the previous year, is shown in the following table:

	Before tax and minority interests		After tax and minority interests	
	2006	2005	2006	2005
INSURANCE ACTIVITIES				
Companies operating primarily in Spain				
LIFE ASSURANCE OPERATING UNIT	142.3	133.1	96.5	88.8
GENERAL INSURANCE OPERATING UNIT	161.3	111.6	106.0	69.7
COMMERCIAL INSURANCE OPERATING UNIT	115.5	103.9	78.7	71.4
MAPFRE CAJA SALUD	26.5	15.7	16.5	9.9
Companies operating primarily abroad				
MAPFRE AMÉRICA	101.4	91.6	83.8	105.7
MAPFRE RE	115.8	54.4	77.2	32.3
ASSISTANCE INSURANCE OPERATING UNIT	14.3	13.4	10.0	9.5
OTHER ACTIVITIES				
LIFE ASSURANCE OP.UNIT (MAPFRE INVERSIÓN)	50.4	39.2	32.4	25.4
MAPFRE INMUEBLES	12.9	2.8	8.3	2.4
MAPFRE QUAVITAE	0.4	(1.0)	0.1	(1.2)
COMPANIES WITH A MINORITY SHAREHOLDING⁽¹⁾				
GESMADRID	5.5	5.7	3.6	3.7
CAJA MADRID PENSIONES	3.0	2.3	2.0	1.5
CAJA MADRID BOLSA	5.7	2.7	3.8	1.8

Figures in million euros

(1) Figures adjusted for the percentage of ownership.



MAPFRE BUILDING
IN MAJADAHONDA,
MADRID

The income arising from the use of tax credits from previous years for MAPFRE AMERICA amounted to €4.4 million, against €30.6 million in 2005. Excluding these items, the net result would have grown 5.7%.

In this fiscal year and in the previous one a series of transfers of shareholdings and portfolios among several companies were carried out within the framework of the Group's corporate reorganisation process. This generated increases and decreases in the results of the Units that were affected, which were subsequently eliminated upon consolidation. The following table compares the increases recorded by the various Units in their accounting profits for 2006 with those they would have recorded excluding the results arising from the transfers referred to above:

	Increase / (decrease) in net result	
	Accounting profit	Adjusted by transfers
COMMERCIAL INSURANCE OPERATING UNIT	10.2%	44.4%
GENERAL INSURANCE OPERATING UNIT	52.1%	39.1%
MAPFRE RE	139.0%	88.8%
MAPFRE-CAJA MADRID HOLDING and others	25.4%	27.0%

The consolidated profit after tax was €515.9 million (€393.8 million in 2005), a 31% increase.

The net consolidated profit after tax and minority interests reached €330.2 million, a 32.2% increase.

The contribution of the various Units and Companies to the net consolidated result, is as follows:

	Net Result	Minority interests	Consolidation adjustments	Contribution to consolidated result 2006	% over total	Contribution to consolidated result 2005	% over total
INSURANCE ACTIVITIES							
LIFE AND SAVINGS OPERATING UNIT	128.9	(63.2)		65.7	19.9%	58.1	23.2%
GENERAL INSURANCE OPERATING UNIT	106.0	(51.9)		54.1	16.4%	39.2	15.7%
COMMERCIAL INSURANCE OPERATING UNIT	78.7	(38.6)		40.1	12.2%	27.7	11.1%
MAPFRE CAJA SALUD	16.5	(8.1)		8.4	2.5%	4.9	2.0%
Individual result and consolidation adjustments				(1.3)	(0.4)%	3.6	1.4%
MAPFRE-CAJA MADRID HOLDING				167.1	50.6%	133.5	53.4%
OTHER ACTIVITIES							
MAPFRE INMUEBLES	8.3			8.3	2.5%	2.4	1.0%
MAPFRE QUAVITAE	0.1			0.1	0.04%	(0.5)	(0.2)%
Companies operating mainly in Spain				175.5	53.1%	135.4	54.2%
MAPFRE AMÉRICA	83.8	(10.5)		73.3	22.2%	92.4	37.0%
MAPFRE RE	77.2	(9.3)		67.9	20.6%	35.9	14.4%
ASSISTANCE OPERATING UNIT	10.0			10.0	3.0%	9.5	3.8%
MAPFRE INTERNACIONAL ⁽¹⁾	3.0			3.0	0.9%	0.8	0.3%
Companies operating mainly abroad				154.2	46.7%	138.6	55.5%
Other companies and consolidation adjustments				0.5	0.2%	(24.1)	(9.7)%
Consolidated total				330.2	100%	249.8	100%

Figures in million euros

(1) The figures for 2005 correspond to MAPFRE INSULAR. Figures for 2006 correspond to MAPFRE USA and MAPFRE INSULAR.

INVESTMENTS AND LIQUID ASSETS

The book value of investments and liquid assets as at 31 December 2006 was €22,512.9 million, a 3.2% increase over the previous year. The following table shows its breakdown and percentage distribution:

	2006	% over total	2005	% over total
Risk-free investments	1,088.3	4.8%	1,264.4	5.8%
Cash	832.5	3.7%	964.7	4.4%
Unit-linked investments	255.8	1.1%	299.7	1.4%
Real Estate Investments	881.7	3.9%	722.8	3.3%
Buildings for own use	428.0	1.9%	377.7	1.7%
Other Real Estate investments	453.7	2.0%	345.1	1.6%
Financial investments	20,266.0	90.0%	19,585.8	89.8%
Shares	747.0	3.3%	448.5	2.1%
Fixed income	18,138.0	80.6%	17,850.8	81.9%
Mutual funds	1,037.2	4.6%	905.3	4.2%
Other financial investments	343.8	1.5%	381.2	1.7%
Other investments	276.9	1.2%	235.0	1.1%
Investments in associated companies	125.2	0.6%	104.4	0.5%
Accepted reinsurance deposits	104.8	0.5%	97.9	0.4%
Other investments	46.9	0.2%	32.7	0.1%
TOTAL	22,512.9	100.0%	21,808.0	100.0%

Figures in million euros

The value of real estate investments shown in the previous table does not include unrealised capital gains, which amounted to €434.8 million at the close of the year, according to valuations performed by independent valuers.

SHAREHOLDERS' EQUITY AND RETURNS

The net consolidated equity reached €3,411.7 million, versus €3,161.3 million at the close of 2005. This variation includes the positive impact of the profits earned by the various Units and Companies, together with the negative impact of the decrease in the value of unrealised capital gains and the adjustments for translation differences. Of said amount, €1,071.7 million corresponded to minority interests in subsidiaries. Consolidated shareholders' equity per share was €1.96 at the end of 2006 (€1.83 at the end of 2005).

The return on equity (ROE), defined as the net consolidated profit after tax and minority interests, as a percentage of average shareholders' equity, was 14.6%, against 12.4% for the previous year. The following table shows the ROE of the main Units and Companies:

	2006			2005
	Average equity	Net Result	ROE % ⁽¹⁾	ROE % ⁽¹⁾
LIFE ASSURANCE OPERATING UNIT	628.4	128.9	20.5%	19.8%
GENERAL INSURANCE OPERATING UNIT	330.5	106.0	32.1%	23.2%
COMMERCIAL INSURANCE OPERATING UNIT	292.2	78.7	26.8%	24.7%
MAPFRE CAJA SALUD	114.2	16.5	14.4%	9.8%
MAPFRE INMUEBLES	118.7	8.3	7.0%	3.5%
MAPFRE AMÉRICA	799.8	83.8	10.5%	15.9%
MAPFRE RE	634.9	77.2	12.2%	5.6%
MAPFRE ASISTENCIA	93.5	10.0	10.7%	12.2%
MAPFRE S.A. Consolidated	2,261.8	330.2	14.6%	12.4%

Figures in million euros

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

As approved by the General Shareholders' Meeting, a 5-for-1 share split became effective on 28th October. As a consequence, the nominal value of each share was set at €0.10, against €0.50 previously, while the number of shares in issue changed from 238,900,706 to 1,194,503,530.

MAPFRE SPONSORS
THE PRINCESS SOFIA
YACHTING TROPHY



Main activities of the year

CORPORATE RESTRUCTURING

On 15th June 2006 the General Assembly of MAPFRE MUTUALIDAD resolved to carry out a reorganisation of the Group's corporate structure in order to safeguard its future independence, its Spanish origins and its institutional stability; to submit all of MAPFRE'S business activities to market appraisal and to the rules and controls of the market; to substantially increase MAPFRE'S size and market capitalisation, as well as its capacity to raise new funds so as to allow it to continue increasing its activities and its international growth, with the purpose of gaining a place among the large European and global insurers; and to facilitate a more efficient and transparent management of the Group as a whole.

To fulfil these resolutions, after having obtained the necessary authorisations, the re-structuring was implemented at the end of financial year 2006, for which purpose the Extraordinary General Meeting of our company passed the following resolutions on 29th December 2006:

- To carry out a capital increase amounting to €108,082,063.30, by means of the issue of 1,080,820,633 new shares, with a nominal value of €0.10 each, without pre-emption rights, and structured into two tranches: a non-cash tranche, reserved for CARTERA MAPFRE, which subscribed 960,577,530 shares, in exchange for the following holdings:
 - 100% of the new company MAPFRE AUTOMÓVILES, which incorporated the insurance portfolio of MAPFRE MUTUALIDAD.
 - 87.57% of MAPFRE AMÉRICA VIDA.
 - 99.97% of MAPFRE AGROPECUARIA.
 - 75% of MAPFRE SEGUROS GERAIS, in Portugal.
 - 57.28% of MAPFRE USA CORPORATION, in Florida.
 - 48.89% of BANCO DE SERVICIOS FINANCIEROS CAJA MADRID – MAPFRE.
 - 99.98% of CENTRO INTERNACIONAL DE FORMACIÓN DE DIRECTIVOS MAPFRE.
 - 95.83% of MAPFRE SERVICIOS DE INFORMÁTICA.
 - A 3% holding in SOCIETÀ CATTOLICA DI ASSICURAZIONI.



PRESS CONFERENCE
HELD ON 30TH MAY 2006,
WHERE THE CREATION
OF THE NEW MAPFRE
S.A. WAS PRESENTED



MAPFRE BUILDINGS IN
MAJADAHONDA, MADRID

And another tranche reserved for MAPFRE MUTUALIDAD, which subscribed 120,243,103 shares, in exchange for €383,815,984.78 in cash.

The terms of the non-cash tranche of the capital increase were set taking into account the weighted average price of the Company's shares between 30th April and 29th May 2006, and the market value range over the same dates of the above mentioned holdings that were contributed, as defined by Morgan Stanley based on those same parameters. The resulting exchange equation was revised by Citigroup, which considered it fair and hence it issued the relevant fairness opinion.

- o To change the former company name (CORPORACIÓN MAPFRE) to the present one (MAPFRE S.A.); and carry out an amendment of the articles of Association in order to adapt them to the new situation of the Group's parent company, through which there were incorporated rules for the protection of the interests of the Company and its shareholders, such that the power of managers is limited and potential conflicts of interest are prevented. This is in keeping with the recommendations of the CNMV'S Unified Governance Code and the Group's own internal practice. The structure of the Company's governing bodies is updated, the Board of Directors shall be composed of a maximum twenty-four directors, of whom at least two thirds shall be external directors (and at least one third shall be independent directors), and it shall have a Standing Committee, plus Audit, Appointments and Remuneration, and Compliance Committees; and the possibility of creating an Executive Committee reporting to the Standing Committee is provided.

The General Assembly of MAPFRE MUTUALIDAD resolved to carry out a reorganisation of the Group's corporate structure in order to safeguard its future independence, its Spanish origins and its institutional stability; and to facilitate a more efficient and transparent management of the Group as a whole.

MAPFRE MUTUALIDAD, for its part, transferred its Assets and also its corresponding share of the Reserves to FUNDACIÓN MAPFRE; and to those who were members on 15th June 2006 or during the three preceding financial years (a total of 5,229,786 beneficiaries), who shall receive €73.40 or 23 shares of MAPFRE S.A., whichever they freely choose.

After these operations, FUNDACIÓN MAPFRE, through CARTERA MAPFRE, is the holder of 71.59 per cent of the shares of our MAPFRE S.A., becoming the majority shareholder instead of MAPFRE MUTUALIDAD; it shall assume, by way of its Institutional Control Commission, the supervision of the Company's Good Governance, to be performed exclusively by the Board of Directors, with the priority objective of creating value for all of its shareholders.



OPERATIONAL REORGANISATION

At the Extraordinary General Meeting held on 29th December 2006, and at the meeting of the Board of Directors held on the same day, a reorganisation was carried out in the composition of the latter body, and of its commissions and standing committees. Below are some of the most important decisions taken for this purpose:

- The Board of Directors is composed of eight executive directors, six representing the majority shareholder, and eight independent directors.
- The Chairman of the Board of Directors, a post which naturally entails the chairmanship of FUNDACIÓN MAPFRE, shall continue to be Mr. José Manuel Martínez. The First Vice Chairman is Mr. Alberto Manzano, who has also been appointed the Chairman of the Institutional Control Commission of FUNDACIÓN MAPFRE; and there are four more Vice Chairmen, which will be reduced to just two by year-end 2007, due to the scheduled retirement of Mr. Domingo Sugranyes and Mr. Santiago Gayarre.
- Mr. Ricardo Blanco and Mr. Esteban Tejera were appointed General Managers, and in the future the latter will assume the management of the Economic and Management Control Area. The remaining Group Common Areas (Human Resources, Legal Affairs, Internal Audit, Investments, and Communication and Social Responsibility) were integrated in the Company with the same functions and managers as formerly at MAPFRE MUTUALIDAD as the Group's parent company. The Group's Company Secretary is Mr. José Manuel González Porro.

From an operating standpoint, two large Divisions were created, which group together a number of Units and Companies, with the purpose of enhancing their coordination and customer focus, reducing costs by integrating those activities that can be integrated, without losing their specialisation, and taking advantage of possible synergies to the maximum:

- The MAPFRE FAMILY DIVISION groups together the Motor, General Insurance, Health and Agricultural & Livestock Insurance Units. The Executive Manager is Mr. Antonio Huertas, who also supervises the performance of the MAPFRE NETWORK and of a new TECHNOLOGIES AND OPERATIONAL PROCEDURES Area, the General Manager of which shall be Mr. José Manuel Inchausti. It will seek the maximum performance synergies with MAPFRE EMPRESAS, which shall continue to be chaired by Mr. Filomeno Mira, and with MAPFRE VIDA, who's new Chairman is Mr. Ignacio Baeza.
- The International Direct Insurance Division integrates the companies MAPFRE AMÉRICA, MAPFRE AMÉRICA VIDA and MAPFRE INTERNACIONAL, and in the future it will also include the Global Risks and Credit Insurance businesses. The Executive Manager is Mr. Andrés Jiménez, who also chairs an International Operations Commission that coordinates and supervises the performance of the new Division and of the REINSURANCE and ASSISTANCE Units. The newly appointed Chairman of the latter unit is Mr. Rafael Senén.

In addition to the abovementioned appointments, we must add those of Mr. Ángel Alonso Batres as the Deputy Chairman of the International Direct Insurance Division, assuming specific functions in other areas related to the Chairmanship of MAPFRE; Mr. Esteban Pedrayes Larrauri as the First Vice Chairman of the Executive Committee of the MAPFRE FAMILY DIVISION, without relinquishing any of his other positions; Mr. Rafael Casas Gutiérrez as the First Vice Chairman of the International Direct Insurance Division's Executive Committee, without relinquishing any of his other positions; Mr. Francisco Marco Orenes, as the CEO of MAPFRE CAJA SALUD; Mr. José Luis Calvo López as the CEO of MAPFRE EMPRESAS and First Deputy Vice Chairman of the Unit's Executive Committee; and Mr. Alfredo Castelo Marín as the General Manager of MAPFRE EMPRESAS, remaining in his position of General Manager at MAPFRE CAUCIÓN Y CRÉDITO.

These steps are meant to achieve in the coming years important efficiency enhancements and reductions in operating expenses, by means of the unification of the Group's technology platforms and operational processes, and a greater synergy in the performance of all of the Units.

Finally, Mr. Renzo Calda Giurato was appointed Chairman of MAPFRE PERÚ, and Mr. Enrique Clemente III was named CEO and Chairman of the Executive Committee of MAPFRE INSULAR.

STRATEGIC ALLIANCE WITH CAJA MADRID

During 2006, MAPFRE further strengthened its strategic alliance with CAJA MADRID, which is a model of how two major independent financial groups can support each other, to compete more efficiently in the market and offer a better service to their customers. Throughout 2006, the mutual co-operation between their respective networks in the distribution of insurance and banking products grew significantly, this having been a major positive factor in attaining the excellent results achieved this year.



The volume of insurance premiums generated by the CAJA MADRID network in 2006 amounted to €1,046.3 million, while the CAJA MADRID asset and liability banking products sold by the MAPFRE NETWORK amounted to €3,505.7 million. These figures demonstrate the level of co-operation achieved by both groups.

ACQUISITIONS , PROJECTS AND DISPOSALS

Direct investments by the Company

The most significant investments and disposals carried out by the Group and associated companies during 2006 were the following:

- Two capital increases carried out by MAPFRE INTERNACIONAL were fully subscribed, amounting to €42.5 million, of which €13.9 million were paid in cash and €28.6 million by contributing holdings in MIDDLESEA INSURANCE plc (Malta) and MAPFRE INSULAR (Philippines). Also, a loan was granted to the latter holding company, totalling €26 million, at market rates and conditions, whose purpose was to fund the growth of its investment portfolio.
- Three loans were granted at market rates and conditions to MAPFRE AMÉRICA for an aggregate €62 million, which the latter company used to pay a €36 million capital increase at its affiliate MAPFRE VERA CRUZ; and MAPFRE AMÉRICA VIDA was granted a €38 million loan to pay the capital increase at its subsidiary MAPFRE VERA CRUZ VIDA.
- Loans were also granted to MAPFRE INMUEBLES and its subsidiary DESURCIC, at market rates and conditions, amounting to €61.6 million, which were partially cancelled during the year by means of the subscription of a capital increase totalling €47.9 million.
- MAPFRE ASSISTANCE partially paid back two loans granted in previous years, amounting to €2.1 million.

Altogether, the total of net cash investments amounted to €166 million, as shown in the following table:

Company	Investments	Loans	Total
MAPFRE INTERNACIONAL	13.9	26.0	39.9
MAPFRE AMÉRICA	-	32.0	32.0
MAPFRE AMÉRICA VIDA	-	30.0	30.0
MAPFRE INMUEBLES and subsidiaries	47.9	12.4	60.3
MAPFRE ASSISTANCE		(2.1)	(2.1)
Other subsidiaries	1.9	4.0	5.9
TOTAL	63.7	102.3	166.0

Figures in million euros



HEADQUARTERS
OF CATTOLICA IN
VERONA, ITALY

On 17th December a letter of intent was signed to establish a joint venture with SOCIETÀ CATTOLICA DI ASSICURAZIONE (Italy), in order to jointly develop the Motor insurance business distributed via the agency channel in Italy. MAPFRE shall acquire 50% of the company, which shall be called MAPFRE CATTOLICA AUTO, with an investment of €473 million.

Investments by subsidiaries

- MAPFRE SEGUROS GENERALES sold its holdings in the Santa Catalina and Santa Cruz de Tenerife hospitals, and in the company Limpieza y Mantenimiento Hospitalario, for a total consideration of €6.8 million.
- MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO carried out a €4 million capital increase, and it established two new subsidiaries: MAPFRE FIANZAS (Mexico), by contributing €4 million in cash; and MAPFRE SEGURADORA DE CREDITO A EXPORTAÇÃO, S.A. (Brazil), contributing 8.3 million Brazilian Reals in cash (approximately €3 million).
- MAPFRE CAJA SALUD acquired the building in which the San Antonio hospital (Bilbao) is located, for a consideration of €7.4 million, and another property in Zaragoza, for the future installation of a medical centre, the price being €3.4 million .
- Aside from the investment in MAPFRE VERA CRUZ mentioned above, MAPFRE AMÉRICA and its subsidiaries carried out the following transactions:
 - Subscription of a capital increase carried out by MAPFRE DOMINICANA (Dominican Republic), totalling 12.4 million US Dollars (approximately €10.4 million), to finance the acquisition of 38.33% of SEGUROS PALIC.
 - Subscription of a capital increase carried out by MAPFRE ARGENTINA, totalling 20 million pesos (€4.9 million), in order to fund the increases in business volumes.
 - Acquisition by MAPFRE PRAICO (Puerto Rico) of all the issued shares of BALDRICH & ASSOCIATES, one of the major Insurance Agencies in the country, with an initial payment of 8.5 million US Dollars (approximately €6.5 million) and variable future payments, depending on the results.

- MAPFRE RE received 111 million US Dollars from the capital reduction of its subsidiary MAPFRE REINSURANCE CORPORATION (USA), and it paid the US subsidiary 25 million US Dollars (approximately €19 million) to acquire its branch in Canada. These operations were necessary to transfer to MAPFRE RE the US company's business, and they have no effect on the consolidated financial statements.
- MAPFRE ASSISTANCE acquired all of the shares of CANADIAN ROADSIDE & RECOVERY INC. (Canada), a company providing road assistance services, for 0.9 million Canadian Dollars (approximately €0.6 million); it paid the former owners of its subsidiary ABRAXAS (United Kingdom) 2.7 million Pounds sterling (approximately €4 million) for that part, yet to be paid, of the agreed purchase price of the company; and it paid the deferred portion of the purchase price of ROAD AMERICA (USA), totalling €0.5 million.
- MAPFRE INTERNACIONAL subscribed two capital increases carried out by its subsidiary MAPFRE USA, amounting to 8.8 million US Dollars.

Corporate reorganisation related internal transfers

MAPFRE GUANARTEME transferred its industrial risk and personal insurance portfolios to MAPFRE EMPRESAS and MAPFRE SEGUROS GENERALES, respectively. Said transfers were effective for accounting purposes as of 1st January 2006.

Financing

The above mentioned investments were financed using excess available cash and loans.



INVESTMENT PLANNING AND MANAGEMENT

Group Investment management was geared towards increasing diversification, both by types of assets and by issuers. Investments in Equities and Mutual Funds were increased throughout the year, within the prudent levels that are characteristic of the Group's policy, and at year-end they represented 9.5% of total investments, compared to 84% in Fixed Income and 6.5 % in Real Estate.

Financial investments were carried out strictly in accordance with the policy of covering interest rate risk in single premium Life assurance, whereas for the rest of the assets assigned to other operations, a greater diversification was sought, thereby Equity investments were increased. Within Fixed Income investments, a policy of maximum prudence was applied in the selection of credit risk, giving priority to those with the highest credit ratings.

There were several features of the real estate market in 2006: a slowdown of housing prices; a rapid hike in the price of office and industrial properties, both for rental and for sale; a number of big controversial decisions in the reclassifications of the permitted use of large plots of land; a very low portion of rental housing (11% of total homes), much lower than the European average (35%); all of the foregoing was presided by a number of corporate movements between companies in the real estate sector that seek to increase their size, to secure recurring revenues, and to seek protection against the economic cycle via geographical or product diversification.

MAPFRE'S policy consisted in carrying out a moderate rotation of its assets, generally non-strategic, reinvesting in Real Estate. In 2006 investments were made in industrial premises and office buildings, in major Spanish and South American cities, both for own use and for rental to third parties, while the new emerging markets, with greater risk and returns in Eastern European countries, are also being considered.

INVESTOR RELATIONS

The Financial Area and the Investor Relations Department have carried out intensive communication activities with analysts and investors. The results for each quarter were presented at meetings in Madrid and London, as well as by means of conference calls, supplying extensive supplementary information which, at the same time, was disclosed through the Spanish Securities Exchange Commission (CNMV).

As from 2006, MAPFRE is using webcast technology to make available its meetings with analysts and investors (in Spanish) and its conference calls (in English). These communication facilities make it substantially easier for shareholders and investors to have access to the information, because anybody with an Internet connection can listen to the Company's managers live, or

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MEETING WITH
ANALYSTS IN MADRID

afterwards via recordings. During the year, there were five webcasts to present quarterly results and three relating to the corporate reorganisation process.

Between May and July, a specific communication program was carried out in order to explain the Group's corporate reorganisation process. As a part of this process, a physical meeting was set up in Madrid and two conference calls were arranged in English, which were available via the Internet. In addition, meetings were arranged with 52 different institutional investors in 5 countries.

Altogether, during 2006, there were direct contacts with 61 Spanish and 202 foreign institutional investors and investment managers (in Germany, Canada, the United States, France, Italy, the United Kingdom and Switzerland); and many institutional investors, from different countries, were received at the corporate headquarters.

In 2006, the Company participated in the following forums, organised by broker dealers and banks, in order to establish contacts between listed companies and institutional investors:

- The 'MidCap Events' seminar, organised by Interdín, a broker dealer, in Paris in March.
- The '2nd MidCap Forum', organised by the Madrid Stock Exchange, in Madrid, in May.
- 'European Financials Conference 2006', organised by Goldman Sachs, an investment bank, in Barcelona, in June.
- A seminar on small caps, organised by Ibersecurities, a broker dealer, in Madrid, in September.
- 'Banking & Insurance CEO Conference 2006', organised by Merrill Lynch, an investment bank, in London, in October.
- 'Stock Picking in Europe', organised by HSBC, in Paris, in October.
- 'European Mid Cap Conference', organised by Cheuvreux Indosuez, an Investment bank, in New York, in November.

All of the publicly disclosed information on the company and its results is available in the section of the corporate website dedicated to investors.

SHAREHOLDERS

At year-end 2006, FUNDACIÓN MAPFRE and its subsidiary CARTERA MAPFRE together held 55.3 per cent of the company's shares. A further 48,006 Spanish shareholders held 20.3 per cent, and 1,215 shareholders from other countries held the remaining 24.4 per cent. The following table shows the approximate breakdown of shareholders by country:

Shareholders	%
Spain	75.6
United States	2.2
Germany	1.7
United Kingdom	1.6
France	1.0
Switzerland	0.4
Canada	0.3
Scandinavian countries	0.2
Belgium	0.2
Unidentified	16.8

At the end of 2006, the Board of Directors represented 56.12% of all outstanding shares.

At year-end 2006 the company did not have in force any share option plans for executives, employees or directors.

In January 2007, as a result of the capital increase mentioned in another section of this report, CARTERA MAPFRE has increased its shareholding to 71.2%.

STOCK MARKET DATA

During financial year 2006, MAPFRE S.A. shares were traded during 254 days on the Continuous Market, 100 per cent of the market days. 1,294,990,695 shares were traded, compared to 1,124,412,890 the year before, representing a 15.2 per cent increase. The value of these transactions amounted to €3,988.78 million, compared to €2,887.8 million in 2005, a 38.1 per cent increase.

In 2006, MAPFRE S.A. shares rose by 22.6 per cent, which compares with the 31.8 per cent increase of the IBEX 35, and the 17.2 per cent rise of the DJ Stoxx Insurance index. Over the last five years, the company's shares have increased by 173.7 per cent, compared to the 68.5 per cent rise of the IBEX 35 and the 11.2 per cent drop in the DJ Stoxx Insurance index. The dividend yield during the year was equal to 2.2% of the average share price. At year-end, three Spanish and three international investment banks had given 'buy' ratings to the Company shares, there were four 'hold' ratings and five 'sell' ratings.

EXTRAORDINARY
GENERAL MEETING

HUMAN RESOURCES

At the end of the year, the Company and its subsidiaries employed a total of 21,544 executives and employees. The Spanish companies had 9,750 employees (3,905 in Insurance companies and 5,845 in other businesses) and the Group companies abroad had 11,794 employees. The average age was 35.8, with 5.6 years of seniority. These figures highlight the youth and experience of our staff, as well as the stability and quality of employment in the Group. Male employees account for 42% of the headcount, and female employees for 58%.

MAPFRE considers that its employees are its main asset, and they are directly responsible for its growth. As a result, the Group is highly committed to their training and development, as shown by its institutional principles. The Report on Social Responsibility provides extensive information on the Group's human resources policy, the development of which is articulated in specific programs and principles.

As a result of the integration of the new businesses and entities contributed to the Company in January 2007, headcount at the company and its subsidiaries now consists of 28,091 executives and employees, 15,810 at the Spanish companies and 12,281 abroad.

REGIONAL STRUCTURE

During 2006, the new structure of the MAPFRE NETWORK was consolidated, entailing important efforts in the fields of training, administrative organisation and adaptation of software programs, as well as the revision of the existing regional structure.

At year-end 2006, the Network consisted of 420 direct offices, supervised by 40 managers and 377 office directors, and 2,490 delegations, staffed by professional agents. This regional structure handled the work of a total of 21,083 tied agents and 3,071 brokers. It should be noted that during 2006 contracts were renewed for 85 per cent of the new agents incorporated in 2005.

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

- The “New Delegates” programme, which was attended by 464 brokers.
- The “Mapfre System Integrated Agent” programme, involving 690 new agents, in which €6.9 million has been invested.
- 1,209 sales campaigns aimed at more than 3,510,000 customers.
- The production of various reports and market research to facilitate the sales initiatives of the Network.
- The implementation of the ‘Sales Management System’ tool .
- The incorporation of new operating applications for customer service, such as Wfondos, Gesalud, Gesvida, and Greco.

MANAGEMENT CONTROL

The Economic and System Management Control Area (AECG) continued streamlining the economic and management information, both the consolidated information and the individual information of the various Units and Companies. 2006 saw the inclusion of a monthly statement on changes in equity, and the investment related information was complemented with the incorporation of new profitability indicators. The management information also incorporated new efficiency and productivity indicators obtained by means of operational databases, which supplement the monitoring of economic and financial indicators based on accounting figures.

STRATEGIC PLANNING

As it is customary at MAPFRE, all of the Companies and Operating Units, as well as the Group’s Common Areas, updated their corresponding Strategic Plans at year-end 2006, defining the objectives established for the following three years (in this case for the 2007-2009 period), as well as the strategies they plan to use to achieve these objectives. These plans are included in the Company’s Strategic Plan, which is approved by the Board of Directors.

In preparing the economic forecasts, the International Financial Reporting Standards (IFRS) were used, and common, homogeneous economic and financial indicators were incorporated, as well as specific efficiency and productivity indicators, as defined by the Operating Units themselves.

CONFERENCE
ORGANISED BY UNESPA
ON SOLVENCY II



RISK MANAGEMENT

During 2006 the schedule established for the development of the Group Risk Management System remained in place, and the following relevant facts should be highlighted:

- Implementation of the operational risks model (risk map) in all of the System's Units and Companies.
- Half-yearly calculation of the risk models and economic capital model, using standard factors. This is used to quantify the risks of the insurance activity and the financial risks (interest rate, market, liquidity and credit), determining the optimum capital and the risk adjusted return on capital (RORAC methodology).
- Implementation of MAPFRE EMPRESAS' own risk estimation and economic capital forecasting model.
- Establishment of the capital and dividend policy applicable to the Group companies as a whole.
- Participation in a number of forums relating to Solvency II, and in the quantitative impact studies of the new risk estimation models (QIS 2).

Note 7 to the Annual Accounts provides extensive information on MAPFRE'S Risk Management System.

INTERNAL AUDIT

At year-end 2006 the Company and its subsidiaries had seven Internal Audit Services (SAI): at the General Insurance, Commercial, Life, America, Reinsurance, Assistance and Health Operating Units. In addition, twelve Internal Audit Units (UAI) are located in the main countries in Latin America, the Philippines and Portugal, all of which are coordinated by the Group Audit Area, which reports directly to the Audit Committee.

During 2006 a total 541 audits were conducted, of which 210 dealt with Central Services, 135 had to do with the Regional Structure and 44 with subsidiaries, 136 were special task audits and 16 were systems audits. The Audit Committee was regularly informed of the reports issued as a result of these tasks, the main conclusions, the recommendations that were made, and the degree of compliance with the same.

10,636 hours were dedicated to training internal auditors, which represents an average of 124 hours per auditor per annum.

The Internal Audit Area likewise reviewed the Company's Management Reports and Annual Accounts, both individual and consolidated, corresponding to the year 2006, and it informed the Audit Committee of said documents; it also reviewed the reports that the company submits quarterly to the Spanish Securities Exchange Commission (CNMV), and the relevant economic information submitted to MAPFRE'S governing bodies.

With effect from 1st January 2007, the Company incorporated the Group's Internal Audit Area (formerly integrated in MAPFRE MUTUALIDAD) and the Internal Audit Service of the Motor Unit. The latter will be merged with the General Insurance and Health audit Units, giving rise to the MAPFRE FAMILY DIVISION Audit Service. As from the above date the Group's Audit structure comprises the Group's Internal Audit Area, six Internal Audit Services (SAI) in Spain, and twelve Internal Audit Units (UAI) abroad.

INFORMATION TECHNOLOGIES

Three years ago MAPFRE decided to adopt a new version of the TRONADOR system as its integrated insurance management application, which was originally developed by MAPFRE AMÉRICA. The development of the new version (TRON21) is to be done simultaneously with the migration towards leading edge information technologies with relational databases. During 2006 the top priority and dedication of the I.T. teams in Spain was to advance towards stage I of TRON21, both in terms of development and technology. For this purpose, important investments were made to reinforce the processing, storage and interconnection capacity of the equipment. The testing period began at the end of the year, with the construction of the industrial production platform, which will enable support to be provided to the new business applications, starting in mid 2007.

In parallel, the I.T. staff developed and implemented novel solutions in different Units and Companies:

- In the field of Motor Insurance, we must note the support for products with special covers, improvements in policy issuance applications, reporting of accidents via telephone and claim-related queries on the Internet. In respect of sales systems, enhancements were made in actions geared at ensuring customer loyalty, comparative market information and information on insurance policies via the Intranet, as well as a new application on new potential customers. In the field of operation support, the STCAT project takes care of control functions at the Regional Customer Service Centres.
- In General Insurance, advances were made in the distribution channels strategy; the support for distribution agreements by affinity groups was implemented; the tools made available to insurance brokers were improved, and the administrative support systems for bankassurance operations were adopted. Applications were implemented for the Family Protection and Rental Protection products, support via the call centres was boosted with an internal solution to handle subscriptions, and a customer relations management system was implemented.
- Support for the Health business focused on the implementation of systems for Medical Centres and Hospitals, the risk selection system, and an increase of customer services at the call centre. Enhancements were incorporated to the sales process via the MAPFRE NETWORK, implementing I.T. systems for Managers and Claims handling.
- Life Assurance features the new income management application, which unifies the management of the portfolios originating from acquisitions and from externalisation; new applications were implemented to calculate mathematical provisions and profit-sharing. The new GesVIDA application allows the MAPFRE NETWORK to access the contracting, project preparation and query functions, formerly carried out by specialised personnel.
- In the Commercial insurance business, improvements were made in the reporting systems for the Regional General Headoffices, the systems for documentary management of claims, the automated processing of civil liability, damages and engineering claims; and the GRECO price management application was implemented. In relation to the Credit and Surety business, stage I of the predictive statistical models for establishing ceilings was implemented, the processing of external sources of solvency information was improved, the management of technical control offices was automated, and the processing of electronic signatures was incorporated in certain supplements.
- The improvements carried out for the MAPFRE NETWORK include the computer installation and using voice communications and data for 18 new Direct Offices and 203 Delegations,

creating 1,170 new jobs. Facilities were implemented in the Call Centres in Avila and Las Rozas, and the Infored business reporting project was developed.

- The principal actions carried out at the America Unit were the implementation of contingency plans for Mexico, Colombia, Chile and Venezuela, and the start of the deployment of a Voice over I.P. solution to be used in a number of countries in the America Unit. The TRON WEB system was implemented in the Dominican Republic, which is the version of TRONADOR used at all of the American subsidiaries; the OPTIMA project was launched (it does TRONADOR'S Process Mapping) as well as the CLUB MAPFRE project; and a new system for handling roadside assistance was implemented.
- In Reinsurance, the development of the Condor System for integrated business management was completed, which runs on a corporate web page architecture; the capital modelling and XL contract pricing model applications were also implemented.
- In the Assistance Unit, the Management System for Fleets/Professional Vehicles was implemented in Mexico and Brazil. This allows associates to communicate using Mobile devices with a central control system, via the Internet, optimising the resources and time required to respond to a claim, and always keeping customers posted on the status of their service via SMS.

Among the general activities, it is worth highlighting the completion of the Balanced Data Processing Centre that will be installed in Avila, to be operated in collaboration with a specialised external supplier; it will allow a complete computerised support for MAPFRE'S systems under any circumstance.

SAFETY AND THE ENVIRONMENT

Territorial Heads of Security were created in 2006, which has provided much better knowledge of the MAPFRE NETWORK's situation, with respect to Security and the Environment, and a much more effective response to their increasingly stringent requirements.

Particular emphasis has been placed on developing the concept of providing security for branch offices, particularly in conflictive areas with high crime rates, with the implementation of low cost combined measures and information campaigns.

23 MAPFRE COMPANIES
RECEIVE THE
ENVIRONMENTAL
CERTIFICATION, ISO
14001



The General Control Centre (CCG) project has been implemented. Pilot facilities and the new IP Alarms developed by MAPFRE have been connected to the Centre, and work has begun on the implementation of a single credential for all Group employees. In addition, work also started on the introduction of the User Administration Operating Centre (COAS) during 2007. This will handle incorporations, eliminations and modifications to users of the computer systems.

A programme has been drawn up to revise and update the Self-Protection and Emergency Plans for Group premises. These comply over and above the current legal requirements and, in particular, the levels of security and awareness have increased substantially.

Work has continued on the plan to improve Information Security, initiated in 2005. Among the many courses of action taken, special mention should be made of the awareness and divulgation programme, the implementation of new software for an inventory of assets and management of vulnerabilities, redesign of Group communications networks, and the extension of this Plan abroad.

The second phase of the Environmental Action Plan has been carried out, which required the participation of members of all Business Units, and which successfully achieved the objectives, as set out in the Corporate Responsibility Report.

COMMUNICATION AND CORPORATE IMAGE

During 2006, special emphasis was placed on boosting and co-ordinating internal and external communications, with the following achievements being worthy of special mention:

- Relations with and response to the media were improved through the following courses of action: 38 press conferences, 254 press releases, organization of 238 interviews, replies to 1,151 information queries, organization of 85 events, and handling and response to 220 economic information questionnaires.

Work was also carried out to publicise MAPFRE's activity at a regional level (Spain) and abroad (America), which consisted of MAPFRE presentations in Castille and Leon, Galicia and Extremadura, and also in Puerto Rico and Mexico.

- Four editions of MUNDO MAPFRE, the institutional magazine, were published, together with a separate special edition devoted to presentation of the 2005 results and the 2006 General Shareholders' Meeting. All of these were distributed on the intranet and as printed copy to all Board Members and employees.

OFFICIAL MEETING
OF THE SPANISH
PRESS WITH THE
PRESIDENT OF MEXICO,
VICENTE FOX



PRESS CONFERENCE
TO PRESENT THE 2006
RESULTS



Work continued on the coordination and improvement of internal publications, where specific mention should be made of the design of inserts for the International Edition of EL MUNDO DE MAPFRE with information on each country, redesign of the magazine RED MAPFRE, and various publications by the FUNDACIÓN MAPFRE.

This task of internal communication was much enhanced by use of the Internal Portal as a vehicle to post major news items (315 items posted in 2006).

- Implementation of MAPFRE's new corporate identity has been extended to practically all offices and premises through the application of the Signage Manual.
- The programme for the new corporate identity of the FUNDACIÓN MAPFRE and its various Institutes has been defined, and a number of manuals have been produced concerning stationery, signage and publications.
- An Advertising Applications Manual has been published and implemented to standardise the image of various advertising formats, mainly printed material (advertisements in the press, posters, pamphlets, direct exterior advertising and hoardings, etc.), as well as unifying their usage for the components of the corporate identity (logo, symbols, colours and typesetting).
- During the first quarter of the year, the third and final wave was produced of the brand advertising campaign "El camino de tu vida", with scheduling of the different components on television, in the press and on the Internet. A new feature with respect to previous waves was exterior advertising on large-format mono-hoardings on ring roads around major cities.
- At the end of March, an advertising strategy master plan was approved (Integral Advertising Plan) for a coherent and effective coordination of brand and product advertising. The Plan also includes a gradual increase in advertising investment to promote the Group image as a global brand name, enhance its corporate reputation, and emphasise the commitment to service in business management and to society through activities arranged by the foundations.

Implementation of this Plan involved the continued and coordinated management of a number of product advertising campaigns: Motor insurance in May and June, Household insurance in July, and Retirement products in November.

The motor insurance campaign during the second quarter was based around service as an axis of communication. Reprogramming was carried out in the last quarter of the year to include new components, which, on the basis of service, emphasise the price factor.

Advertising for other business lines targeted a more permanent presence in the media. With respect to Health insurance, the focus was on the Internet, whereas the main tool used by Commercial insurance was sponsorship, in view of the singular nature of the target group.

External audit

The Annual Accounts of the Company and main Group entities for 2006 were audited by Ernst & Young, with the exception of entities in Mexico, which were audited by Deloitte, and in El Salvador, audited by Figueroa Jiménez. During the year, the External Auditors were paid €3,277,242 for the services rendered in connection with the audit of the annual accounts, with the main auditor having received €2,961,039. Furthermore, the main auditor received payments of €121,175 for services related with the audit of the accounts and of €753,012 for other complementary services. Neither of the latter two payments is deemed to compromise the independence of the auditors.

Post-balance sheet events

The following events took place after the year end:

- On 16th January MAPFRE signed a strategic agreement with CAJA CASTILLA – LA MANCHA for the joint operation and development of the Life assurance and Pension plans business, through the Savings Bank's branch network and other channels. By virtue of this agreement, both companies will have a 50% share in the ownership of CCM VIDA Y PENSIONES. MAPFRE will manage the insurance company and will initially pay €60.9 million to acquire the shareholding. This may be complemented in future years with additional payments, in accordance with the value created by CCM VIDA Y PENSIONES.
- On 25th January a Memorandum of Understanding was drawn up with MUTUA VALENCIANA AUTOMOVILISTA to integrate the business and activities of the mutual society within MAPFRE's insurance subsidiaries. By virtue of this agreement, MUTUA VALENCIANA will transfer its motor insurance portfolio, the company's major line of business, to MAPFRE AUTOMÓVILES. The portfolios of other lines of business will be integrated into the appropriate entities of the MAPFRE Group. The parties will define, by mutual agreement, the best legal structure to bring about the integration, as well as the economic terms, to be set out in accordance with reports by independent valuers.



SIGNING OF THE STRATEGIC AGREEMENT WITH CAJA CASTILLA LA MANCHA

Outlook

The world economy is expected to continue its expansion phase in 2007, although growth is set to be somewhat less than the previous year. Greater geographic balance is expected in 2007: the United States will experience a gradual slow-down, Europe will maintain a growth rate above 2%, Japan is set to consolidate growth, and the emerging economies, such as China or India, will continue to be the most dynamic. With respect to the Spanish economy, prospects are favourable, and growth at high rates is set to continue, although at a slightly slower pace in comparison to 2006.

Official interest rates will rise in Europe and Japan, although this will not prevent economic growth. In the United States, however, rates may fall during the course of the year. The trend for long-term interest rates will also be a gradual increase. With respect to business activity, the estimated trend in results is positive, and increases may reach double digit in Europe and the United States.

