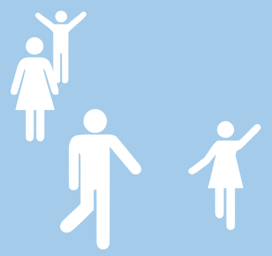
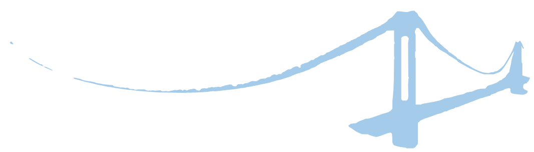


Annual Report 2009

MAPFRE RE

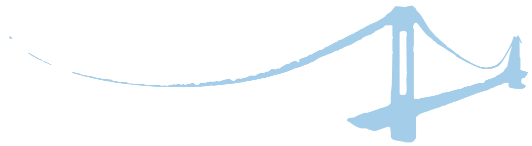
MAPFRE

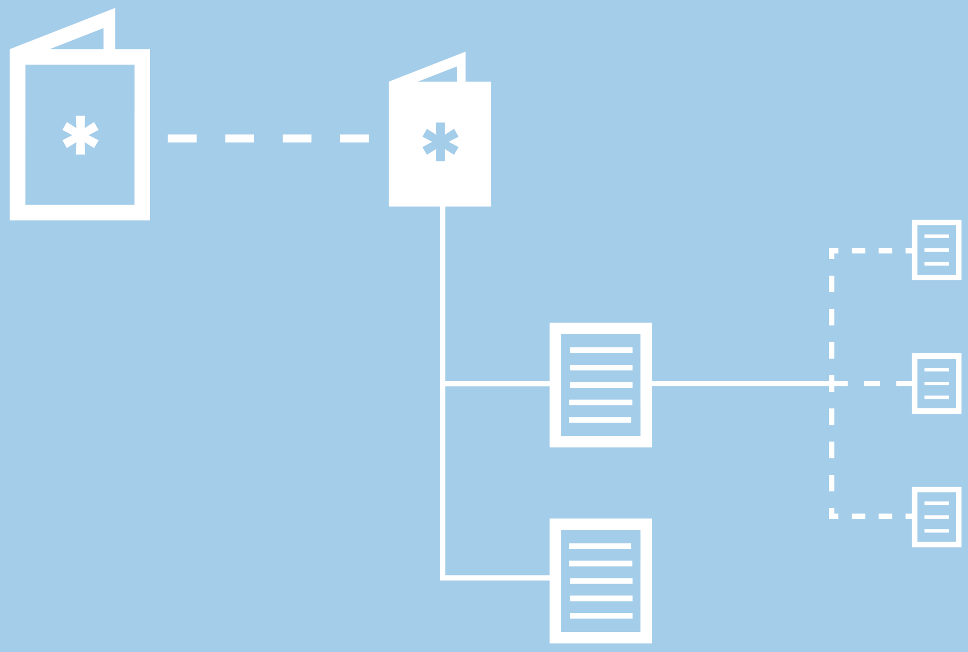


Annual Report 2009

MAPFRE RE

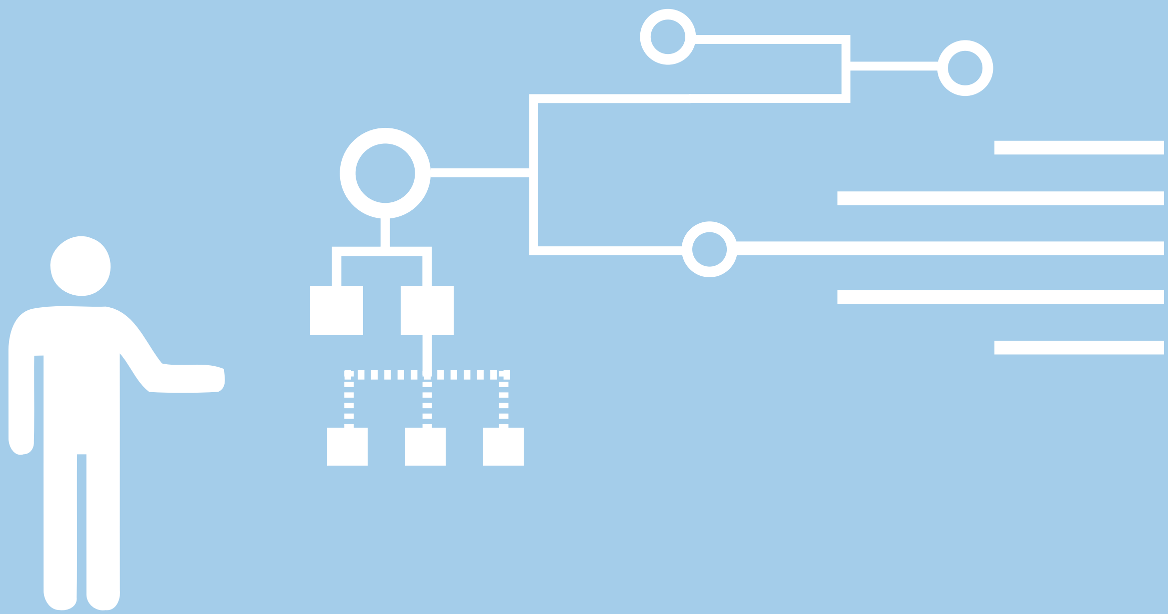
MAPFRE





Contents

1 Governing bodies



Governing bodies*

BOARD OF DIRECTORS		Executive Committee	Compliance Committee
CHAIRMAN	Andrés Jiménez Herradón		
VICE-CHAIRMAN	Matías Salvá Bennasar	Vice-Chairman	Chairman
CHIEF EXECUTIVE OFFICER	Pedro de Macedo Coutinho de Almeida	Chairman	
MEMBERS	Ángel Alonso Batres		
	Ricardo Blanco Martínez		
	José Carlos Contreras Gómez*		
	Javier Fernández-Cid Plañiol	Member	
	Lorenzo Garagorri Olavarrieta		
	Philippe Hebeisen (Vaudoise Assurances Holding)		
	Amparo Larrondo Climent**		
	J. David Moore (Shelter Mutual Insurance Company)		
	Juan Antonio Pardo Ortiz		
	Michael Tripp (Ecclesiastical Insurance Office)	Member	
	Claudio Ramos Rodríguez	Member	
	Ermanno Rho (Società Cattolica di Assicurazione)		
	Gregorio Robles Morchón		Member
	Pedro López Solanes***	Member	
	Francisco Ruiz Risueño		Member
