



**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

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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

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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

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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	Adjustements 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	Results					
	Book value		Results			
	2006	2005	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									
% 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	-	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 ASSESORIA
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 SEGUADORA 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 SEGUADORA DE CRÉDITO A LA EXPORTACIÓN S.A.	Avda.Mª Coelho Aguiar 215 Sao Paulo (Brazil)	-	Insurance	<ul style="list-style-type: none"> MAPFRE SEGUADORA 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 0.0200	- -	3,725	-	3,569	-	114	-	(20)	-	(A) (H)	-	
99.6800 0.3200	99.6800 0.3200	163	161	163	161	4	2	3	1	(A)	(A)	
99.9923 0.0077	99.9923 0.0077	13,292	13,016	6,699	7,104	990	671	1,072	1,139	(A)	(A)	
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 4.7872 0.1064	95.0000 4.7872 -	14,718	15,105	6,849	6,544	2,525	1,866	679	886	(A)	(A)	
99.9800 0.0200	99.9800 0.0200	5,707	7,417	3,438	3,813	348	326	45	163	(A)	(A)	
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 25.0000	74.9888 25.0000	298,523	181,669	116,912	102,051	400,197	366,113	14,981	8,904	(A)	(A)	
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.	Bouchard 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.	Bouchard 547 piso 14 B. Aires (Argentina)	35.00%	Real estate	• MAPFRE RE
INMOBILIARIA TIRILLUCA S.A.	Avda. Apoquindo, 4499 Santiago (Chile)	17.00%	Real estate	• INVERSIONES IBÉRICAS
MAPFRE COMPAÑÍA DE SERVICIOS GENERALES	Junior Tarata, 16 Lima (Peru)	30.00%	Consultancy	• MAPFRE RE • INVERSIONES IBÉRICAS
MAPFRE MANDATOS Y SERVICIOS	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			
	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									
% 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	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

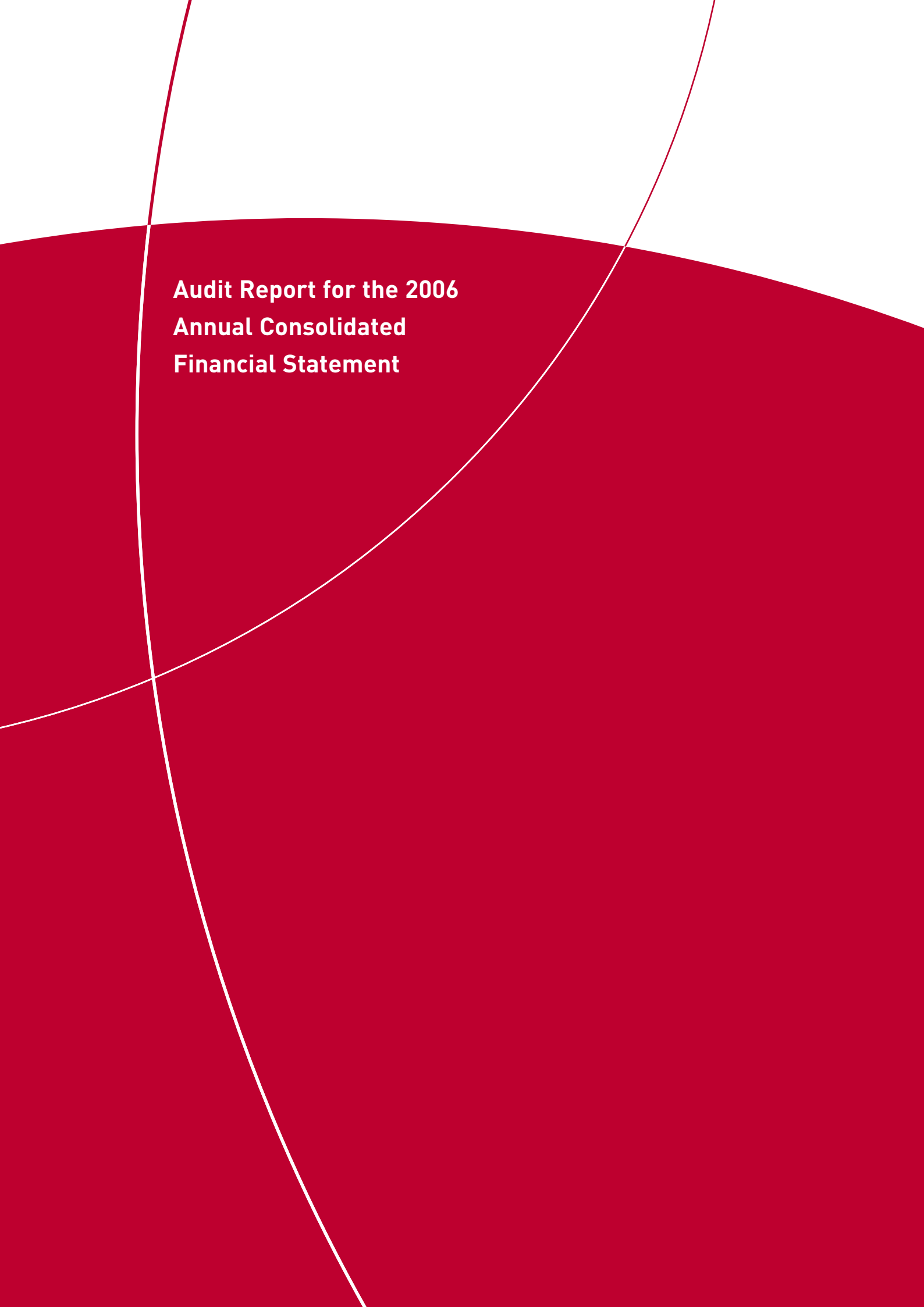
CONSOLIDATION METHOD

- (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.