Savings insurance products will become much more attractive within this context of increases in nominal interest rates, particularly life annuities and the new Systematic Individual Savings Plans (PIAS), regulated by modifications to Personal Income Tax (IRPF). Savings with an equity component (mutual and pension funds) will tend to maintain an excellent rate of growth.

Objectives

The Company's objectives for 2007-2009 are as follows:

- To attain in direct Non-Life insurance higher growth rates than those obtained by the market of each country.
- To achieve increases in volumes of managed funds above those obtained by the market of each country, both in Life Assurance and other savings products.
- To maintain a combined ratio equal to or lower than 97% in Non-life Direct Insurance and Reinsurance businesses.
- To obtain growing earnings per share.
- To continue to improve the expense ratio as a percentage of premiums (Non-Life) and managed funds (Life and Savings).

The amount of synergies expected following the implementation of the new operating structure will be quantified more precisely, as and when permitted by the strategic plans for each business area. Without prejudice to any other objectives which may be set in the future, the Company expects to reduce its Non-Life expense ratio (total net expenses over net premiums earned) in Spain. This was 19.2% in 2006, and is expected to improve by at least 1% over the next three years. This reduction in expenses will generate additional profits, which at current multiples represent an increase in market value of €0.17 per share.





**Annual Consolidated
Financial Statements
2006**

A) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006 AND 2005

ASSETS	Notes	2006	2005
A) INTANGIBLE ASSETS	6.1	665.84	650.87
I. Goodwill	6.1	598.82	595.97
II. Other intangible assets	6.1	67.02	54.90
B) PROPERTY, PLANT AND EQUIPMENT	6.2	549.34	502.58
I. Property for own use	6.2	428.00	377.72
II. Other property, plant and equipment	6.2	121.34	124.86
C) INVESTMENTS		20,996.58	20,165.94
I. Investments in property	6.2	453.68	345.13
II. Financial investments			
1. Portfolio held to maturity	6.4	691.46	693.37
2. Portfolio available for sale	6.4	18,498.77	17,509.31
3. Trading portfolio	6.4	1,075.78	1,383.16
III. Investments recorded applying the equity method		125.16	104.35
IV. Deposits established for accepted reinsurance		104.79	97.89
V. Other investments		46.94	32.73
D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS BEARING THE INVESTMENT RISK	6.6	255.77	299.70
E) INVENTORIES	6.7	491.13	309.22
F) PARTICIPATION OF REINSURANCE IN TECHNICAL PROVISIONS	6.13	1,800.10	1,642.25
G) DEFERRED TAX ASSETS	6.20	444.81	736.29
H) CREDITS & RECEIVABLES	6.8	1,768.24	1,683.21
I. Credits on direct insurance and coinsurance operations	6.8	1,167.93	1,173.71
II. Credits on reinsurance operations	6.8	291.44	281.32
III. Tax credits	6.8	138.08	82.05
IV. Corporate and other credits	6.8	170.79	146.13
V. Shareholders, called capital	6.8	-	-
I) CASH AND BANKS	6.10	832.45	964.71
J) ACCRUAL ADJUSTMENTS		501.52	425.97
K) OTHER ASSETS		42.03	40.24
L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		-	-
TOTAL ASSETS		28,347.81	27,420.98

Figures in million euros

A) CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006 AND 2005

LIABILITIES AND EQUITY	Notes	2006	2005
A) EQUITY	6.11	3,411.66	3,161.28
I. Paid-up capital	6.11	119.45	119.45
II. Reserves	6.11	1,579.12	1,469.38
III. Treasury stock		–	–
IV. Valuation adjustment reserves	6.11	133.83	182.72
V. Translation differences	6.22	(5.33)	58.85
VI. Retained earnings			
1. Results from previous years pending application		230.52	143.98
2. Result of the year attributable to the controlling Company	4.1	330.16	249.83
3. Interim dividends	4.2	(47.78)	(40.61)
Equity attributable to the controlling Company's shareholders		2,339.97	2,183.60
Minority interests		1,071.69	977.68
B) SUBORDINATED LIABILITIES		–	–
C) TECHNICAL PROVISIONS	6.13	20,748.28	20,127.52
I. Provisions for unearned premiums and for risks in progress	6.13	2,575.38	2,284.64
II. Provisions for life assurance	6.13	14,474.98	14,478.79
III. Provisions for outstanding claims	6.13	3,354.14	3,072.86
IV. Other technical provisions	6.13	343.78	291.23
D) TECHNICAL PROVISIONS FOR LIFE ASSURANCE WHERE POLICYHOLDERS BEAR THE INVESTMENT RISK	6.13	255.77	299.70
E) PROVISIONS FOR RISKS AND EXPENSES	6.14	136.62	107.72
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	6.15	149.79	144.70
G) DEFERRED TAX LIABILITIES	6.20	520.92	839.85
H) DEBT	6.16	2,895.63	2,549.96
I. Issuance of debentures and other negotiable securities	6.12	298.03	313.58
II. Due to credit institutions	6.12	395.34	201.56
III. Other financial liabilities	6.12	727.96	628.76
IV. Due on direct insurance and coinsurance operations	6.16	518.96	431.22
V. Due on reinsurance operations	6.16	252.31	292.12
VI. Tax payable		299.33	254.35
VII. Other debts	6.16	403.70	428.37
I) ACCRUAL ADJUSTMENTS		229.14	190.25
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		–	–
TOTAL LIABILITIES AND EQUITY		28,347.81	27,420.98

Figures in million euros

B) CONSOLIDATED INCOME STATEMENT FOR YEARS ENDED 31 DECEMBER 2006 AND 2005

CONCEPT	Notes	2006	2005
I. REVENUES FROM INSURANCE BUSINESS			
1. Insurance premiums, net			
a) Written premiums, direct insurance	5.15	6,707.36	6,175.21
b) Premiums from accepted reinsurance	5.15	1,192.71	1,085.08
c) Premiums from ceded reinsurance	6.19	(1,228.51)	(1,104.02)
d) Variation in provisions for premiums and risks in progress, net	5.15		
Direct insurance	6.13	(283.55)	(293.45)
Accepted reinsurance	6.13	(167.52)	(131.16)
Ceded reinsurance	6.13	115.35	137.58
2. Profits from companies recorded by the equity method		6.56	2.45
3. Income from investments			
a) From operations	6.17	1,218.60	1,223.28
b) From equity	6.17	69.66	62.98
4. Unrealised gains in investments on account of life policyholders bearing the investment risk		22.90	26.26
5. Other technical revenues		17.58	8.15
6. Other non technical revenues		45.09	74.99
7. Positive translation differences	6.22	91.66	58.38
8. Reversion of the asset impairment provision	6.9	2.18	0.24
TOTAL REVENUES FROM INSURANCE BUSINESS		7,810.07	7,325.97
II. EXPENSES FROM INSURANCE BUSINESS			
1. Claims, net			
a) Claims paid and variation in provision for claims, net			
Direct insurance	5.15	(4,364.15)	(4,067.43)
Accepted reinsurance	5.15	(681.37)	(791.03)
Ceded reinsurance	6.19	686.51	740.57
b) Claims related expenses	5.15	(200.25)	(174.93)
2. Variation in other technical provisions, net	5.15	(554.47)	(844.94)
3. Profit sharing and returned premiums		(31.92)	(24.73)
4. Net operating expenses	6.18		
a) Acquisition expenses		(1,148.37)	(1,053.14)
b) Administration expenses		(398.74)	(284.71)
c) Commissions and participation in reinsurance	6.19	154.67	150.79
5. Sharing in losses from companies recorded by the equity method		(0.05)	(0.77)
6. Expenses from investments			
a) From operations	6.17	(325.28)	(222.49)
b) From equity and financial accounts	6.17	(25.02)	(18.63)
7. Unrealised losses in investments on account of life policyholders bearing the investment risk		(1.05)	(0.62)
8. Other technical expenses		(97.86)	(68.09)
9. Other non technical expenses		(39.77)	(72.16)
10. Negative translation differences	6.22	(99.84)	(62.80)
11. Allowance to the asset impairment provision	6.9	(4.54)	(23.07)
TOTAL EXPENSES FROM INSURANCE BUSINESS		(7,131.50)	(6,818.19)
RESULT OF THE INSURANCE BUSINESS		678.57	507.78

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CONCEPT	Notes	2006	2005
III. OTHER ACTIVITIES			
1. Operating revenues		451.47	277.62
2. Operating expenses	6.18	(388.92)	(242.52)
3. Net financial revenues			
a) Financial revenues		27.05	44.73
b) Financial expenses		(40.11)	(48.22)
4. Results from minority interests			
a) Profits from companies recorded by the equity method		10.29	9.23
b) Losses from companies recorded by the equity method		(0.70)	(0.69)
5. Reversion of asset impairment provision	6.9	-	-
6. Allowance for asset impairment provision	6.9	(0.27)	-
7. Result from the disposal of non current assets classified as held for sale, not included in discontinued operations		-	-
RESULT FROM OTHER ACTIVITIES		58.81	40.15
IV. PROFIT BEFORE TAX FROM ONGOING OPERATIONS		737.38	547.93
V. TAX ON PROFIT FROM ONGOING OPERATIONS	6.20	(221.50)	(154.12)
VI. PROFIT AFTER TAX FROM ONGOING OPERATIONS		515.88	393.81
VII. PROFIT AFTER TAX FROM DISCONTINUED OPERATIONS		-	-
VIII. PROFIT FOR THE YEAR		515.88	393.81
1. Attributable to minority shareholders		(185.72)	(143.98)
2. Attributable to the controlling Company	4.1	330.16	249.83
Figures in million euros			
Basic and diluted gains per share (Euros)	4.1	0.28	0.21

C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2006 AND 2005

CONCEPT	Equity attributable to the controlling shareholder						Total net equity
	Share capital	Reserves	Valuation adjustments reserves	Translation differences	Retained result	Minority interests	
BALANCE AS AT 1 JANUARY 2005	119.45	1,362.42	154.00	(46.28)	261.73	860.82	2,712.14
I. Changes in accounting policies	-	-	-	-	-	-	-
II. Correction of errors	-	-	-	-	-	-	-
BALANCE AS AT 1 JANUARY 2005, RESTATED	119.45	1,362.42	154.00	(46.28)	261.73	860.82	2,712.14
VARIATIONS IN 2005							
I. Results recognised directly in equity							
1. From investments available for sale	-	-	179.47	-	-	172.48	351.95
2. From translation differences	-	-	-	105.13	-	20.43	125.56
3. From application of tacit accounting	-	-	(133.16)	-	-	(127.54)	(260.70)
Total results recognised directly in equity	-	-	46.31	105.13	-	65.37	216.81
II. Other results for 2005	-	-	-	-	249.83	143.98	393.81
III. Distribution of 2004 results	-	86.74	-	-	(117.75)	(12.35)	(43.36)
IV. Interim dividends for 2005 (Note 4.2)	-	-	-	-	(40.61)	(71.52)	(112.13)
V. Capital increase	-	-	-	-	-	-	-
VI. Called capital pending payment	-	-	-	-	-	-	-
VII. Capital decrease in subsidiaries	-	-	-	-	-	-	-
VIII. Other increases	-	20.22	-	-	-	24.47	44.69
IX. Other decreases	-	-	(17.59)	-	-	(33.09)	(50.68)
TOTAL VARIATIONS IN 2005	-	106.96	28.72	105.13	91.47	116.86	449.14
BALANCE AS AT 31 DECEMBER 2005	119.45	1,469.38	182.72	58.85	353.20	977.68	3,161.28

Figures in million euros

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CONCEPT	Equity attributable to the controlling shareholder						Total net equity
	Share capital	Reserves	Valuation adjustments reserves	Translation differences	Retained result	Minority interests	
I. Changes in accounting policies	-	-	-	-	-	-	-
II. Correction of errors	-	-	-	-	-	-	-
BALANCE AS AT 1 JANUARY 2006, RESTATED	119.45	1,469.38	182.72	58.85	353.20	977.68	3,161.28
VARIATIONS IN 2006							
I. Results recognised directly in equity							
1. From investments available for sale	-	-	(186.80)	-	-	(177.28)	(364.08)
2. From translation differences	-	-	-	(64.18)	-	(8.16)	(72.34)
3. From application of tacit accounting	-	-	170.30	-	-	164.04	334.34
Total results recognised directly in equity	-	-	(16.50)	(64.18)	-	(21.40)	(102.08)
II. Other results for 2006	-	-	-	-	330.16	185.72	515.88
III. Distribution of 2005 results	-	82.69	-	-	(122.68)	(14.96)	(54.95)
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. Other increases	-	27.05	-	-	-	21.39	48.44
IX. Other decreases	-	-	(32.39)	-	-	(0.85)	(33.24)
TOTAL VARIATIONS IN 2006	-	109.74	(48.89)	(64.18)	159.70	94.01	250.38
BALANCE AS AT 31 DECEMBER 2006	119.45	1,579.12	133.83	(5.33)	512.90	1,071.69	3,411.66

Figures in million euros

D) CONSOLIDATED CASH FLOW STATEMENT FOR YEARS ENDED 31 DECEMBER 2006 AND 2005

CONCEPT	2006	2005
Cash from collected premiums	6,990.59	6,284.20
Payment of claims	(3,669.48)	(3,538.29)
Collections from reinsurance operations	482.08	670.25
Payments on reinsurance operations	(800.48)	(783.17)
Payments of commissions	(640.29)	(535.27)
Collections from clients, other activities	476.69	1,010.87
Payments to suppliers, other activities	(349.45)	(958.48)
Other operating cash inflows	193.05	375.51
Other operating cash outflows	(1,677.75)	(1,808.63)
Inflows or outflows from the payment/receipt of corporation tax	(175.65)	(113.13)
NET CASH FLOWS FROM OPERATING ACTIVITIES	829.31	603.86
Purchases of intangible fixed assets	(78.50)	(15.61)
Purchases of property, plant and equipment	(145.35)	(54.81)
Acquisition of investments and payment of capital increases	(4,406.12)	(9,028.49)
Net cash paid by companies incorporated into the consolidation perimeter	(8.19)	(116.85)
Net cash from entities no longer included in the consolidation perimeter	8.26	8.42
Sales of property, plant and equipment	23.03	16.27
Sales of investments	2,875.87	7,507.03
Interest collected	706.92	810.63
Other payments	(48.37)	(31.66)
Dividends collected	33.80	37.24
Collections from loans and other financial instruments	1,401.52	9,745.53
Payments for loans and other financial instruments	(1,245.10)	(9,213.24)
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(882.23)	(335.54)
Dividends and donations paid	(180.60)	(161.53)
Collections on capital increases	15.81	35.14
Payments on return of shareholders' contributions	-	(0.73)
Proceeds from issuance of debentures	-	-
Payments on interest and redemption of debentures	(16.56)	(16.56)
Payments on interest and repayment of other borrowings	(20.82)	(124.14)
Proceeds from other borrowings	135.87	81.11
NET CASH FLOW EFFECT OF FINANCING ACTIVITIES	(66.30)	(186.71)
NET INCREASE/(DECREASE) IN CASH FLOW	(119.22)	81.61
Translation differences in cash flow and cash balances	(13.04)	(17.71)
OPENING CASH BALANCE	964.71	900.81
CLOSING CASH BALANCE	832.45	964.71

Figures in million euros

E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006 AND 2005

ASSETS	DIRECT INSURANCE					
	LIFE		NON LIFE		REINSURANCE	
	2006	2005	2006	2005	2006	2005
A) INTANGIBLE ASSETS	20.92	15.79	265.85	289.36	3.82	4.12
I. Goodwill	19.05	13.90	211.55	248.50	-	1.65
II. Other intangible assets	1.87	1.89	54.30	40.86	3.82	2.47
B) PROPERTY, PLANT AND EQUIPMENT	34.35	36.18	336.52	308.80	40.70	40.64
I. Property for own use	21.84	23.56	264.12	236.97	35.15	35.47
II. Other property, plant and equipment	12.51	12.62	72.40	71.83	5.55	5.17
C) INVESTMENTS	14,957.89	14,779.59	4,557.12	3,235.12	1,773.07	1,629.96
I. Investment property	158.65	163.98	275.81	146.48	35.37	39.94
II. Financial investments						
1. Portfolio held to maturity	9.13	-	513.58	471.07	138.42	193.49
2. Portfolio available for sale	14,589.34	14,510.22	2,701.77	2,130.57	1,255.51	1,081.79
3. Trading portfolio	90.94	-	392.78	432.00	64.36	51.54
III. Investments recorded applying the equity method	29.72	25.60	78.47	37.92	12.03	13.35
IV. Deposits established for accepted reinsurance	-	-	2.78	3.80	266.22	249.32
V. Other investments	80.11	79.79	591.93	13.28	1.16	0.53
D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS BEARING THE INVESTMENT RISK	255.77	299.70	-	-	-	-
E) INVENTORIES	-	-	-	-	-	-
F) PARTICIPATION BY REINSURANCE IN TECHNICAL PROVISIONS	22.60	22.45	1,817.34	1,539.82	525.24	542.83
G) DEFERRED TAX ASSETS	350.43	640.33	57.27	49.90	10.73	13.39
H) CREDITS & RECEIVABLES	274.54	256.34	1,245.30	1,149.77	244.01	223.24
I. Receivables on direct insurance and coinsurance operations	254.37	244.27	913.37	929.44	0.19	-
II. Receivables on reinsurance operations	2.07	7.68	163.74	121.24	201.53	198.78
III. Tax credits	1.79	0.44	71.55	21.14	8.55	11.28
IV. Corporate and other credits	16.31	3.95	96.64	77.95	33.74	13.18
V. Shareholders, called capital	-	-	-	-	-	-
I) CASH AND BANK	297.15	243.50	335.93	447.37	54.38	70.74
J) ACCRUAL ADJUSTMENTS	12.97	11.21	354.74	299.72	129.23	114.33
K) OTHER ASSETS	1.50	1.50	11.98	47.48	1.48	0.87
L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-	-	-	-	-
TOTAL ASSETS BY SEGMENTS	16,228.12	16,306.59	8,982.05	7,367.34	2,782.66	2,640.12

Figures in million euros

(Continued on following page)

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ASSETS	OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
	2006	2005	2006	2005	2006	2005
A) INTANGIBLE ASSETS	63.35	61.70	311.90	279.90	665.84	650.87
I. Goodwill	54.87	52.02	313.35	279.90	598.82	595.97
II. Other intangible assets	8.48	9.68	(1.45)	–	67.02	54.90
B) PROPERTY, PLANT AND EQUIPMENT	103.30	106.24	34.47	10.72	549.34	502.58
I. Property for own use	77.46	71.00	29.43	10.72	428.00	377.72
II. Other property, plant and equipment	25.84	35.24	5.04	–	121.34	124.86
C) INVESTMENTS	3,347.42	3,505.37	(3,638.92)	(2,984.10)	20,996.58	20,165.94
I. Investment property	29.17	29.75	(45.32)	(35.02)	453.68	345.13
II. Financial investments						
1. Portfolio held to maturity	29.81	27.85	0.52	0.96	691.46	693.37
2. Portfolio available for sale	67.17	53.36	(115.02)	(266.63)	18,498.77	17,509.31
3. Trading portfolio	564.39	899.62	(36.69)	–	1,075.78	1,383.16
III. Investments recorded applying the equity method	8.65	5.39	(3.71)	22.09	125.16	104.35
IV. Deposits established for accepted reinsurance	–	–	(164.21)	(155.23)	104.79	97.89
V. Other investments	2,648.23	2,489.40	(3,274.49)	(2,550.27)	46.94	32.73
D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS BEARING THE INVESTMENT RISK	–	–	–	–	255.77	299.70
E) INVENTORIES	491.13	309.22	–	–	491.13	309.22
F) PARTICIPATION BY REINSURANCE IN TECHNICAL PROVISIONS	–	–	(565.08)	(462.85)	1,800.10	1,642.25
G) DEFERRED TAX ASSETS	26.30	32.67	0.08	–	444.81	736.29
H) CREDITS & RECEIVABLES	204.04	171.12	(199.65)	(117.26)	1,768.24	1,683.21
I. Receivables on direct insurance and coinsurance operations	–	–	–	–	1,167.93	1,173.71
II. Receivables on reinsurance operations	–	–	(75.90)	(46.38)	291.44	281.32
III. Tax credits	56.19	49.19	–	–	138.08	82.05
IV. Corporate and other credits	147.85	121.93	(123.75)	(70.88)	170.79	146.13
V. Shareholders, called capital	–	–	–	–	–	–
I) CASH AND BANK	144.99	203.10	–	–	832.45	964.71
J) ACCRUAL ADJUSTMENTS	4.60	0.71	(0.02)	–	501.52	425.97
K) OTHER ASSETS	97.02	76.38	(69.95)	(85.99)	42.03	40.24
L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	–	–	–	–	–	–
TOTAL ASSETS BY SEGMENTS	4,482.15	4,466.51	(4,127.17)	(3,359.58)	28,347.81	27,420.98

Figures in million euros

E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006 AND 2005

LIABILITIES AND EQUITY	DIRECT INSURANCE					
	LIFE		NON LIFE		REINSURANCE	
	2006	2005	2006	2005	2006	2005
A) EQUITY	550.71	520.89	2,277.92	1,501.20	673.55	633.40
I. Paid-up capital	83.56	62.66	1,232.27	664.95	253.07	223.92
II. Reserves	319.97	295.60	710.12	655.28	251.67	284.73
III. Treasury stock	-	-	(1.96)	-	-	-
IV. Valuation adjustment reserves	97.00	128.23	132.93	130.89	23.54	36.37
V. Translation differences	(2.78)	-	(56.49)	36.41	20.84	33.35
VI. Retained earnings	5.08	(9.31)	114.59	(91.46)	114.96	51.07
Equity attributable to the controlling Company's shareholders	502.83	477.18	2,131.46	1,396.07	664.08	629.44
Minority interests	47.88	43.71	146.46	105.13	9.47	3.96
B) SUBORDINATED LIABILITIES	-	-	-	-	-	-
C) TECHNICAL PROVISIONS	14,536.80	14,476.48	5,053.49	4,467.04	1,722.64	1,645.76
I. Provisions for unearned premiums and for risks in progress	15.59	13.66	1,988.56	1,791.65	861.72	698.73
II. Provisions for life assurance	14,283.32	14,259.96	66.01	96.75	125.21	120.99
III. Provisions for outstanding claims	212.44	186.17	2,680.59	2,304.10	735.71	826.04
IV. Other technical provisions	25.45	16.69	318.33	274.54	-	-
D) TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS	255.77	299.70	-	-	-	-
E) PROVISIONS FOR RISKS AND EXPENSES	16.33	15.95	136.71	87.53	8.27	7.05
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	12.00	12.10	158.63	153.00	143.37	134.83
G) DEFERRED TAX LIABILITIES	394.24	696.92	91.80	112.91	27.71	20.15
H) DEBT	460.13	282.53	1,118.60	924.04	128.29	135.34
I. Issuance of debentures and other negotiable securities	-	-	-	-	-	-
II. Due to credit institutions	0.01	-	3.64	13.95	1.10	0.30
III. Other financial liabilities	289.52	124.77	0.84	0.90	0.09	1.11
IV. Due on direct insurance and coinsurance operations	85.31	62.50	433.34	368.37	0.31	0.35
V. Due on reinsurance operations	3.27	10.79	238.78	230.13	86.16	97.58
VI. Tax payable	18.85	20.12	205.83	196.28	6.35	2.15
VII. Other debts	63.17	64.35	236.17	114.41	34.28	33.85
I) ACCRUAL ADJUSTMENTS	2.14	2.02	144.90	121.62	78.83	63.59
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY BY SEGMENTS	16,228.12	16,306.59	8,982.05	7,367.34	2,782.66	2,640.12

Figures in million euros

(Continued on following page)

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LIABILITIES AND EQUITY	OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
	2006	2005	2006	2005	2006	2005
	A) EQUITY	2,840.28	2,729.08	(2,930.80)	(2,223.29)	3,411.66
I. Paid-up capital	749.48	724.07	(2,198.93)	(1,556.15)	119.45	119.45
II. Reserves	1,623.21	1,588.37	(1,325.85)	(1,354.60)	1,579.12	1,469.38
III. Treasury stock	-	-	1.96	-	-	-
IV. Valuation adjustment reserves	12.07	4.79	(131.71)	(117.56)	133.83	182.72
V. Translation differences	2.44	3.25	30.66	(14.16)	(5.33)	58.85
VI. Retained earnings	360.49	101.38	(82.22)	301.52	512.90	353.20
Equity attributable to the controlling Company's shareholders	2,747.69	2,421.86	(3,706.09)	(2,740.95)	2,339.97	2,183.60
Minority interests	92.59	307.22	775.29	517.66	1,071.69	977.68
B) SUBORDINATED LIABILITIES	-	-	-	-	-	-
C) TECHNICAL PROVISIONS	-	-	(564.65)	(461.76)	20,748.28	20,127.52
I. Provisions for unearned premiums and for risks in progress	-	-	(290.49)	(219.40)	2,575.38	2,284.64
II. Provisions for life assurance	-	-	0.44	1.09	14,474.98	14,478.79
III. Provisions for outstanding claims	-	-	(274.60)	(243.45)	3,354.14	3,072.86
IV. Other technical provisions	-	-	-	-	343.78	291.23
D) TECHNICAL PROVISIONS FOR LIFE ASSURANCE POLICIES WHERE THE INVESTMENT RISK IS BORNE BY THE POLICYHOLDERS	-	-	-	-	255.77	299.70
E) PROVISIONS FOR RISKS AND EXPENSES	13.39	8.90	(38.08)	(11.71)	136.62	107.72
F) DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE	-	-	(164.21)	(155.23)	149.79	144.70
G) DEFERRED TAX LIABILITIES	6.60	9.30	0.57	0.57	520.92	839.85
H) DEBT	1,618.60	1,716.21	(429.99)	(508.16)	2,895.63	2,549.96
I. Issuance of debentures and other negotiable securities	298.03	313.58	-	-	298.03	313.58
II. Due to credit institutions	390.59	187.31	-	-	395.34	201.56
III. Other financial liabilities	519.00	812.37	(81.49)	(310.39)	727.96	628.76
IV. Due on direct insurance and coinsurance operations	-	-	-	-	518.96	431.22
V. Due on reinsurance operations	-	-	(75.90)	(46.38)	252.31	292.12
VI. Tax payable	76.53	53.58	(8.23)	(17.78)	299.33	254.35
VII. Other debts	334.45	349.37	(264.37)	(133.61)	403.70	428.37
I) ACCRUAL ADJUSTMENTS	3.28	3.02	(0.01)	-	229.14	190.25
J) LIABILITIES LINKED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY BY SEGMENTS	4,482.15	4,466.51	(4,127.17)	(3,359.58)	28,347.81	27,420.98

Figures in million euros

E) FINANCIAL INFORMATION BY SEGMENTS - CONSOLIDATED INCOME STATEMENT FOR YEARS ENDED 31 DECEMBER 2006 AND 2005

ASSETS	DIRECT INSURANCE					
	LIFE		NON LIFE		REINSURANCE	
	2006	2005	2006	2005	2006	2005
I. REVENUES FROM INSURANCE BUSINESS						
1. Insurance premiums, net						
a) Written premiums, direct insurance	1,971.20	1,923.04	4,736.13	4,252.22	0.03	(0.05)
b) Premiums from accepted reinsurance	-	-	159.59	96.41	1,634.99	1,498.85
c) Premiums from ceded reinsurance	(58.74)	(51.86)	(1,308.53)	(1,129.57)	(463.11)	(432.77)
d) Variation in provisions for premiums and risks in progress, net						
Direct insurance	(29.42)	(20.96)	(254.12)	(272.49)	(0.01)	-
Accepted reinsurance	-	-	(22.63)	(10.85)	(170.12)	(120.31)
Ceded reinsurance	0.41	10.98	86.15	89.33	54.02	37.27
2. Profits from companies recorded by the equity method	4.12	2.09	5.39	2.23	0.15	0.22
3. Income from investments						
a) From operations	876.72	906.75	282.91	265.86	67.59	67.66
b) From equity	14.53	16.19	60.63	30.27	10.75	16.52
4. Unrealised gains in investments on account of life policyholders bearing the investment risk	22.90	26.26	-	-	-	-
5. Other technical revenues	0.75	0.05	19.66	20.27	1.43	0.21
6. Other non technical revenues	5.38	8.02	43.98	80.57	8.69	2.86
7. Positive translation differences	-	-	9.12	2.51	82.54	55.87
8. Reversion of the asset impairment provision	-	-	0.09	0.24	-	-
TOTAL REVENUES FROM INSURANCE BUSINESS	2,807.85	2,820.56	3,818.37	3,427.00	1,226.95	1,126.33
II. EXPENSES FROM INSURANCE BUSINESS						
1. Claims, net						
a) Claims paid and variation in provision for claims, net						
Direct insurance	(1,744.72)	(1,605.00)	(2,620.40)	(2,462.41)	0.52	(0.02)
Accepted reinsurance	-	(0.42)	(89.53)	(59.74)	(851.38)	(1,003.98)
Ceded reinsurance	39.50	41.56	677.33	620.46	229.22	351.66
b) Claims related expenses	(5.41)	(4.93)	(157.36)	(139.39)	(37.86)	(30.61)
2. Variation in other technical provisions, net	(502.95)	(781.45)	(50.23)	(61.28)	(1.20)	(1.13)
3. Profit sharing and returned premiums	(28.75)	(22.13)	(2.71)	(2.60)	(0.46)	-
4. Net operating expenses						
a) Acquisition expenses	(109.88)	(104.01)	(795.78)	(731.56)	(395.95)	(350.54)
b) Administration expenses	(40.63)	(27.76)	(338.50)	(250.97)	(21.19)	(26.78)
c) Commissions and participation in reinsurance	14.49	4.35	188.54	186.37	100.37	93.04
5. Losses from companies recorded by the equity method	-	-	(0.05)	(0.77)	-	-
6. Expenses from investments						
a) From operations	(266.26)	(165.64)	(54.05)	(47.96)	(14.27)	(10.63)
b) From equity and financial accounts	(262.69)	(4.05)	(14.08)	(10.60)	(8.08)	(3.98)
7. Unrealised losses in investments on account of life policyholders bearing the investment risk	(1.05)	(0.62)	-	-	-	-
8. Other technical expenses	(5.78)	(9.87)	(90.27)	(55.32)	(1.81)	(2.90)
9. Other non technical expenses	(4.75)	(7.38)	(34.70)	(60.25)	(10.10)	(13.83)
10. Negative translation differences	(0.01)	-	(15.17)	(3.36)	(84.63)	(59.44)
11. Allowance to the asset impairment provision	-	-	(24.58)	(23.03)	-	(0.04)
TOTAL EXPENSES FROM INSURANCE BUSINESS	(2,656.20)	(2,687.35)	(3,421.54)	(3,102.41)	(1,096.82)	(1,059.18)
RESULT OF THE INSURANCE BUSINESS	151.65	133.21	396.83	324.59	130.13	67.15
II. OTHER ACTIVITIES						
1. Operating revenues	-	-	-	-	-	-
2. Operating expenses	-	-	-	-	-	-
3. Net financial revenues						
a) Financial revenues	-	-	-	-	-	-
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. Reversion 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	-	-	-	-	-	-
RESULT FROM OTHER ACTIVITIES	-	-	-	-	-	-
IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS	151.65	133.21	396.83	324.59	130.13	67.15
V. TAX ON PROFIT FROM ONGOING OPERATIONS	(47.90)	(44.14)	(111.57)	(65.58)	(42.09)	(23.10)
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS	103.75	89.07	285.26	259.01	88.04	44.05
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-
VIII. RESULT FOR THE YEAR	103.75	89.07	285.26	259.01	88.04	44.05
1. Attributable to minority shareholders	(50.58)	(43.71)	(114.33)	(88.19)	(9.42)	(3.88)
2. Attributable to the controlling Company	53.17	45.36	170.93	170.82	78.62	40.17

Figures in million euros

(Continued on following page)

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ASSETS	OTHER ACTIVITIES		CONSOLIDATION ADJUSTMENTS		TOTAL	
	2006	2005	2006	2005	2006	2005
I. REVENUES FROM INSURANCE BUSINESS						
1. Insurance premiums, net						
a) Written premiums, direct insurance	-	-	-	-	6,707.36	6,175.21
b) Premiums from accepted reinsurance	-	-	(601.87)	(510.18)	1,192.71	1,085.08
c) Premiums from ceded reinsurance	-	-	601.87	510.18	(1,228.51)	(1,104.02)
d) Variation in provisions for premiums and risks in progress, net						
Direct insurance	-	-	-	-	(283.55)	(293.45)
Accepted reinsurance	-	-	25.23	-	(167.52)	(131.16)
Ceded reinsurance	-	-	(25.23)	-	115.35	137.58
2. Profits from companies recorded by the equity method	-	-	(3.10)	(2.09)	6.56	2.45
3. Income from investments						
a) From operations	-	-	(8.62)	(16.99)	1,218.60	1,223.28
b) From equity	-	-	(16.25)	-	69.66	62.98
4. Unrealised gains in investments on account of life policyholders bearing the investment risk	-	-	-	-	22.90	26.26
5. Other technical revenues	-	-	(4.26)	(12.38)	17.58	8.15
6. Other non technical revenues	-	-	(12.96)	(16.46)	45.09	74.99
7. Positive translation differences	-	-	-	-	91.66	58.38
8. Reversion of the asset impairment provision	-	-	2.09	-	2.18	0.24
TOTAL REVENUES FROM INSURANCE BUSINESS	-	-	(43.10)	(47.92)	7,810.07	7,325.97
II. EXPENSES FROM INSURANCE BUSINESS						
1. Claims, net						
a) Claims paid and variation in provision for claims, net						
Direct insurance	-	-	0.45	-	(4,364.15)	(4,067.43)
Accepted reinsurance	-	-	259.54	273.11	(681.37)	(791.03)
Ceded reinsurance	-	-	(259.54)	(273.11)	686.51	740.57
b) Claims related expenses	-	-	0.38	-	(200.25)	(174.93)
2. Variation in other technical provisions, net	-	-	(0.09)	(1.09)	(554.47)	(844.95)
3. Profit sharing and returned premiums	-	-	-	-	(31.92)	(24.73)
4. Net operating expenses						
a) Acquisition expenses	-	-	153.24	132.97	(1,148.37)	(1,053.14)
b) Administration expenses	-	-	1.58	20.80	(398.74)	(284.71)
c) Commissions and participation in reinsurance	-	-	(148.73)	(132.97)	154.67	150.79
5. Losses from companies recorded by the equity method	-	-	-	-	(0.05)	(0.77)
6. Expenses from investments						
a) From operations	-	-	5.73	1.74	(325.28)	(222.49)
b) From equity and financial accounts	-	-	0.71	-	(25.02)	(18.63)
7. Unrealised losses in investments on account of life policyholders bearing the investment risk	-	-	-	-	(1.05)	(0.62)
8. Other technical expenses	-	-	-	-	(97.86)	(68.09)
9. Other non technical expenses	-	-	9.78	9.30	(39.77)	(72.16)
10. Negative translation differences	-	-	(0.03)	-	(99.84)	(62.80)
11. Allowance to the asset impairment provision	-	-	20.04	-	(4.54)	(23.07)
TOTAL EXPENSES FROM INSURANCE BUSINESS	-	-	43.06	30.75	(7,131.50)	(6,818.19)
RESULT OF THE INSURANCE BUSINESS	-	-	(0.04)	(17.17)	678.57	507.78
II. OTHER ACTIVITIES						
1. Operating revenues	468.26	306.21	(16.79)	(28.59)	451.47	277.62
2. Operating expenses	(410.03)	(272.86)	21.11	30.34	(388.92)	(242.52)
3. Net financial revenues						
a) Financial revenues	354.25	508.79	(327.20)	(464.06)	27.05	44.73
b) Financial expenses	(69.76)	(58.58)	29.65	10.36	(40.11)	(48.22)
4. Results from minority interests						
a) Profits from companies recorded by the equity method	0.78	9.01	9.51	0.22	10.29	9.23
b) Losses from companies recorded by the equity method	(0.74)	(0.76)	0.04	0.07	(0.70)	(0.69)
5. Reversion of asset impairment provision	-	-	-	-	-	-
6. Allowance to the asset impairment provision	(0.27)	-	-	-	(0.27)	-
7. Result from the disposal of non current assets classified as held for sale, not included in discontinued operations	-	-	-	-	-	-
RESULT FROM OTHER ACTIVITIES	342.49	491.81	(283.68)	(451.66)	58.81	40.15
IV. RESULT BEFORE TAX FROM ONGOING OPERATIONS	342.49	491.81	(283.72)	(468.83)	737.38	547.93
V. TAX ON PROFIT FROM ONGOING OPERATIONS	(19.96)	(38.77)	0.02	17.47	(221.50)	(154.12)
VI. RESULT AFTER TAX FROM ONGOING OPERATIONS	322.53	453.04	(283.70)	(451.36)	515.88	393.81
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS	-	-	-	-	-	-
VIII. RESULT FOR THE YEAR	322.53	453.04	(283.71)	(451.36)	515.88	393.81
1. Attributable to minority shareholders	(90.40)	(128.30)	79.01	120.10	(185.72)	(143.98)
2. Attributable to the controlling Company	232.13	324.74	(204.70)	(331.26)	330.16	249.83

Figures in million euros

E) FINANCIAL INFORMATION BY SEGMENTS – GEOGRAPHICAL BREAKDOWN

1. CONSOLIDATED ASSETS AS AT 31 DECEMBER 2006 AND 2005

GEOGRAPHICAL SEGMENT	2006	2005
I SPAIN	23,628.48	22,700.77
II OTHER EUROPEAN UNION COUNTRIES	1,330.12	1,002.79
III AMERICA	3,124.83	3,471.67
IV REST OF THE WORLD	264.38	245.75
TOTAL ASSETS	28,347.81	27,420.98

Figures in million euros

2. CONSOLIDATED ORDINARY REVENUES IN YEARS ENDED 31 DECEMBER 2006 AND 2005 (*)

GEOGRAPHICAL SEGMENT	2006	2005
I SPAIN	5,146.03	4,797.80
II OTHER EUROPEAN UNION COUNTRIES	576.86	483.43
III AMERICA	2,466.99	2,110.69
IV REST OF THE WORLD	161.63	145.99
TOTAL ORDINARY REVENUES	8,351.54	7,537.91

Figures in million euros

3. PURCHASES OF FIXED ASSETS AND INVESTMENTS IN YEARS ENDED 31 DECEMBER 2006 AND 2005 (**)

GEOGRAPHICAL SEGMENT	2006	2005
I SPAIN	1,359.01	4,033.37
II OTHER EUROPEAN UNION COUNTRIES	167.12	114.66
III AMERICA	475.31	353.43
IV REST OF THE WORLD	21.56	18.11
TOTAL PURCHASES	2,023.00	4,519.57

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) ANNUAL CONSOLIDATED FINANCIAL REPORT

1. General overview on the company and its activity

MAPFRE, S.A. (hereinafter the “controlling Company” or “MAPFRE”) is a listed public limited company, subsidiary of CARTERA MAPFRE, S.L., Sociedad Unipersonal (a subsidiary of FUNDACIÓN MAPFRE) and, in turn, 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.

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.; as at the date when these accounts were being drafted, the said change of name was pending registration with the Company Registrar.

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-centres, from which the marketing, operational and administrative activities are coordinated and promoted.

The MAPFRE NETWORK consists of the following:

- Direct Offices: 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.
- Delegate Offices: they are MAPFRE GROUP offices serviced by a fully captive agent; their work focuses on the sale of the MAPFRE GROUP’s products.
- Agents: the MAPFRE GROUP has a high number of commissioned agents, who act as brokers in the writing of transactions by virtue of mercantile cooperation agreements. Irrespectively of this, the Group has relationships with a large number of Insurance Brokers who contribute transactions, and also distributes through the branch offices of CAJA MADRID, a major Spanish credit institution, with which it has a corporate alliance in place.

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

The consolidated annual accounts have been issued by the Board of Directors on 6 February 2007. 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 they were not approved by the said governance body.

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.

2.2. INFORMATION BY SEGMENTS

Section E) of the consolidated annual accounts 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 assurance
- Non - Life direct insurance
- Life and Non - Life accepted reinsurance
- Other activities

Revenues and expenses of the first three segments are those corresponding to the Life and Non Life activity, and to 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

Rules and interpretations that have been approved by the European Commission but that were not been enforced as at the closing date of financial year 2006 have not been adopted, in particular as regards IFRS 7 relating to the information and breakdowns of financial instruments, and the amendments to IFRS 4 corresponding to insurance contracts, which have been introduced by Regulation 108/2006 of the Commission. These variations do not have any impact on the Group's financial situation and consolidated results.

No errors have been detected in the consolidated financial statements of previous years.

2.4. COMPARISON OF INFORMATION

There are no reasons preventing the comparison of the balances and amounts of this financial year as they appear in the financial statements with those of the preceding year.

In the preparation of the consolidated financial statements, the international standards that, having been approved by the European Commission, were in force as at the year's closing date, have been applied.

In order that the figures shown in the attached consolidated income statement, corresponding to the preceding year, may be comparable with the figures of the present financial year, the controlling Company has made adjustments in order to separately show the revenues and expenses of the insurance business from those of the other activities. In particular, the headings subject to re-classification have been "Operating revenues and expenses", "Net financial revenues" and "Result from minority shareholdings" for a total net amount of €40.15 million. Consequently, the attached consolidated income statement for year 2005 is different, in its presentation, from that 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 2005 and 2006, 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 consolidated group's equity, financial situation and results in 2005 and 2006 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 actuarial calculation of liabilities and post-employment remuneration related commitments.
- The useful life of intangible assets and of tangible fixed asset 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 proportional 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 by mutual 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 ended as at 31 December 2005 and 2006.

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.

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 in 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 of ordinary shares, is shown below:

Concept	2006	2005
Net profit attributable to the controlling Company's shareholders (million euros)	330.16	249.83
Weighted average number of ordinary shares in issue (million euros)	1,194.50	1,194.50
Basic profits per share (euros)	0.28	0.21

The weighted average number of ordinary shares in issue in financial year 2005 is adjusted by the split of five new shares for each old share carried out on 28 October 2006, as described in Note 6.11.

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)	
	2006	2005	2006	2005
Interim dividend	47.78	40.61	0.04	0.034
Final dividend	113.77	35.84	0.05	0.030
Total	161.55	76.45	0.09	0.064

The dividend per share for financial year 2006 has been adjusted by the split of five new shares for each old share carried out on 28 October 2006. The total amount of the final dividend for financial year 2006 includes the dividend to be paid to the new shares issued in January 2007, corresponding to the capital increase in progress at year end, as described in Note 6.11.

The dividend for financial year 2006 has been proposed by the Board of Directors and is pending approval by the Ordinary 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 2006, the controlling Company has distributed an interim dividend for a total amount of €47,780,141.20, which is recorded in the liabilities side under the heading "Interim Dividend". The cash statement prepared by the Management Committee for the distribution is shown below:

Concept	Date of Resolution 26-10-2006
Cash available on the date of the resolution	1.83
Increases in cash forecast within one year	575.20
(+) From expected current collection transactions	137.40
(+) From financial transactions	437.80
Decreases in cash forecast within one year	(272.48)
(-) From expected current payment transactions	(21.50)
(-) From expected financial transactions	(250.98)
Cash available within one year	304.55

Figures in million euros

5. Accounting policies

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

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 acquisition of the stake.