	Rafael Senén García		
	Domingo Sugranyes Bickel	Member	
SECRETARY	Miguel Gómez Bermúdez	Secretary	

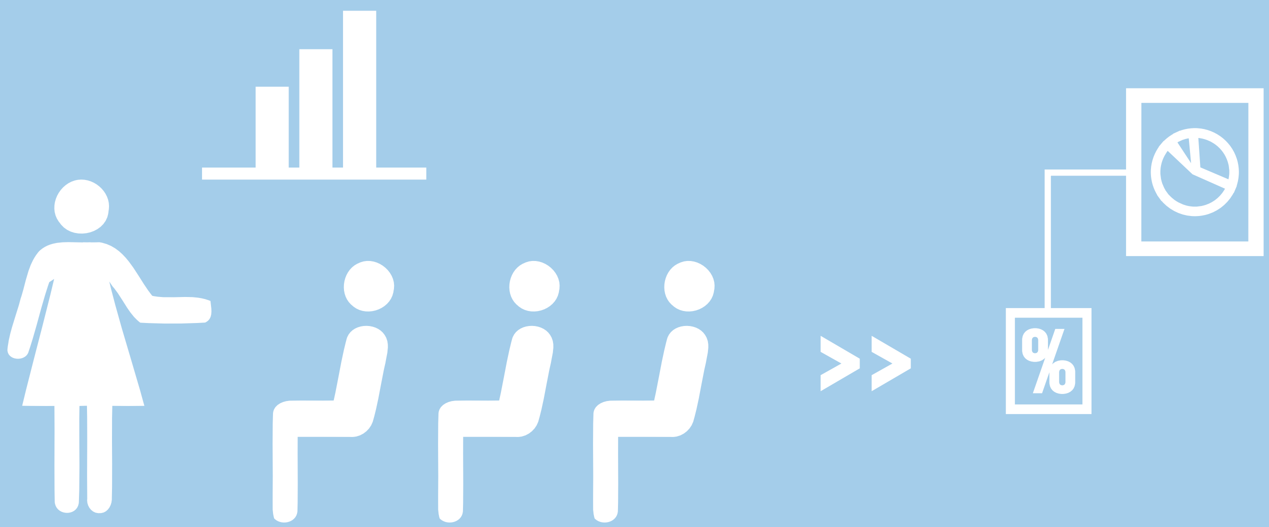
Includes the appointments and re-elections that will be submitted to the General Meeting.

* Representing PARTICIPACIONES Y CARTERA DE INVERSIÓN, S.L.

** Representing MEDIACIÓN Y DIAGNÓSTICOS, S.A.

*** With effect from 20 May 2010.

2 Consolidated management report 2009



Reinsurance

In a complicated environment marked by a deep international economic crisis, MAPFRE RE posted excellent results, with outstanding growth in premium and income which allowed it to strengthen its sound position in the market and maintain high financial ratings.

The premium growth achieved contrasts with a general reduction in activity in almost all markets. The results benefited from a moderate catastrophe loss ratio and from the stability of prices and conditions in the market, favoured by a cautious attitude on the part of reinsurers who were required to achieve adequate underwriting results that reduced business volatility and investment risks and allowed a sufficient return on capital.

Main activities

— MAPFRE RE's recently set up subsidiary in Brazil continued its prudent development in this important market, having achieved its set objectives in its first full year in operation. The subsidiary was provided with the necessary technical and human resources to do its job properly and comply with the demanding local regulations. MAPFRE RE also applied to the private insurance regulatory body SUSEP for registration as an "admitted reinsurer" (ressegurador admitido) instead of its existing registration as an "occasional reinsurer" (ressegurador eventual). Taking this step, which involves keeping a deposit of US$ 5,000,000 in Brazil as security, extends the possibilities for operating in that market.

— During 2009, MAPFRE RE continued strengthening its human team with new technical staff, both at the head office and in the offices, in order to be able to provide its clients with a more efficient service. The generational change in the management of various offices is being carried out gradually and in an orderly way with the full cooperation of those currently in charge.

— The Company continued to pay special attention to the technical services it provides to its clients. Throughout the financial year, training courses and seminars were held by the Company's own staff in collaboration with ITSEMAP – specifically, 13 seminars were held in 12 countries and attended by 416 people. Various seminars were also held for Group companies in various countries, as well as other in-house training seminars covering technical and accounting matters. Improvements were also made to the Trébol magazine, which now has a digital edition that is published on the Company's website.

— Windstorm Klaus lashed northern Spain and southern France at the end of January, causing insured property damage put at more than 1,500 million of Euros. Although in Spain a large part of the damage was compensated by the insurance compensation pool known as the Consorcio de Compensación de Seguros (or "Consorcio"), the losses also affected the results of Spanish companies and their reinsurers, which once again makes it advisable to rethink management of the catastrophe aggregate that can arise in Spain, so as to adequately quantify the exposure to events of this type and the extent of the cover provided by the Consorcio.

— MAPFRE RE renewed its excellent ratings with the main rating agencies: S&P maintained the AA rating with a stable outlook, improving it compared to the previous negative outlook, while AM Best renewed the A+ rating with a negative outlook. According to the rankings published by these two agencies, the Company ranks 14th in the world in terms of gross premiums, and 17th in terms of net premium, which means that it has moved up several places compared with the previous year, reflecting the international market's confidence in its financial standing and the quality of its corporate management.

— In 2009 it continued developing new applications of the internal capital model, along with management and rating tools to offer clients a faster, more efficient and competitive service while maintaining the profitability of operations. To this end, the Company is working intensively to meet the requirements of the new accounting standards that have come into force.

Subsidiary and associated companies

The Chile-based subsidiaries, Inversiones Ibéricas and MAPFRE Chile Reaseguros, earned income amounting to 7.1 million of Euros and recorded after-tax profits of 2.1 million of Euros. Their shareholders' equity came to 61.4 million of Euros.

MAPFRE RE DO BRASIL continued its outstanding development in 2009, earning premium income of 64.0 million of Euros and after-tax profits of 1.2 million of Euros. Its shareholders' equity came to 30.8 million of Euros.

Outlook

In 2010, the prudent development of the business portfolio is expected to continue in a climate that is expected to be competitive, unless some disaster occurs or the financial market ends up being highly volatile. The continuity and professionalism of the support given to clients over the years have proved to be the best tool for maintaining a positive outlook.

Subsequent events

In January 2010, the Venezuelan government devalued the local currency by 50%. Pending a detailed analysis of this measure and its effect on reinsurance operations, the devaluation will marginally affect the Company's budgeted result in 2010, though the figures posted in the accounts in that currency over the year will represent a lower amount in Euros.

Proposed resolutions

Management of the Company

— Approval of the Individual Annual Accounts for the 2009 financial year and of the following profit distribution proposal contained in the Annual Report:

Distribution basis	Amount in Euros
Result for the year	128,394,156.86
Unallocated retained earnings from prior years	154,735,349.33
Total	**283,129,506.19**
DISTRIBUTION	
Statutory reserve	87,933.86
Dividend	70,064,135.96
Donation to MAPFRE Foundations	1,838,000.00
Retained earnings	211,139,436.37
Total	**283,129,506.19**

The proposal involves the distribution of a dividend of 0.97 Euros gross per share to shares numbers 1 to 72,231,068 inclusive, payable between 22 March and 30 April 2010, from which the amounts paid in advance by resolution of the Board of Directors will be deducted.

— Approval of the Consolidated Financial Statements for the 2009 financial year.

— Approval of the Board of Directors' management during the 2009 financial year.

— Agreement to a donation of 1,838,000 Euros being made to the MAPFRE FOUNDATION, in accordance with the distribution of the profit for the year.

— Extension of the appointment of ERNST & YOUNG, S.L., as the Company's auditors, both for the Individual Annual Accounts and, where appropriate, the Consolidated Accounts, should the Company be required to draw these up or decide to do so voluntarily, for a new one-year period, i.e. for the 2010 financial year, although the appointment may be revoked by the General Meeting before the end of that period if there is a justifiable reason for doing so.