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 over their useful life 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 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 various assets:

GROUP OF ELEMENTS	YEARS	ANNUAL RATIO
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

Financial leases

Leases transferring to the lessee all the risks and benefits inherent in the ownership of the leased asset are classified as financial 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 income statement.

Assets under financial lease are amortised over the useful life of the leased asset.

Operational leases

Leases where the lessor retains a significant part of the risks and benefits inherent in the ownership are classified as operational leases. Payments in the concept of operational 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 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 earmarked 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 said instruments as the underlying asset and that are settled by delivery, 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 the daily trading 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

always taking into consideration 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 ASSURANCE 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 closing trade price at the end 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 direct Life assurance business segment.

5.8. ASSET IMPAIRMENT

At the end of each financial year, the Group assesses if there are signs that assets 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 reversion is recognised in the consolidated income statement, unless the asset has been already subject to revaluation against "Valuation adjustment reserves", in which case the reversion is treated as a revaluation increase. After this reversion, 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 for the year.

5.11. CASH AND BANKS

Cash and Banks 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 twenty four hours.

5.12. ACCRUAL ADJUSTMENTS

"Accrual adjustments" for assets includes basically fees and other acquisition expenses corresponding to accrued premiums subject to allocation to the period between the year end date and the expiry of the hedging of the contracts, with such expenses being those actually borne in the period, with the limit established in the technical bases.

Similarly, "Accrual adjustments" for liabilities 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, after deducting sale costs. These are understood to be 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 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.

When financial liabilities are written off in the balance sheet, the difference between their book value and the consideration delivered is recognised in the consolidated income statement.

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 in 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, the intrinsic value being implicitly 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 stated at fair value and recognised in the balance sheet as follows:

- a) the liabilities deriving from the insurance contracts are accounted for pursuant to the accounting policies used by the entity;
- 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 depending upon 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 end 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 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 estimated valuation of outstanding claims deriving from occurrences prior to the end of the financial year, deducting any 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, it includes maturities and early redemptions pending payment in the Life Assurance business. In the Spanish companies, its 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.

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 annual 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 of 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 incurred but not reported (IBNR), 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 reporting.

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 the 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 there is a change in estimates in a given period as a result of these revisions, its effect is applied in that period and, if applicable, in successive periods.

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 discounting 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", is applied.

The impairment loss corresponding to outstanding premiums is calculated separately for each line or risk and consists of that part of the tariff premium accrued in the financial year that is unlikely to be collected, pursuant to previous years' experience, taking into account the impact of reinsurance. The impairment is recognised in the consolidated income statement as an overall figure according to the age of receipts pending collection, or on an individual basis when this is required by the circumstances and situation of the receipts.

Credits on recollection of claims are only recorded as an asset when their realisation is considered to be guaranteed.

5.16. PROVISIONS FOR RISKS AND EXPENSES

Provisions are recognised when the present obligation (legal or implicit) exists as a result of a past event and a reliable estimate of the amount of the obligation can 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 the implicit financial interest that in force in the public debt market for securities with the same or similar term to the maturity, 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 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 insufficient 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 to a given number of employees, or when there is an offer to encourage the voluntary termination of labour contracts.

d) 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 operating and equity depending upon their origin, if they are allocated to cover technical provisions or they materialise shareholders' equity, respectively.

Revenues and expenses from financial investments are accounted for depending upon 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, depending upon the business line having originated them:

- Direct insurance Life
- Direct insurance 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 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 2006						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance
COST						
GOODWILL	623.95	1.90	6.81	7.14	(10.20)	629.60
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	–	2.53	1.93	0.09	(0.05)	4.50
Computer applications	92.46	0.28	(2.85)	21.47	(10.94)	100.42
Others	36.82	2.63	8.51	49.80	(44.01)	53.75
TOTAL COST	753.23	7.34	14.40	78.50	(65.20)	788.27
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	–	0.04	–	(0.18)	–	(0.14)
Computer applications	(56.70)	0.51	(0.42)	(15.01)	4.63	(66.99)
Others	(17.68)	(3.77)	(0.24)	(8.04)	5.21	(24.52)
TOTAL ACCUMULATED AMORTISATION	(74.38)	(3.22)	(0.66)	(23.23)	9.84	(91.65)
IMPAIRMENT						
GOODWILL	(27.98)	–	–	(2.80)	–	(30.78)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	–	–	–	–	–	–
Computer applications	–	–	–	–	–	–
Others	–	–	–	–	–	–
TOTAL IMPAIRMENT	(27.98)	–	–	(2.80)	–	(30.78)
TOTAL GOODWILL	595.97	1.90	6.81	4.34	(10.20)	598.82
TOTAL OTHER INTANGIBLE ASSETS	54.90	2.22	6.93	48.13	(45.16)	67.02
TOTAL INTANGIBLE ASSETS	650.87	4.12	13.74	52.47	(55.36)	665.84

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.

FINANCIAL YEAR 2005						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance
COST						
GOODWILL	512.93	(0.15)	–	114.16	(2.99)	623.95
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	1.01	–	–	–	(1.01)	–
Computer applications	73.65	2.51	0.17	19.78	(3.65)	92.46
Others	17.60	3.02	–	18.65	(2.45)	36.82
TOTAL COST	605.19	5.38	0.17	152.59	(10.10)	753.23
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	(0.28)	–	–	–	0.28	–
Computer applications	(46.21)	(0.94)	–	(12.14)	2.59	(56.70)
Others	(4.62)	(1.61)	–	(12.48)	1.03	(17.68)
TOTAL ACCUMULATED AMORTISATION	(51.11)	(2.55)	–	(24.62)	3.90	(74.38)
IMPAIRMENT						
GOODWILL	(10.09)	–	–	(17.89)	–	(27.98)
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses	–	–	–	–	–	–
Computer applications	–	–	–	–	–	–
Others	–	–	–	–	–	–
TOTAL IMPAIRMENT	(10.09)	–	–	(17.89)	–	(27.98)
TOTAL GOODWILL	502.84	(0.15)	–	96.27	(2.99)	595.97
TOTAL OTHER INTANGIBLE ASSETS	41.15	2.98	0.17	13.81	(3.21)	54.90
TOTAL INTANGIBLE ASSETS	543.99	2.83	0.17	110.08	(6.20)	650.87

Figures in million euros

The main addition in 2005 relates to the goodwill originated on the acquisition of shares in NOSSA CAIXA SEGUROS E PREVIDENCIA, amounting to €79.79 million (see Note 6.24).

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	4	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	
	31/12/2006	31/12/2005
Goodwill on consolidation	480.01	477.23
Goodwill on merger	118.81	118.74

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 2005			Financial Year 2006			
		Balance 31.12.2004	Entries/ (cancel- lations)	Impair- ment in the period	Balance 31.12.2005	Entries/ (cancel- lations)	Impair- ment in the period	Balance 31.12.2006
Consolidation goodwill								
MAPFRE VIDA	Life Assurance (Spain and Portugal)	212.41	0.08	-	212.49	0.05	-	212.54
MAPFRE EMPRESAS	Business Insurance	40.31	-	-	40.31	(0.12)	-	40.19
GRUPO CORPORATIVO LML	Non Life assurance (Mexico)	22.26	-	-	22.26	-	-	22.26
BRICKELL FINANCIAL SERVICES	Travel Assistance (U.S.A.)	17.32	(0.18)	-	17.14	0.51	-	17.65
MAPFRE AMÉRICA	Non Life assurance (America)	11.90	10.33	-	22.23	-	-	22.23
MAPFRE WARRANTY	Guarantees	11.12	-	-	11.12	-	-	11.12
MAPFRE LA SEGURIDAD	Non Life assurance (Venezuela)	9.76	-	-	9.76	-	-	9.76
MAPFRE QUAVITAE	Services for the Elderly	8.19	-	-	8.19	(0.06)	-	8.13
NOSSA CAIXA	Life Assurance (Brazil)	-	79.79	-	79.79	(0.66)	-	79.13
ABRAXAS	Travel Assistance (UK)	-	12.41	-	12.41	3.37	-	15.78
Others	- -	32.94	8.59	-	41.53	2.27	(2.58)	41.22
Total consolidation goodwill		366.21	111.02	-	477.23	5.36	(2.58)	480.01
Merger goodwill								
MAPFRE FINISTERRE	Burial 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	-	-	13.85	0.29	(0.22)	13.92
Total merger goodwill		118.74	-	-	118.74	0.29	(0.22)	118.81
Goodwill on portfolio acquisition								
Agencies of MAPFRE FINISTERRE	Distribution of burial insurance in Spain	17.89	-	(17.89)	-	-	-	-
Total goodwill on portfolio acquisition		17.89	-	(17.89)	-	-	-	-
Total goodwill		502.84	111.02	(17.89)	595.97	5.65	(2.80)	598.82
Goodwill in associated undertakings								
MIDDLESEA INSURANCE	Insurance (Southern Europe)	1.33	4.67	-	6.00	-	-	6.00
Others		2.27	(0.74)	-	1.53	3.36	(1.17)	3.72
Total goodwill in associated undertakings (equity method) (*)		3.60	3.93	-	7.53	3.36	(1.17)	9.72
Intangible assets with indefinite useful life		-	-	-	-	-	-	-
Total intangible assets with indefinite useful life		-	-	-	-	-	-	-

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 varies between 3.99% and 6.25%, and to which a risk premium has been added depending upon 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	7.49%
MAPFRE EMPRESAS	8.49%
NOSSA CAIXA	10.12%
MAPFRE FINISTERRE	9.50%

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 2006							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance	Market value
COST							
PROPERTY FOR OWN USE							
Land and natural resources	63.70	(1.90)	0.78	12.07	(5.76)	68.89	80.96
Buildings and other structures	349.64	(1.04)	4.66	86.72	(38.08)	401.90	481.66
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transport elements	12.17	0.03	0.18	4.86	(1.66)	15.58	2.64
Furniture and fittings	128.90	0.69	0.72	23.26	(8.24)	145.33	95.89
Other property, plant and equipment	131.00	(10.91)	(1.46)	18.07	(3.01)	133.69	72.38
Advances and fixed assets in progress	9.84	(3.25)	–	0.37	(5.53)	1.43	0.65
TOTAL COST	695.25	(16.38)	4.88	145.35	(62.28)	766.82	734.18
ACCUMULATED AMORTISATION							
PROPERTY FOR OWN USE	(33.99)	1.04	(0.39)	(11.52)	4.01	(40.85)	–
OTHER PROPERTY, PLANT AND EQUIPMENT	(152.90)	3.50	(0.60)	(29.05)	8.48	(170.57)	–
TOTAL ACCUMULATED AMORTISATION	(186.89)	4.54	(0.99)	(40.57)	12.49	(211.42)	–
IMPAIRMENT							
PROPERTY FOR OWN USE							
Land and natural resources	(0.17)	(0.46)	–	–	0.08	(0.55)	–
Buildings and other structures	(1.46)	0.05	–	–	0.02	(1.39)	–
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transport elements	(0.18)	–	–	–	–	(0.18)	–
Furniture and fittings	(0.81)	0.02	–	–	–	(0.79)	–
Other property, plant and equipment	(3.16)	0.01	–	–	–	(3.15)	–
TOTAL IMPAIRMENT	(5.78)	(0.38)	–	–	0.10	(6.06)	–
TOTAL PROPERTY FOR OWN USE	377.72	(2.31)	5.05	87.27	(39.73)	428.00	562.62
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	124.86	(9.91)	(1.16)	17.51	(9.96)	121.34	171.56
TOTAL TANGIBLE FIXED ASSETS	502.58	(12.22)	3.89	104.78	(49.69)	549.34	734.18

Figures in million euros

The main additions in 2006 are due to 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 property investment of buildings that have been leased to third parties and to the transfer from fixed assets in progress to property for own use of the above mentioned MAPFRE QUAVITAE residence.

FINANCIAL YEAR 2005							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance	Market value
COST							
PROPERTY FOR OWN USE							
Land and natural resources	69.75	2.71	–	1.17	(9.93)	63.70	73.97
Buildings and other structures	265.20	12.40	8.83	84.08	(20.87)	349.64	312.78
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transport elements	7.71	(2.71)	–	8.47	(1.30)	12.17	6.28
Furniture and fittings	109.86	0.97	2.56	22.23	(6.72)	128.90	49.88
Other property, plant and equipment	108.29	7.27	–	20.11	(4.67)	131.00	78.32
Advances and fixed assets in progress	17.06	(4.16)	–	2.57	(5.63)	9.84	9.84
TOTAL COST	577.87	16.48	11.39	138.63	(49.12)	695.25	531.07
ACCUMULATED AMORTISATION							
PROPERTY FOR OWN USE							
	(29.92)	(1.89)	–	(4.53)	2.35	(33.99)	–
OTHER PROPERTY, PLANT AND EQUIPMENT							
	(129.63)	(8.80)	(0.85)	(20.43)	6.81	(152.90)	–
TOTAL ACCUMULATED AMORTISATION	(159.55)	(10.69)	(0.85)	(24.96)	9.16	(186.89)	–
IMPAIRMENT							
PROPERTY FOR OWN USE							
Land and natural resources	(0.31)	(0.05)	–	–	0.19	(0.17)	–
Buildings and other structures	(0.41)	(0.10)	–	(0.95)	–	(1.46)	–
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transport elements	(0.02)	–	–	(0.16)	–	(0.18)	–
Furniture and fittings	(0.12)	–	–	(0.69)	–	(0.81)	–
Other property, plant and equipment	(0.11)	–	–	(3.05)	–	(3.16)	–
TOTAL IMPAIRMENT	(0.97)	(0.15)	–	(4.85)	0.19	(5.78)	–
TOTAL PROPERTY FOR OWN USE	304.31	13.07	8.83	79.77	(28.26)	377.72	386.75
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	113.04	(7.43)	1.71	29.05	(11.51)	124.86	144.32
TOTAL TANGIBLE FIXED ASSETS	417.35	5.64	10.54	108.82	(39.77)	502.58	531.07

Figures in million euros

The main additions in 2005 relate to the incorporation of CLINISAS to the consolidation perimeter.

The main cancellation in the year corresponds to part of the Juana Manso building in Buenos Aires, amounting to €9.64 million, which changed from being used by the company itself to investment property, as it was leased to third parties.

The fully depreciated cost of property, plant and equipment as at 31 December 2006 and 2005 amounts to €27.51 million and €25.43 million, respectively.

Impairment losses amount to €0.00 million and €4.85 million for financial years 2006 and 2005 respectively, and reversions amount to €0.10 million and €0.19 million. These amounts are recorded under the headings "Allocation to the asset impairment provision" and "Reversion 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:

FINANCIAL YEAR 2006							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT PROPERTY							
Land and natural resources	90.34	(7.88)	–	14.22	(0.69)	95.99	125.19
Buildings and other structures	327.83	(0.33)	–	113.37	(4.97)	435.90	628.74
TOTAL COST	418.17	(8.21)	–	127.59	(5.66)	531.89	753.93
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY							
	(72.83)	0.60	–	(6.92)	1.07	(78.08)	–
TOTAL ACCUMULATED AMORTISATION	(72.83)	0.60	–	(6.92)	1.07	(78.08)	–
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources	(0.12)	–	–	–	0.08	(0.04)	–
Buildings and other structures	(0.09)	–	–	–	–	(0.09)	–
TOTAL IMPAIRMENT	(0.21)	–	–	–	0.08	(0.13)	–
TOTAL INVESTMENT PROPERTY	345.13	(7.61)	–	120.67	(4.51)	453.68	753.93

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.

FINANCIAL YEAR 2005							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance	Market value
COST							
INVESTMENT PROPERTY							
Land and natural resources	84.46	3.79	–	8.90	(6.81)	90.34	189.53
Buildings and other structures	296.67	11.02	–	39.25	(19.11)	327.83	359.04
OTHER INVESTMENT PROPERTY	1.09	–	–	–	(1.09)	–	–
TOTAL COST	382.22	14.81	–	48.15	(27.01)	418.17	548.57
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY							
	(67.84)	(2.06)	–	(4.89)	1.96	(72.83)	–
TOTAL ACCUMULATED AMORTISATION	(67.84)	(2.06)	–	(4.89)	1.96	(72.83)	–
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources	(0.04)	(0.01)	–	(0.07)	–	(0.12)	–
Buildings and other structures	(0.01)	–	–	(0.08)	–	(0.09)	–
TOTAL IMPAIRMENT	(0.05)	(0.01)	–	(0.15)	–	(0.21)	–
TOTAL INVESTMENT PROPERTY	314.33	12.74	–	43.11	(25.05)	345.13	548.57

Figures in million euros

The main addition in financial year 2005 was a part of the Juana Manso building in Buenos Aires, amounting to €9.64 million, which changed from own use to investment property.

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 2006 and 2005 are detailed in the following table.

Concept	Investments of:					
	Operations		Equity		Total	
	2006	2005	2006	2005	2006	2005
Revenues from investment property						
From rentals	40.20	34.16	8.24	4.44	48.44	38.60
Gains on disposals	10.92	6.34	0.42	0.07	11.34	6.41
Total revenues from investment property	51.12	40.50	8.66	4.51	59.78	45.01
Expenses from investment property						
Direct operating expenses	7.85	15.55	0.28	1.82	8.13	17.37
Other expenses	1.30	1.68	–	0.32	1.30	2.00
Losses on disposals	0.39	–	–	–	0.39	–
Total expenses from investment property	9.54	17.23	0.28	2.14	9.82	19.37

Figures in million euros

The impairment loss in the year is recorded under “Allocation to the asset impairment provision” and the reversion under “Reversion of the asset impairment provision” in the consolidated income statement

6.3. LEASES

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

Type of asset	Net book value		Maximum duration of agreements (years)		Years elapsed	
	2006	2005	2006	2005	2006	2005
Investment property	453.68	345.13	25	25	11	10

Figures in million euros

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

Concept	2006	2005
Less than one year	36.36	22.70
More than one year but less than five years	62.11	48.88
More than five years	9.55	7.02
Total	108.02	78.60

Figures in million euros

The Group is a lessee pursuant to operational leases of buildings and other tangible assets.

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 operational lease agreements not liable of cancellation, are as follows:

Concept	2006	2005
Less than one year	9.45	3.96
More than one year but less than five years	3.95	5.08
More than five years	2.17	6.05
Total	15.57	15.09

Figures in million euros

Contingent payments recorded as expense in financial years 2006 and 2005 amount to €0.07 million and €0.31 million, respectively.

6.4. FINANCIAL INVESTMENTS

As at 31 December 2006 and 2005, the breakdown of financial investments is as follows:

Concept	Book value	
	2006	2005
PORTFOLIO HELD TO MATURITY		
Fixed income	512.86	475.52
Other investments	178.60	217.85
Total portfolio held to maturity	691.46	693.37
PORTFOLIO AVAILABLE FOR SALE		
Equities	740.11	439.53
Fixed income	16,691.26	16,124.01
Mutual funds	955.80	840.52
Others	111.60	105.25
Total portfolio available for sale	18,498.77	17,509.31
TRADING PORTFOLIO		
Derivatives (non hedging):		
Swaps	0,05	7.17
Others derivatives	-	-
Other investments:		
Equities	6.92	8.97
Fixed income	933.92	1,251.26
Mutual funds	81.37	64.77
Others	53.52	50.99
Total trading portfolio	1,075.78	1,383.16

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 2006 and 2005.

Concept	Book value		Fair value		Revenues from interests		Impairment			
							Recorded loss		Gains on reversal	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Fixed income	512.86	475.52	512.86	478.00	47.86	37.29	-	-	-	-
Other investments	178.60	217.85	178.60	216.71	8.98	7.62	-	-	-	-
Total	691.46	693.37	691.46	694.71	56.84	44.91	-	-	-	-

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 2006 and 2005.

Concept	Book value (fair value)		Impairment			
			Recorded loss		Gains on reversal	
	2006	2005	2006	2005	2006	2005
Equities	740.11	439.53	(2.01)	(0.03)	2.00	0.01
Fixed income	16,691.26	16,124.01	-	-	-	0.04
Mutual funds	955.80	840.52	-	-	-	-
Others	111.60	105.25	-	-	-	-
Total	18,498.77	17,509.31	(2.01)	(0.03)	2.00	0.05

Figures in million euros

Valuation adjustments in the portfolio investments amount to €1,512.33 million and €2,229.11 million as at 31 December 2006 and 2005, respectively, which have been recorded in equity net of the tax effect.

Transfers to the income statement of valuation adjustments of portfolio investments in previous financial years, carried out during years 2006 and 2005, amount to €37.27 million and €70.13 million, both net, respectively.

Trading portfolio

The following table details the investments allocated to the trading portfolio as at 31 December 2006 and 2005.

Concept	Book value (fair value)		Capital gains (losses) allocated to results			
			Unrealised		Realised	
	2006	2005	2006	2005	2006	2005
Derivatives (not for hedging)						
Forward exchange contracts	-	-	-	-	-	-
Swaps	0.05	7.17	(0.03)	0.28	-	-
Options	-	-	-	-	-	-
Futures	-	-	-	-	-	-
Other derivatives	-	-	-	-	-	-
Total derivatives (not for hedging)	0.05	7.17	(0.03)	0.28	-	-
Other investments						
Equities	6.92	8.97	(2.79)	0.02	3.74	(0.04)
Fixed income	933.92	1,251.26	(4.63)	(2.95)	(1.94)	0.49
Mutual funds	81.37	64.77	2.22	0.02	0.25	0.03
Others	53.52	50.99	4.25	0.08	1.75	0.33
Total other investments	1,075.73	1,375.99	(0.95)	(2.83)	3.80	0.81
Total trading portfolio	1,075.78	1,383.16	(0.98)	(2.55)	3.80	0.81

Figures in million euros

The fixed income investments of the trading portfolio include €474.38 million and €542.21 million as at 31 December 2006 and 2005, 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	
	2006	2005	2006	2005	2006	2005
Swaps	6.31	19.15	2.53	3.11	(9.95)	(2.72)
Total	6.31	19.15	2.53	3.11	(9.95)	(2.72)

Figures in million euros

The risk covered is the interest rate in the fair value of the issue of debentures that is described in Note 6.12.

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

The following table shows the composition of investments on account of life policy holders bearing the investment risk as at 31 December 2006 and 2005:

Concept	Book value		Results			
			Unrealised		Realised	
	2006	2005	2006	2005	2006	2005
Mutual fund holdings	255.77	299.70	19.39	37.35	2.46	(11.71)
Total	255.77	299.70	19.39	37.35	2.46	(11.71)

Figures in million euros

6.7. INVENTORIES

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

FINANCIAL YEAR 2006						
Concepts	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Cancellations	Closing balance
Land	268.97	-	-	228.96	(60.57)	437.36
Completed buildings	1.26	-	-	47.52	(47.81)	0.97
Constructions and work in progress	38.01	-	-	67.96	(54.54)	51.43
Ancillary material	0.98	-	-	0.39	-	1.37
Total	309.22	-	-	344.83	(162.92)	491.13

Figures in million euros

FINANCIAL YEAR 2005						
Concepts	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Cancellations	Closing balance
Land	47.11	-	-	222.12	(0.26)	268.97
Completed buildings	1.51	-	-	0.06	(0.31)	1.26
Constructions and work in progress	12.96	-	-	55.26	(30.21)	38.01
Ancillary material	0.78	-	-	0.20	-	0.98
Total	62.36	-	-	277.64	(30.78)	309.22

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 2006 and 2005 amounted to €8.73 million and €1.68 million, respectively. The capitalisation rate used in years 2006 and 2005 to determine the interest costs liable to being capitalised was 3.36% and 3.05%, respectively.

6.8. CREDITS AND RECEIVABLES

The following table shows the composition of credits and receivables as at 31 December 2006 and 2005; 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			
	2006	2005	2006	2005	2006	2005	Recorded losses		Gains on reversal	
							2006	2005	2006	2005
Receivables on direct insurance and coinsurance transactions	1,169.21	1,174.50	(1.28)	(0.79)	1,167.93	1,173.71	-	-	-	0.93
Receivables on reinsurance transactions	293.07	288.48	(1.63)	(7.16)	291.44	281.32	-	(5.82)	-	-
Tax credits	138.08	82.05	-	-	138.08	82.05	-	-	-	-
Corporate and other credits	171.21	146.78	(0.42)	(0.65)	170.79	146.13	-	-	-	2.27
Total	1,771.57	1,691.81	(3.33)	(8.60)	1,768.24	1,683.21	-	(5.82)	-	3.20

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:

FINANCIAL YEAR 2006								
Impairment in:	Opening balance	Adjustments to opening balance and applied	Changes in perimeter	Recorded in results		Directly recorded in equity		Closing balance
				Allowance	Reduction	Allowance	Reduction	
Intangible assets	27.98	-	-	2.80	-	-	-	30.78
I. Goodwill	27.98	-	-	2.80	-	-	-	30.78
II. Other intangible assets	-	-	-	-	-	-	-	-
Property, plant and equipment	5.78	0.38	-	-	(0.10)	-	-	6.06
I. Property for own use	1.63	0.41	-	-	(0.10)	-	-	1.94
II. Other property, plant and equipment	4.15	(0.03)	-	-	-	-	-	4.12
Investments	3.24	-	-	2.01	(2.08)	-	-	3.17
I. Investment property	0.21	-	-	-	(0.08)	-	-	0.13
II. Financial investments								
- Portfolio held to maturity	-	-	-	-	-	-	-	-
- Portfolio available for sale	0.03	-	-	2.01	(2.00)	-	-	0.04
- Trading portfolio	-	-	-	-	-	-	-	-
III. Investments recorded by the participation method	-	-	-	-	-	-	-	-
IV. Deposits established for accepted reinsurance	-	-	-	-	-	-	-	-
V. Other investments	3.00	-	-	-	-	-	-	3.00
Credits and receivables	8.60	(5.27)	-	-	-	-	-	3.33
I. Credits from direct insurance and coinsurance transactions	0.79	0.49	-	-	-	-	-	1.28
II. Credits from reinsurance transactions	7.16	(5.53)	-	-	-	-	-	1.63
III. Tax credits	-	-	-	-	-	-	-	-
IV. Corporate and other credits	0.65	(0.23)	-	-	-	-	-	0.42
Other assets	-	-	-	-	-	-	-	-
Total impairment	45.60	(4.89)	-	4.81	(2.18)	-	-	43.34

Figures in million euros

FINANCIAL YEAR 2005								
Impairment in:	Opening balance	Adjustments to opening balance and applied	Changes in perimeter	Recorded in results		Directly recorded in equity		Closing balance
				Allowance	Reduction	Allowance	Reduction	
Intangible assets	10.09	-	-	17.89	-	-	-	27.98
I. Goodwill	10.09	-	-	17.89	-	-	-	27.98
II. Other intangible assets	-	-	-	-	-	-	-	-
Property, plant and equipment	0.97	0.15	-	4.85	(0.19)	-	-	5.78
I. Property for own use	0.72	0.15	-	0.95	(0.19)	-	-	1.63
II. Other property, plant and equipment	0.25	-	-	3.90	-	-	-	4.15
Investments	3.10	0.01	-	0.18	(0.05)	-	-	3.24
I. Investment property	0.05	0.01	-	0.15	-	-	-	0.21
II. Financial investments	-	-	-	-	-	-	-	-
- Portfolio held to maturity	-	-	-	-	-	-	-	-
- Portfolio available for sale	0.05	-	-	0.03	(0.05)	-	-	0.03
- Trading portfolio	-	-	-	-	-	-	-	-
III. Investments recorded by the participation method	-	-	-	-	-	-	-	-
IV. Deposits established for accepted reinsurance	-	-	-	-	-	-	-	-
V. Other investments	3.00	-	-	-	-	-	-	3.00
Credits and receivables	5.98	2.47	-	0.15	-	-	-	8.60
I. Credits from direct insurance and coinsurance transactions	1.72	(0.93)	-	-	-	-	-	0.79
II. Credits from reinsurance transactions	1.34	5.67	-	0.15	-	-	-	7.16
III. Tax credits	-	-	-	-	-	-	-	-
IV. Corporate and other credits	2.92	(2.27)	-	-	-	-	-	0.65
Other assets	-	-	-	-	-	-	-	-
Total impairment	20.14	2.63	-	23.07	(0.24)	-	-	45.60

Figures in million euros

6.10 CASH AND BANKS

During financial years 2006 and 2005, expenditure was made in investments in Group companies, the most significant one being the acquisition in August 2005 by MAPFRE VERA CRUZ SEGUARDORA of 51% in the shares with voting rights of NOSSA CAIXA SEGUROS E PREVIDÊNCIA, an unlisted company located in Brazil and specialising in Life assurance. The said investment was self-funded.

Likewise, throughout 2006 and 2005, disposals were made of investments in associated undertakings, amounting to €8.26 million and €8.42 million, respectively, from the sale in 2006 of the stakes held by MAPFRE GUANARTEME in CLÍNICA SANTA CATALINA and other companies, and from the sale in 2005 of the controlling Company's stake in PROGRESS ASSICURAZIONI S.P.A.

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

6.11. 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 2006 is represented by 1,194,503,530 ordinary 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 28 October 2006, the nominal value of the controlling Company's shares changed from €0.50 per share to €0.10 per share; thus, the share capital changed from being represented by 238,900,706 shares with a nominal value of fifty Euro cents each to be represented by 1,194,503,530 shares with a nominal value of ten Euro cents each.

CARTERA MAPFRE S.L. Sociedad Unipersonal (hereinafter CARTERA MAPFRE) holds 55.17% in the capital as at 31 December 2006 and MAPFRE MUTUALIDAD held 54.90% as at 31 December 2005.

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

Capital increases in progress

At the Extraordinary General Meeting held on 29 December 2006, a capital increase was approved, without pre-emption rights, after the preparation of the required special report by an independent expert, through the issuance of 1,080,820,633 new ordinary registered shares with a nominal value of €0.10 each, which have been fully subscribed and paid-up on 19 January 2007. These shares were issued at a rate of 3,192%, namely, at €3.192 each, of which €0.10 correspond to their nominal value and the remaining €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; a first tranche of €96,057,753 covered with a non cash contribution, previously valued by an independent expert and owned by shareholder CARTERA MAPFRE, and a second tranche amounting to €12,024,310.30 by means of cash contribution effected by MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA (hereinafter, MAPFRE MUTUALIDAD).

The first tranche of the capital increase consisted of the issuance of 960,577,530 shares of the controlling Company, with a nominal value of €0.10 each, and was subscribed through non cash contribution by the subscribing 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 in the issuance of 120,243,103 ordinary shares of the controlling Company, with a nominal value of €0.10 each, and has been fully subscribed to by MAPFRE MUTUALIDAD.

After this capital increase, CARTERA MAPFRE holds 71.18% in the controlling Company's share capital.

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 equity accounts.

Restrictions on the availability of reserves

- The "Reserves" item includes the legal reserve, amounting to €23.89 million as at 31 December 2006 and 2005, 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.
- The same item also includes balances from the controlled companies MAPFRE SEGUROS GENERALES, MAPFRE GUANARTEME and MAPFRE EMPRESAS in the concept of Restatement Reserve Royal Decree-Act 7/1996, amounting to €7.85 million, €2.84 million and €1.51 million, respectively. The balance of this reserve represents the restatement made pursuant to the mentioned Royal Decree-Act. Upon expiry of the periods established by the said Spanish regulations for checking balances, they may be used to offset losses or to increase the share capital. After ten years, the said balances may be allocated to freely distributable reserves.
- In addition, the "Reserves" item 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 capital 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 2006 and 2005 amounts to €3,241.25 million and €3,171.61 million, respectively; these figures exceed the required minimum (which amounts to €1,515.55 million and €1,375.49 million respectively) by 2.14 times in year 2006 and 2.31 times in year 2005.

6.12. FINANCIAL LIABILITIES

The following table shows the fair value of financial liabilities:

Concept	Book Value		Fair Value	
	2006	2005	2006	2005
Issuance of debentures and other negotiable securities	298.03	313.58	298.03	313.58
Due to credit institutions	395.34	201.56	395.34	201.56
Other financial liabilities	727.96	628.76	727.96	628.76
Total	1,421.33	1,143.90	1,421.33	1,143.90

Figures in million euros

Issuance of debentures and other negotiable securities

As at 31 December 2006 and 2005, the balance of this account includes the fair value of the debentures issued by the controlling Company, 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).

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 is accounted for at fair value under "Other Investments".

Due to credit institutions

The amounts owed to credit institutions as at 31 December 2006 and 2005 are as follows:

Type of debt	Amount		Average interest rate		Security given	
	2006	2005	2006	2005	2006	2005
Financial leases	2.63	3.23	8.01%	5.80%	-	-
Credit facilities	105.18	121.42	3.95%	2.56%	-	-
Loans	230.83	76.86	3.35%	2.54%	-	33.44
Others	56.70	0.05	-	-	-	-
Total	395.34	201.56	-	-	-	33.44

Figures in million euros

Other financial liabilities

"Other financial liabilities" include €437.05 million and €541.75 million as at 31 December 2006 and 2005, 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.

6.13. 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	
	2006	2005	2006	2005	2006	2005
Provisions for unearned premiums and for risks in progress Non Life						
1.1. Provision for unearned premiums	1,627.24	1,306.31	633.22	523.39	640.08	616.89
1.2. Provision for risks in progress	314.92	454.65	-	0.29	-	-
Provisions for Life assurance						
2.1. Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	47.92	41.81	69.71	59.85	52.39	33.05
2.1.2. Provision for risks in progress	0.12	10.91	-	-	-	-
2.2. Mathematical reserves	14,301.74	14,303.30	55.49	61.14	0.61	0.60
2.3. Provisions for profit sharing	-	1.78	-	-	-	-
Provisions for claims						
3.1. Pending settlement or payment	2,065.33	1,840.65	581.38	647.12	908.37	863.80
3.2. Claim incurred but not reported (IBNR)	653.73	551.86	16.38	9.04	190.29	127.84
3.3. For claim settlement internal expenses	36.93	23.72	0.39	0.47	8.34	0.07
Other technical provisions						
4.1. Death	292.30	255.40	14.81	9.49	-	-
4.2. Others	36.67	26.34	-	-	0.02	-
Total	19,376.90	18,816.73	1,371.38	1,310.79	1,800.10	1,642.25

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 2006						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Cancellations	Closing balance
Provisions for unearned premiums and for risks in progress Non Life						
1.1. Provision for unearned premiums	1,829.70	(60.96)	–	2,379.72	(1,888.00)	2,260.46
1.2. Provision for risks in progress	454.94	(69.93)	–	382.50	(452.59)	314.92
Life assurance provisions						
2.1. Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	101.66	(13.67)	–	131.25	(101.61)	117.63
2.1.2. Provision for risks in progress	10.91	(10.56)	–	0.12	(0.35)	0.12
2.2. Mathematical reserves	14,364.44	(30.69)	–	2,224.54	(2,201.06)	14,357.23
2.3. Provision for profit sharing	1.78	–	–	–	(1.78)	–
Provisions for claims	3,072.86	(50.91)	–	6,056.75	(5,724.56)	3,354.14
Other technical provisions	291.23	(0.58)	–	339.74	(286.61)	343.78
TOTAL	20,127.52	(237.30)	–	11,514.62	(10,656.56)	20,748.28

Figures in million euros

FINANCIAL YEAR 2005						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Cancellations	Closing balance
Provisions for unearned premiums and for risks in progress Non Life						
1.1. Provision for unearned premiums	1,447.97	32.44	–	2,070.45	(1,721.16)	1,829.70
1.2. Provision for risks in progress	355.97	5.85	–	106.26	(13.14)	454.94
Life assurance provisions						
2.1. Provisions for unearned premiums and for risks in progress						
2.1.1. Provision for unearned premiums	129.88	–	–	101.66	(129.88)	101.66
2.1.2. Provision for risks in progress	0.48	–	–	10.91	(0.48)	10.91
2.2. Mathematical reserves	13,045.16	12.84	11.07	2,690.52	(1,395.15)	14,364.44
2.3. Provision for profit sharing	1.29	–	–	0.49	–	1.78
Provisions for claims	2,239.76	88.10	–	2,318.62	(1,573.62)	3,072.86
Other technical provisions	242.19	9.69	3.59	160.76	(125.00)	291.23
TOTAL	17,462.70	148.92	14.66	7,459.67	(4,958.43)	20,127.52

Figures in million euros

b) Ceded and retroceded reinsurance

FINANCIAL YEAR 2006						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Allowances	Applications	Closing balance
Provision for unearned premiums	616.89	(90.15)	-	870.47	(757.13)	640.08
Provision for Life assurance	33.65	(0.85)	-	36.17	(15.97)	53.00
Provision for claims	991.71	(4.03)	-	1,295.84	(1,176.52)	1,107.00
Other technical provisions	-	-	-	0.02	-	0.02
TOTAL	1,642.25	(95.03)	-	2,202.50	(1,949.62)	1,800.10

Figures in million euros

FINANCIAL YEAR 2005						
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	Allowances	Applications	Closing balance
Provision for unearned premiums	475.30	19.07	-	1,347.49	(1,224.97)	616.89
Provision for Life assurance	35.12	6.63	-	195.02	(203.12)	33.65
Provision for claims	654.69	27.61	-	558.48	(249.07)	991.71
Other technical provisions	-	-	-	-	-	-
TOTAL	1,165.11	53.31	-	2,100.99	(1,677.16)	1,642.25

Figures in million euros

2.2. MATHEMATICAL RESERVES

Concept	Direct insurance and accepted reinsurance		Ceded and retroceded reinsurance	
	2006	2005	2006	2005
Mathematical reserve at beginning of year	14,364.44	13,045.16	0.60	23.58
Adjustments to opening balance	(30.69)	12.84	-	0.18
Incorporation to perimeter (balance of reserve on incorporation date)	-	11.07	-	-
Premiums	1,715.82	1,319.28	1.71	0.86
Technical interests	455.43	890.78	0.51	0.03
Attribution of profit sharing	16.14	11.43	-	-
Payments/collections of claims	(1,536.48)	(1,388.33)	(2.20)	(23.04)
Provision adequacy test	-	6.27	-	-
Shadow accounting adjustments	(664.58)	462.76	-	-
Others	37.15	(6.82)	-	(1.01)
Exit from perimeter (balance of reserve on exit date)	-	-	-	-
Mathematical reserve at year end	14,357.23	14,364.44	0.61	0.60

Figures in million euros

2.3. BURIAL INSURANCE PROVISIONS

Concept	Direct insurance and accepted reinsurance	
	2006	2005
Provision at beginning of year	264.89	206.73
Adjustments to opening balance	(0.58)	9.49
Incorporation to perimeter (balance of provision on incorporation date)	-	-
Premiums	131.08	118.18
Technical interests	12.22	10.00
Payment of claims	(97.52)	(90.32)
Provision adequacy test	-	-
Others	(2.98)	10.81
Exit from perimeter (balance of provision on exit date)	-	-
Provision at year end	307.11	264.89

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	
	2006	2005
Provision at beginning of year	299.70	361.14
Adjustments to opening balance	-	-
Incorporation to perimeter (balance of provision on incorporation date)	-	-
Premiums	25.48	21.67
Payment of claims	(90.24)	(106.80)
Gain in the valuation of assets	21.85	25.64
Loss in the valuation of assets	-	-
Recognised losses from provision adequacy test	-	-
Others	(1.02)	(1.95)
Exit from perimeter (balance of provision on exit date)	-	-
Provision at year end	255.77	299.70

Figures in million euros

3.2. PROVISION FOR RISKS IN PROGRESS

The allocation of the provision 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 for life assurance, 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 2006 and 2005.

Technical conditions at MAPFRE VIDA

A) AGENCY CHANNEL					
Types	Coverage	Tables	Technical interest rate	Profit sharing	
				Amount	Distribution method
Individual contracts, with regular premium, and with or without profit sharing:					
- Combined insurance	(1)	GKM80/95	5.52%	0.96	(6)
- Insurance with counter- insurance	(2)	GKM-95	5.01%	1.32	(6)
Individual contracts with single premium without profit sharing:					
- Insurance with counter-insurance	(3)	GKM-95	4.33% (5)	-	-
- Survival	(4)	GRM/F-95	4.00% (5)	-	-
Collective contracts with single premium with and without profit sharing:					
- Death insurance	(8)	GKM-95	3.43%	-	-
- Survival	(4)	PERM/F 2000 P/C (7)	4.60% (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 up 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 up until the insured person's death, capitalised at the technical interest (according to products) per full elapsed years. In addition, the mathematical reserve of the "bonuses" assigned in profit sharing is guaranteed.
- (3) In case of life, an amount of capital at maturity is guaranteed. In case of death, the capital guaranteed is the amount of the net premiums paid, capitalised at the technical interest rate, during the time elapsed between the effective date and the date of death, considering the fraction of the current year as a full year.
- (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 Ministerial Order dated 23 December 1998.
- (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) Annual renewable temporary policies, where payment of a capital is guaranteed in case of death.

B) BANCASSURANCE CHANNEL					
Types	Coverage	Tables	Technical interest rate	Profit sharing	
				Amount	Distribution method
Individual contracts, with single premium and without profit sharing:					
- Combined insurance	(1)	GRM/F-95	3.497% (4)	-	-
Collective contracts, with single premium and without profit sharing:					
-Survival	(2)	GRM/F-95	5.50 % (4)	-	-
Individual contracts, with single premium and without profit sharing:					
- Combined insurance	(3)	GKM/F-95	3.31% (4)	-	-

- (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 the insurance policy, the premium is reimbursed. If death occurs after the first year, the reimbursement of the premium is guaranteed plus the lower of 3% of the premium and €6,010.
- (2) This insurance policy guarantees payment of temporary annuities until retirement, reversible for widowhood / orphanhood; plus a deferred annuity for life, from the time of retirement, reversible for widowhood / orphanhood.
- (3) This insurance policy guarantees payment of a capital in case of survival of the insured person upon maturity of the policy and, in case of death prior to the maturity date, a capital equal to the value of the insured fund increased by 5%, with the limits and in the terms contemplated in the policy.
- (4) The stated technical interest rates are variable in accordance with the Technical Note, abiding by the provisions of Royal Decree 2486/1998, which approved the Regulations on Organisation and Supervision of Private Insurance, and in Ministerial Order of 23 December 1998.

Technical conditions at MUSINI VIDA

Types	Coverage	Tables	Technical interest rate
Single premium collective contracts, without profit sharing:			
- Survival	(1)	PERM/F 2000 P/C (3)	4.37% (4)
- Life assurance	(2)	PERM/F 2000 P/C (3)	3.97% (4)

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

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

(3) As per resolution of 3 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.

(4) Floating interest rates are applied according to the Technical Note, abiding by the provisions of Royal Decree 2486/1998, which approved the Regulations on Organisation and Supervision of Private Insurance, and in Ministerial Order dated 23 December 1998.

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 end of financial years 2006 and 2005.