— Re-election of the Board Member Domingo Sugranyes Bickel for a new four-year term of office. Appointment of Michael Tripp and Pedro López Solanes as new Members of the Company's Board, replacing George A. Prescott and Agustín Rodríguez García, respectively. Mr López's appointment will take effect on 20 May 2010.

— Fixing of the allowance paid to non-executive Members of the Board of Directors at 26,982 Euros gross with effect from 1 January 2010.

— Delegation of the widest powers to the Chairman of the Board and his Secretary, so that either of them may proceed to implement the resolutions adopted by the General Meeting and, where necessary, make them public.

— Thanking those involved in the management of the Company for their loyal cooperation during this financial year.

Economic and statistical information

IFRS income statement	2009	2008	2007	2006	Var. % 09/08	Var. % 08/07	Var. % 07/06
ASSUMED (INWARD) REINSURANCE							
Assumed premium	**2,053.7**	**1,778.6**	**1,601.2**	**1,437.7**	**15%**	**11%**	**11%**
Earned premium for the year	1,961.3	1,709.6	1,486.4	1,276.9	15%	15%	16%
Claims paid and change in claims reserve (includes claims-related expenses)	(1,164.6)	(1,060.6)	(824.0)	(739.3)	10%	29%	11%
Operating costs and other underwriting expenses	(501.2)	(466.0)	(406.4)	(393.5)	8%	15%	3%
ASSUMED REINSURANCE RESULTS	**295.5**	**183.0**	**256.0**	**144.2**	**61%**	**(29%)**	**78%**
RETROCEDED REINSURANCE							
Premiums and change in unearned premium reserve	(650.1)	(571.8)	(480.9)	(399.3)	14%	19%	20%
Claims paid and change in claims reserve	321.3	318.7	194.3	223.9	1%	64%	(13%)
Commission and participations	115.2	123.7	104.4	95.4	(7%)	19%	9%
RETROCEDED REINSURANCE RESULTS	**(213.6)**	**(129.3)**	**(182.2)**	**(80.0)**	**65%**	**(29%)**	**128%**
Other income and underwriting expenses	(1.0)	(1.2)	(0.3)	(0.6)	(19%)	338%	(54%)
RESULTS OF LIFE AND NON-LIFE TECHNICAL ACCOUNTS	**80.9**	**52.4**	**73.7**	**63.6**	**54%**	**(29%)**	**16%**
Net investment income	79.9	97.5	65.8	54.7	(18%)	48%	20%
Unrealised investment gains and losses	0.0	0.0	0.0	0.0	–	–	–
Other non-underwriting income and expenses	(1.9)	(2.7)	(5.2)	(2.6)	(30%)	(48%)	100%
Results from minority interests	0.0	0.4	0.6	0.0	–	–	–
RESULTS OF LIFE AND NON-LIFE BUSINESS	**159.0**	**147.6**	**134.9**	**115.8**	**8%**	**9%**	**16%**
RESULT FROM OTHER ACTIVITIES	**0.0**	**0.0**	**0.0**	**0.0**	**–**	**–**	**-**
RESULT BEFORE TAX AND MINORITY INTERESTS	**159.0**	**147.6**	**134.9**	**115.8**	**8%**	**9%**	**16%**
Income tax	(46.4)	(44.1)	(43.9)	(38.6)	6%	0%	14%
Result after tax from discontinued operations	0.0	0.0	(3.2)	0.0	–	–	–
RESULT AFTER TAX	**112.6**	**103.6**	**87.8**	**77.2**	**9%**	**18%**	**14%**
Minority interests	0.0	0.0	0.0	0.0	0%	(100%)	
RESULT AFTER TAX AND MINORITY INTERESTS	**112.6**	**103.6**	**87.8**	**77.2**	**9%**	**18%**	**14%**

(FIGURES IN MILLIONS OF EUROS)

Non-life insurance ratios	2009	2008	2007	2006
Loss ratio of assumed (inward) reinsurance	58.4%	61.7%	53.1%	57.6%
Expense ratio of assumed (inward) reinsurance	25.7%	27.3%	28.4%	31.2%
Net combined ratio of retroceded reinsurance	93.5%	95.5%	91.6%	92.3%

Details of assumed premium	2009	2008	2007	2006	Var. % 09/08	Var. % 08/07	Var. % 07/06
Non-life	1,877.8	1,654.8	1,477.9	1,336.6	13.5%	12.0%	10.6%
Life	175.9	123.9	123.2	101.0	42.0%	0.5%	22.0%
Total	**2,053.7**	**1,778.6**	**1,601.2**	**1,437.7**	**15.5%**	**11.1%**	**11.4%**

(FIGURES IN MILLIONS OF EUROS)

Key balance sheet data (IFRS)	2009	2008	2007	2006	Var. % 09/08	Var. % 08/07	Var. % 07/06
Financial investments and cash	2,082.5	1,826.6	1,659.2	1,486.3	14.0%	10.1%	11.6%
Total assets	3,476.0	3,130.7	2,879.9	2,660.6	11.0%	8.7%	8.2%
Equity	839.7	742.8	725.2	647.1	13.0%	2.4%	12.1%
ROE	14.2%	14.1%	12.8%	12.2%	0.9%	10.2%	4.9%

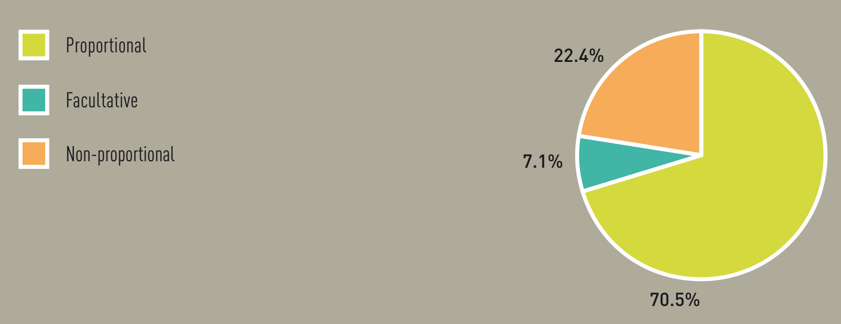
(FIGURES IN MILLIONS OF EUROS)

Hedging and solvency data	2009	2008	2007	2006	Var. % 09/08	Var. % 08/07	Var. % 07/06
Technical provisions to be hedged	2,154.9	1,960.2	1,723.9	1,539.3	9.9%	13.7%	12.0%
Excess of suitable assets over reserves	489.3	413.6	406.8	386.9	18.3%	1.7%	5.2%
Minimum amount of (consolidated) solvency margin	316.9	249.1	223.1	201.2	27.2%	11.7%	10.9%
(Consolidated) solvency margin	790.8	716.0	692.3	605.9	10.4%	3.4%	14.3%
Number of times maximum amount	2.5	2.9	3.1	3.0	(13.2%)	(7.4%)	3.1%

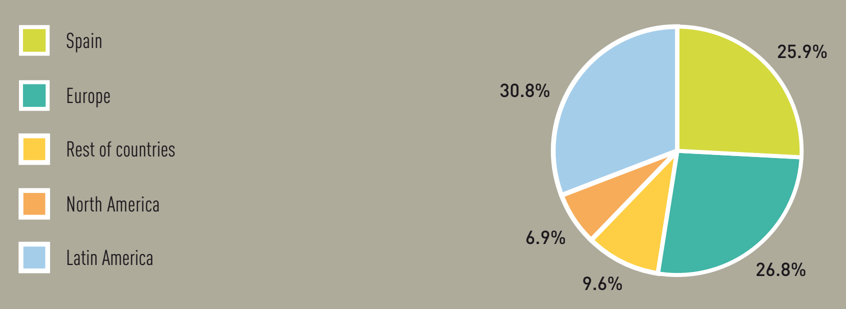
(FIGURES IN MILLIONS OF EUROS)

Other information	2009	2008	2007	2006	Var. % 09/08	Var. % 08/07	Var. % 07/06
Average number of employees	282	269	258	256	5.2%	4.3%	0.8%
% commission on written premium from inward reinsurance	26.8%	27.6%	26.1%	28.9%	(2.9%)	5.7%	(9.7%)
% management expenses on assumed premium	1.8%	1.9%	2.3%	2.3%	(5.3%)	(17.4%)	0.0%

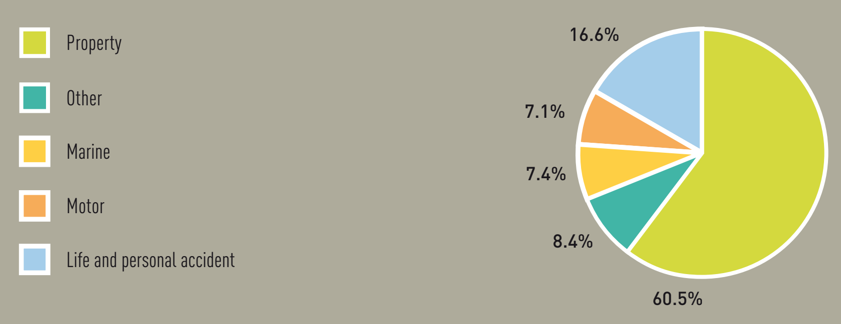
Portfolio composition by type of business



Portfolio composition by geographical area



Portfolio composition by class of busines



Additional notes

Environmental information

MAPFRE's commitment to the environment is articulated through three pillars: integration of the environment into the business, environmental management, and the promotion of environmental responsibility. In this respect, besides taking on the environmental commitments laid down in the United Nations Global Compact, MAPFRE participates in the United Nations Environment Programme Finance Initiative (UNEP FI), an environmental initiative for financial institutions and the insurance sector promoted by the United Nations Environment Programme (UNEP), and has signed cooperation agreements with relevant public bodies in relation to water saving and energy efficiency.