FINANCIAL YEAR 2006									
Year of occurrence	Concept	Development of cost of claims in the years following the occurrence							
		Year of occurrence	1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	Over 6 years later
1999 and before	Outstanding provision	620.22	411.94	309.92	260.10	184.12	190.92	177.89	185.29
	Accumulated payments	1,103.73	1,295.62	1,398.67	1,447.88	1,494.51	1,516.64	1,538.97	1,543.43
	Total cost	1,723.95	1,707.56	1,708.59	1,707.98	1,678.63	1,707.56	1,716.86	1,728.72
2000	Outstanding provision	482.38	161.28	107.94	71.74	59.72	51.58	56.21	
	Accumulated payments	619.09	867.27	915.14	950.56	968.61	982.10	995.57	
	Total cost	1,101.47	1,028.55	1,023.08	1,022.30	1,028.33	1,033.68	1,051.78	
2001	Outstanding provision	531.37	217.17	148.48	168.25	98.27	76.15		
	Accumulated payments	825.03	1,108.87	1,188.42	1,149.33	1,253.39	1,273.63		
	Total cost	1,356.40	1,326.04	1,336.90	1,317.58	1,351.66	1,349.78		
2002	Outstanding provision	624.93	236.02	174.17	138.16	112.89			
	Accumulated payments	901.53	1,266.83	1,343.93	1,379.55	1,406.79			
	Total cost	1,526.46	1,502.85	1,518.10	1,517.71	1,519.68			
2003	Outstanding provision	803.03	314.13	205.87	164.28				
	Accumulated payments	1,022.71	1,487.88	1,599.58	1,635.31				
	Total cost	1,825.74	1,802.01	1,805.45	1,799.59				
2004	Outstanding provision	862.14	401.25	272.86					
	Accumulated payments	1,101.46	1,564.84	1,674.44					
	Total cost	1,963.60	1,966.09	1,947.30					
2005	Outstanding provision	1,148.88	498.44						
	Accumulated payments	1,405.18	1,953.99						
	Total cost	2,554.06	2,452.43						
2006	Outstanding provision	1,180.75							
	Accumulated payments	1,492.44							
	Total cost	2,673.19							

Figures in million euros

FINANCIAL YEAR 2005									
Year of occurrence	Concept	Development of cost of claims in the years following the occurrence							
		Year of occurrence	1 year later	2 years later	3 years later	4 years later	5 years later	6 years later	Over 6 years later
1998 and before	Outstanding provision	466.08	293.89	228.88	187.78	115.60	141.06	132.85	125.12
	Accumulated payments	756.60	867.38	915.19	955.54	982.18	1,031.41	1,051.24	1,071.45
	Total cost	1,222.68	1,161.27	1,144.07	1,143.32	1,097.78	1,172.47	1,184.09	1,196.57
1999	Outstanding provision	382.17	156.90	125.87	94.90	83.73	77.86	73.33	
	Accumulated payments	518.24	660.56	716.02	731.70	764.02	772.40	787.25	
	Total cost	900.41	817.46	841.89	826.60	847.75	850.26	860.58	
2000	Outstanding provision	485.78	167.22	112.64	75.20	63.60	54.04		
	Accumulated payments	659.43	915.71	960.69	995.54	1,012.56	1,025.90		
	Total cost	1,145.21	1,082.93	1,073.33	1,070.74	1,076.16	1,079.94		
2001	Outstanding provision	573.72	218.39	148.70	115.03	100.60			
	Accumulated payments	905.38	1,189.58	1,267.66	1,312.08	1,330.61			
	Total cost	1,479.10	1,407.97	1,416.36	1,427.11	1,431.21			
2002	Outstanding provision	660.25	238.79	179.14	143.27				
	Accumulated payments	992.44	1,351.18	1,426.03	1,459.00				
	Total cost	1,652.69	1,589.97	1,605.17	1,602.27				
2003	Outstanding provision	846.06	321.12	212.47					
	Accumulated payments	1,118.24	1,604.69	1,715.32					
	Total cost	1,964.30	1,925.81	1,927.79					
2004	Outstanding provision	901.86	411.45						
	Accumulated payments	1,275.63	1,737.37						
	Total cost	2,177.49	2,148.82						
2005	Outstanding provision	1,165.40							
	Accumulated payments	1,555.63							
	Total cost	2,721.03							

Figures in million euros

The percentage subject to allocation to ceded reinsurance of the claims shown in the preceding table amounts overall to 24.99% and 24.60% in financial years 2006 and 2005, 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 to that of the year of occurrence. According to studies carried out for accepted reinsurance, the degree of sufficiency of the technical provisions is adequate.

6.14. 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 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	45.79	(0.53)	–	18.17	–	(4.44)	–	58.99
Provision for payment of liquidation treaties	3.55	–	–	1.00	–	(0.79)	–	3.76
Provisions for restructuring	10.15	–	–	10.47	–	(2.33)	–	18.29
Other provisions on staff related commitments	13.16	0.04	(1.00)	25.73	0.50	(20.62)	(0.48)	17.33
Other provisions	35.07	(3.52)	–	17.61	1.87	(12.77)	(0.01)	38.25
Total	107.72	(4.01)	(1.00)	72.98	2.37	(40.95)	(0.49)	136.62

Figures in million euros

FINANCIAL YEAR 2005

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	28.94	–	–	23.74	–	(4.15)	(2.74)	45.79
Provision for payment of liquidation treaties	2.62	–	–	1.43	–	(0.50)	–	3.55
Provisions for restructuring	11.81	–	–	1.10	–	(2.76)	–	10.15
Other provisions on staff related commitments	21.41	(0.10)	–	8.91	–	(17.02)	(0.04)	13.16
Other provisions	44.53	–	–	19.75	–	(29.21)	–	35.07
Total	109.31	(0.10)	–	54.93	–	(53.64)	(2.78)	107.72

Figures in million euros

The provisions for risks and expenses include the estimated amounts of tax debts, payments on liquidation treaties, reversion 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.

6.15. DEPOSITS RECEIVED ON CEDED AND RETROCEDED REINSURANCE

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

6.16. 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 payment is carried out in the following financial year.

6.17. REVENUES AND EXPENSES FROM INVESTMENTS

The detail of revenues and expenses from investments for financial years 2006 and 2005 is shown below:

Revenues from investments

Concept	Revenues from investments:					
	Operations		Equity		Total	
	2006	2005	2006	2005	2006	2005
REVENUES FROM INTEREST, DIVIDENDS AND SIMILAR						
Investment property						
Rentals	40.20	34.16	8.24	4.44	48.44	38.60
Others	-	-	-	-	-	-
Revenues from portfolio held to maturity						
Fixed income securities	34.42	31.05	13.44	6.24	47.86	37.29
Other investments	7.88	7.11	1.10	0.51	8.98	7.62
Revenues from portfolio available for sale	956.23	990.44	37.94	13.31	994.17	1,003.75
Revenues from the trading portfolio	56.43	77.80	0.20	14.41	56.63	92.21
Dividends from Group companies	-	-	-	0.05	-	0.05
Other financial returns	61.33	22.27	5.74	17.21	67.07	39.48
Total revenues	1,156.49	1,162.83	66.66	56.17	1,223.15	1,219.00
REALISED AND UNREALISED GAINS						
Net realised gains:						
Investment property	10.92	6.34	0.42	0.07	11.34	6.41
Financial investments portfolio held to maturity	0.96	-	-	-	0.96	-
Financial investments portfolio available for sale	65.89	71.43	2.46	7.37	68.35	78.80
Financial investments trading portfolio	4.06	1.47	-	0.01	4.06	1.48
Others	0.28	-	0.13	-	0.41	-
Net unrealised gains:						
Increase in fair value of the trading portfolio	5.47	0.43	-	-	5.47	0.43
Others	1.31	24.84	0.26	0.03	1.57	24.87
Total gains	88.89	104.51	3.27	7.48	92.16	111.99
Total revenues from investments	1,245.38	1,267.34	69.93	63.65	1,315.31	1,330.99

Figures in million euros

Expenses from investments

Concept	Expenses from investments:					
	Operations		Equity		Total	
	2006	2005	2006	2005	2006	2005
FINANCIAL EXPENSES						
Investment property						
Direct operating expenses	7.85	15.55	0.28	1.82	8.13	17.37
Other expenses	1.30	1.68	-	0.32	1.30	2.00
Expenses from portfolio held to maturity						
Fixed-income securities	5.41	5.54	4.64	1.62	10.05	7.16
Other investments	0.16	-	0.15	-	0.31	-
Expenses from portfolio available for sale	273.84	176.63	9.79	4.39	283.63	181.02
Expenses from the trading portfolio	14.30	24.50	-	3.25	14.30	27.75
Other financial expenses	37.10	28.51	7.56	6.37	44.66	34.88
Total expenses	339.96	252.41	22.42	17.77	362.38	270.18
REALISED AND UNREALISED LOSSES						
Net realised losses						
Investment property	0.39	-	-	-	0.39	-
Financial investments portfolio held to maturity	0.08	0.22	-	0.03	0.08	0.25
Financial investments portfolio available for sale	17.10	5.19	1.10	3.48	18.20	8.67
Financial investments trading portfolio	0.26	0.66	-	0.01	0.26	0.67
Others	0.06	3.06	1.16	1.00	1.22	4.06
Unrealised losses						
Decrease in fair value of trading portfolio	6.45	2.98	-	-	6.45	2.98
Others	1.02	2.53	0.41	-	1.43	2.53
Total losses	25.36	14.64	2.67	4.52	28.03	19.16
Total expenses from investments	365.32	267.05	25.09	22.29	390.41	289.34

Figures in million euros

6.18. OPERATING EXPENSES

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

Concept	Amount	
	2006	2005
Staff expenses	513.66	454.59
Allowances to amortisation	70.72	54.49
Total	584.38	509.08

Figures in million euros

6.19. RESULT OF CEDED AND RETROCEDED REINSURANCE

The result of ceded and retroceded reinsurance transactions in financial years 2006 and 2005 is shown below:

Concept	Non Life		Life		Total	
	2006	2005	2006	2005	2006	2005
Premiums	(1,120.39)	(1,039.10)	(108.12)	(64.92)	(1,228.51)	(1,104.02)
Variation in the provision for unearned premiums and for risks in progress	113.34	122.52	2.01	15.06	115.35	137.58
Claims paid and variation in provision or claims	627.11	690.38	59.40	50.19	686.51	740.57
Variation in other technical provisions	2.59	-	0.02	(23.16)	2.61	(23.16)
Participation of reinsurance in fees and expenses	139.67	145.71	15.00	5.08	154.67	150.79
Others	1.05	-	-	-	1.05	-
Result of ceded and retroceded reinsurance	(236.63)	(80.49)	(31.69)	(17.75)	(268.32)	(98.24)

Figures in million euros

6.20. 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 of the said tax regime. The subsidiaries that form part of the said Fiscal Group in 2006 are detailed in Appendix 1 of this annual report.

Likewise, from 2002, some other consolidated companies, with 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 those subsidiaries meeting the requirements of the said tax regime. The subsidiaries that form part of the said Fiscal Group in 2006 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 2006 and 2005, 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 2006	Financial Year 2005
Expense arising from taxes		
Result before taxes, ongoing concerns	737.38	547.93
35% of result before taxes, ongoing concerns	258.08	191.77
Tax effect of permanent differences	(24.26)	7.38
Tax effect from tax rates different from 35%	(14.35)	(1.76)
Total expense from current tax originating in the financial year	219.47	197.39
Total expense from current tax originating in previous years	2.46	15.80
Profits from previous periods not recognised previously due to the use of negative tax bases, deductions pending application or temporary differences	(0.43)	(59.07)
Total expense from taxes of ongoing concerns	221.50	154.12

Figures in million euros

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.

The "Tax payable" heading of the consolidated balance sheet includes balances to be paid in the concept of taxes on profits for years 2006 and 2005 amounting to €96.17 million and €78.58 million, respectively.

Deferred tax assets

The following tables provide a breakdown of movements for financial years 2006 and 2005 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 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)	-	(5.70)	-	-	1.58
- Valuation difference in mathematical reserves:							
Adaptation to new tables	6.12	-	-	(1.85)	-	(0.27)	4.00
Shadow accounting	627.86	-	-	-	(287.51)	(1.18)	339.17
- Valuation difference in the provision for burial insurance	2.04	-	-	3.11	-	-	5.15
- Tax credits and others	87.61	4.28	-	12.59	-	(12.62)	91.86
Total	736.29	2.35	-	8.14	(287.90)	(14.07)	444.81

Figures in million euros

FINANCIAL YEAR 2005							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	From:			Closing balance
				Results	Equity	Cancellations	
- Valuation difference in financial investments	2.11	-	-	0.81	0.59	-	3.51
- Embedded derivatives	12.07	-	-	(2.92)	-	-	9.15
- Valuation difference in mathematical reserves:							
Adaptation to new tables	6.49	-	-	(0.37)	-	-	6.12
Shadow accounting	468.73	-	-	-	159.87	(0.74)	627.86
- Valuation difference in the provision for burial insurance	1.75	-	-	0.29	-	-	2.04
- Tax credits and others	89.32	9.95	-	17.3	-	(28.96)	87.61
Total	580.47	9.95	-	15.11	160.46	(29.70)	736.29

Figures in million euros

The heading "Tax credits and others" of the last two years mainly includes the following concepts:

- Expenses for complementary pension and other staff related commitments, amounting to €35.30 million.
- Credits for negative tax bases and tax incentives amounting to €5.20 million.
- Provisions for premia pending receipt, amounting to €4.46 million.
- Capital increase expenses and other expenses subject to amortisation, amounting to €3.40 million
- Elimination of sales of real estate developments with a degree of progress in excess of 80% but pending delivery to clients, amounting to €2.20 million.
- Other provisions which give rise to timing differences, amounting to €25.92 million.

The variation in the valuation of deferred tax assets arising from changes in the tax rate during financial year 2006 has amounted to €68.82 million.

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 2006 and 2005 amount to €461.93 million and €754.55 million, respectively.

Of the total amount of deferred tax assets, €444.81 million have been recorded in the balance sheet and in the equity or results accounts as at 31 December 2006, and €736.29 million as at 31 December 2005.

The remaining deferred tax assets accumulated as at 31 December 2006 and 2005, which amount to €17.12 million and €18.26 million, respectively, have not been accounted for pursuant to IFRS principles.

Deferred tax liabilities

The following tables show the movements of deferred tax liabilities for financial years 2006 and 2005:

FINANCIAL YEAR 2006							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	From:			Closing balance
				Results	Equity	Cancellations	
Valuation difference in financial investments	778.21	(0.27)	–	21.22	(316.15)	(16.80)	466.21
Embedded derivatives	5.72	–	–	(3.98)	–	–	1.74
Stabilisation and catastrophe provision	28.29	–	–	12.52	–	(2.49)	38.32
Others	27.63	(2.77)	–	3.38	–	(13.59)	14.65
Total	839.85	(3.04)	–	33.14	(316.15)	(32.88)	520.92

Figures in million euros

FINANCIAL YEAR 2005							
Concept	Opening balance	Adjustments to opening balance	Changes in perimeter	From:			Closing balance
				Results	Equity	Cancellations	
Valuation difference in financial investments	581.26	(0.33)	–	22.87	174.41	–	778.21
Embedded derivatives	7.66	–	–	(1.94)	–	–	5.72
Stabilisation and catastrophe provision	35.90	–	–	(7.61)	–	–	28.29
Others	17.45	1.31	–	17.12	–	(8.25)	27.63
Total	642.27	0.98	–	30.44	174.41	(8.25)	839.85

Figures in million euros

The full amount of deferred tax liabilities of fully consolidated companies as a consequence of accumulated temporary differences as at 31 December 2006 and 2005 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 has amounted to €86.82 million.

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	
		2006	2005	2006	2005	2006	2005	2006	2005
1998	2013	–	22.83	–	–	–	–	–	–
1999	2014	–	40.94	–	–	–	–	–	–
2000	2015	–	9.45	–	–	–	–	–	–
2001	2016	–	35.01	–	–	–	–	–	–
2002	2017	4.93	61.62	1.07	6.00	–	1.30	0.35	0.80
2003	2018	–	–	29.56	29.56	0.08	0.09	8.79	10.26
2004	2019	–	–	26.23	26.23	1.70	1.98	6.17	7.20
2005	2020	–	–	11.99	–	2.98	–	0.62	–
2006	2021	–	–	4.99	–	0.31	–	1.19	–
Total		4.93	169.85	73.84	61.79	5.07	3.37	17.12	18.26

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 2006 and 2005 is as follows

Type	Amount applied in financial year		Amount pending application		Amount not recorded		Deadline for application
	2006	2005	2006	2005	2006	2005	
Deduction on double taxation	11.48	72.55	0.13	–	–	–	2021
Others	2.39	0.87	–	0.01	–	–	–
Total	13.87	73.42	0.13	0.01	–	–	

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 2006, fully consolidated companies have open to inspection all the taxes to which they are subject, corresponding to the 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 2006 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 timing 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.

6.21. 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	
	2006	2005
Short term remuneration		
Wages and salaries	372.88	310.31
Social security	90.49	102.85
Other remuneration	37.46	34.20
Post-employment benefits		
Defined contribution commitments	1.09	0.81
Defined benefit commitments	6.92	6.25
Other long term remuneration	–	–
Termination payments	4.82	0.17
Total	513.66	454.59

Figures in million euros

Post-employment benefits

A) DESCRIPTION OF THE DEFINED BENEFIT PLANS IN FORCE

The defined benefit plans in force 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. On the other hand, all plans are instrumented through insurance policies.

B) AMOUNTS RECOGNISED IN THE BALANCE SHEET

On the one hand, there are obligations relating to defined benefit plans amounting to €80.73 million and €81.96 million, respectively, as at 31 December 2006 and 2005, 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 €15.28 million and €14.56 million as at 31 December 2005 and 2006, respectively.

Reconciliation with the present value of the obligation

The reconciliation in 2006 of the present value of the obligation arising from defined benefit plans, both externalised with allocated policies and with other policies taken with Group entities, is detailed below.

Concept	Amount
Present value of obligation as at 1.1.2006	96.01
Cost of services in the current year	7.53
Interest cost	3.61
Contributions made by plan members	-
Actuarial losses and gains	(0.68)
Changes from variations in the exchange rate	-
Benefits paid	(9.96)
Cost of past services	-
Business combinations	-
Reductions	-
Liquidations	-
Present value of obligation as at 31.12.2006	96.51

Figures in million euros

Reconciliation of opening and closing balances of assets allocated to the plan

The following table details the reconciliation in 2006 of the opening and closing balance of assets allocated to the plan.

Concept	Amount
Value of assets allocated to the plan as at 1.1.2006	15.28
Expected return from assets allocated to the plan	0.84
Actuarial losses and gains	0.06
Changes from variations in the exchange rate	-
Contributions made by employer	0.10
Contributions made by members	-
Benefits paid	(1.72)
Business combinations	-
Liquidations	-
Value of assets allocated to the plan as at 31.12.2006	14.56

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 year 2005.

Concept	Amount
Cost of services in the current year	8.89
Interest cost of commitments	3.36
Cost of past services recognised in the current year	1.33
Other concepts	(7.33)
Total expense recognised in the income statement	6.25

Figures in million euros

The amount recorded under "Other concepts" basically corresponds to actuarial losses and gains recognised in the year, deriving from reductions and liquidations as well as from the expected returns from assets allocated to the plan and to cover of mathematical reserves.

The amounts corresponding to 2006 are:

Concept	Amount
Cost of services in the current year	7.53
Interest cost	3.61
Expected return from assets allocated to the plan	(0.83)
Expected return from assets allocated to cover mathematical reserves	(2.87)
Actuarial losses and gains	(0.52)
Cost of past services	-
Effect of any reduction or liquidation	-
Other concepts	-
Total expense recognised in the statement account	6.92

Figures in million euros

Actuarial losses and gains are due adjustments related to past experience.

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 mathematical reserves, amounted to €4.24 million in 2006.

E) ASSUMPTIONS

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

Concept	2006	2005
DEMOGRAPHICAL ASSUMPTIONS		
Mortality tables	GKM/F-95	GKM/F-95
Survival tables	PERM/F-2000	PERM/F-2000
FINANCIAL ASSUMPTIONS		
Discount rate	3-3.91%	3.76%
Average annual salary increase	3-5%	5%
Average annual CPI	3%	3%
Expected return from allocated assets	3.54%	3.54%

F) ESTIMATES

The best estimate of the contributions to the plan in 2007 has been made according to the Group's staff numbers as at 31 December 2006 and amounts to €5.7 million.

Staff numbers

The following table shows the number of employees at the end of the last two financial years, by geographical segments.

Geographical segment	Total	
	2006	2005
Spain	9,750	8,756
Other European Union countries	470	493
America	10,981	9,281
Rest of the world	343	291
Average total number of employees	21,544	18,821

6.22. NET RESULTS OF EXCHANGE DIFFERENCES

Positive exchange differences other than those arising from financial instruments valued at fair value, allocated to the consolidated income statement, amount to €91.66 million and €58.38 million in the 2006 and 2005 financial years, respectively.

Negative exchange differences other than those arising from financial instruments valued at fair value, allocated to the consolidated income statement, amount to €99.84 million and €62.80 million in the 2006 and 2005 financial years, respectively.

The reconciliation of the translation differences recognised in equity at the beginning and the end of the year, in 2006 and 2005, is shown below.

Description	Amount	
	2006	2005
Translation differences at the beginning of the year	58.85	(46.28)
Net exchange differences on valuation of non monetary items	-	-
Net exchange differences on translation of financial statements	(64.18)	105.13
Translation differences at year end	(5.33)	58.85

Figures in million euros

As at 31 December 2006 and 2005, net exchange differences arising from the translation into Euros of the financial statements of those Group companies whose operating currency is not the Euro are:

Company/Sub group	Geographical area	Translation differences					
		Positive		Negative		Net	
		2006	2005	2006	2005	2006	2005
Fully consolidated companies:							
MAPFRE RE	Europe, America and rest of the world	8.47	16.70	-	-	8.47	16.70
MAPFRE AMÉRICA	America	-	34.88	(18.41)	-	(18.41)	34.88
OTHERS	-	4.81	8.00	(0.20)	(0.73)	4.61	7.27
Total fully consolidated		13.28	59.58	(18.61)	(0.73)	(5.33)	58.85

Figures in million euros

6.23. CONTINGENT ASSETS AND LIABILITIES

At the end of financial years 2006 and 2005 and up until the preparation of the financial statements, there is no evidence of the existence of a significant amount of contingent assets and liabilities.

6.24. BUSINESS COMBINATIONS

In August 2005, MAPFRE VERA CRUZ SEGURADORA acquired 51% of the shares with voting rights of NOSSA CAIXA SEGUROS E PREVIDÊNCIA, a non listed company located in Brazil and specialising in Life assurance.

The fair value of NOSSA CAIXA SEGUROS E PREVIDÊNCIA's identifiable assets and liabilities as at the acquisition date was as follows:

Concept	100%	51%
ASSETS		
Intangible assets	0.06	0.03
Property, plant and equipment	0.05	0.03
Investments	19.28	9.83
Credits and receivables	0.03	0.02
TOTAL ASSETS	19.42	9.91
LIABILITIES		
Technical provisions	14.66	7.48
Amounts due	0.34	0.17
TOTAL LIABILITIES	15.00	7.65
Fair value of net assets	4.42	2.26
Goodwill		79.79
Total cost		82.05

Figures in million euros

The total cost of the combination includes costs directly attributable to it amounting to €0.53 million relating to the fees of independent professionals, lawyers and financial advisors.

From the date of acquisition, NOSSA CAIXA SEGUROS E PREVIDÊNCIA has contributed €2.37 million and €0.20 million to the net profit of MAPFRE VERA CRUZ SEGURADORA in financial years 2006 and 2005, respectively.

6.25. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have been carried out at market conditions.

Transactions with group companies

The transactions carried out between Group companies, which have no effect on results, since they have been eliminated in the consolidation process, are detailed below:

Concept	Expenses		Revenues	
	2006	2005	2006	2005
Services received/provided and other expenses/revenues	57.97	39.81	53.22	51.86
Expenses/revenues from investment property	0.77	7.89	0.81	8.64
Expenses/revenues from investments and financial accounts	15.70	2.87	8.96	6.42
Dividends paid out	-	-	341.25	414.81
Total	74.44	50.57	404.24	481.73

Figures in million euros

The following table shows the amounts included in the income statement as a result of transactions carried out during the year with the consolidated group CARTERA MAPFRE:

Concepto	Expenses		Revenues	
	2006	2005	2006	2005
Expenses/revenues from investment property	3.01	5.61	4.60	4.91
Expenses/revenues from investments and financial accounts	0.11	0.01	0.59	0.05
External services and other non technical expenses/revenues	85.86	119.16	6.71	43.34
Total	88.98	124.78	11.90	48.30

Figures in million euros

Reinsurance and coinsurance transactions

Reinsurance and coinsurance transactions carried out between companies of the consolidated Group, which have been eliminated in the consolidation process, are shown below:

Concept	Amount	
	2006	2005
Ceded/accepted premiums	590.08	510.18
Claims	254.78	193.48
Variation in technical provisions	24.56	47.51
Commissions	148.45	132.97
Interests on deposits	0.90	1.09
Other technical revenues and expenses	3.35	-

Figures in million euros

Reinsurance transactions carried out with the consolidated group CARTERA MAPFRE are detailed below:

Concept	Revenues/(Expenses)			
	Accepted reinsurance		Ceded reinsurance	
	2006	2005	2006	2005
Premiums	33.10	45.35	(50.31)	(38.35)
Claims	(17.23)	(20.98)	13.77	83.09
Commissions	(7.76)	(10.53)	0.36	0.20
Total	8.11	13.84	(36.18)	44.94

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 consolidated Group, eliminated in the consolidation process, as well as with the consolidated CARTERA MAPFRE:

Concept	ELIMINATED BALANCES				NON ELIMINATED BALANCES			
	Accepted reinsurance		Ceded reinsurance		Accepted reinsurance		Ceded reinsurance	
	2006	2005	2006	2005	2006	2005	2006	2005
Credits and debts	(73.00)	(55.74)	73.00	20.89	(5.09)	(4.92)	2.28	1.79
Deposits	163.96	156.31	(163.96)	(156.31)	8.96	64.09	(0.69)	(0.19)
Technical provisions	(540.58)	(460.33)	540.58	460.33	(38.17)	(37.25)	9.82	9.86
Total	(449.62)	(359.76)	449.62	324.91	(34.30)	21.92	11.41	11.46

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	
	2006	2005
Short term remuneration		
Salaries	0.95	0.77
Fixed allowances	0.59	0.55
Attendance fees	0.30	0.22
Life assurance	0.05	0.05
Other concepts	0.04	0.21
Post-employment remuneration		
Defined benefits	0.95	1.88
Defined contribution	-	-
Other long term remuneration	-	-
Redundancy payments	-	-
Total	2.88	3.68

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 €25,000 in 2005 and to €25,575 in 2006. The said amount rises by 35% for those directors fulfilling positions within the Board or chairing a Commission or Delegated 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 €150,253.03 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 in 2005 amounted to €2,500 and in 2006 to €2,625.

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 assurance policy, all in accordance with the remuneration policy established by the Group for its senior managerial staff, whether or not they are directors. Executive directors, however, are not entitled to the remuneration established for external directors.

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.

6.26. MATERIAL EVENTS AFTER THE BALANCE SHEET DATE

After the closing of the year, the following agreements have been signed:

- Strategic agreement with CAJA CASTILLA - LA MANCHA

On 16 January, MAPFRE entered into a strategic agreement with CAJA CASTILLA - LA MANCHA for the joint operation and development of the Life assurance and Pension Plan business marketed through the branch network and other channels of the mentioned savings bank. Pursuant to the said agreement, both entities will share, with 50% each, the ownership of CCM Vida y Pensiones, an insurance subsidiary of CAJA CASTILLA - LA MANCHA, the management of which will be undertaken by MAPFRE. MAPFRE will make an initial payment of €60.9 million euros to acquire its stake, which is subject to being complemented with additional amounts to be paid in the coming years, depending upon the value created by CCM Vida y Pensiones.

- Agreement with MUTUA VALENCIANA AUTOMOVILISTA

On 25 January, MAPFRE and MUTUA VALENCIANA AUTOMOVILISTA signed a Memorandum of Understanding for the integration of the said Mutual Company's activities and businesses into the insurance subsidiaries of MAPFRE S.A. Pursuant to the said agreement, MUTUA VALENCIANA will transfer its motor insurance portfolio to MAPFRE AUTOMÓVILES, which represents the major line of its business. Other lines' portfolios will be integrated into the corresponding MAPFRE S.A. entities. The parties, by mutual agreement, will define the most appropriate legal structures to carry out the integration, as well as the economic terms, to be set out in accordance with reports by independent experts. The agreement contemplates guaranteeing the rights of staff, as well as of the policyholders and clients of the Mutual Company and its subsidiaries.

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, associates, 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 due to 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 investments or credit rating of reinsurers.

The Economic and Management Control Area, through the Risk Management Department, coordinates the activities related to the quantification of risks and, in particular, the implementation of proprietary models for economic capital 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 from 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 Management Area.

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 fixed 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 with 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 Riskmap, 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/Claims payments, Administrative Management, Commercial Activities, Human Resources, Commissions, Coinsurance / Reinsurance, Technical Reserves, Investments, IT Systems, and Customer 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 towards fixed-income securities.

In the management of the investment portfolios, a distinction 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 the risks of price variations, while the latter maintain a management policy with a certain degree of market risk assumption, along the following lines:

- In those portfolios not covering long term liability commitments, the variable in the management of the interest rate risk is the modified duration; at present, this must stand at 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 as a result of diversification of investments. In all cases, 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 investments 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 variable which are easily observable. Nevertheless, risk analysis in probability terms is carried out, according to historical volatilities and correlations.

With regards 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 ratings.

Both for fixed income and equity investments, diversification criteria are applied by activity sectors and maximum risk limits by issuer.

INSURANCE ACTIVITY RISKS

The organisation of MAPFRE, based on Units and Companies specialising in various business lines, requires these to be highly autonomous in their business management, in particular in the underwriting of risks and tariff fixing, as well as the compensation or provision of services in the case of claims. Premium adequacy is a particularly important element, and its determination is supported by reports from independent experts in those units or situations where circumstances make it advisable.

The handling of claims, as well as the adequacy of provisions, is a basic principle 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 in those entities that require these. 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 natural 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 require additional capital. 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, subscribing reinsurance covers that may limit their impact on equity. In this context, 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 insurance 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 follow-

ing table, together with the volatility index of the said ratio, calculated according to its standard deviation using a five-year time horizon.

Concept	Impact on results of a 1% variation in the combined ratio		Index of volatility of the combined ratio
	2006	2005	
Main activity in Spain			
General	6.75	6.08	1.7%
Corporates	3.12	2.72	2.9%
Health	2.40	2.23	1.4%
Main activity outside of Spain			
America	12.18	10.22	3.0%
Reinsurance	7.96	7.66	3.8%
Assistance	1.87	1.59	2.6%
Total	34.28	30.50	2.6%

Figures in million euros

For the Life activity, the sensitivity level is measured according to the results from the calculation of the embedded value, which has been made pursuant to the principles laid down in the so-called "European Embedded Value" methodology. 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 used 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 new business obtained during the year. The various components of the embedded value have been calculated as follows:

- Adjusted equity: this 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: this is calculated by discounting future profits (after taxes) of the existing portfolio of policies, and includes an estimate of the value of profits due to 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 at each moment in time. This estimation is made by simulating various 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 portfolio of policies.

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: 35%.

The following table details the composition of MAPFRE VIDA's embedded value (figures for 2006 are not available at the date of drafting the consolidated annual accounts):

Concept	2005	2004	% variation
Adjusted equity	476.1	432.0	10.2%
Present value of future profits	1,028.8	939.4	9.5%
Present value of options and guarantees granted to policyholders	(74.8)	(85.2)	(12.2)%
Cost of required regulatory capital	(116.1)	(118.8)	(2.3)%
Total embedded value	1,314.00	1,167.40	12.6%

Figures in million euros

The main results of the sensitivity analysis carried out for the embedded value in 2005, 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 €140.5 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 €184.9 million.

Among the entities having their main activity outside of Spain, MAPFRE RE and MAPFRE AMERICA operate in the Life line, essentially in protection products, albeit their volumes are not significant.

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.

3. CLAIMS

Note 6.13 of the report, "Technical Provisions" section 3.4, offers information on the evolution of claims.

b) Credit risk

1. CREDIT RISK ARISING FROM INSURANCE CONTRACTS

The balances corresponding to credits from direct insurance and co-insurance transactions amount to €1,167.93 million and €1,173.71 million as at 31 December 2006 and 2005, respectively. The estimated impairment loss is shown in the income statement as stated in the accounting policy 5.15.F).

2. CREDIT RISK ARISING FROM OTHER FINANCIAL INSTRUMENTS

The following table indicates the credit rating of issuers of fixed-income instruments during the last two years.

Credit rating of issuers	Book Value					
	Portfolio held to maturity		Portfolio available for sale		Trading portfolio	
	2006	2005	2006	2005	2006	2005
AAA	424.16	362.38	5,803.77	5,730.39	838.35	1,125.58
AA	16.23	44.73	8,679.77	8,343.08	73.08	47.30
A	18.17	12.84	1,748.56	1,669.03	22.49	47.74
BBB	2.65	18.35	122.96	62.72	-	16.27
BB or lower	24.03	28.00	123.38	250.60	-	14.37
Without credit rating	27.62	9.22	212.82	68.19	-	-
Total	512.86	475.52	16,691.26	16,124.01	933.92	1,251.26

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 2006, the cash and cash equivalent balance amounted to €832.45 million (€964.71 million in the preceding year), equivalent to 3.95% 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 on organised markets, which provide great flexibility in situations of potential liquidity strains.

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

Lastly, MAPFRE's low debt levels with regards its shareholders equity allows it 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 FINANCIAL LIABILITIES

Details of financial liabilities for the last two years, grouped by maturity, are shown below:

FINANCIAL YEAR 2006							
Concept	Maturity due in:						Closing balance
	2007	2008	2009	2010	2011	Beyond	
Issuance of debentures and other negotiable securities	16.16	15.45	14.77	14.11	237.54	–	298.03
Due to credit institutions	187.57	73.57	99.56	4.83	29.81	–	395.34
Other financial liabilities	325.15	213.72	189.09	–	–	–	727.96
Total	528.88	302.74	303.42	18.94	267.35	–	1,421.33

Figures in million euros

FINANCIAL YEAR 2005							
Concept	Maturity due in:						Closing balance
	2006	2007	2008	2009	2010	Beyond	
Issuance of debentures and other negotiable securities	16.27	15.70	15.14	14.58	14.04	237.85	313.58
Due to credit institutions	154.97	2.22	42.79	0.18	0.18	1.22	201.56
Other financial liabilities	102.66	123.29	213.72	189.09	–	–	628.76
Total	273.90	141.21	271.65	203.85	14.22	239.07	1,143.90

Figures in million euros

d) Market risk

MAPFRE's General Investment Management carries out a periodical 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 (VaR).

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	
	2006	2005	2006	2005	2006	2005
Held to maturity	604.75	604.75	86.71	88.62	691.46	693.37
Available for sale	17,590.49	15,806.39	908.28	1,702.92	18,498.77	17,509.31
Trading	962.04	1,295.38	113.74	87.78	1,075.78	1,383.16
Total	19,157.28	17,706.52	1,108.73	1,879.32	20,266.01	19,585.84

Figures in million euros

Concept	Amount of liabilities exposed to interest rate risk in:					
	Fair value (Fixed interest rate)		Not exposed to risk		Total	
	2006	2005	2006	2005	2006	2005
Issuance of debentures and other negotiable securities	298.03	313.58	–	–	298.03	313.58
Due to credit institutions	63.13	2.10	332.21	199.46	395.34	201.56
Other financial liabilities	727.89	619.86	0.07	8.90	727.96	628.76
Total	1,089.05	935.54	332.28	208.36	1,421.33	1,143.90

Figures in million euros

The following tables show, for years 2006 and 2005, the maturities, average interest rate and modified duration of financial investments:

31 DECEMBER 2006									
Concept	Closing balance	Maturity due in:					Beyond or undated	Average interest rate %	Modified duration %
		1 year	2 years	3 years	4 years	5 years			
PORTFOLIO HELD TO MATURITY									
Fixed-income securities	512.86	77.20	13.98	12.71	27.29	12.62	369.06	6.15	3.31
Other investments	178.60	166.68	9.06	2.86	–	–	–	3.80	–
Total portfolio held to maturity	691.46	243.88	23.04	15.57	27.29	12.62	369.06	–	–
PORTFOLIO AVAILABLE FOR SALE									
Fixed-income securities	16,691.26	1,284.72	1,245.50	1,502.51	840.65	855.04	10,962.84	4.24	6.91
Other investments	111.60	111.60	–	–	–	–	–	3.99	–
Total portfolio available for sale	16,802.86	1,396.32	1,245.50	1,502.51	840.65	855.04	10,962.84	–	–
TRADING PORTFOLIO									
Swaps	0.05	–	–	–	–	–	0.05	–	–
Fixed-income securities	933.92	777.58	18.73	17.01	17.33	14.85	88.42	7.78	1.00
Others	53.52	53.52	–	–	–	–	–	4.75	–
Total trading portfolio	987.49	831.10	18.73	17.01	17.33	14.85	88.47	–	–

Figures in million euros

31 DECEMBER 2005									
Concept	Closing balance	Maturity due in:					Beyond or undated	Average interest rate %	Modified duration %
		1 year	2 years	3 years	4 years	5 years			
PORTFOLIO HELD TO MATURITY									
Fixed-income securities	475.52	113.44	22.19	15.52	24.78	11.03	288.56	5.27	4.70
Other investments	217.85	194.67	7.38	10.28	3.73	0.30	1.49	3.00	–
Total portfolio held to maturity	693.37	308.11	29.57	25.80	28.51	11.33	290.05	–	–
PORTFOLIO AVAILABLE FOR SALE									
Fixed-income securities	16,124.01	873.08	853.71	750.52	1,152.94	1,041.10	11,452.66	3.20	7.47
Other investments	105.25	91.79	6.79	0.19	0.01	4.48	1.99	18.44	–
Total portfolio available for sale	16,229.26	964.87	860.50	750.71	1,152.95	1,045.58	11,454.65	–	–
TRADING PORTFOLIO									
Swaps	7.17	–	–	–	–	–	7.17	–	–
Fixed-income securities	1,251.26	1,083.04	26.04	45.73	27.04	18.53	50.88	10.26	2.25
Others	50.99	25.20	21.71	0.10	0.10	3.18	0.70	9.25	–
Total trading portfolio	1,309.42	1,108.24	47.75	45.83	27.14	21.71	58.75	–	–

Figures in million euros

The modified duration shows the sensitivity of the value of assets to changes in interest rates. It represents an approximation of the percentage variation in the value of financial assets for 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.

Interest does not accrue neither on balances included on the assets side of the balance sheet under the heading "Credits", "Due on direct insurance and coinsurance operations", "Due on reinsurance operations", "Tax payable" nor on the liabilities side of the balance sheet under "Other debts". Generally, these are settled within the following financial year. Liabilities with maturities exceeding one year are detailed in the section "Liquidity risk".

2. EXCHANGE RATE RISK

Exchange rate risk arising from insurance contracts

The following table provides a breakdown, at the end of the last two fiscal years, of financial investments arising from insurance contracts, with specific attention to the currencies in which they are denominated.

Currency	Book value							
	Portfolio held to maturity		Portfolio available for sale		Trading portfolio		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
Euro	113.94	134.90	17,514.57	16,593.61	618.19	952.98	18,246.70	17,681.49
US Dollar	309.91	380.27	637.12	620.38	41.71	34.92	988.74	1,035.57
Mexican Peso	52.65	66.67	10.84	4.71	156.74	150.57	220.23	221.95
Brazilian Real	151.07	66.89	19.78	16.96	155.99	136.84	326.84	220.69
Chilean Peso	9.36	9.08	82.26	91.10	11.31	13.05	102.93	113.23
Venezuelan Bolivar	3.74	2.59	124.61	98.45	0.05	–	128.40	101.04
Argentinean Peso	–	–	–	–	73.01	80.42	73.01	80.42
Colombian Peso	21.97	23.01	9.19	7.77	4.91	6.49	36.07	37.27
Pound Sterling	3.56	2.07	27.92	29.66	5.87	4.18	37.35	35.91
Canadian Dollar	0.66	–	21.58	20.72	–	–	22.24	20.72
Other currencies	24.60	7.89	50.90	25.95	8.00	3.71	83.50	37.55
Total	691.46	693.37	18,498.77	17,509.31	1,075.78	1,383.16	20,266.01	19,585.84

Figures in million euros

Exchange rate risk from other financial instruments

Detail is provided below of the currencies in which other financial liabilities are denominated at the end of the last two financial years:

Currency	Financial Year	
	2006	2005
Euro	1,379.83	1,083.46
US Dollar	29.18	42.33
Brazilian Real	–	1.19
Chilean Peso	2.64	4.24
Colombian Peso	0.10	0.03
Pound Sterling	9.22	12.65
Other currencies	0.36	–
Total	1,421.33	1,143.90

Figures in million euros

3. MARKET RISK

Through its Investment Management Area, MAPFRE carries out periodical estimates of the Value at Risk (VaR) (maximum variation expected over a one year time horizon and for a 99% confidence level) of the investment portfolios of entities operating in Non Life. As at 31 December 2006, the annual VaR of the equities portfolio and mutual funds amounted to €128.2 million (68.7 million in 2005).

4. PROPERTY RISK

MAPFRE has property assets representing circa 4.04% of total investments and cash, of which approximately 48.54% 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. This policy on tangible investments has allowed MAPFRE to realise gains in property when market circumstances make it advisable and, in addition, to count on unrealised gains that might be used to neutralise adverse risk situations for the Group in the future. Their detail is shown below:

Concept	Net book value		Market value	
	2006	2005	2006	2005
Investment property	453.68	345.13	753.93	548.57
Property for own use	428.00	377.72	562.62	386.75
Total	881.68	722.85	1,316.55	935.32

Figures in million euros

Therefore, unrealised property gains would offset a fall in the price of properties equivalent to approximately 33.03% 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	BBVA	2,150	-
	ABN Amro	1,512	-
	Banco Español de Crédito	2,650	-
	ING	1,238	-
	Banco Popular Español	3,000	-
	BSCH	3,250	-
Mr. Domingo Sugranyes Bickel	Münchener Ruck	67	-
	Aegon NV	320	-
	Axa	142	-
	Fortis	400	-
	ING	440	-
Mr. Antonio Miguel-Romero Olano	Metrovacesa	256	-
	BSCH	133	-
	BBVA	870	-
Mr. Francisco Vallejo Vallejo	Banco Urquijo, S.A.	-	Chairman
	Bancsabadell Vida	-	Director
	Bancsabadell Pensiones	-	Director

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.