Personnel

At the end of the financial year, the number of people working for the Company maintained the following structure by professional categories:

Category	2009	2008	2007
Managerial staff	85	65	65
Administrative staff	106	101	101
Sales staff	9	9	9
Other	88	86	86
Total	**288**	**261**	**261**

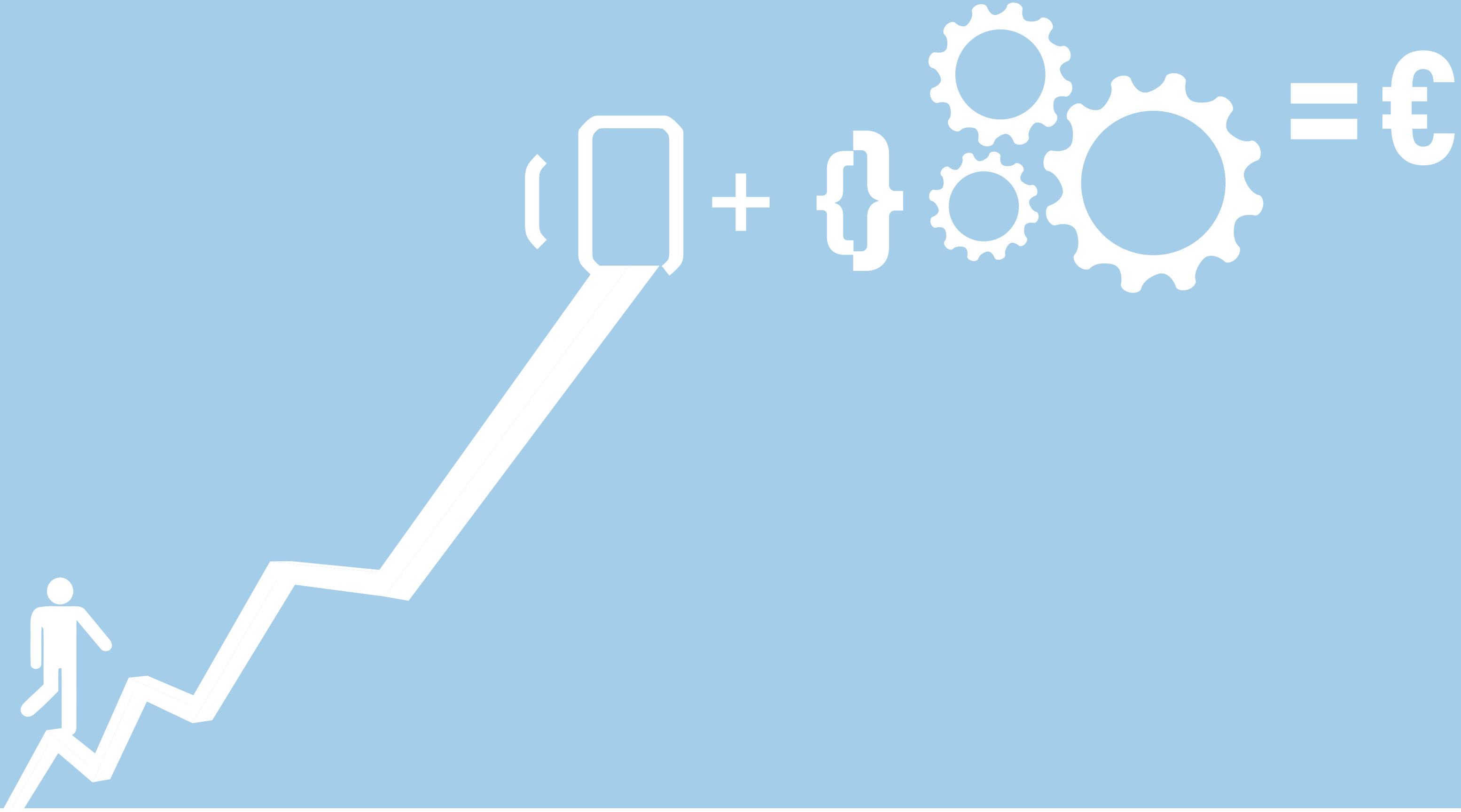
Investments

As regards financial investments, MAPFRE RE's policy for reducing its exposure to risks of this type has been based on a prudent investment policy which concentrates the bulk of the portfolio in fixed-income securities.

As for the credit risk, MAPFRE RE's policy has been based on prudence (issuer's financial standing) and the diversification of fixed-income investments. The bulk of the fixed-income-securities portfolio is thus made up of securities with a high credit rating.

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

3 Consolidated statement 2009



A) Consolidated balance sheet as at 31 december 2009 and 2008

Assets	Notes	2009	2008
A) INTANGIBLE ASSETS		**1,779**	**2,216**
I. Goodwill			
II. Other intangible assets	6.1	1,779	2,216
B) PROPERTY, PLANT AND EQUIPMENT		**37,615**	**35,483**
I. Own-use property	6.2 / 7D	35,355	33,731
II. Other property, plant and equipment	6.2	2,260	1,752
C) INVESTMENTS		**2,386,390**	**2,105,598**
I. Investment property	6.2 / 7D	30,881	27,303
II. Financial investments		1,910,387	1,615,939
1. Held-to-maturity portfolio			
2. Available-for-sale portfolio	6.4 / 7D	1,881,021	1,583,364
3. Trading portfolio	6.4 / 7D	29,366	32,575
III. Equity-method-accounted investments		13,022	11,291
IV. Deposits established for assumed reinsurance		325,764	274,225
V. Other investments	6.4 / 7D	106,336	176,840
D) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	**6.9**	**603,731**	**636,645**
E) DEFERRED TAX ASSETS	**6.17**	**11,287**	**16,024**
F) LOANS AND RECEIVABLES	**6.5 / 7B**	**217,579**	**155,881**
I. Receivables from reinsurance operations	6.5	210,953	144,654
II. Tax credits	6.5	3,275	1,332
1. Income tax receivable		8	
2. Other tax credits		3,267	1,332
III. Corporate and other loans	6.5	3,351	9,895
G) CASH AND CASH EQUIVALENTS	**6.7 / 7B**	**65,779**	**33,835**
H) PREPAYMENTS		**151,146**	**144,262**
I) OTHER ASSETS		**710**	**736**
TOTAL ASSETS		**3,476,016**	**3,130,680**

(FIGURES IN EUROS 000)

Equity and liabilities	Notes	2009	2008
A) EQUITY		839,732	742,825
I. Paid-up capital	6.8	223,916	223,916
II. Reserves	6.8	294,091	282,301
III. Own shares			
IV. Valuation adjustment reserves		19,469	(12,459)
V. Translation differences	6.19	22,471	6,033
VI. Retained earnings		279,738	242,996
1. Unallocated retained earnings from prior years		217,791	185,654
2. Result for the year attributable to the Parent Company	4.1	112,509	103,570
3. Interim dividends	4.2	(50,562)	(46,228)
Equity attributable to the Parent Company's shareholders		839,685	742,787
Minority interests		47	38
B) SUBORDINATED LIABILITIES		–	–
C) TECHNICAL PROVISIONS		2,237,769	2,043,946
I. Provisions for unearned premiums and unexpired risks	6.9	1,068,419	986,630
II. Provision for life insurance	6.9	137,268	117,633
III. Provision for outstanding claims	6.9	1,032,082	939,683
D) PROVISIONS FOR CONTINGENCIES AND CHARGES	6.10	2,847	9,669
E) DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE	6.11	104,358	117,529
F) DEFERRED TAX LIABILITIES	6.17	32,027	31,802
G) PAYABLES	6.12	164,860	92,152
I. Payables arising out of reinsurance operations	6.12	124,015	73,577
II. Tax liabilities	6.12	11,666	7,872
1. Income tax payable			
2. Other tax payables		11,666	7,872
III. Other payables	6.12	29,179	10,703
H) ACCRUALS		94,423	92,757
I) LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		–	–
TOTAL EQUITY AND LIABILITIES		3,476,016	3,130,680

(FIGURES IN EUROS 000)

B) Consolidated comprehensive income statement for the years ended 31 december 2009 and 2008