Director	MAPFRE GROUP	
	Entities where they form part of the board of directors	Number of shares in MAPFRE S.A.
Mr. Domingo Sugranyes Bickel	CARTERA MAPFRE; MAPFRE-CAJA MADRID HOLDING; MAPFRE CAJA SALUD; MAPFRE RE; MAPFRE AMERICA; MAPFRE AMERICA VIDA; MAPFRE ASISTENCIA; MAPFRE INMUEBLES; MAPFRE ASIAN; MAPFRE QUAVITAE; MAPFRE INVERSIÓN DOS	50,000
Mr. Francisco Ruiz Rísueño	MAPFRE VIDA; MAPFRE RE	50
Mr. Santiago Gayarre Bermejo	CARTERA MAPFRE; MAPFRE-CAJA MADRID HOLDING; MAPFRE AMERICA; MAPFRE AMERICA VIDA; MAPFRE VIDA; BANCO SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE	-
Mr. Agustín Rodríguez García	MAPFRE RE	2,000
Mr. Luis Hernando de Larramendi Martínez	MAPFRE VIDA	500
Mr. Antonio Huertas Mejías	MAPFRE AUTOMÓVILES; MAPFRE SEGUROS GENERALES; MAPFRE RENTING DE VEHÍCULOS; CLUB MAPFRE; MAPFRE MULTICENTRO; MAPFRE INVERSIÓN; EDITORIAL MAPFRE; BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE; MAPFRE SEGUROS GERAIS; NUEVO MULTICENTRO	-
Mr. Manuel Jesús Lagares Calvo	MAPFRE VIDA	-
Mr. Alberto Manzano Martos	CARTERA MAPFRE; MAPFRE AGROPECUARIA; MAPFRE-CAJA MADRID HOLDING; MAPFRE VIDA; BANCO SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE	-
Mr. José Manuel Martínez Martínez	CARTERA MAPFRE; MAPFRE AGROPECUARIA	-
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	-
Mr. Alfonso Rebuelta Badías	MAPFRE AMERICA; MAPFRE AMERICA VIDA; BANCO SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE; MAPFRE EMPRESAS	-
Mr. Sebastián Homet Duprá	MAPFRE AMÉRICA VIDA; MAPFRE AMÉRICA; MAPFRE CAJA SALUD	-
Mr. José Manuel González Porro	CARTERA MAPFRE; MAPFRE INMUEBLES; CONSTITUCIÓN Y LEYES	-
Mr. Rafael Marquez Osorio	MAPFRE AMERICA; MAPFRE AMÉRICA VIDA	-
Mr. Andrés Jiménez Herradón	MAPFRE RE; MAPFRE AMERICA; MAPFRE AMERICA VIDA; MAPFRE INTERNACIONAL	11,850
Mr. Matías Salvá Benassar	MAPFRE SEGUROS GENERALES; MAPFRE GUANARTEME; MAPFRE RE; MAPFRE EMPRESAS	194,030
Mrs. Ma. Francisca Martín Tabernerero	MAPFRE VIDA	-
Mr. Rafael Fontoira Suris	MAPFRE INMUEBLES; MAPFRE VIDA	-
Mr. Rafael Beca Borrego	MAPFRE SEGUROS GENERALES; MAPFRE AMERICA; MAPFRE AMERICA VIDA.	-
Mr. Francisco Vallejo Vallejo	MAPFRE SEGUROS GENERALES	15,000

8.2. EXTERNAL AUDITORS' FEES

The annual accounts of the MAPFRE GROUP and the main companies forming part of it, for financial year 2006, have been audited by the firm Ernst & Young, except for those based in Mexico, which were audited by Deloitte, and in El Salvador, which were audited by the firm Figueroa Jiménez. The fees accrued in favour of External Auditors in the said financial year for their account auditing services amount to EUR 3,277,242 of which EUR 2,961,039 correspond to the main auditors. Furthermore, an additional amount of EUR 121,175 accrued in favour of the main auditor for audit related services and EUR 753,012 accrued for other complementary services provided by them. These amounts are not considered to jeopardise the independence of the 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.

9. Additional note for english translation

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

SUBSIDIARIES, ASSOCIATED UNDERTAKINGS AND JOINT VENTURES (APPENDIX 1)

Name	Registered Office	Effective tax rate	Activity	Holder
MAPFRE-CAJA MADRID HOLDING				
MAPFRE-CAJA MADRID HOLDING DE ENTIDADES ASEGURADORAS S.A.	Paseo de Recoletos, 25 (Madrid) Spain	35.00% (2)	Holding	• MAPFRE S.A.
LIFE				
MAPFRE VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOBRE LA VIDA HUMANA	Avda.General Perón,40 (Madrid) Spain	30.33% (2)	Insurance and reinsurance	• MAPFRE-CAJA MADRID HOLDING
CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA S.A.	Avda.General Perón,40 (Madrid) Spain	35.00% (2)	Consultancy	• MAPFRE VIDA • MAPFRE S.A.
GESTION MODA SHOPPING S.A.	Avda.General Perón,40 (Madrid) Spain	37.00% (2)	Management of shopping centres	• MAPFRE VIDA • MAPFRE S.A.
MAPFRE INVERSIÓN SOCIEDAD DE VALORES S.A.	Avda.General Perón,40 (Madrid) Spain	35.40% (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	40.12% (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	35.00% (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.
MIRACETI S.A.	Avda.General Perón,40 (Madrid) Spain	35.00% (2)	Real estate	• MAPFRE VIDA • MAPFRE S.A.
MUSINI VIDA SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS SOCIEDAD UNIPERSONAL	C/Manuel Cortina, 2 (Madrid) Spain	35.00% (2)	Insurance	• MAPFRE VIDA
GENERAL INSURANCE				
MAPFRE SEGUROS GENERALES COMPAÑÍA DE SEGUROS Y REASEGUROS S.A.	Paseo de Recoletos,23 (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.	Paseo de Recoletos, 25 (Madrid) Spain	34.85%	Advisory and management services	• MAPFRE SEGUROS GENERALES • MAPFRE S.A.
SEGESYMED S.A. SOCIEDAD UNIPERSONAL	Paseo de Recoletos, 23 (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
MESSEVAL AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	80.17% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
MULTISERVICIOS MAPFRE MULTIMAP S.A.	C/ Manuel Silvela, 15 (Madrid) Spain	35.08% (2)	Real estate services	• MAPFRE SEGUROS GENERALES • SEGESYMED
GESTORA DE ACTIVOS FUNERARIOS GESMAP S.A.	Paseo de Recoletos ,23 (Madrid) Spain	36.84% (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	36.26%	Undertaker services	• GESMAP
SERVICIOS FUNERARIOS LA CARIDAD	C/Fariñas, 57 San Lúcar de Barrameda (Cádiz) Spain	–	Undertaker services	• GESMAP

Shareholding		Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
51.0000	51.0000	1,127,250	1,103,218	1,023,915	1,042,805	156,568	236,956	154,848	234,673	(A)	(A)
99.8741	99.8659	15,061,536	15,132,140	482,909	380,126	2,627,517	2,646,089	100,844	82,307	(A)	(A)
99.9339 0.0661	99.9339 0.0661	1,357	1,247	1,311	1,179	328	320	139	157	(A)	(A)
99.8215 0.1785	99.8215 0.1785	504	382	423	311	1,348	1,241	112	76	(A)	(A)
99.9991 0.0009	99.9991 0.0009	642,008	1,003,060	95,446	88,123	85,439	72,164	19,025	14,560	(A)	(A)
99.9853 0.0147	99.9853 0.0147	31,507	27,978	25,597	22,879	49,165	42,638	2,782	2,495	(A)	(A)
99.9971 0.0029	99.9971 0.0029	51,161	40,351	47,348	36,363	23,266	19,191	10,598	8,064	(A)	(A)
43.0000 10.0000 15.0000	43.0000 10.0000 15.0000	41	42	41	42	1	-	-	-	(A)	(A)
99.9991 0.0009	99.9991 0.0009	47,857	45,272	45,355	43,254	2,328	2,259	874	909	(A)	(A)
100.0000	100.0000	1,062,629	1,239,419	115,013	107,884	116,163	171,912	2,300	14,177	(A)	(A)
100.0000	100.0000	1,689,185	1,484,859	327,060	298,115	1,022,719	932,521	99,277	93,041	(A)	(A)
99.9980 0.0020	99.9980 0.0020	435,974	418,658	84,903	77,926	198,414	207,718	16,318	16,312	(A)	(A)
50.0000 50.0000	50.0000 50.0000	1,622	1,382	1,509	1,282	659	562	243	192	(A)	(A)
100.0000	100.0000	2,318	3,084	1,839	2,707	247	55	(867)	(215)	(A)	(A)
99.8520 0.1480	99.8520 0.1480	956	1,011	663	595	3,701	3,615	90	34	(A)	(A)
99.9900 0.0100	99.9900 0.0100	345	476	170	169	2,562	2,418	38	57	(A)	(A)
100.0000	100.0000	308	651	139	115	919	2,744	24	32	(A)	(A)
97.5000 2.5000	97.5000 2.5000	3,823	1,994	1,128	818	13,499	6,543	446	276	(A)	(A)
100.0000	100.0000	5,463	4,990	5,041	4,723	1,222	701	60	(131)	(A)	(A)
64.0000	-	685	-	459	-	935	-	47	-	(A) (H)	-
70.0000	-	544	-	416	-	656	-	58	-	(A) (H)	-
42.0000	-	68	-	68	-	-	-	(2)	-	(C) (H)	-

Name	Registered Office	Effective tax rate	Activity	Holder
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
TINERFEÑA DE SERVICIOS DE TECNOLOGÍA E INNOVACIÓN PARA EL AUTOMÓVIL S.A.	Subida de Mayorazgo (Santa Cruz de Tenerife) Spain	-	Motor technology and innovation services	• MAPFRE GUANARTEME
SEPENVAL S.L.SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	81.74% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
GRUPO ALISIO CANARIAS INVERSIONES S.A.	C/Valentín Sanz, 39 (Santa Cruz de Tenerife) Spain	-	Creation and training	• MAPFRE GUANARTEME
CLÍNICA SANTA CATALINA S.A.	C/León y Castillo, 292 (Las Palmas de G. Canarias) Spain	35.00%	Medical assistance	• MAPFRE GUANARTEME
INVERSIONES GESTISAN S.L.	C/La Rosa,2 (Santa Cruz de Tenerife) Spain	-	Hospital management	• MAPFRE GUANARTEME
CLÍNICA SANTA CRUZ S.A.	C/Enrique Wolfson, 8 (Sta. Cruz de Tenerife) Spain	-	Medical assistance	• MAPFRE GUANARTEME • INVERSIONES GESTISAN
LIMPIEZAS Y MANTENIMIENTO HOSPITALARIO S.L.	Avda.Juan Dominguez Pérez,42 (Las Palmas de G. Canarias) Spain	-	Hospital cleaning	• 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
SEFIN AGENCIA DE SEGUROS S.A.	C/Játiva, 23 (Valencia) Spain	34.45% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
COSEBAL AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	37.45% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
LISS ASSURANCE AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	33.33% (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	41.77% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
SEPROVAL, AGENCIA DE SEGUROS S.L. SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	35.90% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
SEGURLIS, AGENCIA DE SEGUROS S.A. SOCIEDAD UNIPERSONAL	C/Játiva, 23 (Valencia) Spain	71.63% (2)	Insurance agency	• MAPFRE SEGUROS GENERALES
MAPFRE SERVICIOS DE INFORMÁTICA S.A.	Ctra. Pozuelo 52 (Majadahonda) Spain	-	IT	• MAPFRE SEGUROS GENERALES
MAPLUX REINSURANCE COMPANY LTD	E Building Immeuble C6,Parc d'Activile Syrdall Munsbanch (Luxembourg)	-	Reinsurance	• MAPFRE SEGUROS GENERALES • MAPFRE S.A.

COMPANIES

MAPFRE EMPRESAS SOCIEDAD ANÓNIMA DE SEGUROS Y REASEGUROS	C/Manuel Cortina, 2 (Madrid) Spain	32.34% (2)	Insurance	• MAPFRE-CAJA MADRID HOLDING
ITSEMAP SERVICIOS TECNOLÓGICOS S.A.	Paseo de Recoletos, 25 (Madrid) Spain	29.48%	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 Lisbon (Portugal)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS
ITSEMAP VENEZUELA	Avda.Libertador, Torre Maracaibo Caracas (Venezuela)	-	Technology services	• ITSEMAP SERVICIOS TECNOLÓGICOS

	Shareholding		Financial year end figures								Consolidation method	
	% in share capital		Assets		Equity		Revenues		Results in financial year			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	50.0000	-	351	-	351	-	-	-	(1)	-	(C) (H)	-
	50.0000	-	61	-	61	-	-	-	(19)	-	(C) (H)	-
	25.0000	-	221	-	221	-	-	-	-	-	(C) (H)	-
	100.0000	33.3333	6,253	5,922	4,390	4,594	2,402	1,720	(288)	(553)	(A)	(C)
	100.0000	100.0000	1,043	2,652	196	194	1,428	4,604	42	34	(A)	(A)
	-	25.0000	-	9,295	-	6,523	-	76	-	213	(I)	(C)
	-	25.0000	-	20,584	-	7,769	-	17,061	-	591	(I)	(C)
	25.0000	25.0000	833	833	294	294	-	-	-	(3)	(C)	(C)
	-	25.0000 57.5400	-	3,964	-	(406)	-	3,756	-	(1,211)	(I)	(C)
	-	25.0000	-	60	-	13	-	465	-	(42)	(I)	(C)
	100.0000	100.0000	83	81	82	81	1	-	1	(2)	(A)	(A)
	100.0000	100.0000	683	677	673	597	174	902	78	15	(A)	(A)
	100.0000	100.0000	1,203	1,363	1,142	997	922	1,793	162	23	(A)	(A)
	100.0000	100.0000	33	28	32	28	9	7	4	1	(A)	(A)
	100.0000	100.0000	237	302	92	62	84	373	31	15	(A)	(A)
	100.0000	100.0000	621	771	614	569	234	662	46	14	(A)	(A)
	100.0000	100.0000	590	506	588	706	60	175	25	13	(A)	(A)
	100.0000	100.0000	826	792	502	419	368	422	40	48	(A)	(A)
	4.1600	4.1600	6,187	8,594	2,882	2,806	17,513	19,342	36	15	(C)	(C)
	99.9630 0.0370	99.9630 0.0370	18,546	13,546	3,425	3,708	2,971	4,757	-	-	(A)	(A)
	99.9851	99.9478	2,830,390	2,501,310	280,028	226,003	64,003	84,595	70,745	66,360	(A)	(A)
	60.0000 39.9752 0.0248	60.0000 39.9752 0.0248	6,153	4,801	2,747	2,399	6,057	5,430	348	284	(A)	(A)
	99.9998	99.9998	400	647	360	332	619	717	56	31	(A)	(A)
	99.9857	99.9857	916	864	378	313	883	760	62	26	(A)	(A)
	100.0000	100.0000	1	1	(52)	(52)	-	-	-	-	(A)	(A)

Name	Registered Office	Effective tax rate	Activity	Holder
ITSEMAP CHILE, S.A.	Apoquindo, 4499 Santiago (Chile)	-	Technology services	<ul style="list-style-type: none"> ITSEMAP SERVICIOS TECNOLÓGICOS INVERSIONES IBÉRICAS
ITSEMAP BRASIL LTDA	Rua Sao Carlos do Pinhal, 696 Sao Paulo (Brazil)	-	Technology services	<ul style="list-style-type: none"> ITSEMAP SERVICIOS TECNOLÓGICOS MAPFRE RE ASSESORÍA
INTERBOLSA S.A.	C/Manuel Cortina, 2 (Madrid) Spain	35.29% (2)	Financial	<ul style="list-style-type: none"> MAPFRE EMPRESAS
SERVIFINANZAS S.A. SOCIEDAD UNIPERSONAL	C/Manuel Cortina, 2 (Madrid) Spain	34.95% (2)	Financial	<ul style="list-style-type: none"> MAPFRE EMPRESAS
GESMUSINI SERVICIOS, S.A. SOCIEDAD UNIPERSONAL	C/Padilla, 26 (Madrid) Spain	34.62% (2)	Financial	<ul style="list-style-type: none"> MAPFRE EMPRESAS
INDUSTRIAL RE MUSINI S.A.	6B Route de Trèves, Senningerberg (Luxembourg)	-	Reinsurance	<ul style="list-style-type: none"> MAPFRE EMPRESAS
MAPFRE CAUCIÓN Y CRÉDITO COMPAÑÍA INTERNACIONAL DE SEGUROS Y REASEGUROS S.A.	Avda. General Perón, 40 (Madrid) Spain	40.22% (2)	Insurance and reinsurance	<ul style="list-style-type: none"> MAPFRE EMPRESAS MAPFRE SERVICIOS MARÍTIMOS
MAPFRE AMÉRICA CAUCIÓN S.A.	Avda. General Perón, 40 (Madrid) Spain	- (2)	Holding	<ul style="list-style-type: none"> MAPFRE CAUCIÓN Y CRÉDITO MAPFRE EMPRESAS
MAPFRE FINANZAS S.A.	Avda. Magnocentro, 5 Col. C. San Fernando Huixquilucan (Mexico)	-	Insurance	<ul style="list-style-type: none"> MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO MAPFRE TEPEYAC
MAPFRE SERVICIOS DE CAUCIÓN S.A.	Avda. General Perón, 40 (Madrid) Spain	- (2)	Services	<ul style="list-style-type: none"> MAPFRE CAUCIÓN Y CRÉDITO MAPFRE S.A.
MAPFRE GARANTÍAS Y CRÉDITO S.A.	Teatinos, 280 Santiago de Chile (Chile)	17.47%	Insurance	<ul style="list-style-type: none"> MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO INVERSIONES IBÉRICAS
MAPFRE SEGURODORA DE GARANTÍA E CRÉDITO S.A.	Avda. Mª Coelho Aguiar 215 Sao Paulo (Brazil)	33.15%	Insurance	<ul style="list-style-type: none"> MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO
MAPFRE SEGURODORA DE CRÉDITO A LA EXPORTACIÓN S.A.	Avda.Mª Coelho Aguiar 215 Sao Paulo (Brazil)	-	Insurance	<ul style="list-style-type: none"> MAPFRE SEGURODORA DE GARANTÍA
COMPAÑÍA DE SEGUROS DE CRÉDITOS COMERCIALES S.A.	Carrera 64 n°149 A-30 Medellín (Colombia)	29.74%	Insurance	<ul style="list-style-type: none"> MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO MAPFRE S.A. MAPFRE COLOMBIA
MAPFRE SEGUROS DE CRÉDITO S.A.	Avd. Magnocentro, 5 México D.F. (Mexico)	-	Insurance	<ul style="list-style-type: none"> MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO SEGUROS TEPEYAC
MAPFRE SERVICIOS DE PREVENCIÓN S.L. (en 2005 ENKEN SERVICIOS DE PREVENCIÓN)	C/Hernandez Lazaro 29 (Madrid) Spain	- (2)	Medical services	<ul style="list-style-type: none"> MAPFRE EMPRESAS
ENKEN ASISTENCIA SANITARIA	C/Hernandez Lazaro 29 (Madrid) Spain	35.09% (2)	Medical services	<ul style="list-style-type: none"> MAPFRE EMPRESAS
SERVICIOS DE PERITACIÓN MAPFRE S.A. (en 2005 RELECMAP A.I.E.)	C/ Manuel Silvela, 15 (Madrid) Spain	28.81% (2)	Services	<ul style="list-style-type: none"> MAPFRE EMPRESAS MAPFRE SEGUROS GENERALES MAPFRE GUANARTEME MAPFRE CAUCIÓN
MAPFRE SERVICIOS MARÍTIMOS, COMISARIADO Y LIQUIDACIÓN DE AVERÍAS S.A.	Avda.Sabino Arana, 4 (Bilbao) Spain	-	Loss adjusters	<ul style="list-style-type: none"> MAPFRE EMPRESAS MAPFRE S.A.
HEALTH				
MAPFRE CAJA SALUD DE SEGUROS Y REASEGUROS S.A.	Pº de la Castellana, 189 (Madrid) Spain	35.00% (2)	Insurance and reinsurance	<ul style="list-style-type: none"> MAPFRE-CAJA MADRID HOLDING MAPFRE VIDA
IGUALSERVICIOS HUESCA S.L.	C/Tarbes, 3 (Huesca) Spain	35.00% (2)	Medical services	<ul style="list-style-type: none"> MAPFRE CAJA SALUD
HOSCLIMAP S.A.	C/ Llodio s/n (Madrid) Spain	35.00% (2)	Medical services	<ul style="list-style-type: none"> MAPFRE CAJA SALUD MAPFRE S.A.

	Shareholding		Financial year end figures								Consolidation method	
	% in share capital		Assets		Equity		Revenues		Results in financial year			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	75.0000	75.0000	34	38	41	40	-	-	-	-	(A)	(A)
	25.0000	25.0000										
	99.9792	99.9792	965	686	803	772	1,783	1,533	32	76	(A)	(A)
	0.0208	0.0208										
	80.0000	80.0000	624	614	622	611	18	13	11	5	(A)	(A)
	100.0000	100.0000	545	941	473	910	198	227	214	142	(A)	(A)
	100.0000	100.0000	839	1,963	835	1,957	34	40	17	17	(A)	(A)
	99.8000	99.8000	57,927	58,984	1,540	1,540	2,377	2,687	-	-	(A)	(A)
	99.9960 0.0040	100.0000	220,686	220,222	33,753	35,225	12,264	11,385	2,937	5,166	(A)	(A)
	99.9924 0.0036	99.9924 0.0036	23,192	19,843	23,168	19,806	686	2,446	(639)	1,454	(A)	(A)
	99.9800	-	3,725	-	3,569	-	114	-	(20)	-	(A) (H)	-
	0.0200	-										
	99.6800 0.3200	99.6800 0.3200	163	161	163	161	4	2	3	1	(A)	(A)
	99.9923	99.9923	13,292	13,016	6,699	7,104	990	671	1,072	1,139	(A)	(A)
	0.0077	0.0077										
	100.0000	100.0000	26,113	20,372	9.	7,921	1,786	1,662	1,438	1,168	(A)	(A)
	99.9900	-	-	-	-	-	-	-	-	-	(A) (H)	-
	94.8937	95.0000	14,718	15,105	6,849	6,544	2,525	1,866	679	886	(A)	(A)
	4.7872 0.1064	4.7872 -										
	99.9800	99.9800	5,707	7,417	3,438	3,813	348	326	45	163	(A)	(A)
	0.0200	0.0200										
	100.0000	100.0000	7,099	4,355	432	1,150	13,472	9,717	(663)	(272)	(A)	(A) (G)
	100.0000	100.0000	1,305	690	1,055	509	1,917	972	555	228	(A)	(A) (G)
	96.0000 - - 4.0000	30.0000 60.0000 4.0000 -	2,221	2,447	416	800	4,201	6,763	(108)	276	(A)	(A)
	99.9600 0.0400	100.0000 -	1,737	1,789	1,654	1,672	1,036	1,064	(18)	(16)	(A)	(A)
	74.9888	74.9888	298,523	181,669	116,912	102,051	400,197	366,113	14,981	8,904	(A)	(A)
	25.0000	25.0000										
	100.0000	100.0000	820	614	384	92	1,457	1,409	309	193	(A)	(A)
	99.9987 0.0013	99.9987 0.0013	21,992	23,495	14,374	12,958	7,911	3,065	3,533	87	(A)	(A)

Name	Registered Office	Effective tax rate	Activity	Holder
CENTROS MÉDICOS ISLAS CANARIAS S.A.	Rafael Cabrera, 22 (Las Palmas de Gran Canaria) Spain	35.00% (2)	Medical services	• MAPFRE CAJA SALUD
SERVIMEDIC BALEAR S.L.	C/Carlos I, 4 Bajo (Palma de Mallorca) Spain	35.00%	Medical services	• MAPFRE CAJA SALUD
CLINISAS, CLÍNICAS CASTELLÓ, S.A.	C/ Castello 56 (Madrid) Spain	35.00% (2)	Medical services	• MAPFRE CAJA SALUD

REINSURANCE

MAPFRE RE COMPAÑÍA DE REASEGUROS S.A.	Paseo de Recoletos, 25 (Madrid) Spain	35.00% (1)	Reinsurance	• MAPFRE S.A.
COMPAGNIE INTERNATIONALE D'ASSURANCES ET REASSURANCES (C.I.A.R.)	45, Rue de Treves Brussels (Belgium)	34.00%	Insurance and reinsurance	• MAPFRE RE • MAPLUX REINSURANCE
MAPFRE CHILE REASEGUROS S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Reinsurance	• MAPFRE RE
INVERSIONES IBÉRICAS S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Financial and property	• MAPFRE RE
CAJA REASEGURADORA DE CHILE S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Reinsurance	• MAPFRE CHILE REASEGUROS
INMOBILIARIA COSTA DE MONTEMAR S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Real estate	• INVERSIONES IBÉRICAS
CAJA RE ARGENTINA S.A.	Boucharde 547 piso 14 Buenos Aires (Argentina)	35.00%	Advisory services	• INVERSIONES IBÉRICAS
INVERSIONES MAPFRE RE	Calle 72/10-07-oficina 502 Bogotá (Colombia)	35.00%	Investments and securities and property management	• MAPFRE RE • INVERSIONES IBÉRICAS
MAPFRE RE ASSESORIA LTDA.	Rua Sao Carlos do Pinhal, 696 Sao Paulo (Brazil)	15.00%	Consultancy	• MAPFRE RE • ITSEMAP DO BRASIL
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
MAPFRE REINSURANCE CORPORATION	100 Campus Drive New Jersey 07932-2006 (U.S.A.)	35.00%	Insurance and reinsurance	• MAPFRE RE HOLDINGS
INMOBILIARIA PRESIDENTE FIGUEROA ALCORTA S.A.	Boucharde 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	Figueroa Alcorta, 3102 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.)	-	Services	• MAPFRE RE HOLDINGS

ASSISTANCE

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.
IBEROASISTENCIA PORTUGAL	Avda. Liberdade, 40 Lisbon (Portugal)	27.50%	Travel assistance	• MAPFRE ASISTENCIA

Shareholding			Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method		
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
100.0000	100.0000	2,624	2,737	2,579	2,707	397	248	129	205	(A)	(A)	
100.0000	100.0000	68	47	24	107	151	144	131	69	(A)	(A)	
100.0000	100.0000	13,847	13,947	11,834	7,262	5,649	1,890	1,434	514	(A)	(A) (G)	
87.8941	87.8941	2,550,498	2,300,689	606,853	540,277	1,033,936	122,964	71,909	77,672	(A)	(A)	
99.9900 0.0100	99.9900 0.0100	20,905	25,160	9,725	9,725	2,419	2,483	503	1,335	(A)	(A)	
99.9986	99.9986	100,257	106,247	41,560	43,447	6,965	6,728	896	667	(A)	(A)	
99.9986	99.9986	22,819	27,311	22,083	27,311	865	1,231	309	520	(A)	(A)	
99.8467	99.8467	94,187	97,704	27,305	29,894	4,564	4,433	1,581	839	(A)	(A)	
31.4400	31.4400	17,713	21,284	17,685	20,495	816	6,212	40	547	(C)	(C)	
99.9900	99.9900	113	127	101	116	1	2	(2)	(6)	(A)	(A)	
94.9000 5.1000	94.9000 5.0999	1,115	3,012	1,107	3,001	193	359	45	(79)	(A)	(A)	
99.9998 0.0002	99.9998 0.0002	19	27	11	22	58	43	(11)	9	(B)	(B)	
31.2900	31.2900	440	594	20	(39)	977	1,149	55	6	(C)	(C)	
31.2000	31.2000	87	137	(60)	(42)	244	348	(22)	(45)	(C)	(C)	
100.0000	100.0000	61,419	324,524	38,487	134,840	496	55,898	2,381	(1,603)	(A)	(A)	
100.0000	100.0000	61,357	-	37,808	-	496	55,898	2,381	-	(A)	(A)	
99.9000	99.9000	9	10	9	10	-	-	-	(1)	(B)	(B)	
43.7500	43.7500	9,082	10,051	9,061	10,047	30	32	(93)	(169)	(C)	(C)	
98.0000 1.0000	98.0000 1.0000	12	46	12	42	-	85	(27)	(40)	(B)	(B)	
1.0000 99.0000	1.0000 99.0000	178	127	64	92	573	606	(14)	(11)	(B)	(B)	
100.0000	100.0000	1	1	1	1	-	-	-	-	(A)	(A)	
99.9971	99.9971	261,668	237,340	76,502	81,573	174,928	137,452	(3,555)	5,340	(A)	(A)	
100.0000	100.0000	2,120	2,645	91	57	1,877	2,023	32	(231)	(A)	(A)	

Name	Registered Office	Effective tax rate	Activity	Holder
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
VENEASISTENCIA	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 601Miami - Florida 33126 (USA)	37.60%	Travel assistance	• MAPFRE ASISTENCIA
IBEROASISTENCIA ARGENTINA S.A.	Tucuman, 744 B. Aires (Argentina)	35.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
SUR ASISTENCIA	Av. Apoquindo 4499 Santiago de Chile (Chile)	17.50%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
IBEROASISTENCIA S.A.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Travel assistance	• MAPFRE ASISTENCIA
IRELAND ASSIST	22-26 Prospect Hill Galway (Ireland)	12.50%	Travel assistance	• MAPFRE ASISTENCIA
GULF ASSIST E.C.	Manama Centre Building Manama (Barhrain)	-	Travel assistance	• MAPFRE ASISTENCIA
FRANCE ASSISTANCE	55, Rue Raspail Levallois Perret (France)	34.33%	Travel assistance	• MAPFRE ASISTENCIA
EUROSOS ASSISTANCE	282 Messogion Avenue 155,62 Neo Psichico. Atenas (Greece)	35.00%	Travel assistance	• IBEROASISTENCIA • MAPFRE ASISTENCIA
CARIBE ASISTENCIA	Avda. Tiradentes Esq.Pres. Gonzalez. Edif.La Cumbre. Ens. Naco. Domingo-(Dominican Republic)	25.00%	Travel assistance	• MAPFRE ASISTENCIA
ECUASISTENCIA	Avda.Doce de Octubre, 1942 Quito (Ecuador)	25.00%	Travel assistance	• MAPFRE ASISTENCIA • ANDIASISTENCIA
CONSULTING DE SOLUCIONES Y TECNOLOGÍAS SIAM	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Consultancy	• MAPFRE ASISTENCIA • IBEROASISTENCIA
PERÚ ASISTENCIA S.A.	Tarata 160-9ª -Miraflores Lima (Peru)	30.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
VIAJES MAPFRE S.A.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Travel agency	• MAPFRE ASISTENCIA • IBEROASISTENCIA.
VIAJES MAPFRE ON LINE	Sor Ángela de la Cruz, 6 (Madrid) Spain	-	Travel agency	• VIAJES MAPFRE
MELIÁ TOUR	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00%	Travel tour operator	• MAPFRE ASISTENCIA
MÉXICO ASISTENCIA	Avda. Insurgentes Sur, 1685 Colonia Guadalupe Inn Mexico D.F. (Mexico)	30.00%	Travel assistance	• MAPFRE ASISTENCIA
IBERO ASISTENCIA SERVICIOS DE TELEMARKETING S.L.	Sor Ángela de la Cruz, 6 (Madrid) Spain	35.00% (1)	Telemarketing	• MAPFRE ASISTENCIA • IBEROASISTENCIA
ALLMAP ASSIST GMBH	Im Rosengarten, 256 61118 Bal Vilbel (Germany)	-	-	• MAPFRE ASISTENCIA • IBEROASISTENCIA
PANAMÁ ASISTENCIA	Calle 50 local 9 D, piso 9 Panamá, Bella Vista (Panamá)	30.00%	Travel assistance	• MAPFRE ASISTENCIA
TUR ASSIST.	Hakki Yeten Caddesi Dogu is Merkezi 17/2 (Turkey)	30.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
URUGUAY ASISTENCIA	Rincón, 487 of.610 Montevideo (Uruguay)	30.00%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA

Shareholding			Financial year end figures								Consolidation method	
% in share capital		Assets		Equity		Revenues		Results in financial year				
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
99.9990	99.9990	12,777	12,892	8,819	8,390	29,027	26,518	1,427	(1,204)	(A)	(A)	
49.0000	49.0000	2,621	1,349	1,124	995	1,169	979	204	190	(A)	(A)	
99.9980 0.0020	99.9980 0.0020	1,715	855	730	464	1,240	844	381	29	(A)	(A)	
94.8999 0.0008 5.0977	94.8999 0.0008 5.0977	1,766	2,024	886	873	3,927	3,333	58	32	(A)	(A)	
100.0000	100.0000	4,017	4,046	1,338	1,488	9,847	9,141	(42)	70	(A)	(A)	
99.9999 0.0001	99.9900 0.0100	4,393	4,526	2,672	2,101	10,384	8,648	659	463	(A)	(A)	
99.0000 1.0000	99.0000 1.0000	2,459	6,201	112	1,512	5,967	5,593	(503)	(2,337)	(A)	(A)	
99.9300	99.9300	10,777	11,697	878	883	13,250	15,532	107	446	(A)	(A)	
100.0000	100.0000	1,619	3,015	1,133	1,167	2,028	3,878	134	216	(A)	(A)	
74.6250	74.6250	11,592	10,668	3,339	3,212	3,987	4,388	2,327	2,955	(A)	(A)	
100.0000	100.0000	-	2,178	-	(631)	-	1,501	-	(699)	(A)	(A)	
0.5000 99.5000	0.5000 99.5000	1,565	2,400	217	238	4,104	4,408	101	(13)	(A)	(A)	
51.9997	51.9997	1,765	1,558	1,043	1,130	1,055	1,178	230	284	(A)	(A)	
50.0000 50.0000	50.0000 50.0000	670	521	197	169	2,703	1,996	133	97	(A)	(A)	
99.0000 1.0000	99.0000 1.0000	3,401	6,073	3,401	3,016	-	1,996	414	(44)	(A)	(A)	
99.8639 0.1361	99.8639 0.1361	444	459	196	(7)	471	395	98	(91)	(A)	(A)	
99.7600 0.2400	99.7600 0.2400	11,506	11,657	4,486	5,056	22,209	20,291	(353)	96	(A)	(A)	
60.0000	-	-	-	-	-	-	-	-	-	(A) (H)	-	
50.0000	50.0000	2,147	1,806	182	(681)	918	3,164	(640)	(1,231)	(A)	(B)	
99.9998	99.9998	9,961	7,929	2,776	1,591	19,605	15,807	820	272	(A)	(A)	
26.5000 73.4500	26.5000 73.4500	-	-	-	-	-	-	-	-	(A)	(A)	
99.9500 0.0500	99.9500 0.0500	39	197	39	53	-	-	-	-	(B)	(A)	
58.0000	58.0000	621	504	400	469	707	676	139	143	(A)	(B)	
91.6667 8.3333	91.6667 8.3333	5,487	2,967	193	394	32,568	14,563	(251)	14	(A)	(A)	
94.8165 5.1835	94.8165 5.1835	1,235	1,291	550	685	2,510	2,107	132	267	(A)	(A)	

Name	Registered Office	Effective tax rate	Activity	Holder
ASISTENCIA BOLIVIANA	Celso Castedo Barba, 39 Centro- Santa Cruz (Bolivia)	25.00%	Travel assistance	• MAPFRE ASISTENCIA
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 Treves, 45 Brussels (Belgium)	34.00%	Travel assistance	• MAPFRE ASISTENCIA
NOVASSIST S.L.R.	Vía G. Cuboni, 12 Roma (Italia)	37.25%	Travel assistance	• MAPFRE ASISTENCIA • IBEROASISTENCIA
VIAJES TÍVOLI	Coso,89-91 (Zaragoza) España	35.00%	Travel agency	• MAPFRE ASISTENCIA
GENERAL SERVICES REINSURANCE LIMITED	38/39 Fitzwilliam Square Dublin 2 (Irlanda)	12.50%	Reinsurance	• MAPFRE ASISTENCIA
MAPFRE WARRANTY S.P.A. (in 2005 NUOVI SERVIZI AUTO 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 Marenes (France)	-	Warranty of vehicles	• MAPFRE WARRANTY S.P.A.
MAPFRE WARRANTIES (en 2005 JMDS)	Route des Trois Cantons 11 l-18399 Windhoj (Luxembourg)	-	Warranty of vehicles	• MAPFRE WARRANTY S.P.A.
SDMA	Zac de la Donniere, 8 69970 Marenes (France)	-	Warranty of vehicles	• MAPFRE WARRANTY S.P.A.
NORASIST S.A.	1930 Yonge S.T. Suite 1028 Toronto, Ontario M4S 1Z4 (Canada)	-	Travel assistance	• FEDERAL ASSIST
BRICKELL FINANCIAL SERVICES INC.	7300 Corporate Center Drive, Suite 601 Miami -Florida 33126 (USA)	37.30%	Travel assistance	• MAPFRE ASISTENCIA
ROAD CHINA ASSISTANCE	Jianguolu Chaoyang District, Beijing, PR (China)	-	Travel assistance	• MAPFRE ASISTENCIA
MAPFRE ABRAXAS (en 2005 ABRAXAS)	Blenheim Court,9 - Beaufort Park BS32 4NE Almondsbury Bristol - (United Kingdom)	12.50%	Insurance	• MAPFRE ASISTENCIA
CANADIAN ROADSIDE Y RECOVERY INC.	(Canada)	-	Travel assistance	• MAPFRE ASISTENCIA

SERVICES FOR THE ELDERLY

MAPFRE QUAVITAE S.A.	C/Fuencarral, 123 (Madrid) Spain	50.14%	Assistance services	• MAPFRE SEGUROS GENERALES • MAPFRE S.A.
MAPFRE ASISTENCIA ORO (absorbed in 2006 by MAPFRE QUAVITAE)	C/Gobelas 41-45 (Madrid) España	35.00%	Services for the elderly	• MAPFRE QUAVITAE
QUAVITAE BALEARES S.A. (absorbed in 2006 by MAPFRE QUAVITAE)	C/Fuencarral, 123 (Madrid) Spain	35.00%	Services for the elderly	• MAPFRE QUAVITAE
QUAVITAE BIZI-KALITATE S.L.	C/Teodoro González de Zárate, 14 (Vitoria) Spain	35.00%	Services for the elderly	• MAPFRE QUAVITAE
AZUL CENTROS RESIDENCIALES S.A.	C/Antonio Maura, 18 (Madrid) Spain	35.00%	Services for the elderly	• MAPFRE QUAVITAE

Shareholding			Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method		
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
99.4600	99.4600	109	127	109	33	-	230	(17)	(43)	(B)	(A)	
100.0000	100.0000	162	303	162	139	-	269	43	(27)	(B)	(B)	
99.9920	99.9920	933	336	303	243	1,408	1,260	146	72	(A)	(A)	
99.9900 0.0100	99.9900 0.0100	483	569	304	353	1,020	1,068	228	269	(A)	(A)	
100.0000	100.0000	52	138	52	138	-	286	8	8	(B)	(B)	
70.0000	70.0000	4,935	3,978	1,888	1,448	2,672	2,430	442	450	(A)	(A)	
99.0000 1.0000	99.0000 1.0000	889	723	90	87	535	1,385	2	23	(A)	(A)	
20.0000	20.0000	158	873	158	873	-	-	(685)	(343)	(C)	(C)	
100.0000	100.0000	919	3,521	504	539	-	(31)	-	(7)	(A)	(A)	
99.9900 0.0100	99.9900 0.0100	24,230	18,321	4,531	3,694	24,397	18,288	2,469	2,447	(A)	(A)	
100.0000	100.0000	-	48	-	50	-	-	-	2	(A)	(A)	
100.0000	100.0000	-	67	-	68	-	-	-	1	(A)	(A)	
100.0000	100.0000	-	55	-	55	-	-	-	108	(A)	(A)	
100.0000	100.0000	-	218	-	200	-	-	-	(18)	(A)	(A)	
100.0000	100.0000	14,859	14,730	2,660	1,938	40,869	39,108	758	1,298	(A)	(A)	
100.0000	100.0000	556	511	461	511	145	-	(267)	-	(A)	(B)	
100.0000	100.0000	7,907	6,050	2,756	1,958	12,457	6,755	1,915	1,060	(A)	(A) (G)	
100.0000	-	589	-	218	-	1,625	-	12	-	(A) (H)	-	
10.7643 46.0731	10.7643 46.0731	98,782	131,417	50,038	47,600	85,879	68,240	(1,019)	(610)	(A)	(A)	
-	100.0000	-	23,143	-	16,651	-	1,944	-	1,694	(I)	(A)	
-	100.0000	-	13,395	-	(3,752)	-	2,273	-	(1,657)	(I)	(A)	
99.9990	99.9990	26,472	26,065	5,632	3,652	13,081	10,043	1,387	(725)	(A)	(A)	
50.0000	50.0000	5,079	5,036	257	(679)	1,065	817	(1,000)	(1,230)	(E)	(E)	

Name	Registered Office	Effective tax rate	Activity	Holder
PROVITAE CENTROS ASISTENCIALES S.L.	C/Fuencarral, 123 (Madrid) Spain	35.00%	Services for the elderly	• MAPFRE QUAVITAE
BIOINGIENERIA ARAGONESA S.L.	C/Matías Pastor Sancho, 9 (Zaragoza) Spain	35.00%	Technology for the elderly	• MAPFRE QUAVITAE • MAPFRE SEGUROS GENERALES
REAL ESTATE				
MAPFRE INMUEBLES S.A.	Avda. General Perón, 38 (Madrid) Spain	35.00% (1)	Real estate	• MAPFRE S.A.
DESARROLLOS URBANOS CIC. S.A.	Avda. General Perón, 38 (Madrid) Spain	35.00% (1)	Real estate services	• MAPFRE INMUEBLES • MAPFRE S.A.
SERVICIOS INMOBILIARIOS MAPFRE S.A.	Avda. General Perón, 38 (Madrid) Spain	35.00% (1)	Real estate	• MAPFRE INMUEBLES • DESARROLLOS URBANOS
INMOBILIARIA BRAVO URENA S.L.	Juan Bravo, 3 (Madrid) Spain	35.00%	Real estate	• MAPFRE INMUEBLES
INMOBILIARIA MAPINVER S.A.	Spain	32.00%	Real estate	• MAPFRE INMUEBLES
MAPFRE INTERNACIONAL				
MAPFRE INTERNACIONAL S.A (in 2005 GISMUSINI GESTIÓN S.A.)	Paseo de Recoletos, 25 (Madrid) Spain	35.00% (1)	Holding (in 2004 financial)	• MAPFRE S.A. • MAPFRE EMPRESAS
MIDDLESEA INSURANCE P.L.C.	Floriana JTL, 16 (Malta)	-	Insurance	• MAPFRE INTERNACIONAL • MAPFRE S.A.
MAPFRE INSULAR INSURANCE CORPORATION	Rada St. Corner de la Rosa Sta. Manila (Philippines)	-	Insurance	• MAPFRE INTERNACIONAL • MAPFRE S.A.
MAPFRE SEGUROS GERAIS S.A.	Avda. Liberdade, 40 Lisbon (Portugal)	37.85%	Insurance and reinsurance	• MAPFRE SEGUROS GENERALES
MAPFRE USA CORPORATION	6101 Blue Lagoon Drive, Suite200, Miami (USA)	-	Holding	• MAPFRE INTERNACIONAL
AMSTAR INSURANCE COMPANY	6101 Blue Lagoon Drive, Suite200, Miami (USA)	-	Insurance	• MAPFRE USA CORPORATION
AMSTAR MANAGEMENT COMPANY	6101 Blue Lagoon Drive, Suite200, Miami (USA)	-	Services	• MAPFRE USA CORPORATION
M & F PREMIUM FINANCE	6101 Blue Lagoon Drive, Suite200, Miami (USA)	-	Financial	• MAPFRE USA CORPORATION
MAPFRE INSURANCE COMPANY OF FLORIDA	6101 Blue Lagoon Drive, Suite200, Miami (USA)	-	Insurance	• MAPFRE USA CORPORATION
OTHERS				
DETECTAR D.T. TRANSF. E ADMON. DE RISCOS	Avda.M ^o Coelho Aguiar, 215 Sau Paulo (Brazil)	-	Risk administration	• MAPFRE S.A.
FANCY INVESTMENT S.A.	Avda. 18 de Julio, 841 Montevideo (Uruguay)	-	Financial	• MAPFRE S.A.
CAJA MADRID BOLSA SOCIEDAD DE VALORES Y BOLSA	Calle Serrano, 39 (Madrid) Spain	-	Securities broker-dealer firm	• MAPFRE S.A.
GESMADRID SOCIEDAD GESTORA DE INSTITUCIONES DE INVERSIÓN COLECTIVA	P ^o de la Castellana, 189 (Madrid) Spain	-	Investment firm	• MAPFRE S.A.
CAJA MADRID PENSIONES ENTIDAD GESTORA DE FONDOS DE PENSIONES	P ^o de la Castellana, 189 (Madrid) Spain	-	Pension fund managers	• MAPFRE S.A.
MAPFRE INTERNET S.A.	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	IT	• MAPFRE VIDA • MAPFRE SEGUROS GENERALES • MAPFRE CAJA SALUD • MAPFRE CAUCIÓN Y CRÉDITO • MAPFRE RE • MAPFRE S.A. • MAPFRE ASISTENCIA • MAPFRE EMPRESAS

Shareholding			Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method		
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
50.0000	50.0000	8,373	8,383	6,048	6,120	8	-	(72)	(56)	(E)	(E)	
59.9900 40.0000	59.9900 40.0000	4,844	6,071	3,140	3,138	4,871	5,149	247	901	(A)	(A)	
99.9680	99.9202	460,865	293,850	145,269	92,304	117,255	38,307	8,232	3,631	(A)	(A)	
89.9216 0.0784	89.9216 0.0784	102,827	99,645	547	517	101	32	30	8	(A)	(A)	
99.9000 0.1000	99.9000 0.1000	579	540	399	397	1,393	1,251	80	87	(A)	(A)	
50.0000	50.0000	273	540	143	139	7	30	3	5	(E)	(E)	
50.0000	-	22,772	-	4,782	-	1	-	(1)	-	(E) (H)	-	
99.9982 0.0018	99.7630 0.2370	74,688	810	43,401	801	194	20	158	13	(A)	(A)	
21.0000 -	- 21.0000	264,341	-	78,305	66,245	13,374	20,419	5,959	7,917	(C)	(C)	
75.20000 -	- 75.20000	40,188	21,787	17,101	9,897	14,063	8,541	1,932	760	(A)	(A)	
25.0000	25.0000	201,074	178,998	70,628	68,404	112,987	84,364	4,829	4,367	(C)	(C)	
42.7200	-	45,908	48,773	20,410	13,289	11,373	17,848	434	(1,263)	(A) (H)	-	
100.0000	-	4,520	-	3,663	-	242	-	125	-	(A) (H)	-	
100.0000	-	27	-	63	-	2	-	16	-	(A) (H)	-	
100.0000	-	60	-	60	-	7	-	5	-	(A) (H)	-	
100.0000	-	39,710	-	15,871	-	10,582	-	1,010	-	(A) (H)	-	
100.0000	100.0000	10,411	10,379	10,045	10,021	1,116	1,017	109	75	(A)	(A)	
100.0000	100.0000	5,464	5,105	5,291	4,953	929	839	892	803	(A)	(A)	
30.0000	30.0000	334,727	203,076	56,668	28,894	25,419	17,265	12,791	6,103	(C)	(C)	
30.0000	30.0000	68,820	59,509	41,979	42,612	131,930	126,735	11,912	12,316	(C)	(C)	
30.0000	30.0000	39,677	35,907	30,311	38,431	40,850	35,705	6,527	5,007	(C)	(C)	
15.0000 22.0000 4.0000 1.2500 1.0000 1.0000 2.0000 1.2500	15.0000 22.0000 4.0000 1.2500 1.0000 1.0000 2.0000 1.2500	3,928	3,549	2,880	2,639	7,702	6,052	181	80	(C)	(C)	

Name	Registered Office	Effective tax rate	Activity	Holder
MAPFRE INFORMÁTICA A.I.E.	Ctra. Pozuelo, 52 (Majadahonda) Spain	-	IT	<ul style="list-style-type: none"> • MAPFRE EMPRESAS • 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 AMÉRICA				
MAPFRE AMÉRICA S.A.	Ctra.Pozuelo 52 (Majadahonda) Spain	35.00% (1)	Holding	<ul style="list-style-type: none"> • MAPFRE S.A.
ARGENTINA				
MAPFRE ARGENTINA HOLDING S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Holding	<ul style="list-style-type: none"> • MAPFRE AMÉRICA
MAPFRE ARGENTINA SEGUROS S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING
ACONCAGUA SEGUROS DE RETIRO S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA SEGUROS
SURASSUR S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Insurance brokers	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING
CESVI ARGENTINA S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Control of claims	<ul style="list-style-type: none"> • MAPFRE ARGENTINA SEGUROS
MAPFRE ARGENTINA A.R.T.	Lavalle, 348 B. Aires (Argentina)	35.00%	Workers' compensation insurance	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA SEGUROS
MAPFRE SALUD S.A.	Avda. Juana Manso, 205 C 1107CBE Puerto Madero Buenos Aires (Argentina)	-	Insurance	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING • MAPFRE ARGENTINA ART • MAPFRE ARGENTINA VIDA
MAPFRE ARGENTINA SEGUROS DE VIDA S.A.	Lavalle, 348 B. Aires (Argentina)	35.00%	Life insurance	<ul style="list-style-type: none"> • MAPFRE ARGENTINA HOLDING
BRAZIL				
MAPFRE VERA CRUZ SEGURADORA S.A.	Av. María Coelho Aguiar, 215 Sao Paulo (Brazil)	34.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE DO BRASIL • MAPFRE AMÉRICA
MAPFRE RISCOS ESPECIAIS SEGURADORA S.A. (in 2005 SEGURADORA ROMA S.A.)	Avda. 9 de Julio 4017 Sao Paulo (Brazil)	34.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE VERA CRUZ SEGURADORA
CLUBE MAPFRE DO BRASIL LTDA. (in 2005 MAPFRE DO BRASIL CONSULTORÍA E SERVICIOS LTDA)	Rua Sao Caros do Pinhal Sao Paulo (Brazil)	34.00%	Advisory services	<ul style="list-style-type: none"> • MAPFRE, S.A. • MAPFRE AMÉRICA
MAPFRE VERA CRUZ VIDA E PREVIDENCIA S.A.	Av. María Coelho Aguiar, 215 Sao Paulo (Brazil)	34.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE VERA CRUZ SEGURADORA • FANCY
NOSSA CAIXA	Rua Pamplona, 227 Sao Paulo (Brazil)	34.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE VERA CRUZ SEGURADORA
CHILE				
MAPFRE CHILE SEGUROS S.A.	Isidoro Goyenechea 3520 p 16 Las Condes Santiago de Chile (Chile)	17.00%	Holding	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • MAPFRE CHILE SEGUROS • EUROAMÉRICA ASESORÍAS

	Shareholding		Financial year end figures								Consolidation method	
	% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	7.0000	7.0000	15,479	10,397	1,000	1,000	44,835	34,083	-	-	(C)	(C)
	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										
	87.4590	87.4590	620,350	619,664	578,590	610,879	15,505	106,258	(14,463)	129,585	(A)	(A)
	100.0000	100.0000	42,915	36,046	42,709	35,759	136	78	6,014	2,931	(A)	(A)
	99.9979	99.9979	195,707	146,072	27,418	24,484	203,043	154,323	50	2,184	(A)	(A)
	23.5688	23.5688	-	-	-	-	-	-	-	-	(A)	(A)
	76.4312	76.4312	-	-	-	-	-	-	-	-	(A)	(A)
	100.0000	100.0000	226	239	60	87	688	390	(14)	(7)	(A)	(A)
	4.3700	4.3700	3,480	3,461	2,865	3,351	1,314	2,269	120	263	(C)	(C)
	99.2696	99.2696	55,079	39,218	13,098	7,696	63,164	40,429	5,239	567	(A)	(A)
	0.7304	0.7304										
	95.0000	-	247	-	247	-	-	-	-	-	(A) (H)	-
	2.5000	-										
	2.5000	-										
	20.0000	20.0000	19,744	15,138	4,675	3,373	9,520	7,375	1,754	1,568	(C)	(C)
	12.7436	15.0732	678,079	571,177	220,709	179,689	621,860	434,623	21,072	11,309	(A)	(A)
	87.2564	84.9268										
	46.0300	46.0300	33,221	26,118	10,661	8,840	31,425	26,492	1,942	-	(C)	(C)
	0.5143	0.5143	14,911	39,658	14,088	14,237	3,184	95	(34)	6	(A)	(A)
	99.4857	99.4857										
	9.9010	9.9051	409,200	274,103	90,037	43,293	337,686	216,347	6,928	2,419	(C)	(C)
	5.4209	10.2901										
	51.0000	51.0000	97,023	19,421	19,827	4,642	79,876	11,500	6,948	204	(A)	(A) (G)
	99.9937	99.9937	235,260	250,786	29,984	36,986	52,107	58,057	(4)	116	(A)	(A)
	0.0042	0.0042										
	100.0000	100.0000	6,464	10,629	6,761	9,626	-	3	(3,213)	3	(A)	(A)
	59.1500	59.1500	228,434	235,822	16,560	23,535	51,608	57,494	(7,865)	7	(A)	(A)
	40.8500	40.8500										

Name	Registered Office	Effective tax rate	Activity	Holder
COLOMBIA				
MAPFRE SEGUROS GENERALES DE COLOMBIA S.A.	Carrera, 7, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Insurance	<ul style="list-style-type: none"> • MAPFRE AMÉRICA • APOINT
CREDIMAPFRE	Carrera, 7, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Real estate financiers	<ul style="list-style-type: none"> • GESTIMAP • MAPFRE SEGUROS GENERALES DE COLOMBIA
GESTIMAP S.A.	Carrera, 7, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Vehicle spare parts information	<ul style="list-style-type: none"> • MAPFRE SEGUROS GENERALES DE COLOMBIA • CREDIMAPFRE
AUTOMOTORES CAPITAL LTDA	Carrera, 7, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Repair, purchase and sale of vehicles	<ul style="list-style-type: none"> • CREDIMAPFRE
MAPFRE COLOMBIA VIDA S.A.	Carrera 7, nº 96-34 Santa Fé de Bogotá (Colombia)	38.50%	Insurance	<ul style="list-style-type: none"> • MAPFRE SEGUROS GENERALES DE COLOMBIA • APOINT • MAPFRE AMÉRICA
CESVI COLOMBIA	Autop. Bogotá-Medellín, km 1,8 Santa Fé de Bogotá (Colombia)	38.50%	Scientific and technical research	<ul style="list-style-type: none"> • MAPFRE SEGUROS GENERALES DE COLOMBIA
MEXICO				
MAPFRE TEPEYAC S.A.	Av. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	-	Insurance	<ul style="list-style-type: none"> • MAPFRE AMÉRICA • GRUPO CORPORATIVO LML
GRUPO CORPORATIVO LML	Av. Magnocentro 5 Col. C. San Fernando Hixquilucan (Mexico)	30.00%	Holding	<ul style="list-style-type: none"> • MAPFRE AMÉRICA
EDITORIAL DIANA S.A. DE C.V.	Arenal, 24 Edif. NTE 2º piso México D.F. (Mexico)	30.00%	Editorial	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
UNIDAD MÓVIL DE DIAGNÓSTICO S.A.	Av. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	30.00%	Medical services	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
ASSET DEFENSA LEGAL MEXICANA S.A. DE C.V.	Prado Sur, 230 Col. Lomas Chapultepec Mexico D.F. (Mexico)	30.00%	Legal advisory services	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
TEPEYAC INC.	Av. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	30.00%	Car insurance	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
CESVI MÉXICO	Calle 1 Sur nº 101 Parque Ind.Toluca 2000 Toluca (Mexico)	27.00%	Research centre	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
TEPEYAC ASESORES	Av. Magnocentro 5 Col. C. San Fernando Huixquilucan (Mexico)	30.00%	Fund administration	<ul style="list-style-type: none"> • MAPFRE TEPEYAC
PARAGUAY				
MAPFRE PARAGUAY COMPAÑÍA DE SEGUROS S.A.	Av. Mariscal López, 910 Asunción (Paraguay)	30.00%	Insurance	<ul style="list-style-type: none"> • MAPFRE AMÉRICA
PERU				
MAPFRE PERÚ COMPAÑÍA DE SEGUROS Y REASEGUROS	Av. Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	30.00%	Insurance & reinsurance	<ul style="list-style-type: none"> • MAPFRE AMÉRICA
TERRENOS Y LOCALES S.A.	Av. Veintiocho de Julio, 873 Miraflores- Lima 18 (Peru)	30.00%	Real estate	<ul style="list-style-type: none"> • MAPFRE PERÚ
PUERTO RICO				
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"> • MAPFRE AMÉRICA

Shareholding		Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
94.2294 5.7623	94.2294 5.7623	237,485	198,297	61,296	62,577	350,812	291,893	(814)	931	(A)	(A)
5.0833	5.0833	32,841	12,801	11,245	9,551	3,479	1,843	1,266	587	(A)	(A)
94.9144	94.9144										
92.5888	92.5888	606	515	600	504	1	4	(15)	17	(A)	(A)
7.4112	7.4112										
100.0000	100.0000	-	-	-	-	-	-	-	-	(A)	(A)
0.0001	0.0001	162,253	54,411	21,623	6,388	232,719	28,473	4,332	1,131	(C)	(C)
6.3840 0.0001	6.3840 0.0001										
3.6400	3.6400	15,869	14,624	15,294	14,169	5,051	4,517	600	463	(C)	(C)
55.6602 44.3398	55.6602 44.3398	447,765	448,302	131,595	139,948	244,184	279,710	7,010	12,136	(A)	(A)
100.0000	100.0000	36,756	41,290	36,752	41,287	16	-	(144)	(14)	(A)	(A)
-	20.1552	-	13,717	-	5,998	-	8,238	-	(478)	(I)	(C)
99.9982	99.9982	631	473	199	(87)	5,073	5,167	169	(16)	(C)	(A)
78.8145	78.8145	465	462	340	344	2,774	3,182	89	208	(A)	(A)
100.0000	-	-	-	-	-	-	-	-	-	(A) (H)	-
13.9500	13.9500	-	3,023	-	3,925	-	3,287	-	349	(D)	(D)
16.0000	16.0000	366	551	358	364	71	30	35	10	(D)	(D)
81.2200	81.2200	9,973	7,809	3,347	3,289	5,405	5,829	(271)	404	(A)	(A)
99.3849	99.3560	27,290	27,940	10,171	11,471	31,234	27,094	(923)	71	(A)	(A)
-	66.3948	-	119	-	109	-	102	-	(43)	(I)	(A)
100.0000	100.0000	527,692	146,043	173,769	165,114	-	20,505	(469)	(311)	(A)	(A)

Name	Registered Office	Effective tax rate	Activity	Holder
MAPFRE PRAICO INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	• MAPFRE PRAICO CORPORATION
MAPFRE PREFERRED RISK INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	• MAPFRE PRAICO INSURANCE
MAPFRE PAN AMERICAN INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	39.00%	Insurance	• MAPFRE PRAICO CORPORATION
PUERTO RICAN INSURANCE AGENCY INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Insurance brokers	• MAPFRE PRAICO CORPORATION
PAN AMERICAN FINANCE CORPORATION	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Financial	• MAPFRE PRAICO CORPORATION
MAPFRE LIFE INSURANCE COMPANY	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	25.00%	Insurance	• MAPFRE PRAICO CORPORATION
BALDRICH & ASSOCIATES INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Insurance brokerage	• MAPFRE PRAICO CORPORATION
AUTOGUARD INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Extended Warranty Contracts	• MAPFRE PRAICO CORPORATION
PROFIT SOLUTIONS INC.	Urb. Tres Monjitas Industrial 297 Avda. Carlos Chardón Hato RE.Y. - San Juan (Puerto Rico)	20.00%	Protection against theft	• MAPFRE PRAICO CORPORATION
DOMINICAN REPUBLIC				
MAPFRE DOMINICANA	Avda. Pedro Ureña Sto. Domingo (Dominican Republic)	-	Securities dealer	• MAPFRE AMÉRICA
MAPFRE DOMINICANA SEGUROS	Avda. Pedro Ureña Sto. Domingo (Dominican Republic)	-	Insurance & Reinsurance	• MAPFRE DOMINICANA
COMPAÑÍA DE SEGUROS PALIC	Avda. Abraham Lincoln, 952 (Dominican Republic)	-	Insurance	• MAPFRE DOMINICANA
URUGUAY				
MAPFRE URUGUAY S.A.	Bulevar Artigas, 459 Montevideo (Uruguay)	-	Insurance	• MAPFRE AMÉRICA
APOINT S.A.	Col. 993 Piso 3 Montevideo (Uruguay)	-	Financial	• MAPFRE AMÉRICA
VENEZUELA				
MAPFRE LA SEGURIDAD S.A.	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	-	Insurance and reinsurance	• MAPFRE AMÉRICA
CEFOPROSEG C.A.	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Training	• MAPFRE LA SEGURIDAD
INVERSORA SEGURIDAD C.A.	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Financing of policies	• MAPFRE LA SEGURIDAD

	Shareholding		Financial year end figures								Consolidation method	
	% in share capital		Assets		Equity		Revenues		Results in financial year			
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	100.0000	100.0000	403,715	364,229	126,006	122,387	126,656	157,203	15,949	14,585	(A)	(A)
	100.0000	100.0000	102,172	80,636	26,582	25,940	29,809	10,153	3,535	3,288	(A)	(A)
	100.0000	100.0000	36,299	36,450	26,172	28,783	5,598	3,343	1,267	3,466	(A)	(A)
	100.0000	100.0000	610	1,431	336	(312)	2,147	2,267	(7)	(96)	(A)	(A)
	100.0000	100.0000	539	738	579	758	42	61	(104)	6	(A)	(A)
	65.4100	65.4100	50,716	51,982	17,351	17,865	66,230	43,724	1,837	(742)	(A)	(A)
	100.0000	-	2,472	-	(279)	-	1,214	-	41	-	(A) (H)	-
	100.0000	-	8,030	-	(509)	-	519	-	193	-	(A) (H)	-
	100.0000	-	339	-	144	-	250	-	39	-	(A) (H)	-
	81.7300	100.0000	14,926	5,556	14,853	2,802	4	446	(334)	(613)	(A)	(A) (G)
	100.0000	100.0000	8,973	5,420	3,191	2,769	14,605	2,764	(872)	(979)	(A)	(A) (G)
	38.3300	-	40,230	-	10,179	-	40,158	-	2,432	-	(C) (H)	-
	100.0000	100.0000	10,542	9,963	2,808	2,967	7,957	7,038	50	42	(A)	(A)
	100.0000	100.0000	4,220	4,992	3,463	3,955	898	907	16	16	(A)	(A)
	99.5159	99.5159	238,044	202,143	93,796	88,686	570,660	475,098	29,433	22,975	(A)	(A)
	100.0000	100.0000	5	5	2	4	71	64	(1)	-	(B)	(B)
	100.0000	100.0000	30,761	25,587	35,815	21,748	8,259	6,875	4,694	4,395	(A)	(A)

Name	Registered Office	Effective tax rate	Activity	Holder
CLUB MAPFRE S.A. (en 2005 CORPORACIÓN SLS 024 C.A.)	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Sale of cemetery plots	• MAPFRE LA SEGURIDAD
INMOBILIARIA 96 C.A.	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Real estate	• MAPFRE LA SEGURIDAD
ESTACIONAMIENTOS EL CHORRO	Calle 3ª Parcela 9 Edif. Seg. La Seguridad Caracas (Venezuela)	34.00%	Property administration	• MAPFRE LA SEGURIDAD
AUTOMOTOR MULTISERVICAR	(Venezuela)	-	Research, training and advisory services	• MAPFRE LA SEGURIDAD
EL SALVADOR				
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
SPAIN				
INVERSIONES PERUANAS S.A.	General Perón, 40 (Madrid) Spain	-	Holding	• MAPFRE AMÉRICA
MAPFRE SOFT S.A.	Ctra.Pozuelo 52 (Majadahonda) Spain	35.00% (1)	IT	• MAPFRE AMÉRICA

Figures in thousands of euros

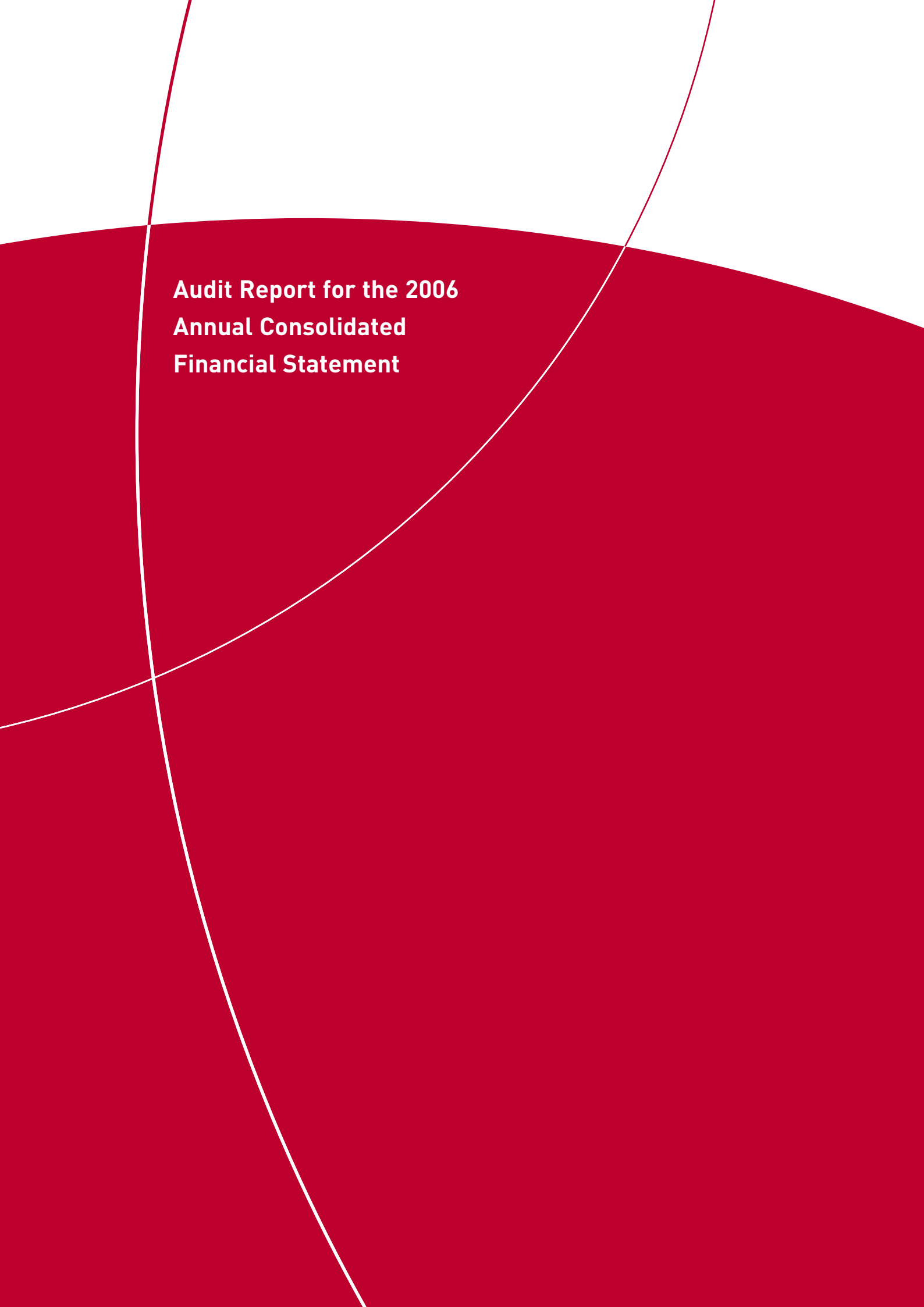
CONSOLIDATION METHOD

- (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) Joint ventures consolidated by the equity method
- (G) Companies joining the consolidation perimeter in financial year 2005
- (H) Companies joining the consolidation perimeter in financial year 2006
- (I) Companies exiting the consolidation perimeter in financial year 2006

FISCAL GROUP

- (1) Company forming part of Fiscal Group number 9/85
- (2) Company forming part of Fiscal Group number 95/02

Shareholding			Financial year end figures									
% in share capital		Assets		Equity		Revenues		Results in financial year		Consolidation method		
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
100.0000	100.0000	425	501	373	402	6	351	4	309	(A)	(A)	
100.0000	100.0000	4	4	6	6	-	-	-	-	(A)	(A)	
100.0000	100.0000	5	6	2	5	-	-	-	(1)	(A)	(A)	
99.70000	-	4	-	4	-	-	-	-	-	(A) (H)	-	
72.8687	72.8607	32,027	45,137	12,460	13,866	16,058	13,236	1,367	1,390	(A)	(A)	
78.6477	78.4965	6,691	7,846	5,132	5,625	544	541	57	134	(A)	(A)	
12.9613	12.9613	10,405	14,013	10,405	14,002	1,295	3,290	(146)	3,168	(C)	(C)	
99.9991	99.9991	3,634	4,164	3,188	3,855	4,398	4,091	575	973	(A)	(A)	

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**Audit Report for the 2006
Annual Consolidated
Financial Statement**

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.
(formerly CORPORACION MAPFRE, S.A.)

1. We have audited the consolidated annual accounts of MAPFRE, S.A. (formerly CORPORACION MAPFRE, S.A.) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2006, 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 2006, those of 2005. The figures corresponding to the previous year differ from those included in the consolidated annual accounts approved for said year. These differences are explained in Note 2.4 of the accompanying consolidated annual accounts. Our opinion refers only to the consolidated annual accounts for 2006. On February 8, 2006 we issued our audit report on the 2005 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 6.25 to the accompanying consolidated annual accounts.

4. In our opinion, the accompanying 2006 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. (formerly CORPORACION MAPFRE, S.A.) and its subsidiaries at December 31, 2006 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, 2006 contains such explanations as the Parent Company's directors consider appropriate concerning the situation of MAPFRE, S.A. (formerly CORPORACION 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, 2006. 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)

Manuel Martínez Pedraza

February 7, 2007



Proposed resolutions

Ordinary general meeting of MAPFRE proposed resolutions

- To approve the Annual Accounts, both individual and consolidated, relating to fiscal year 2006.
- To approve the distribution of profits as proposed by the Board of Directors, and as a result, to pay a total gross dividend of €0.09 per share to those shares numbered from 1 to 1,194,503,530, both inclusive and to pay a gross dividend of €0.05 to those shares numbered 1,194,503,531 to 2,275,324,163, both inclusive. Part of this dividend, in the amount of €0.04 gross per share, was advanced to those shares numbered from 1 to 1,194,503,530, both inclusive under a resolution of the Board of Directors passed on 26th October 2006, and the remainder, up to the approved total, €0.05 per share gross to all shares, numbered from 1 to 2,275,324,163, both inclusive, will be paid as from 4th May 2007.
- To approve the management of the Board of Directors during fiscal year 2006.
- To re-elect Board Members Mr. José Manuel Martínez Martínez, Mr. Alberto Manzano Martos, Mr. Francisco Ruiz Risueño, Mr. Luis Hernando de Larramendi Martínez, Mr. Manuel Lagares Calvo, Mr. Antonio Miguel-Romero de Olano, Mr. Alfonso Rebuella Badías and Mr. José Manuel González Porro, for a period of four years.

Establish the fixed retribution for non-executive directors who are members of the Board of Directors in the amount of €40,000 gross, with effect from 1st January 2007. This amount will be applicable for the entire year 2007 and will be revised in subsequent years in the same percentage as the general salary revision for the personnel of the group. This amount will be increased by 50% for those individuals who occupy the position of Chairman or Vice-Chairman of the Board of Directors or the Chairmanship of an Executive Committee (non executives), excluding any cumulative increases should an individual occupy various positions.

The retribution paid to the members of the Commissions and Executive Committees will consist of an allowance for attending each meeting, which in 2007 will be fixed in the amount of 4,000 Euros gross in the case of the Executive Commission, and 3,500 Euros gross in the case of the other Committees, which will be revised annually in the same terms as mentioned in the previous paragraph. When joint meetings of one or more committees are held, only one allowance will be paid.

The proposals for re-election and revision of allowances have the prior approval of the Appointments and Remuneration Committee.

- To renew the appointment of the firm Ernst & Young, S.L. as Auditors of the company's accounts, both for the Individual Financial Statements and for the Consolidated Accounts, should the company be under an obligation to provide such accounts or decide to do so voluntarily, for a period of one year, that is for fiscal year 2007, notwithstanding that said appointment may be revoked by the Shareholders' Meeting prior to the end of this period, should there be a justifiable cause.
- To delegate the widest powers to the Chairman of the Board of Directors, Mr. José Manuel Martínez Martínez, the Vice-Chairmen Mr. Alberto Manzano Martos and Mr. Domingo Sugranyes Bickel, and the Secretary to the Board, Mr. José Manuel González Porro, so that they may execute the aforementioned resolutions and register them through public deed where necessary, and to adapt them, should the delegates deem this to be pertinent, to conform to any observations made by the Registrar of Companies.
- To thank all those involved in the management of the company for their loyal cooperation during this fiscal year.





**Corporate
Governance Report**

A. OWNERSHIP STRUCTURE

A.1. Share capital

Date last modified	Share capital (€)	Number of shares
27-04-2006	119,450,353.00	1,194,503.530

All shares are of the same class.

A.2. Significant participations as at the end of the year, excluding directors

Name or corporate name of shareholder	Number of direct shares	Number of indirect shares (*)	% of total share capital
FUNDACIÓN MAPFRE	0	661,074,885	55.343

(*) Through:

Name or corporate name of the direct holder of the participation	Number of direct shares	% of total share capital
CARTERA MAPFRE, S.L.	659,019,465	55.171
MAPFRE AUTOMÓVILES	2,055,420	0.172
Total:	661,074,885	55.343

MOST SIGNIFICANT MOVEMENTS IN THE SHAREHOLDER STRUCTURE OCCURRING DURING THE YEAR

Name or corporate name of shareholder	Date of transaction	Description of the transaction
CARTERA MAPFRE, S.L.	14-06-2006	55% of the share capital has been exceeded
MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA	14-06-2006	55% of the share capital has been reduced

A.3. Members of the Board of Directors of the company who hold shares in the company

Name or corporate name of shareholder	Date first appointed	Date last re-appointed	Number of direct shares	Number of indirect shares (*)	% of total share capital
Mr. FRANCISCO RUIZ RISUEÑO	12-3-2003	29-3-2003	50	0	0.000
Mr. DOMINGO SUGRANYES BICKEL	23-4-1988	6-3-2004	50,000	0	0.004
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	17-4-1999	29-3-2003	500	0	0.000
Mr. ANDRÉS JIMÉNEZ HERRADÓN	29-12-2006	29-12-2006	11,850	0	0.001
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	17-4-1999	29-3-2003	0	1,980	0.000
Mr. AGUSTÍN RODRÍGUEZ GARCÍA	29-12-2006	29-12-2006	2,000	0	0.000
Mr. MATÍAS SALVÁ BENNASAR	29-12-2006	29-12-2006	0	194,030	0.016
Mr. FRANCISCO VALLEJO VALLEJO	29-12-2006	29-12-2006	15,000	0	0.001

(*) Through:

Name or corporate name of the direct holder of the participation	Number of direct shares.
Mrs. LUZ RUFAS MÁRQUEZ DE ACUÑA	1,980
MUFTI, S.L.	125,000
Mrs. MARGARITA ROSELLÓ BARBERÁ	49,320
Mrs. ISABEL SALVÁ ROSELLÓ	19,710
Total:	196,010
% of total share capital held by the board of directors	0,022

No members of the Board of Directors of the company hold options on shares in the company.

A.4. Relationships between significant shareholders

There are no relationships of a family, commercial, contractual, or corporate nature between the holders of the significant shareholdings, which the company is aware of.

A.5. Relationships of a commercial, contractual, or corporate nature existing between the holders of significant shareholdings and the company

Name or corporate name of related party	Type of relationship	Brief description
CARTERA MAPFRE, S.L.	Corporate	CARTERA MAPFRE IS THE COMPANY'S MAJORITY SHAREHOLDER

A.6. Shareholders agreements which have been notified to the company

None.

MEASURES AGREED AMONGST THE SHAREHOLDERS KNOWN BY THE COMPANY

None.

A.7. Individual or legal entity exercising control over the company pursuant to Article 4 of the Securities Market Act

Name or corporate name
FUNDACIÓN MAPFRE

A.8. Treasury stock

None, and none has existed throughout the financial year.

A.9. Authorizations from the General Meeting to the Board of Directors in order to carry out the acquisitions or transfers of own shares described in section A.8

The company has neither treasury stock nor authority in force from the General Meeting to the Board of Directors to perform transactions with treasury stock.

A.10. Legal or by-law restrictions on the exercise of the right to vote, or on the acquisition or transfer of participations in the share capital

There are no restrictions on the acquisition or transfer of participations in the share capital. There are no restrictions on the right to vote, given that each share gives a right to one vote. However, pursuant to the company by-laws, in order to attend the General Meeting, a minimum of 1,500 shares is required, registered at the corresponding Account Ledger at least five days prior to the date the meeting is to be held. Shareholders holding fewer shares may pool them in order to reach the said number, appointing a representative from amongst the pool.

B. STRUCTURE OF THE ADMINISTRATION OF THE COMPANY

B.1. Board of Directors

B.1.1. MAXIMUM AND MINIMUM NUMBERS OF DIRECTORS ALLOWED IN THE BY-LAWS

Maximum number of directors	24
Minimum number of directors	5

B.1.2. MEMBERS OF THE BOARD OF DIRECTORS

Name or corporate name of the director	Position on the board	Date first appointed	Date last appointed	Election procedure
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Chairman	28-5-1987	29-3-2003	General Meeting
Mr. ALBERTO MANZANO MARTOS	1st Vice Chairman	28-5-1987	29-3-2003	General Meeting
Mr. FRANCISCO RUIZ RISUEÑO	2nd Vice Chairman	12-3-2003	29-3-2003	General Meeting
Mr. FILOMENO MIRA CANDEL	3rd Vice Chairman	27-6-1981	27-4-2006	General Meeting
Mr. DOMINGO SUGRANYES BICKEL	4th Vice Chairman	23-4-1988	6-3-2004	General Meeting
Mr. SANTIAGO GAYARRE BERMEJO	5th Vice Chairman	12-5-1989	26-2-2005	General Meeting
Mr. RAFAEL BECA BORREGO	Director	29-12-2006	29-12-2006	General Meeting
Mr. RAFAEL FONTOIRA SURIS	Director	29-12-2006	29-12-2006	General Meeting
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Director	17-4-1999	29-3-2003	General Meeting
Mr. SEBASTIÁN HOMET DUPRÁ	Director	29-12-2006	29-12-2006	General Meeting
Mr. ANTONIO HUERTAS MEJÍAS	Director	29-12-2006	29-12-2006	General Meeting
Mr. LUIS ITURBE SANZ DE MADRID	Director	6-3-2004	6-3-2004	General Meeting
Mr. ANDRÉS JIMÉNEZ HERRADÓN	Director	29-12-2006	29-12-2006	General Meeting
Mr. MANUEL JESÚS LAGARES CALVO	Director	17-04-1999	29-03-2003	General Meeting
Mr. RAFAEL MÁRQUEZ OSORIO	Director	29-12-2006	29-12-2006	General Meeting
Mrs. M ^a . FRANCISCA MARTÍN TABERNERO	Director	29-12-2006	29-12-2006	General Meeting
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Director	17-4-1999	29-3-2003	General Meeting
Mr. ALFONSO REBUELTA BADÍAS	Director	17-4-1999	29-3-2003	General Meeting
Mr. AGUSTÍN RODRÍGUEZ GARCÍA	Director	29-12-2006	29-12-2006	General Meeting
Mr. MATÍAS SALVÁ BENNASAR	Director	29-12-2006	29-12-2006	General Meeting
Mr. FRANCISCO VALLEJO VALLEJO	Director	29-12-2006	29-12-2006	General Meeting
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	Director-Secretary	17-4-1999	29-3-2003	General Meeting

Total number of directors

22

Resignations from the Board of Directors that have taken place during the period

Name or corporate name of the director	Date of resignation
Mr. DIETER GÖBEL BRÜCKNER	19-1-2006
Mr. CARLOS ÁLVAREZ JIMÉNEZ	29-5-2006
Mr. RICARDO BLANCO MARTÍNEZ	29-12-2006
Mr. VÍCTOR BULTÓ MILLET	29-12-2006
Mr. JUAN FERNÁNDEZ-LAYOS RUBIO	29-12-2006
Mr. RAFAEL GALARRAGA SOLORES	29-12-2006

B.1.3. STATUS OF THE MEMBERS OF THE BOARD OF DIRECTORS

Executive Directors

Name or corporate name of the director	Committee that proposed appointment	Office held in the Company's organizational structure
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Appointments and Remuneration Committee	Chairman
Mr. ALBERTO MANZANO MARTOS	Appointments and Remuneration Committee	1st Vice Chairman
Mr. FILOMENO MIRA CANDEL	Appointments and Remuneration Committee	3rd Vice Chairman
Mr. DOMINGO SUGRANYES BICKEL	Appointments and Remuneration Committee	4th Vice Chairman
Mr. SANTIAGO GAYARRE BERMEJO	Appointments and Remuneration Committee	5th Vice Chairman
Mr. ANTONIO HUERTAS MEJÍAS	Appointments and Remuneration Committee	Director
Mr. ANDRÉS JIMÉNEZ HERRADÓN	Appointments and Remuneration Committee	Director
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	Appointments and Remuneration Committee	Director-Secretary

External Directors in representation of Shareholder interests

Name or corporate name of the director	Committee that proposed appointment	Name or corporate name of the significant shareholder represented or that proposed appointment
Mr. FRANCISCO RUIZ RISUEÑO	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.
Mr. LUIS HERNANDO DE LARRAMENDI	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.
Mr. SEBASTIÁN HOMET DUPRÁ	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.
Mr. RAFAEL MÁRQUEZ OSORIO	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.
Mr. ALFONSO REBUelta BADÍAS	Appointments and Remuneration Committee	CARTERA MAPFRE, S.L.

Independent external Directors

Name or corporate name of the director	Committee that proposed appointment	Profile
Mr. RAFAEL BECA BORREGO	Appointments and Remuneration Committee	Commercial Law Expert. Chairman of a number of real-estate and farming entities.
Mr. RAFAEL FONTOIRA SURIS	Appointments and Remuneration Committee	Senior Architect. Head Architect of the Galicia Regional Government for 30 years. Member of the Artistic Heritage Committee.
Mr. LUIS ITURBE SANZ DE MADRID	Appointments and Remuneration Committee	Bachelor of Law. Director of the Madrid Stock Exchange until 2003. Director of BBVA until 2002.
Mr. MANUEL JESÚS LAGARES CALVO	Appointments and Remuneration Committee	Doctor of Economic Science. Professor of Public Taxation and State Tax Inspector (on leave).
Mrs. M ^a . FRANCISCA MARTÍN TABERNERO	Appointments and Remuneration Committee	Vice Dean of the Pontificia University of Salamanca. Professor of Statistics. Doctor of Psychology and Bachelor of History.
Mr. AGUSTÍN RODRÍGUEZ GARCÍA	Appointments and Remuneration Committee	Notary of the Illustrious College of Notaries of Madrid.
Mr. MATÍAS SALVÁ BENNASAR	Appointments and Remuneration Committee	Professional lawyer. Head of Legal Department and Delegate of the Mutua Balear. Legal Adviser to Previsión Balear and to its Foundation.
Mr. FRANCISCO VALLEJO VALLEJO	Appointments and Remuneration Committee	Bachelor of Economic Science. Diploma in Business Organization and General Business Management. Chairman of Banco Urquijo. Director of Bancsabadell Vida. Director of Bancsabadell Pensiones.

There are no other external directors apart from those in representation of shareholder interests and independents.

The following variations in the typology of the directors have taken place during the period

Name or corporate name of the director	Date of change	Previous office	Current office
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	31-12-2006	External Director in representation of shareholder interests	Executive Director
Mr. ALBERTO MANZANO MARTOS	31-12-2006	External Director in representation of shareholder interests	Executive Director
Mr. FILOMENO MIRA CANDEL	31-12-2006	External Director in representation of shareholder interests	Executive Director
Mr. SANTIAGO GAYARRE BERMEJO	31-12-2006	External Director in representation of shareholder interests	Executive Director
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	31-12-2006	External Director in representation of shareholder interests	Executive Director

B.1.4. CLASSIFICATION OF THE DIRECTORS AND BOARD REGULATIONS

The classification of the directors set forth above corresponds with the definitions provided for in the Board Regulations.

B.1.5. POWERS OF THE CHIEF EXECUTIVE OFFICER

There is no Chief Executive Officer as at 31.12.06.

B.1.6. BOARD MEMBERS WHO ACCEPT POSITIONS AS ADMINISTRATORS OR DIRECTORS AT OTHER COMPANIES FORMING PART OF THE COMPANY'S GROUP

Name or corporate name of the director	Corporate name of the group entity	Office
Mr. ALBERTO MANZANO MARTOS	MAPFRE-CAJA MADRID HOLDING	Chairman
	MAPFRE VIDA	Director
Mr. FRANCISCO RUIZ RISUEÑO	MAPFRE RE	Director
	MAPFRE VIDA	Director
Mr. FILOMENO MIRA CANDEL	MAPFRE EMPRESAS	Chairman
	MAPFRE-CAJA MADRID HOLDING	Director
	MAPFRE VIDA	Director
Mr. DOMINGO SUGRANYES BICKEL	MAPFRE AMÉRICA	Director
	MAPFRE AMÉRICA VIDA	Director
	MAPFRE ASISTENCIA	Director
	MAPFRE-CAJA MADRID HOLDING	Director
	MAPFRE CAJA SALUD	Director
	MAPFRE INMUEBLES	Director
	MAPFRE RE	Director
Mr. SANTIAGO GAYARRE BERMEJO	MAPFRE AMÉRICA	Chairman
	MAPFRE AMÉRICA VIDA	Chairman
	MAPFRE-CAJA MADRID HOLDING	Director
	MAPFRE VIDA	Director
Mr. RAFAEL BECA BORREGO	MAPFRE AMÉRICA	Vice Chairman
	MAPFRE AMÉRICA VIDA	Vice Chairman
	MAPFRE SEGUROS GENERALES	Director
Mr. RAFAEL FONTOIRA SURIS	MAPFRE INMUEBLES	Vice Chairman
	MAPFRE VIDA	Director
Mr. SEBASTIÁN HOMET DUPRÁ	MAPFRE AMÉRICA	Director
	MAPFRE AMÉRICA VIDA	Director
	MAPFRE CAJA SALUD	Director
Mr. ANTONIO HUERTAS MEJÍAS	MAPFRE SEGUROS GENERALES	Director
Mr. ANDRÉS JIMÉNEZ HERRADÓN	MAPFRE RE	Chairman
	MAPFRE INTERNACIONAL	Chairman
	MAPFRE AMÉRICA	Director
	MAPFRE AMÉRICA VIDA	Director
Mr. MANUEL JESÚS LAGARES CALVO	MAPFRE VIDA	Director
Mr. RAFAEL MÁRQUEZ OSORIO	MAPFRE AMÉRICA	Director
	MAPFRE AMÉRICA VIDA	Director
Mrs. M ^a . FRANCISCA MARTÍN TABERNERO	MAPFRE VIDA	Director
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA	Vice Chairman
	MAPFRE-CAJA MADRID HOLDING	Director
	MAPFRE INMUEBLES	Director
	MAPFRE VIDA	Director
Mr. ALFONSO REBUelta BADÍAS	MAPFRE EMPRESAS	Vice Chairman
	MAPFRE AMÉRICA	Director
	MAPFRE AMÉRICA VIDA	Director
Mr. AGUSTÍN RODRÍGUEZ GARCÍA	MAPFRE RE	Director
Mr. MATÍAS SALVÁ BENNASAR	MAPFRE RE	Vice Chairman
	MAPFRE SEGUROS GENERALES	Vice Chairman
	MAPFRE EMPRESAS	Director
Mr. FRANCISCO VALLEJO VALLEJO	MAPFRE SEGUROS GENERALES	Director
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	MAPFRE INMUEBLES	Director

B.1.7. DIRECTORS WHO ARE MEMBERS OF THE BOARD OF DIRECTORS OF OTHER LISTED COMPANIES UNRELATED TO THE GROUP

As far as the company is aware, none of its directors is a member of the Board of Directors of another listed company.

B.1.8. DIRECTORS' AGGREGATE REMUNERATION EARNED DURING THE YEAR

a) In the company that is the subject of this report:

Remuneration item	Data in thousands of euros
Fixed remuneration	495
Variable remuneration	457
Allowances	159
Gratuities allowed in by-laws	0
Stock options and/or other financial instruments	0
Other	263
TOTAL	1,374

Other benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension Funds and Plans: Contributions	21
Pension Funds and Plans: Obligations undertaken	0
Life assurance premiums	997
Guarantees created by the company in favour of the directors	0

b) For membership by the directors of the company to other boards of directors and/or to the senior management of group companies:

Remuneration item	Data in thousands of euros
Fixed remuneration	0
Variable remuneration	0
Allowances	137
Gratuities allowed in by-laws	0
Stock options and/or other financial instruments	0
Other	346
TOTAL	483

Other benefits	Data in thousands of euros
Advances	0
Loans granted	0
Pension Funds and Plans: Contributions	0
Pension Funds and Plans: Obligations undertaken	0
Life assurance premiums	0
Guarantees created by the company in favour of the directors	0

c) Total remuneration by director typology:

Director typology	By company	By group
Executives	970	0
External in representation of shareholder interests	321	338
External Independents	83	145
Other external	0	0
TOTAL	1,374	483

Figures in thousands of euros

d) With regard to the profits attributed to the parent company:

Total directors' remuneration (in thousands of euros)	1,857
Total directors' remuneration / profits attributed to the parent company (expressed as a %)	0.563%

B.1.9. SENIOR MANAGEMENT MEMBERS WHO ARE NOT ALSO EXECUTIVE DIRECTORS AND TOTAL REMUNERATION EARNED IN THEIR FAVOUR DURING THE YEAR

None.

B.1.10. GUARANTEE OR PROTECTION CLAUSES IN THE EVENT OF DISMISSAL OR CHANGES OF CONTROL IN FAVOUR OF THE MEMBERS OF THE SENIOR MANAGEMENT, INCLUDING THE EXECUTIVE DIRECTORS, OF THE COMPANY OR ITS GROUP

Number of beneficiaries	8
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	Board of Directors	General Meeting
Body authorizing the clauses	X	

	YES	NO
Is the General Meeting informed of the clauses?	X	

B.1.11. PROCESS FOR ESTABLISHING THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to the provisions of Article 17 of the company by-laws, the remuneration of the directors is as follows:

- o In 2006 the basic remuneration of external directors consisted in a fixed annual sum for membership of the Board of Directors, in the amount of €25,575. The said amount has been increased by 35% in the case of persons who hold a position within the Board of Directors or who chair a Committee thereof, but without the possibility of accumulating increases where one person holds more than one such position. External directors who are Committee members have also received an allowance of €2,625 for attending meetings.

- Notwithstanding the foregoing, external directors have, in addition, a life assurance policy in the event of death, with an insured capital sum of €150,253.03 in 2006, and they enjoy some of the benefits conferred to staff, such as illness insurance.
- Executive directors (both those who perform executive functions at the company itself and those who do so at other MAPFRE companies) have received the remuneration laid down in their contracts, which includes a fixed salary, incentives of variable amounts linked to results, life assurance and incapacity insurance, and other considerations provided for in general terms for company staff; in addition they are entitled to certain pension complements upon retirement, externalized by way of a life assurance policy, all of which is within the remuneration policy established at MAPFRE for its senior management, whether or not they are directors.
- In contrast, executive directors have not received the remuneration established for external directors.
- The basic remuneration for external directors is approved by the General Meeting following a proposal by the Board of Directors, with a prior report by the Appointments and Remuneration Committee. The remuneration of executive directors and allowances for attending meetings for external Committee members, are approved by the Board of Directors, following a report by the said Committee.

B.1.12. BOARD MEMBERS WHO ARE ALSO MEMBERS OF THE BOARD OF DIRECTORS OR DIRECTORS OF COMPANIES HOLDING SIGNIFICANT PARTICIPATIONS IN THE LISTED COMPANY AND/OR IN GROUP COMPANIES

Name or corporate name of the director	Name or corporate name of the significant shareholder	Position
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	CARTERA MAPFRE, S.L.	Chairman
Mr. FILOMENO MIRA CANDEL	CARTERA MAPFRE, S.L.	Vice Chairman
Mr. SANTIAGO GAYARRE BERMEJO	CARTERA MAPFRE, S.L.	Director
Mr. ALBERTO MANZANO MARTOS	CARTERA MAPFRE, S.L.	Director
Mr. DOMINGO SUGRANYES BICKEL	CARTERA MAPFRE, S.L.	Director
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	CARTERA MAPFRE, S.L.	Director-Secretary

Relevant relationships, other than those referred to in the previous section, of the members of the Board of Directors linking them to the significant shareholders and/or at companies of the same Group:

Name or corporate name of the director	Name or corporate name of the significant shareholder	Description of relationship

B.1.13. AMENDMENTS INTRODUCED TO THE BOARD REGULATIONS DURING THE YEAR

The Board of Directors Regulations currently in force were approved by the Board at its meeting held on 20th July 2005, after amending them in order to comply with the new version of the MAPFRE Code of Good Governance, formally adopted by the company on the same date, and which were reported to the shareholders at the General Meeting held on 27th April 2006. The said Regulations are available on the company's website www.mapfre.com, at the official records of the Spanish Securities Market Commission (CNMV), and are recorded at the Company Registrar in Madrid.

B.1.14. PROCEDURES FOR THE APPOINTMENT, RE-ELECTION, AND REMOVAL OF DIRECTORS

Those persons to whom the position of director of MAPFRE, S.A., or a subsidiary company, is offered, must make a Prior Declaration that is both true and complete of his/her relevant personal, family, professional, or business circumstances, with particular reference to those that may give rise to a situation of incompatibility according to law, the by-laws, and the provisions of the Code of Good Governance, or to a situation of conflict of interests. The said declaration shall be made using the models that MAPFRE has established for this purpose, and shall include an express acceptance of the rules contained in the chapter of the said Code, relating to the rights and duties of directors.

Those persons who hold the position of director must be of renowned integrity in their professional and commercial activities, as well as having the necessary professional qualifications or experience, in the same terms as required by law for financial institutions or insurers, subject to supervision by the Public Authorities.

In particular, persons who hold significant shareholdings in companies belonging to financial groups, other than that of the Company and its subsidiaries, may not be members of the Board of Directors, nor may those who are board members, directors, or employees of such companies or who act at the service or on behalf of them, except where their appointment follows from a proposal of the Board of Directors itself, and, taken as a whole, they do not represent more than twenty per cent of the total number of directors.

The proposal of candidates to the General Meeting by the Board of Directors, and the decisions the said Meeting takes with regard to the appointment of directors, shall be preceded by the proposal of the Company's Appointments and Remuneration Committee.

Proposals for the re-election of directors shall be subject to a process that will necessarily include, as a part thereof, a report issued by the Appointments and Remuneration Committee, which shall assess the quality of the work carried out and the dedication to the position that the directors whose re-election is proposed have shown.

In the case of the re-election of a director holding a position on the Board (Chairman, Vice Chairman, or Secretary), the said report shall include an assessment of the performance of the said position so that the Board may have a say with regard to his/her re-election.

If the Board of Directors should disagree with the proposals of the Committee, it should give reasons for its decision, which should be recorded in the corresponding minutes.

B.1.15. SITUATIONS WHERE DIRECTORS ARE UNDER A DUTY TO RESIGN

In accordance with the provisions of the company by-laws, all members of the Board of Directors shall retire at the age of 70. The Executive Vice Chairman, the Managing Director, and the Secretary to the Board shall retire from the said positions at the age of 65, or on the prior date provided for in their respective contracts, but they may continue to be members of the Board without executive functions.

Board members must place any positions they hold, both their directorship and any position they may hold on Committees, at the disposal of the Board of Directors, and submit their corresponding resignations, where the Board should consider this appropriate, in the following cases:

- Where they cease to hold the executive positions to which their appointment as a member of the said governing body was linked.
- Where they should incur in any of the situations of incompatibility or prohibition provided for by law.
- Where they should be charged with an alleged crime or should be the subject of disciplinary proceedings for a serious or very serious offence, conducted by the supervisory authorities.
- Where they are the subject of a serious reprimand by the Compliance Committee for having infringed their duties as directors.
- Where their continued presence on the said governing bodies could put the interests of the Company at risk.
- Where the reasons for their appointment, should such expressly exist, disappear.

B.1.16. CHIEF EXECUTIVE OF THE COMPANY. IS THIS POSITION HELD BY THE CHAIRMAN OF THE BOARD?

YES NO

It is considered that there is no risk of excessive concentration of power given the collective nature of decision-taking, commenced within the Board’s delegated bodies; and the participation of the main senior executives on the Board of Directors.

B.1.17. REINFORCED MAJORITIES, OTHER THAN THOSE REQUIRED BY LAW FOR DECISION-TAKING

There are none on the Board

B.1.18. SPECIFIC REQUIREMENTS TO BE APPOINTED CHAIRMAN

There are no requirements different from those relating to board members.

B.1.19. DOES THE CHAIRMAN HAVE A CASTING VOTE?

YES NO

Matters on which there exists a casting vote
The Chairman has a casting vote in the event of a tie.

B.1.20. LIMITS ON THE AGE OF DIRECTORS

YES NO

Maximum age of Chairman	70
Maximum age of Managing Director	65
Maximum age for Directors	70

B.1.21. LIMIT ON MANDATE OF INDEPENDENT DIRECTORS

YES NO

B.1.22. FORMAL PROCESSES FOR VOTING BY PROXY IN FAVOUR OF THE BOARD OF DIRECTORS

There are no formal processes for delegating votes by proxy in favour of the Board of Directors

B.1.23. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS DURING THE YEAR

Number of Board meetings	10
Number of Board meetings without the attendance of the Chairman	0

Number of meetings of the various board committees during the year

Number of meetings of the Executive Committee	3
Number of meetings of the Audit Committee	5
Number of meetings of the Appointments and Remuneration Committee	3
Number of meetings of the Strategy and Investment Committee.	0
Number of meetings of the Compliance Committee.	2

B.1.24. CERTIFICATION OF THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS SUBMITTED FOR THE APPROVAL OF THE BOARD

YES NO

Persons who have certified the Company's individual and consolidated annual accounts, for their formulation by the Board

Name	Position
Mr. DOMINGO SUGRANYES BICKEL	4th VICE CHAIRMAN
Mr. JOSÉ MANUEL MURIES NAVARRO	DIRECTOR-GENERAL OF INTERNAL AUDITING
Mr. CARLOS BARAHONA TORRIJOS	ADMINISTRATION DIRECTOR

B.1.25. MECHANISMS ESTABLISHED BY THE BOARD OF DIRECTORS IN ORDER TO AVOID THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS IT FORMULATES FROM BEING PRESENTED BEFORE THE GENERAL MEETING, WITH A QUALIFIED AUDIT REPORT

The company has never presented the accounts with a qualified audit report.

The company can count on the Auditing Directorate-General and the Legal Affairs Directorate-General, which supervise the annual accounts in their different aspects, as well as on the MAPFRE Auditing Committee, created for this purpose as a delegated body of the Board, with supervisory powers in this matter as from financial year 2000.

As established by the MAPFRE Code of Good Governance, the Board of Directors shall seek to formulate the accounts definitively, such that there is no possibility of qualification by the External Auditors. However, where the Board should consider that its criterion ought to prevail, it shall explain the content and scope of the discrepancy publicly.

B.1.26. MEASURES ADOPTED SO THAT THE INFORMATION DISTRIBUTED TO THE SECURITIES MARKETS IS TRANSMITTED FAIRLY AND SYMMETRICALLY

The Internal Code of Conduct for listed securities issued by the Company sets out the rules and procedures relating to the distribution of relevant information, by way of communication by the company representatives, first to the Spanish Securities Exchange Commission (CNMV), and then to the market, via the website and by any other means of communication considered appropriate or required by law.

B.1.27. IS THE SECRETARY TO THE BOARD A BOARD MEMBER?

YES NO

B.1.28. MECHANISMS ESTABLISHED BY THE COMPANY IN ORDER TO ENSURE THE INDEPENDENCE OF THE AUDITOR, OF THE FINANCIAL ANALYSTS, OF THE INVESTMENT BANKS, AND OF THE RATING AGENCIES

In addition to the requirements of the legal provisions, the company has decided to voluntarily propose compliance with a series of general guidelines which, in a clear and precise form, seek to achieve and maintain the necessary independence of the external auditors with regard thereto, as is encouraged by the MAPFRE Code of Good Governance, which lays down the following criteria for its Boards of Directors, in their relations with the external auditors:

- The relations of the Board of Directors with the Company's External Auditors shall be channelled through the Audit Committee.
- The Board of Directors shall refrain from contracting those auditing firms which receive, or are set to receive, annual fees from the MAPFRE Group which, as a whole, amount to more than 5% of their total annual revenues.
- The Board of Directors shall provide information in the annual public documents of the total fees that the Company and its consolidated Group have paid to the auditing firm for services other than auditing.

Without prejudice to the powers and functions of the Audit Committee specified in the by-laws and in the company's Board of Directors Regulations, it shall be informed, at least half-yearly, of all services provided by the external auditor and the fees pertaining thereto.

Likewise, the Audit Committee shall evaluate the Accounts Auditor, the scope of the audit, and the independence of the external auditor annually, considering whether or not the quality of the auditing controls are adequate and whether or not the services provided, other than Accounts Auditing are compatible with the independence of the auditor being maintained.

In accordance with the provisions of the Internal Code of Conduct on listed securities issued by the Company, which sets forth the procedures with regard to the distribution of relevant information, analysts are not supplied with any information that is not public.

B.1.29. TASKS OTHER THAN AUDITING PERFORMED BY THE EXTERNAL AUDITOR FOR THE COMPANY OR ITS GROUP

	Company	Group	Total
Sum for tasks other than those of auditing (thousands of euros)	0	874	874
Sum for tasks other than those of auditing / total sum invoiced by the auditing firm (as %)	0.000	22.560	22.560

B.1.30. NUMBER OF CONSECUTIVE YEARS THAT THE CURRENT AUDITING FIRM HAS BEEN AUDITING THE ANNUAL ACCOUNTS OF THE COMPANY AND/ OR ITS GROUP. PERCENTAGE THAT THE NUMBER OF YEARS AUDITED BY THE CURRENT FIRM REPRESENTS AS REGARDS THE TOTAL NUMBER OF YEARS IN WHICH THE ANNUAL ACCOUNTS HAVE BEEN AUDITED

	Company	Group
Number of consecutive years	17	17

	Company	Group
Number of years audited by the current firm of auditors / Number of years that the company has been audited (as %)	100%	100%

B.1.31. PARTICIPATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY, IN THE SHARE CAPITAL OF COMPANIES THAT HAVE THE SAME, SIMILAR, OR COMPLEMENTARY TYPE OF ACTIVITY TO THAT CONSTITUTING THE CORPORATE OBJECTS, BOTH OF THE COMPANY AND OF ITS GROUP, WHICH HAVE BEEN NOTIFIED TO THE COMPANY

Name or corporate name of the director	Name of the subject company	% participation	Position
Mr. ALBERTO MANZANO MARTOS	BBVA	0.000	—
	ABN AMRO	0.000	—
	BANCO ESPAÑOL DE CRÉDITO	0.000	—
	ING	0.000	—
	BANCO POPULAR ESPAÑOL	0.000	—
	BSCH	0.000	—
Mr. DOMINGO SUGRANYES BICKEL	MÜNCHENER RUCK	0.000	—
	AEGON NV	0.000	—
	AXA	0.000	—
	FORTIS	0.000	—
	ING	0.000	—
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	METROVACESA	0.000	—
	BSCH	0.000	—
	BBVA	0.000	—
Mr. FRANCISCO VALLEJO VALLEJO	BANCO URQUIJO, S.A.	0.000	Chairman
	BANCSABADELL VIDA	0.000	Director
	BANCSABADELL PENSIONES	0.000	Director

B.1.32. PROCEDURE SO THAT BOARD MEMBERS MAY HAVE ACCESS TO EXTERNAL ADVICEYES NO **Details of the procedure**

In accordance with the provisions of the MAPFRE Code of Good Governance and with the aim of receiving assistance in the performance of their functions, external board members may apply for the instruction, chargeable to the company, of legal advisers, accountants, financial experts, or other experts. Their instruction must necessarily relate to specific problems of certain relevance and complexity arising in the performance of the position.

The decision to instruct such professionals must be communicated to the Company Chairman and may be vetoed by the Board of Directors, where the following is demonstrated:

- a) That it is not necessary for the proper performance of the functions to be performed by the external directors.
- b) That the cost is not reasonable, in view of the relevance of the problem and the assets and revenues of the company.
- c) That the technical assistance that is sought may be adequately provided by the experts and technicians of the company itself.

B.1.33. PROCEDURE SO THAT DIRECTORS MAY RECEIVE THE INFORMATION THEY NEED IN ORDER TO PREPARE FOR MEETINGS SUFFICIENTLY IN ADVANCEYES NO **Details of the procedure**

The documents should in general terms be sent at least three full days in advance. In particular, where the documents are sent, to be delivered on a Friday or on the eve of a public holiday, it should be ensured that the delivery is made during the morning of the said day, prior to 12 noon.

This aspect is the subject of specific examination by the Board of Directors of the company at its annual self-assessment session, which receives the report of the Compliance Committee, which is in turn responsible for controlling the effectiveness of the procedure provided for

B.1.34. LIABILITY INSURANCE IN FAVOUR OF THE COMPANY DIRECTORSYES NO

B.2. Committees of the Board of Directors

B.2.1. LIST

Name of body	No. of members	Functions
Executive Committee	10	Co-ordination and supervision of the management of the company and its subsidiaries in their strategic and operational aspects.
Audit Committee	7	Verification of the financial information, proposal of appointment of the external auditor, and supervision of Internal Auditing.
Appointments and Remuneration Committee	7	Co-ordinated development of the appointment and remuneration policy for senior representative and managerial positions at the company.
Compliance Committee	5	Supervision of the proper application of the rules of good governance applicable to the company.

B.2.2. BREAKDOWN OF THE COMMITTEES OF THE BOARD OF DIRECTORS AND THEIR MEMBERS

Executive Committee

Name	Position
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Chairman
Mr. ALBERTO MANZANO MARTOS	1st Vice Chairman
Mr. FRANCISCO RUIZ RISUEÑO	2nd Vice Chairman
Mr. FILOMENO MIRA CANDEL	3rd Vice Chairman
Mr. DOMINGO SUGRANYES BICKEL	Member
Mr. SANTIAGO GAYARRE BERMEJO	Member
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Member
Mr. ANTONIO HUERTAS MEJÍAS	Member
Mr. ANDRÉS JIMÉNEZ HERRADÓN	Member
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	Member-Secretary

Audit Committee

Name	Position
Mr. MANUEL JESÚS LAGARES CALVO	Chairman
Mr. DOMINGO SUGRANYES BICKEL	Vice Chairman
Mr. RAFAEL BECA BORREGO	Member
Mr. SEBASTIÁN HOMET DUPRÁ	Member
Mr. LUIS ITURBE SANZ DE MADRID	Member
Mr. ANTONIO MIGUEL-ROMERO DE OLANO	Member
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	Member-Secretary

Appointments and Remuneration Committee

Name	Position
Mr. JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	Chairman
Mr. ALBERTO MANZANO MARTOS	1st Vice Chairman
Mr. FRANCISCO RUIZ RISUEÑO	2nd Vice Chairman
Mr. LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	Member
Mr. ALFONSO REBUelta BADÍAS	Member
Mr. MATÍAS SALVÁ BENNASAR	Member
Mr. FRANCISCO VALLEJO VALLEJO	Member
Mr. JOSÉ MANUEL GONZÁLEZ PORRO	Secretary and non Member

Compliance Committee

Name	Position
Mr. FRANCISCO RUIZ RISUEÑO	Chairman
Mr. RAFAEL FONTOIRA SURIS	Member
Mr. RAFAEL MÁRQUEZ OSORIO	Member
Mrs. M ^a . FRANCISCA MARTÍN TABERNERO	Member
Mr. AGUSTÍN RODRÍGUEZ GARCÍA	Member

B.2.3. ORGANIZATIONAL AND OPERATIONAL RULES, AS WELL AS RESPONSIBILITIES ATTRIBUTED TO EACH ONE OF THE BOARD COMMITTEES

o Executive Committee

This is the delegated body of the Board of Directors for the high-level permanent co-ordination and supervision of the management of the Company and its subsidiaries in their strategic and operational aspects, and for the approval of such decisions as may be necessary for the proper functioning thereof, all of which pursuant to the powers that the Board of Directors delegates at any given time.

It shall be composed of a maximum of twelve members, all of whom shall be members of the Board of Directors. The Chairman, First and Second Vice Chairmen, and Secretary shall be automatically those of the said Board, which shall appoint the members until a maximum of twelve is reached, and it may also appoint a Vice Secretary, who shall not be entitled to vote.

o Audit Committee

The Audit Committee shall be composed of a minimum of three and a maximum of seven members, the majority of which, including the Chairman, shall be non-executive directors. The Secretary of this Committee shall be the Secretary of the Board of Directors. The said Committee shall have the following powers:

- a) To verify that the Annual Accounts, as well as the half-yearly and quarterly financial statements, and other economic information that must be filed with the regulatory or supervisory bodies, is true, complete, and sufficient; that it has been drawn up in accordance with the applicable accounting regulations and the criteria laid down internally by the MAPFRE Secretariat-General; and that it is supplied in a timely manner and with the correct content.
- b) To propose to the Board of Directors, for submission to the Shareholders General Meeting, the appointment of the External Auditor of the company, as well as to receive information on the performance thereof and with regard to any facts or circumstances which may compromise its independence.
- c) To supervise the activities of the Internal Auditing Service, for which purpose it shall have full access to its action plans, the results of its work, and monitoring of the recommendations and suggestions of the internal and external Auditors.
- d) To be informed of the processing of financial information and internal control of the company, and to draw up the observations or recommendations that it considers suitable for their improvement.
- e) To report to the Shareholders General Meeting with regard to questions arising regarding matters within its powers.

- Appointments and Remuneration Committee

This is the delegated body of the Board of Directors for the co-ordinated development of the appointments and remuneration policy which ought to be applied to Senior Representative and Managerial Officers at MAPFRE, without prejudice to the powers conferred by law and the company by-laws on the representation and management bodies of the Company itself.

In general terms, the Committee seeks to safeguard the transparency of the criteria laid down for setting the remuneration for Senior Managers.

The Appointments and Remuneration Committee is composed of a maximum of seven members, the majority of which are non-executive members.

- Compliance Committee

This is the delegated body of the Board of Directors for the supervision of the proper application of the rules of Good Governance which ought to apply at the company.

These functions are exercised, without prejudice to the powers conferred by law and the company by-laws, by the representation and management bodies of the Company itself.

It monitors the application of the rules of Good Governance laid down at any given time and proposes, where appropriate, such improvements as may be appropriate and the updating of the said rules, where this should be appropriate.

The Compliance Committee is composed of five members, all of which are non-executive members. The Chairman is automatically the Second Vice Chairman of the Board of Directors.

The Committee may appoint a minutes secretary, chosen from amongst the members of the Legal Affairs Directorate-General of MAPFRE.

B.2.4. POWERS OF ADVICE, CONSULTATION, AND WHERE APPROPRIATE, DELEGATION HELD BY EACH ONE OF THE COMMITTEES

Name of committee	Brief description
EXECUTIVE COMMITTEE	CO-ORDINATION AND SUPERVISION OF THE MANAGEMENT OF THE COMPANY AND ITS SUBSIDIARIES IN ITS STRATEGIC AND OPERATIONAL ASPECTS
AUDIT COMMITTEE	VERIFICATION OF THE FINANCIAL INFORMATION, PROPOSAL FOR APPOINTMENT OF THE EXTERNAL AUDITOR, AND SUPERVISION OF INTERNAL AUDITING
APPOINTMENTS AND REMUNERATION COMMITTEE	CO-ORDINATED DEVELOPMENT OF THE APPOINTMENTS AND REMUNERATION POLICY FOR THE SENIOR REPRESENTATIVE AND MANAGERIAL OFFICERS OF THE COMPANY
COMPLIANCE COMMITTEE	SUPERVISION OF THE PROPER APPLICATION OF THE RULES OF GOOD GOVERNANCE IN FORCE AT THE COMPANY

B.2.5. REGULATIONS OF THE BOARD COMMITTEES; ANNUAL REPORT OF THE ACTIVITIES OF EACH COMMITTEE

The delegated bodies of the Board of Directors are regulated with regard to their basic functions, powers, make-up, meetings schedule, and approval of resolutions by the MAPFRE Code of Good Governance and the Regulations of the Board of Directors, the latest version of which was approved on 20th July 2005, in order to adapt it to the innovations introduced in the MAPFRE Code of Good Governance, approved by the company on the same date. The said Regulations are available on the company's website www.mapfre.com, at the official records of the Spanish Securities Exchange Commission (CNMV), and are recorded at the Company Registrar in Madrid.

The Audit Committee, on the occasion of the calling of the Ordinary General Meeting, published a report on the activities carried out during the year.

B.2.6. EXECUTIVE COMMITTEE: THE LEVEL OF DELEGATION AND AUTONOMY IT HAS IN THE EXERCISE OF ITS POWERS FOR THE APPROVAL OF RESOLUTIONS WITH REGARD TO THE ADMINISTRATION AND MANAGEMENT OF THE COMPANY

In order to carry out its functions, the Executive Committee has been granted the following powers on a permanent basis:

- All powers of representation corresponding to the Board, except for: those that may not be delegated, the power to represent the company before the Insurance Directorate-General (DGS) or before other official bodies in activities arising under inspections or which may amount to serious penalties for the company.
- All powers of administration corresponding to the Board with the exception of the following: those that may not be delegated, the drawing-up of the annual accounts, the transfer of the registered office within the same town, the calling of general meetings, the provision of vacancies on the Board, the appointment and the setting of the rules of the Executive Committee, the Managing Director, and the Director General, the appointment and removal of senior management positions, and the approval of institutional agreements with the foundations set up by MAPFRE and other Group companies.
- The following powers of disposal: acquisition, transfer, encumbrance, and any other acts of ownership for any title over chattels and real estate, the creation of new companies or acquisition of shareholdings in them, charging or discharging real estate as coverage for technical provisions, any other kind of transaction with tradable or business instruments, bank accounts for loans or deposits, the granting of loans and obtaining deposits, guarantees, lines of discounts, etc..
- The special powers relating to the granting and revocation of powers.

B.2.7. MAKE-UP OF THE EXECUTIVE COMMITTEE. DOES IT REFLECT THE PARTICIPATION ON THE BOARD OF THE DIFFERENT DIRECTORS IN ACCORDANCE WITH THEIR CONDITION?

YES NO

The Executive Committee is composed of executive directors (majority) and external directors, in representation of shareholder interests.

B.2.8. APPOINTMENTS AND REMUNERATION COMMITTEE: ARE THEY ALL EXTERNAL DIRECTORS?

YES NO

C. LINKED TRANSACTIONS

C.1. Describe the significant transactions that amount to a transfer of resources or duties between the Company or Group companies, and the significant shareholders of the Company

There have been none.

C.2. Describe the significant transactions that amount to a transfer of resources or duties between the Company or Group companies, and the administrators or directors of the Company

There have been none.

C.3. Describe the significant transactions performed by the company with other companies belonging to the same Group, provided that these are not eliminated in the process of drawing up the consolidated financial statements and do not form a part of the Company's normal trade with regard to their object and conditions

None.

C.4. Situations of conflicts of interest with the Company directors, pursuant to the provisions of Article 127 of the Companies Act

None.

C.5. Mechanisms established in order to detect and regulate possible conflicts of interest between the Company and/or its Group, and its Board Members, directors, or significant shareholders

All Board Members and directors must make a Prior Declaration when they are appointed with regard to these matters. Furthermore, they must update this information regularly, and upon a potential situation of conflict arising.

Likewise, the MAPFRE Code of Good Governance and the Internal Code of Conduct regulate the special duties with regard to potential conflicts of interest.

Any decisions with regard to these matters are reserved for the Board of Directors, after an examination by the company's Appointments and Remuneration Committee or the MAPFRE Institutional Control Committee, as the case may be. There is a special procedure for the approval of resolutions in matters where there is a potential conflict of interest with a Board Member. The Board Member in question should refrain from attending and participating in these decisions.

D. RISK CONTROL SYSTEMS

D.1. General description of the risks policy of the Company and its Group

OBJECTIVES, POLICIES, AND PROCESSES FOR RISK MANAGEMENT

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

- Operational risks: this covers twenty-three types of risks grouped into the following areas: actuarial, legal, technology, staff, associates, procedures, information, fraud, market, and material assets.
- Financial risks: includes interest-rate, liquidity, exchange-rate, market, and credit risks.
- Insurance activity risks: this groups together, separately for Life and Non-Life, the risks of premiums shortfalls, the sufficiency of technical provisions, and re-insurance risk.
- Strategic and corporate governance risks: includes corporate ethics and good corporate governance risks, organizational structure risks, alliance risks, mergers and acquisitions risks, risks arising from the regulated environment, and finally, market and competition risks.

CENTRALIZATION OF THE RISK MANAGEMENT SYSTEM

The structure of MAPFRE is based on Operating Units and Companies with a high level of autonomy in their management. The governing and management bodies of the Group approve the lines of activity of the Units and Companies with regard to risk management, and supervise their exposure to risk on a permanent basis by way of indicators and ratios. Furthermore, there are general instructions with regard to procedure in order to mitigate exposure to risk, such as maximum levels of investment in equities or the credit rating of re-insurance providers.

The Economic and Management Control Department, through the Risks Management Directorate, co-ordinates the activities relating to the quantification of risks and, in particular, the implementation of proprietary models of economic capital in the operating units with the aim of complying with the future requirements of Solvency II.

The Operating Units have a Risk Co-ordinator, reporting to the Administration Management, for the implementation of the policies and risk management at each unit. The co-ordination of activities is performed by way of a Monitoring Committee for the implementation of Risk Quantification Models, which holds monthly meetings. The level of progress in the projects and other significant aspects are reported to the MAPFRE Senior Management through the Audit Committee.

In general terms, the decisions to subscribe insurable risks and re-insurance coverage are highly de-centralized at the Units. The aspects relating to the Operational Risks are monitored centrally, although their implementation and supervision is delegated to the Units. The management of Strategic and Corporate Governance risks is highly centralized. Financial risks are managed centrally through the Group Investments Directorate-General.

ESTIMATION OF RISKS AND CAPITAL

MAPFRE has an internal policy for capital and dividends that has the aim of providing the Units, in a rational and objective manner, with the capital they need in order to cover the risks they assume. Risks are assessed by way of a standard model of set factors that quantify the financial risks, credit risks, and insurance activity risks. Eventually this reference will be replaced by that of a specific model for each Unit. In addition, the level of capital assigned to each Unit at any given time, may never be below the legal minimum capital required, plus a margin of 10%.

The capital assigned is set by way of an estimate, in accordance with the budgets for the following financial year, and is reviewed at least once a year, in accordance with how the risks have evolved.

Certain Units require a higher level of capital to that obtained by way of the general rule described above, either because they operate in different countries with different legal requirements, or because they require the issue of a financial solvency rating corresponding to a higher level of capital. In these cases, the MAPFRE Executive Committee sets the level of capitalization individually, or grants additional guarantees to reinforce the level of capital in accordance with the specific needs of each Unit.

OPERATIONAL RISK

The identification and assessment of Operational Risk is carried out by way of the RiskMap computer application, developed at MAPFRE, which generates the Risk Maps for the companies.

The management model for this risk is based on a dynamic analysis by processes, such that the managers of each area or department identify and assess, on an annual basis the potential risks affecting the following processes: Product development, Subscription, Claims / Claims payments, Administrative management, Commercial activities, Human resources, Commissions, Co- insurance / Re-insurance, Technical reserves, Investments, I.T. systems, and customer service.

FINANCIAL RISKS

MAPFRE'S policy for mitigating its exposure to this type of risk is based on the prudent management of investments, with a significant weighting of fixed income securities in the portfolio.

In the management of the investment portfolios, there is a distinction between those seeking to match the obligations arising under the insurance contracts, and those that represent active management. In the former, all risks are minimized, which may be exchange-rate risks, interest-rate risks, or any other risks involving price changes, whereas in the latter, the management policy is to accept a certain degree of acceptance of market risks, in accordance with the following:

- In those portfolios that do not cover long-term liability commitments, the variable for the management of interest-rate risk is the modified duration, and it is currently established that this figure should be 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 as a result of investment diversification. In all cases, exposure to this risk may not exceed 10% of investments.
- With regard to other possible market risks for financial assets, which are not caused by fluctuations in exchange rates or in interest rates, it is established that the investments subject

to these risks may not exceed 20% of total investments. With regard to investments in equities, the main financial asset subject to this risk, there is a sufficient international diversification, which allows the risk associated with a specific market to be reduced.

The risk limitations are established in terms of quantitative variables that are easily observable. However, a risk analysis in probabilistic terms is performed in accordance with volatilities and historical correlations.

With regard to the credit risk, MAPFRE's policy has been based on prudence (solvency of the issuer), and diversification of investments in fixed income securities. Thus, the portfolio of fixed income securities in Europe is divided, approximately one half in securities guaranteed by Member States of the European Union, and the remaining half in securities issued by corporations with a high credit rating.

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

INSURANCE ACTIVITY RISKS

The organization of MAPFRE, based, as mentioned, on Units and Companies specializing in different types of business, requires autonomy in the management of the business, particularly in the subscription of risks and in the setting of tariffs, as well as compensation or provision of service in the event of a claim. Premium adequacy is a matter of special importance, and their setting is backed by reports from independent experts, in those Units or situations where the circumstances would recommend this.

The treatment of claims payments, as well as the adequacy of provisions, is a basic principle of insurance management. The technical reserves are estimated by the actuarial teams at the various Units and Companies, and their adequacy is ratified by reports from independent experts at those companies where this is required. The prevalence of the personal injuries business at MAPFRE, with fast settlement of claims, as well as the scarce significance of insured long-tail risks, such as asbestos or professional liability, are elements that mitigate this kind of risk.

The presence of MAPFRE in countries with a higher probability of the occurrence of natural disasters (earthquakes, hurricanes, etc...), requires that these risks be given special treatment, which given their frequency and intensity, may give rise to volatility in the results or require additional capital. The Units and Companies that operate with these kinds of risks, mainly MAPFRE AMÉRICA and MAPFRE RE, rely on specialized reports for catastrophe exposure, generally drawn up by independent experts, which estimate the impact on insured risks should a catastrophic event occur. This information allows catastrophic risks to be subscribed in accordance with the financial capacities of each company, and where necessary, the take up of re-insurance cover, limiting the impact on capital. In this regard, it is important to highlight the role of MAPFRE RE, which contributes its long experience in the catastrophe risks market to the Group.

With regard to the re-insurance risk, MAPFRE's policy is to assign business to re-insurers with proven financial capacity (Standard & Poor's credit rating of no less than A).

STRATEGIC AND CORPORATE GOVERNANCE RISKS

The ethical principles applied to business management have been a permanent feature at MAPFRE and form a part of its by-laws and of its day-to-day activities. In order to regulate this business culture and to update it in line with legal requirements with regard to governance and transparency in management, in 2005 the governing bodies of MAPFRE approved a revised version of the Code of Good Governance, initially implemented in 1999. The strict application of the principles of Good Corporate Governance is considered at MAPFRE to be the most efficient way to mitigate these kinds of risks.

D.2. Control systems set up in order to evaluate, mitigate, or reduce the main risks of the Company and its Group

The identification, evaluation, and quantification of Operational Risks is carried out by way of the RiskMap software application, developed at MAPFRE, which is used to draw up Risk Maps for the companies.

RiskMap is based on a dynamic analysis by processes, such that the heads of each area or department periodically identify and assess the potential risks affecting each one of the following processes:

- Product development
- Subscription
- Claims / Claims payments
- Administrative management
- Commercial activities
- Human resources
- Commissions
- Co-insurance / Re-insurance
- Technical reserves
- Investments
- I.T. systems
- Customer service

With regard to financial investments, the guideline for mitigating exposure to these kinds of risks has been based on a policy of prudent investments, which concentrates the majority of the investment portfolio into fixed income instruments. Likewise, and with regard to Life assurance and Savings, the investment policy that has been applied consists in matching the returns and maturity of investments, with the commitments entered into in the insurance agreements, with the aim of mitigating exposure to risk. Notwithstanding the foregoing and for the purposes of the classification of investments in accordance with the principles of IFRS, fixed-income instruments are assigned to the "available for sale" portfolio, in order to cover any eventualities requiring their sale, prior to maturity. Thus, at the end of 2006, MAPFRE's investments in fixed income securities represented approximately 90% of financial investments, with the rest made up mainly of investments in equities and mutual funds.

Likewise, it is MAPFRE's policy for its portfolio of investments to be denominated for the most part in Euros and U.S. Dollars. This policy extends to the subsidiaries of the America Unit, which, in accordance with the rules in force in each country and the forecast economic environment, diversify their investments in securities denominated in local currencies and in dollars in order to protect against possible devaluations. Thus, at the end of 2006, MAPFRE's investments in fixed income securities denominated in Euros and Dollars represented approximately 95% of investments, with the rest being principally investments denominated in Latin American currencies.

With regard to the credit risk, MAPFRE's policy has been based on prudence (solvency of the issuer), and the diversification of fixed income investments. Thus, the reference portfolio for fixed income securities at the end of 2006 consisted of 55% sovereign debt, supra-national bodies and agencies, and 45% securities issued by corporations with a high credit rating. Thus, at the end of 2006, approximately 97.4% of the portfolio of fixed income instruments is supported by a credit rating of A or higher according to Standard & Poor's.

Given MAPFRE's international vocation and its expansion into Latin-American markets, there exists a permanent exposure to exchange-rate risk. This risk is partly mitigated by the diversification of businesses in different countries and the concentration of the most profitable operations, and with the higher requirements of invested capital, in countries where the currency is the U.S. Dollar or where the national currency has a major correlation with the Dollar (e.g. the Mexican Peso).

D.3. Cases that have occurred where some of the risks affecting the Company and/or its Group have materialized; circumstances that have caused this; and how the control systems established have responded

Throughout 2006, and connected with the increases in interest rates by the European Central Bank, there has been a generalized increase in interest rates, which has been more significant for short-term investments. This resulted in a loss of value for investments in fixed income securities, which has been partially offset by the good performance of the equities markets. Thus, as at 31st December 2006, MAPFRE S.A.'s net consolidated equity was reduced by €30 million on account of valuation adjustments to the investments. Likewise, the appreciation of the Euro against the US Dollar and other Latin American currencies has resulted in a reduction in net equity as at 31st December 2006, of €72 million, on account of translation differences. The sum of both effects represents approximately 3.2% of the net equity.

The occurrence of a number of natural disasters in a short period of time is a component that is taken into account in the evaluation of the insurance risk, in particular at MAPFRE RE and the companies of MAPFRE AMÉRICA which operate in areas that are exposed to catastrophes (hurricanes and earthquakes). As compared with 2005, which saw a high frequency and intensity of hurricanes in the Caribbean and the southern United States, 2006 has been characterized by an unusually low occurrence of catastrophic events.

D.4. Committee or governing body in charge of setting up and supervising the control mechanisms and describe what are their functions

As has been stated, the Governing Bodies (Executive Committee and Board of Directors) approve the lines of action for the Units and Companies with regard to the management of risks, and supervise the Units' exposure to risk on a permanent basis through indicators and ratios.

The MAPFRE Risks Management Directorate co-ordinates the processes for the implementation of capital models in the various Units, and is responsible for the application of a uniform methodology for the quantification of risks, in co-operation with the Risks Co-ordinator for each Unit.

In general terms, corporate decisions concerning the assumption or mitigation of risks conform to the following management scheme:

- The subscription of insurable risks, settings of tariffs, and contracting of re-insurance coverage are highly de-centralized at the Units.
- The investments of the companies in Spain are managed centrally by the MAPFRE Investments Directorate-General, which also supervises the investments of the subsidiaries of the America Unit, which have their own Investments Committees.
- Those aspects related to operational risk are overseen centrally, although their implementation and monitoring are delegated to the Units.
- The management of strategic and corporate governance risks is highly centralized.

D.5. Processes for compliance with the various regulations affecting the Company or its Group

See point 1 above.

E. GENERAL MEETING

E.1. Quorum required at the meeting, as laid down in the by-laws

The quorum required at the General Meeting is laid down in the by-laws and is the same as provided for in the Companies Act.

E.2. System for the approval of corporate resolutions

There are no differences with the provisions governing the approval of company resolutions provided for in the Companies Act, except as indicated in the following paragraph. Shareholders' rights with regard to general meetings are the same as those recognized in the Companies Act, with the exception contained in section A.10 of this Report, under the heading OWNERSHIP STRUCTURE.

However, pursuant to the provisions of Article 25 of the company by-laws, in order to amend the by-law provisions contained at Title IV 'Protection of the General Interest of the Company' (Articles 25 to 30), it is necessary for the resolution to be approved, with the votes in favour of more than fifty per cent of the share capital at the Extraordinary General Meeting specifically called for this purpose.

E.3 Rights of shareholders with regard to general meetings which are different from those provided for by the Companies Act

There are no shareholders' rights with regard to general meetings which are different from those provided for by the Companies Act.

E.4. No special measures have been approved, other than those established by law, in order to encourage shareholder participation at general meetings

E.5. Chairman of the general meeting: Does this person coincide with the post of Chairman of the Board of Directors? What measures are taken in order to ensure the independence and proper functioning of the general meeting?

YES NO

Pursuant to Article 11 of the company by-laws, the Chairman of the Meeting shall be the person holding the same position on the Board of Directors, or who may replace him due to circumstances, in accordance with the provisions of the by-laws.

Hitherto no incident has arisen with regards to the proper functioning of the general meeting.

E.6. Amendments introduced into the rules of the general meeting during the year

The Rules of the General Meeting were approved at the General Meeting held on 6th March 2004, and were partially amended by resolution at the General Meeting held on 27th April 2006. These are available on the company's website, www.mapfre.com, and in the public records of the Spanish Securities Exchange Commission (CNMV) and at the Company Registrar in Madrid.

E.7. Attendance information for the general meetings held during the year to which this report refers

Date of General Meeting	% physical attendance	% by proxy	% remote voting	Total
27-04-2006	0.050%	64.900%	0	64.950%
29-12-2006	0.060%	62.470%	0	62.530%

E.8. Resolutions approved at the general meetings held during the year to which this report refers and the percentage of votes with which each resolution was approved

At the General Shareholders Meeting of the Company held on first call on 27th April 2006, the following resolutions were unanimously approved:

- Approval of the Annual Accounts, individual and consolidated, for financial year 2005.
- Approval of the distribution of profits proposed by the Board of Directors, and as a result to distribute a total dividend of €0.32 gross per share to those shares numbered 1 to 238,900,706, inclusive. Part of this dividend, in the amount of €0.17 gross per share, was paid out by way of a resolution of the Board of Directors approved on 26th October 2005, and the rest, up to the approved total, shall be paid as from 5th May 2006.
- Approval of the management of the Board of Directors during 2005.
- The re-election of members of the Board of Directors for a period of four years.
- Amendment of the nominal value of the shares and Article 5 of the company by-laws.
- Amendment of Article 5 of the Regulations of the General Shareholders Meeting of the company.
- Extend the appointment of Ernst & Young S.L. as the company's Accounts Auditors.

At the Extraordinary General Shareholders Meeting of the Company, held on first call on 29th December 2006, the following resolutions were approved by majority, with 2,180 shares voting against:

- To amend the corporate name, which shall become "MAPFRE, S.A.", and as a result to amend the first paragraph of Article 1 of the company by-laws.
- To increase the share capital of the Company in the amount of €108,082,063.30, by way of two tranches of one single increase, without shareholders' pre-emption rights:

The first, in the amount of €96,057,753, by way of a contribution in kind by the shareholder CARTERA MAPFRE, S.L. of the assets set forth in the Report of the Board of Directors, for a total value of €3,066,163,475.76. By way of consideration, the subscribing shareholder shall receive 960,577,530 shares in CORPORACION MAPFRE.

The second tranche, in the amount of €12,024,310.30, with a monetary contribution by MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA at the time of the cash subscription in the amount of €383,815,984.78, by way of the issue of 120,243,103 new ordinary shares in the company.

In both tranches, the shares shall be issued at 3,192%, i.e. at €3.192 each, of which €0.10 corresponds to their nominal value, and the remaining €3.092 corresponds to the share premium, of which such amount as may be necessary shall be credited to the statutory reserve until it should reach twenty per cent of the share capital.

- To amend, as a result, Article 5 of the by-laws.
- To make the said share capital increase, as regards the in kind tranche, subject to the special tax régime laid down in Chapter VIII of Title VII of the Royal Legislative Decree 4/2004, of 5th March.
- To apply for admission to trading, to the Madrid and Barcelona Securities Market and to the Sistema de Interconexión Bursátil (Mercado Continuo), the 1,080,820,633 new shares of ten euro cents each that are issued.
- To amend in part the wording of current Articles 13, 14, 15, 17, 18, 20 to 23 bis, and 25 to 29; to renumber Articles 23 bis to 26, 28, and 29; to add Articles 30 and 34, and delete Article 23 ter; to amend the names of chapters 3, 4, and 6 of title III and of title IV itself; and to renumber titles IV, V, and VI.
- To delegate to the Board of Directors so that it may proceed to draw up a new revised text, with the updated content of the company by-laws, incorporating all amendments agreed hitherto.
- To accept the resignation tendered by the following Board Members: Mr. Ricardo Blanco Martínez, Mr. Víctor Bultó Millet, Mr. Juan Fernández-Layos Rubio, and Mr. Rafael Galarraga Solores; and to appoint new board members for a period of four years: Mr. Rafael Beca Borrego, Mr. Rafael Fontoira Suris, Mr. Sebastián Homet Duprá, Mr. Antonio Huertas Mejías, Mr. Andrés Jiménez Herradón, Mr. Rafael Márquez Osorio, Mrs. M^a Francisca Martín Tabernero, Mr. Agustín Rodríguez García, Mr. Matías Salvá Bennasar, and Mr. Francisco Vallejo Vallejo.

E.9. Number of shares necessary in order to attend the General Meeting

Those shareholders holding 1,500 shares, and who have their shares registered in the Share Accounts Ledger, five days prior to the date on which the Meeting is to be held, are entitled to attend.

Those shareholders who hold fewer than the above stated number of shares, may pool their shares until they reach at least the said number, and they shall appoint a representative from amongst themselves and notify this to the Secretary of the Board of Directors of the Company, five days prior to the Meeting, by way of a letter signed by all pooling shareholders and the name and the acceptance of the representative shareholder, who shall exercise the right to vote on behalf of all the shareholders who have pooled their shares.

E.10. Policies of the company with regard to the proxy voting at the General Meeting

The company does not have any policy with regard to proxy voting at the general meeting.

E.11. Is the company aware of the policy of the institutional investors with regard to participating or not in company decisions?

YES

NO

E.12. Address and means of access for corporate governance content on the website

Access is as follows: www.mapfre.com

General Information

- Sistema MAPFRE
- Shareholders and Investors.

F. DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

Governance of MAPFRE, S.A. and of all its Units and subsidiary companies is regulated – in addition to the corporate by-laws of each company in particular – by the MAPFRE Code of Good Governance. The first edition was approved by the Board of Directors of MAPFRE MUTUALIDAD – the parent company of Grupo MAPFRE until 2006 – at its meeting held on 20th March 2000, and accepted by the Boards of Directors and by the directors and senior managers of all of MAPFRE's entities from that date onwards. On 20th July 2005 the Board of Directors of the Company has accepted the new text of the MAPFRE Code of Good Governance, approved on 29th June 2005, which updates and amends substantial aspects of the previous Code.

The said Code constitutes a mandatory framework of reference for all MAPFRE companies and their governing bodies. It contains a compilation of the RULES governing its management structure and the operational PRINCIPLES of the governing bodies of the entities that make it up, aware of the progressive complexity of its corporate structure and the incomplete legal regulation of company groups, thereby ensuring its activities are co-ordinated and transparent.

The current version of the MAPFRE Code of Good Governance has been drawn up by a Working Group, created for this purpose following the publication of the 'Aldama Report' on 8th January 2003, and of the Finance Act 44/2002, of 22nd November and the Transparency Act 26/2003 of 17th July. The Working Group was made up of four of the main MAPFRE executives and by the Chairmen of the Compliance Committees of MAPFRE's main entities, all of whom are external directors, with the aim of carrying out a deep review and update of the Code. It has taken into consideration both said recommendations and provisions, as well as MAPFRE's own experience in the application of the Code, expressly seeking to increase the co-ordination of the activities of the MAPFRE Group as a whole, as well as to simplify and facilitate decision-making processes.

In accordance with the said Code, it is possible to highlight compliance with the following Corporate Governance recommendations:

- The Boards of Directors of the various companies undertake, as their main non-delegable mission, the general function of supervision, and they have established a range of matters which are reserved exclusively for them, whilst the ordinary management of the Company is carried out by the Executive Committee of each company.

MAPFRE's main supervisory and decision-making body, and the main supervisory body for its subsidiary companies as a whole, is the Board of Directors of the Company, whereas the ordinary management is carried out by the management and executive bodies of the Company and by the relevant corporate bodies of the said subsidiary companies.

At the end of 2006, MAPFRE's Board of Directors was made up of twenty-two directors, of which fourteen are external (six in representation of shareholder's interests and eight independents), with the remaining eight being the most senior executives of the Company and its main subsidiaries.

At the Boards of Directors of the main subsidiaries, external directors are generally in the majority (in representation of shareholder's interests and independents).

- The Chairman of MAPFRE is the Chief Executive of the Group. However, it is considered that there is no risk of excessive concentration of power, given the collective nature of decision-making of the Board and its delegated bodies, and given the participation of the main Senior Executives on the said Board. In the main subsidiary companies, the Chairmen are normally the Chief Executives, although they replicate the procedures with respect the initiation of

decisions and the eminently collective nature of the decisions taken by the Boards and their Committees.

- Both at MAPFRE, S.A. and on the Boards of the main companies of its main subsidiaries, the position of Second Vice-Chairman is held, as a rule, by an external director, who also holds the position of chairman of the Compliance Committee.
- The position of Secretary of the Board of MAPFRE is a position which entails membership of the Board, and it is endowed with the authority and suitable means as Secretary, in order to adequately comply with its function of ensuring the formal and material legality of the activities of the Board.
- Furthermore, at MAPFRE there exist an Appointments and Remuneration Committees, Audit Committee, and Compliance Committee.

At MAPFRE the majority of the members of the Appointments and Remuneration Committee and Audit Committee are external directors. The Audit Committee is chaired by an independent Board Member, who is a professor of Public Taxation and an expert in the matter.

The Compliance Committee is made up exclusively of external directors and is presided over by the external Vice Chairman.

- At the main subsidiaries there is also a Compliance Committee, which is charged with ensuring the proper application of the rules of the Code of Good Governance at each company.
- Directors receive in advance documents that have been specifically drawn up, concerning the main points included on the agenda, and they have powers to request any information they consider to be necessary for the proper performance of their duties.
- The number of meetings of the Board and of the Committees and Executive Committees varies according to the needs of each company, although, in accordance with the MAPFRE Code of Good Governance, in general terms, the main companies ought to hold, as a whole, at least eight meetings per annum, taking into account both the meetings of the Board and the Executive Committee. The system governing the meetings of the Executive Committees conforms to the needs arising from those matters which fall within their remit.
- The election and re-election of the members of the Board of Directors are carried out by way of a formal and transparent procedure, which includes the appropriate proposal from the MAPFRE Appointments and Remuneration Committee or from the Executive Committee, in accordance with the scope of the powers laid down for each one.
- The rights and duties of the directors are laid down in detail in the Code of Good Governance, which follows almost in its entirety the guidelines of the model regulation drawn up by the Spanish Securities Exchange Commission (CNMV) and the rules in force governing the Securities Market and Companies.

Their remuneration is in compliance with the principle of moderation, and consists of a fixed allowance, which is only paid to external directors. The external members of Committees and Executive Committees also receive an allowance for attending the meetings. In the annual report and in another section of this Report, information is supplied with regard to remuneration criteria, both for external directors and for executives, as well as a global figure for the remuneration received.

- The age limit is set at 65 years for executive directors and 70 for external directors.

- The periodic information and the Annual Accounts are drawn up using the same criteria, and are verified by the Audit Committee.

This Committee also receives regular information with regard to the relations with the External Auditors and sees all the reports and recommendations that they draw up. It also receives all reports issued by the Internal Auditing Services, and is informed of the degree of compliance with its recommendations.

In accordance with the provisions of the MAPFRE Code of Good Governance, the Annual Accounts which are submitted to the Board of Directors for consideration, are previously certified with regard to their accuracy and integrity by the Chief Executive of the Company or of the consolidated Group, as the case may be, by the corresponding Internal Auditing Director, and by the director who is responsible for the drawing-up of the said accounts

- The remuneration paid to the External Auditors by CORPORACION MAPFRE Group in 2006 for the services corresponding to the auditing of the annual accounts amounts to €3,277,242, of which 2,961,039 correspond to the main auditor. The amount of €121,175 was also paid to the main auditor for services relating to the auditing of accounts, €753,012 for other complementary services rendered. These figures are considered not to compromise the independence of the auditors.
- The External Auditors do not make any reservations or qualifications with regard to the Annual Accounts of the companies of Sistema MAPFRE corresponding to 2006.
- MAPFRE provides its shareholders and institutional investors with ample information with regard to its activities and results and those of its subsidiaries. The Company, as a publicly quoted company, carries out a wide range of communication activities with its shareholders, institutional investors, and market operators, as is set out in the management report.
- In compliance with the rules laid down in the Code, the MAPFRE Compliance Committee and those of its main subsidiaries regularly assess the compliance with the Code in their respective companies, and submit the corresponding reports to their respective Boards of Directors and to the MAPFRE Institutional Control Committee.

In all reports corresponding to the assessment of previous years, the level of compliance has been very positively rated, and the high level of ethical behaviour at the entities has been highlighted in all aspects assessed, along with the effective supervision and control that has been carried out by the Boards of Directors. At the same time some areas, where improvements could be made, were pointed out, and recommendations were drawn up to this effect.

- Likewise, both the Board of Directors of MAPFRE and of all the main subsidiaries have carried out during 2006 an assessment of the quality and efficiency of their work, by way of a detailed questionnaire completed by all members sufficiently in advance. All comments and suggestions made have been examined by the Board, which has adopted the appropriate measures in order to improve the quality and effectiveness of its meetings.
- Finally, it should be pointed out that the Extraordinary General Assembly of MAPFRE MUTUALIDAD – parent company of MAPFRE, S.A. until 2006 – approved a corporate re-organization of the whole MAPFRE Group whereby, whilst maintaining its institutional principles, it took a new strategic step in order to accelerate its business development based on two pillars:
 - The integration of all business activities, and all companies that carry these activities out, into the holding company MAPFRE, S.A., listed on the Stock Exchange, which allows for a more efficient and transparent business management, by eliminating the complexity of the previous MAPFRE corporate structure.

- Majority control of the said listed company to be attributed to the FUNDACIÓN MAPFRE, in compliance with the provisions of the by-laws of the Mutual Society, so that the profits generated by MAPFRE's business activities over many years, may revert for the most part, to Society in general, through its foundational activities, with full respect for the rights of Mutual Members, and with no specific benefits for those persons who work at MAPFRE (Board Members, directors, and employees), which, as the case may be, shall only receive what they are entitled to, like any other Mutual Member.

The existence of FUNDACIÓN MAPFRE safeguards the roots of MAPFRE as an independent institution, along with its spirit of public servant, its institutional principles, and its business culture.

All of this received the full backing of the shareholders of MAPFRE, S.A. at the Extraordinary General Meeting held on 29th December 2006, held after obtaining all the necessary official authorizations.

At the same meeting, the General Meeting of MAPFRE S.A. approved the new make-up of its governing bodies, with its Board of Directors now comprising of one-third independent Board Members.

In 2007 it is envisaged that there will be a new review of the MAPFRE Code of Good Governance, which shall reflect the changes arising from the corporate re-organization referred to, and as the case may be, the recommendations contained in the Unified Code of Good Governance.

The 2006 MAPFRE, S.A. Code of Good Governance, drawn up by the Board of Directors of the company on 6th February 2007, is available in the public records of the CNMV and on the Company's website. This document does not coincide exactly with the official document, due to the limitations of the electric format of the model.





Pro forma results 2006

Pro forma results 2006

The Consolidated Annual Accounts of the group of companies comprising MAPFRE S.A. and its subsidiaries for fiscal years 2005 and 2006 were prepared on the basis of their respective scopes of consolidation at the close of those years, which obviously did not include the assets and businesses received by the Company in the capital increase executed through a public deed on 19th January 2007. In 2005 and 2006, those assets and businesses were included in the scope of consolidation of MAPFRE MUTUALIDAD and of CARTERA MAPFRE S.L., respectively.

In order to provide appropriate information to the users of this Report, pro forma data are shown hereinafter for the key consolidated figures and results that the Group would have recorded in fiscal years 2005 and 2006 if the aforementioned assets and businesses had been included into its scope of consolidation ('Pro forma results').

This information, which is provided solely for comparative purposes, was prepared by the Company on the basis of the figures contained in its own Audited Consolidated Annual Accounts for fiscal years 2005 and 2006, and the Consolidated Annual Accounts of the companies that were integrated in MAPFRE S.A. in January 2007.

Pursuant to Regulation (CE) 809/2004, MAPFRE S.A. included pro forma financial information in the document entitled "Nota sobre acciones", relative to the listing of the new shares corresponding to the capital increase announced on 29th December 2006, which was registered with and verified by the CNMV. This document includes the relevant special report, issued by Ernst & Young S.L., concerning the pro forma financial information presented. This report confirms that the pro forma information presented correctly reflects the assumptions and hypotheses used and that the accounting policies used for its compilation are consistent with respect those used by MAPFRE S.A. in the preparation of the consolidated annual accounts for fiscal year 2006.

Operating revenues and funds under management

Gross written and accepted premiums for the MAPFRE Group amounted to €10,932.7 million in 2006, an 8.1% increase. Total operating revenues reached €13,583.4 million, including €349.6 million of new gross contributions to pension funds. The breakdown of these revenues by business line is shown in the following table.

	2006	2005	% Var. 06/05
Companies operating primarily in Spain	9,057.7	8,702.9	4.1%
Gross written and accepted premiums	7,152.2	6,961.8	2.7%
Income from investments	1,282.7	1,275.1	0.6%
Other income	622.8	466.1	33.6%
Companies operating primarily abroad	4,350.8	3,619.1	20.2%
Gross written and accepted premiums	3,780.5	3,148.4	20.1%
Income from investments	423.8	335.0	26.5%
Other income	146.4	135.8	7.8%
Holding company (non-consolidated)	167.8	241.6	(30.5)%
CUMULATIVE REVENUES SUBTOTAL	13,576.3	12,563.6	8.1%
Consolidation adjustments and other companies	(342.5)	(385.3)	(11.1)%
CONSOLIDATED REVENUES SUBTOTAL	13,233.8	12,178.4	8.7%
Gross contributions to pension funds	349.6	295.7	18.2%
TOTAL REVENUES FROM OPERATIONS	13,583.4	12,474.1	8.9%

Figures in million euros

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

	2006	2005	% Var. 06/05
Life assurance technical reserves	15,265.8	15,200.4	0.4%
Pension funds	1,493.2	1,287.4	16.0%
Mutual funds	3,777.3	3,097.1	22.0%
TOTAL	20,536.3	19,584.9	4.9%

Figures in million euros

NEW MAPFRE BUILDING,
IN OVIEDO (SPAIN)



SPAIN

Gross premiums written by the companies that operate primarily in Spain reached €7,152.2 million, to which €349.6 million of new gross contributions to pension funds must be added, with the following breakdown:

	2006	2005	% Var. 06/05
MOTOR INSURANCE pro forma	2,344.3	2,288.6	2.4%
LIFE ASSURANCE	1,891.8	1,915.3	(1.2)%
GENERAL INSURANCE	1,182.8	1,140.2	3.7%
COMMERCIAL INSURANCE	1,233.2	1,101.5	12.0%
HEALTH INSURANCE	388.0	353.3	9.8%
AGRICULTURAL & LIVESTOCK INSURANCE	229.3	242.4	(5.4)%
Consolidation adjustments	(117.2)	(79.5)	47.4%
TOTAL PREMIUMS	7,152.2	6,961.8	2.7%
Gross contributions to pension plans	349.6	295.7	18.2%
TOTAL	7,501.8	7,257.5	3.4%

Figures in million euros

In general terms, all units recorded a satisfactory development in their premiums figures, taking into account that fiscal year 2006 was characterised by an intense price competition, that was especially strong in the Motor Insurance business, in which MAPFRE focussed its efforts on winning and keeping customers with a low claims history, who benefit from high bonuses. The total number of vehicles insured by MAPFRE at the end of the year was 5,728,800, against 5,698,000 in 2005.

MAPFRE AGROPECUARIA increased its share in the Combined Agricultural Insurance pool to 22.5% (19.3% in 2005). The decrease in its volume of business reflects the issuance in advance during the 2005 of the premiums for fruit crops campaign for the year 2006. Excluding this event, it would have grown in excess of 9%.

The following table shows a breakdown of written and accepted premiums by line of business in 2005 and 2006, together with the corresponding market shares (provisional in the case of 2006):

	2006	2005	% Var. 06/05	Market share	
				2006	2005
Motor	2,493.2	2,450.5	1.7%	20.3%	21.0%
Health	388.0	353.3	9.8%	7.8%	7.9%
Other - Non-Life	2,490.9	2,314.5	7.6%	18.0%	18.3%
Consolidation adjustments	(117.2)	(79.5)			
TOTAL NON-LIFE	5,254.9	5,038.8	4.3%	17.3%	17.8%
Life Protection	274.9	252.2	9.0%		
Life Savings	1,622.4	1,522.2	6.6%		
Life Externalisations	0.0	148.6	—		
TOTAL LIFE	1,897.3	1,923.0	(1.3)%	8.4%	9.0%
Intra-group transactions eliminated upon consolidation	—	—			
TOTAL	7,152.2	6,961.8	2.7%	13.5%	14.2%

Figures in million euros

In the breakdown by distribution channel, the volume of premiums issued through the agents channel and the CAJA MADRID bank channel stood at €6,105.8 million and €1,046.4 million respectively (€5,942.4 million and €1,019.4 million in 2005).



ARGENTINA OFFICE
BUILDING IN PUERTO
MADERA (BUENOS AIRES)

INTERNATIONAL

Premiums written and accepted by the Units and Companies that operate primarily abroad evolved as follows:

	2006	2005	% Var. 06/05
AMERICA OPERATING UNIT¹	2,461.7	1,945.3	26.5%
Argentina	275.7	202.5	36.1%
Brazil	959.6	650.9	47.4%
Chile	119.7	143.6	(16.6%)
Colombia	104.7	86.6	20.9%
El Salvador	32.0	28.4	12.7%
Mexico	310.9	250.8	24.0%
Paraguay	9.1	8.6	5.8%
Peru	60.0	52.4	14.5%
Puerto Rico	270.9	254.3	6.5%
Dominican Republic	10.8	1.8	—
Uruguay	11.7	10.0	17.0%
Venezuela	296.6	255.4	16.1%
OTHER COUNTRIES	133.2	127.2	4.7%
MAPFRE INSULAR (The Philippines)	18.5	12.9	43.4%
MAPFRE U.S.A.	16.2	18.0	—
MAPFRE SEGUROS GERAIS (Portugal)	98.5	96.3	2.3%
SUBTOTAL DIRECT INSURANCE	2,594.9	2,072.5	25.2%
ACCEPTED REINSURANCE	1,437.7	1,337.4	7.5%
ASSISTANCE	296.3	254.5	16.4%
TOTAL CUMULATIVE PREMIUMS	4,328.9	3,664.4	18.1%
Intra-group transactions eliminated upon consolidation	(548.4)	(516.0)	6.3%
TOTAL CONSOLIDATED PREMIUMS	3,780.5	3,148.4	20.1%

Figures in million euros

(1) The AMERICA OPERATING UNIT comprises the holding companies MAPFRE AMÉRICA and MAPFRE AMÉRICA VIDA

It is worth noting the growth achieved in the premiums volume in the Americas, in spite of a 10% appreciation of the Euro against the US Dollar, which was helped by the expansion of the own distribution network. By country, Brazil, which in 2006 includes MAPFRE NOSSA CAIXA's business, and Argentina, which opened 85 own branches, stand out.

Management ratios

In the Non-Life lines, the combined ratio was 93.9%, against 95.6% the previous year. This ratio improved in virtually all Units and Companies, and especially in MAPFRE RE, reflecting the limited incidence of insured natural catastrophes. The performance of the main management ratios is shown in the following table:

COMPANY	Ratios					
	Expense ratio ⁽¹⁾		Loss ratio ⁽²⁾		Combined ratio ⁽³⁾	
	2006	2005	2006	2005	2006	2005
Companies operating primarily in Spain						
MOTOR INSURANCE pro forma	14.4%	12.2%	76.9%	78.1%	91.2%	90.3%
GENERAL INSURANCE	27.7%	27.3%	62.8%	64.7%	90.5%	92.0%
COMMERCIAL INSURANCE ⁽⁴⁾	20.3%	12.1%	65.7%	78.0%	86.0%	90.1%
HEALTH INSURANCE	16.6%	15.7%	78.1%	81.2%	94.7%	96.9%
AGRICULTURAL & LIVESTOCK INSURANCE	21.7%	19.1%	67.3%	74.7%	89.0%	93.8%
LIFE ASSURANCE ⁽⁵⁾	0.9%	0.9%				
Companies operating primarily abroad						
MAPFRE AMÉRICA	36.4%	34.8%	66.6%	68.2%	103.0%	103.0%
REINSURANCE	34.8%	32.1%	57.6%	67.6%	92.3%	99.7%
ASSISTANCE	22.9%	25.3%	70.8%	71.4%	93.7%	96.7%
MAPFRE SEGUROS GERAIS (Portugal)	26.0%	30.7%	77.3%	65.2%	103.3%	95.9%
MAPFRE S.A. CONSOLIDATED PRO FORMA	24.9%	22.1%	69.0%	73.5%	93.9%	95.6%

(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. In 2006, figures include the reserves appropriated for early retirements, which added 0.7 percentage points to the expense ratio.

(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) Given the importance of credit opinion activities for MAPFRE CAUCIÓN y CRÉDITO, the net income from other activities of this subsidiary is added to the numerator of the expense ratio.

(5) Net operating expenses/average third-party funds under management.

Results

The following table shows the pro forma consolidated income statement⁽¹⁾:

	2006	2005	% Var. 06/05
NON-LIFE INSURANCE AND REINSURANCE			
Gross written and accepted premiums	8,452.2	7,801.1	8.3%
Premiums earned, net of ceded and retroceded reinsurance	6,989.4	6,409.1	9.1%
Net claims incurred and variation in other technical provisions	(4,825.6)	(4,712.5)	2.4%
Operating expenses, net of reinsurance	(1,601.7)	(1,349.8)	18.7%
Other technical income and expenses	(136.4)	(64.7)	110.8%
TECHNICAL RESULT	425.7	282.1	50.9%
Net financial income and other non-technical income and expenses	493.8	401.8	22.9%
Result of Non-life business	919.5	683.9	34.4%
LIFE ASSURANCE AND REINSURANCE			
Gross written and accepted premiums	2,480.5	2,309.0	7.4%
Premiums earned, net of ceded and retroceded reinsurance	2,353.8	2,176.1	8.2%
Net claims incurred and variation in other technical provisions	(2,500.6)	(2,558.2)	(2.3)%
Operating expenses, net of reinsurance	(353.2)	(269.2)	31.2%
Other technical income and expenses	(4.6)	(9.7)	(52.6)%
TECHNICAL RESULT	(504.6)	(661.0)	(23.7)%
Net financial income and other non-technical income	654.1	763.7	(14.4)%
Unrealised gains and losses in Unit Linked products	21.8	25.6	(14.8)%
Result of Life business	171.3	128.3	33.5%
OTHER BUSINESS ACTIVITIES			
Operating income	480.3	406.4	18.2%
Operating expenses	(413.3)	(355.5)	16.3%
Other income and expenses	(1.7)	8.9	—
Results from other business activities	65.3	59.8	9.2%
Result before tax and minority interests	1,156.1	872.0	32.6%
Taxes	(355.5)	(273.7)	29.9%
Result after tax	800.6	598.3	33.8%
Result attributable to minority interests	(190.4)	(140.0)	36.0%
Result after tax and minority interests	610.2	458.3	33.1%
Non-life loss ratio ⁽²⁾	69.0%	73.5%	
Non-life expense ratio ⁽²⁾⁽³⁾	24.9%	22.1%	
Non-life combined ratio ⁽²⁾	93.9%	95.6%	

Figures in million euros

1) Unlike the pro forma 2005 figures published in June 2006, those shown herein include the items corresponding to the reinsurance accepted by MAPFRE MUTUALIDAD.

2) Ratios calculated over net premiums earned.

3) Includes the appropriation of reserves for early retirements, which added 0.7 percentage points to the expense ratio.

The consolidated profit after tax was €800.6 million (€598.3 million in 2005), a 33.8% increase. The net consolidated profit after tax and minority shareholders reached €610.2 million, a 33.1% increase.

The development of the results of the main Units and Companies is shown in the following table:

	Before tax and minority interests		After tax and minority interests	
	2006	2005	2006	2005
INSURANCE ACTIVITIES				
Companies operating primarily in Spain				
MOTOR INSURANCE pro forma	375.6	353.7	252.8	238.3
LIFE ASSURANCE	142.3	133.1	96.5	88.8
GENERAL INSURANCE	161.3	111.6	106.0	69.7
COMMERCIAL INSURANCE	115.5	103.9	78.7	71.4
HEALTH INSURANCE	26.5	15.7	16.5	9.9
AGRICULTURAL & LIVESTOCK INSURANCE	34.1	13.1	21.4	8.8
Companies operating primarily abroad				
AMERICA	116.1	96.5	93.0	110.4
REINSURANCE	115.8	54.4	77.2	32.3
ASSISTANCE	14.3	13.4	10.0	9.5
MAPFRE SEGUROS GERAIS (Portugal)	6.6	6.3	4.8	4.4
MAPFRE INSULAR (The Philippines)	2.1	3.1	1.8	2.9
OTHER ACTIVITIES				
MAPFRE INMUEBLES	12.9	2.8	8.3	2.4
MAPFRE INVERSIÓN	50.4	39.2	32.4	25.4
MAPFRE QUAVITAE	0.4	(1.0)	0.1	(1.2)
COMPANIES WITH A MINORITY SHAREHOLDING⁽¹⁾				
GESMADRID	5.5	5.7	3.6	3.7
CAJA MADRID PENSIONES	3.0	2.3	2.0	1.5
CAJA MADRID BOLSA	5.7	2.7	3.8	1.8
BANCO S.F. CAJA MADRID-MAPFRE	6.7	9.5	2.0	5.9

Figures in million euros

(1) Results adjusted for the percentage of ownership.

CONFERENCE CALL.
ANNUAL RESULTS
PRESENTATION AT THE
MAPFRE HEAD OFFICE
IN MADRID



The reconciliation of the Group's consolidated accounting and pro forma results is shown in the following table:

UNITS	Before tax and minority interests	Taxes	Minority interests	Results after tax and minority interests
Existing businesses				
LIFE ASSURANCE AND INVESTMENT	192.6			
GENERAL INSURANCE	161.3			
COMMERCIAL INSURANCE	115.5			
HEALTH INSURANCE	26.5			
MAPFRE AMERICA	101.4			
REINSURANCE	115.8			
ASSISTANCE	14.3			
Consolidation adjustments and other	10.0			
SUBTOTAL	737.4	(221.5)	(185.7)	330.2
Contributed businesses				
MOTOR INSURANCE	380.1			
- pro forma adjustments ⁽¹⁾	(4.5)			
AGRICULTURAL & LIVESTOCK INSURANCE	34.1			
AMERICA VIDA	14.7			
SEGUROS GERAIS	6.6			
Consolidation adjustments and other	(12.3)			
SUBTOTAL	418.7	(134.0)	(4.7)	280.0
TOTAL	1,156.1	(355.5)	(190.4)	610.2

Figures in millions of euros

1) The figures above mainly include the following adjustments: the premium income arising from accepted and ceded reinsurance between MAPFRE entities; operating expenses do not include those related to the activities and resources transferred to other MAPFRE entities as a result of the corporate reorganisation; financial income does not include the dividends received from CORPORACIÓN MAPFRE (now MAPFRE S.A.); the tax charge has been calculated using a tax rate of 35%.

Balance sheet

The consolidated pro forma balance sheet is shown in the following table:

	2006	2005	% Var. 06/05
ASSETS			
Goodwill	603.9	591.2	2.1%
Fixed assets	1,144.9	1,051.9	8.8%
Investments	24,134.7	22,944.7	5.2%
Participation of reinsurance in technical reserves	1,804.4	1,647.8	—
Other assets	6,029.9	5,931.3	1.7%
TOTAL ASSETS	33,717.8	32,166.9	4.8%
LIABILITIES			
Shareholders' equity	4,026.4	3,534.6	13.9%
Minority interests	1,027.8	931.9	10.3%
Debt	808.6	613.9	31.7%
Technical reserves	24,027.3	23,316.7	3.0%
Life assurance reserves	15,081.8	15,041.1	0.3%
Other technical reserves	8,945.5	8,275.6	8.1%
Reserves for risks and expenses	244.7	168.3	45.4%
Other liabilities	3,583.0	3,601.5	(0.5)%
TOTAL LIABILITIES	33,717.8	32,166.9	4.8%

Figures in million euros

MAPFRE's total assets under management, including mutual and pension funds, stood at €38,988.3 million (€36,551.4 million in 2005), a 6.7% increase.

The book value of investments and liquid assets as of 31 December 2006 was €26,616.7 million, a 4.8% increase over the previous year. The low growth is due to the fall in the value of fixed income securities caused by the rise in interest rates. The following table shows its breakdown and percentage distribution:

	2006	% over total	2005	% over total
Risk-free investments	1,678.1	6.3%	1,724.2	5.8%
Cash	1,422.3	5.3%	1,424.5	4.4%
Unit-linked investments	255.8	1.0%	299.7	1.4%
Real Estate Investments	1,587.5	6.0%	1,365.3	3.3%
Buildings for own use	804.0	3.0%	739.8	1.7%
Other Real Estate investments	783.5	2.9%	625.5	1.6%
Financial investments	22,873.9	85.9%	21,949.0	89.8%
Shares	911.4	3.4%	551.5	2.1%
Fixed income	20,169.3	75.8%	19,834.5	81.9%
Mutual funds	1,421.3	5.3%	1,161.6	4.2%
Other financial investments	371.9	1.4%	401.4	1.7%
Other investments	477.2	1.8%	370.3	1.1%
Investments in associated companies	269.9	1.0%	224.4	0.5%
Accepted reinsurance deposits	95.8	0.4%	34.5	0.4%
Other investments	111.5	0.4%	111.4	0.1%
TOTAL	26,616.7	100.0%	25,408.8	100.0%

Figures in million euros

The value of real estate investments shown in the previous table does not include unrealised gains, which amounted to €893.3 million at the close of the year according to valuations performed by independent surveyors.

Investments in group companies

DIRECT INVESTMENTS

- €30 million has been paid to BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE, representing the amount pending disbursement of the €60 million capital increase carried out in 2005.

INVESTMENTS UNDERTAKEN BY SUBSIDIARIES

- BANCO DE SERVICIOS FINANCIEROS CAJA MADRID-MAPFRE has subscribed a capital increase of €20 million at its subsidiary FINANMADRID, to fund the growth of the business.
- A new company, NUEVO MULTICENTRO, a wholly owned subsidiary of MAPFRE AUTOMÓVILES, was created with a disbursement of €2 million.
- A new company, IBERICAR, SOCIEDAD IBÉRICA DE AUTOMOCIÓN S.A., has been created jointly with Grupo Salvador Caetano (Portugal), to develop activities related with the purchase and sale of motor vehicles in Spain, together with the sale of other products and services related with cars. The company's authorised capital amounts to €140 million, 25% of which has been disbursed. MAPFRE AUTOMÓVILES has a 49% stake in the company.

- MAPFRE AMÉRICA VIDA has subscribed for a capital increase of €38 million carried out by its subsidiary MAPFRE VERA CRUZ VIDA.

Shareholders' equity and returns

The net consolidated pro forma equity of the MAPFRE Group was €5,054.2 million at the end of the year. Of said amount, €1,027.8 million corresponded to minority shareholdings in subsidiaries.

The reconciliation of the accounting net consolidated equity with the pro forma net consolidated equity at 31.12.2006 is shown in the following table:

Net consolidated equity	3,411.7
Capital increase – in kind tranche	
Contributed assets	3,066.2
Capital gains not recognised in the contributed assets ⁽¹⁾	(1,807.5)
Capital increase – cash tranche	383.8
Pro forma net consolidated equity	5,054.2

Figures in millions of euros

1) The assets that were contributed were not recognised at their market value as they were obtained through a pooling of business among companies under a single controlling entity, a case in which IFRS 3 is not applicable.

The return on equity (ROE), defined as the net consolidated profit after tax and minorities as a percentage of average shareholders' equity, was 16.1%. The following table shows the ROE of the main Units and Companies:

	2006				2005 ROE % ¹
	Average equity	Profit	ROE % ¹		
MOTOR INSURANCE pro forma	624.0	252.8	40.5%		n.a.
LIFE ASSURANCE	628.4	128.9	20.5%		19.8%
GENERAL INSURANCE	330.8	106.0	32.0%		23.2%
COMMERCIAL INSURANCE	292.2	78.7	26.8%		24.7%
HEALTH INSURANCE	114.2	16.5	14.4%		9.8%
AGRICULTURAL & LIVESTOCK INSURANCE	113.9	21.4	18.8%		9.1%
AMERICA	877.9	93.0	10.6%		15.2%
REINSURANCE	634.9	77.2	12.2%		5.6%
ASSISTANCE	93.5	10.0	10.7%		12.2%
MAPFRE SEGUROS GERAIS (Portugal)	69.5	4.8	6.9%		6.7%
BANCO S.F. CAJA MADRID - MAPFRE	283.1	4.0	1.4%		5.4%
MAPFRE INMUEBLES	118.7	8.3	7.0%		3.5%
MAPFRE S.A consolidated pro forma	3,780.5	610.2	16.1%		n.a.

Figures in million euros

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

The background is a solid red color. Two thin, white, curved lines intersect to form a large, irregular white shape that frames the text. One line curves from the top left towards the bottom right, and the other curves from the top right towards the bottom left.

**Acknowledgements
and special mentions**

Acknowledgements and special mentions

Since the date of the previous annual report, 107 employees of MAPFRE have concluded or are about to reach the end of their active working life, as well as the following senior managers:

- Mr. Luis Leguina Cebreiros, who joined MAPFRE in 1970, and held, in succession the following positions: General Financial Comptroller, General Manager and Chief Executive of MAPFRE MUTUALIDAD, Chairman of BANCO MAPFRE, and Chairman of the Information Technology and General Services functional units.
- Mr. Sebastián Homet Duprá, who joined MAPFRE in 1965, and held, during his professional career at MAPFRE VIDA, the positions of Technical Manager, Deputy General Manager, General Manager, Chief Executive and Chairman.
- Mr. Juan Mayo Rato, who joined MAPFRE in 1985, and held the following positions: Chief Executive – General Manager at CONSULTORA ACTUARIAL Y DE PENSIONES MAPFRE VIDA, and Adjunct to the Chairman at MAPFRE VIDA.
- Mr. Luis Antonio Corcobado Llorente, who joined MAPFRE in 1972, and held, among others, the following positions: Regional Manager at MAPFRE INDUSTRIAL, Manager of the Structural Office, and Manager of the Castilla – La Mancha sub centre.
- Mr. Julio Matías Martín, who joined MAPFRE in 1963, and held, among others, the following positions: Comptroller of the Centre sub centre, Administration Manager and Deputy General Manager at MAPFRE SEGUROS GENERALES.
- Mr. Fernando Segura Rodríguez, who joined MAPFRE in 1972, and held, among others, the following positions: Manager of the Centre and Western Andalusia sub centres, and Chief Executive of MAPFRE FINISTERRE
- Mr. José Benito de Vega, who joined MAPFRE in 1989, and held the following positions: Deputy General Manager at MAPFRE INVERSIÓN Sociedad de Valores and Executive Chairman of MAPFRE INVERSIÓN DOS Sociedad Gestora de Instituciones de Inversión Colectiva.
- Mr. Agustín Bernal de la Cuesta, who joined MAPFRE in 1971, and held, among others, the following positions: Manager of the Asturias and Madrid sub centres, and Chairman of MAPFRE SEGUROS GERAIS (Portugal).
- Mr. Guillermo García Castellón, who joined MAPFRE in 1969, and held, among others, the following positions: Director of the province of Murcia, Manager of the Levante sub centre, and Executive Chairman of MAPFRE CHILE.

As a result of the Corporate reorganisation carried out towards the end of 2006, the following have ceased as members of the Board of Directors of MAPFRE MUTUALIDAD and Trustees of FUNDACIÓN MAPFRE: Mr. Rafael Beca Borrego, Mr. Rafael Fontoira Suris, Mrs. Francisca Martín Tabernero, Mr. Agustín Rodríguez García, Mr. Matías Salvá Bennasar and Mr. Francisco Vallejo Vallejo; as members of the Board of Directors of MAPFRE S.A., Mr. Carlos Álvarez Jiménez, Mr. Ricardo Blanco Martínez, Mr. Víctor Bultó Millet, Mr. Juan Fernández-Layos Rubio and Mr. Rafael Galarraga Solares; and as Trustees of FUNDACION MAPFRE, Mr. Carlos Álvarez Jiménez and Mr. Mariano de Diego Hernández.

Also, the following have ceased as members of the respective Boards of Directors: Mr. Sebastián Homet Duprá (MAPFRE-CAJA MADRID HOLDING and MAPFRE VIDA); Mrs. Carmen Hernando de Larramendi (MAPFRE SEGUROS GENERALES); and Mr. Alfonso Soriano Benítez de Lugo (MAPFRE VIDA). Furthermore, Mr. Alfonso Soriano Benítez de Lugo and Mr. Manuel Jordán

Martinón, have retired as Trustees of FUNDACIÓN MAPFRE GUANARTEME, although both will continue to be linked to the latter as Honorary Trustees.

In addition, Mr. José Luis Acero Benedicto (MAPFRE CAJA SALUD) no longer represents CAJA MADRID in the companies of the MAPFRE Group.

Finally, the following, for various reasons, have ceased as board members of the Regional areas: Mr. Francisco de la Rosa Moreno, Mr. Jacinto Guerrero Zafra and Mr. Antonio Shaw García (Andalusia); Mr. Emilio Eiroa García (Aragon); Mr. Luis Gómez de Pablo (Castille); Mr. Juan José Bruguera Clavero, Mr. Jesús Loro Carceller, Mr. Xavier Cairo Puigdevall and Mr. Josep Felip Colet (Catalunia); Mr. Luis Antonio Corcobado Llorente and Mr. Jesús Miguel Huertas Muñoz-Quirós (Centre); Mr. Juan Pedro Burdiel Balué, Mr. José Manuel Corral Vázquez and Mr. José Gabriel Barreiro Pérez (Galicia); Mr. César de Santiago Polo (Madrid); Mr. Sixto Jiménez Muniain and Mr. José Ramón Guerra de la Fuente (North)

MAPFRE would like to express its gratitude to all the above for their contribution. It also wishes to express its thanks to all directors, managers, employees, delegates, agents and associates, who, through their commitment and success, have made possible the excellent results achieved in 2006.

IN MEMORIAM

Since the preparation of the previous Annual Accounts, the following employees have passed away: Mr. Jesús López Martín, Mr. Ángel Martín Astiz, Mrs. M^a Dolores Rodríguez Vera, Mrs. Pilar Serrat Benito and Mr. Manuel Cabrera Cruz, Mrs. Doris Andrea López, Mr. César Augusto Liza Cumpa, Mr. José William Pérez Cevallos and Mr. José Adrián Nuila, as well as Mr. Blas Rosales Henríquez, Trustee of FUNDACIÓN MAPFRE GUANARTEME and Mr. Felipe Francisco Umaña, Board member of MAPFRE LA CENTRO AMERICANA.

MAPFRE wishes to express in this report its sincere feeling of condolence with their respective families.

Design and Layout: Tau Diseño

MAPFRE contributes to the preservation of the environment. This report has been printed using environmentally-friendly processes and on ecological and chlorine-free paper.

This report contains the Consolidated Management Report and Consolidated Annual Accounts for fiscal year 2006, together with the 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 Reports and Annual Accounts.