B.1. Consolidated income statement

Concept	Notes	2009	2008
I. INCOME FROM INSURANCE BUSINESS			
1. Net earned premium for the year		1,311,192	1,137,843
a) Written premium from direct insurance		(8)	13
b) Premium from assumed reinsurance	7 / A2	2,053,701	1,778,549
c) Premium from ceded reinsurance		(653,591)	(583,955)
d) Change in net provisions for unearned premiums and unexpired risks		(88,910)	(56,764)
Direct insurance		3	4
Assumed reinsurance		(92,444)	(68,962)
Ceded reinsurance		3,531	12,194
2. Share of profits of equity-accounted companies		62	350
3. Income from investments		128,979	102,969
a) From operations	6.14	114,563	89,980
b) From equity	6.14	14,416	12,989
4. Gains on investments on behalf of unit-linked life insurance policyholders			
5. Other underwriting income		7	89
6. Other non-underwriting income		2,424	2,630
7. Foreign exchange gains		139,601	214,140
8. Reversal of the asset impairment provision	6.6	960	657
TOTAL INCOME FROM INSURANCE BUSINESS		**1,583,225**	**1,458,678**
II. EXPENSES FROM INSURANCE BUSINESS			
1. Net claims for the year		(843,324)	(741,921)
a) Claims paid and change in the net claims provision		(842,997)	(741,239)
Direct insurance		679	1,049
Assumed reinsurance		(1,164,995)	(1,060,972)
Ceded reinsurance		321,319	318,684
b) Claims-related expenses		(327)	(682)
2. Change in other net technical provisions		(862)	(409)
3. Bonuses and rebates			
4. Net operating expenses	6.15	(385,214)	(341,896)
a) Acquisition expenses		(487,132)	(455,890)
b) Administration expenses		(13,246)	(9,743)
c) Commission and participation in reinsurance		115,164	123,737
5. Share of losses of equity-accounted companies		(20)	
6. Expenses from investments		(45,320)	(32,366)
a) From operations	6.14	(44,117)	(22,603)
b) From equity and financial accounts	6.14	(1,203)	(9,763)
7. Losses on investments on behalf of unit-linked life insurance policyholders			
8. Other underwriting expenses		(661)	(1,280)
9. Other non-underwriting expenses		(4,309)	(5,322)
10. Foreign exchange losses		(144,270)	(185,203)
11. Allocation to the asset impairment provision	6.6	(313)	(2,650)
TOTAL EXPENSES FROM INSURANCE BUSINESS		**(1,424,293)**	**(1,311,047)**
III. RESULT OF INSURANCE BUSINESS		**158,932**	**147,631**
IV. RESULT BEFORE TAX FROM CONTINUING OPERATIONS		**158,932**	**147,631**
V. INCOME TAX ON CONTINUING OPERATIONS	**6.17**	**(46,420)**	**(44,058)**
VI. RESULT AFTER TAX FROM CONTINUING OPERATIONS		**112,512**	**103,573**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS		**–**	
VIII. RESULT FOR THE YEAR		**112,512**	**103,573**
1. Attributable to minority interests		(3)	(3)
2. Attributable to the Parent Company		112,509	103,570

(FIGURES IN EUROS 000)

B.2. Consolidated statement of recognised income and expenses

Item	Gross amount 2009	Gross amount 2008	Income tax 2009	Income tax 2008	Attributable to minority interests 2009	Attributable to minority interests 2008	Attributable to the parent company 2009	Attributable to the parent company 2008
A) CONSOLIDATED RESULT FOR THE YEAR	**158,932**	**147,631**	**(46,420)**	**(44,058)**	**(3)**	**(3)**	**112,509**	**103,570**
B) OTHER RECOGNISED INCOME (EXPENSES)	**61,433**	**(57,071)**	**(13,067)**	**12,798**	**–**	**–**	**48,366**	**(44,273)**
1. Available-for-sale financial assets	**44,750**	**(44,528)**	**(13,067)**	**12,798**			**31,683**	**(31,730)**
a) Valuation gains (losses)	56,150	(52,007)	(16,396)	14,916			39,754	(37,091)
b) Amounts transferred to the income statement	(11,400)	7,479	3,329	(2,118)			(8,071)	5,361
c) Other reclassifications								
2. Exchange differences	**16,438**	**(12,543)**					**16,438**	**(12,543)**
a) Valuation gains (losses)	16,438	(11,387)					16,438	(11,387)
b) Amounts transferred to the income statement		(1,156)						(1,156)
3. Shadow accounting								
a) Valuation gains (losses)								
b) Amounts transferred to the income statement								
4. Companies valued using the equity method	**245**						**245**	
a) Valuation gains (losses)	192						192	
b) Amounts transferred to the income statement	53						53	
c) Other reclassifications								
5. Other recognised income and expenses								
TOTALS	**220,365**	**90,560**	**(59,487)**	**(31,260)**	**(3)**	**(3)**	**160,875**	**59,297**

(FIGURES IN EUROS 000)

C) Consolidated statement of changes in equity as at 31 december 2009 and 2008

Item	Equity attributable to shareholders of the parent company							
	Paid-up capital	Reserves	Own shares	Valuation adjustment reserves	Translation differences	Retained earnings	Minority interests	Total equity
BALANCE AS AT 1 JANUARY 2008	223,916	273,377	0	18,279	18,576	191,008	42	725,198
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 1 JANUARY 2008, RESTATED	223,916	273,377	0	18,279	18,576	191,008	42	725,198
CHANGES IN THE 2008 FINANCIAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				(31,730)				(31,730)
3. From cash-flow hedges								
4. From translation differences					701			(12,543)
5. From other results recognised directly into equity								
Total results recognised directly into equity	0	0	0	(31,730)	701	0	0	(44,273)
II. Other results for the 2008 financial year						103,570	3	103,573
III. Distribution of the 2007 results						(1,635)		(1,635)
IV. Interim dividend for 2008						(46,228)		(46,228)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases		9,175		992				10,167
IX. Other decreases		(251)			(13,244)	(3,719)	(7)	(3,977)
TOTAL CHANGES IN THE 2008 FINANCIAL YEAR	0	8,924	0	992	0	51,988	(4)	61,900
BALANCE AS AT 31 DECEMBER 2008	223,916	282,301	0	(12,459)	6,033	242,996	38	742,825
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 1 JANUARY 2009, RESTATED	223,916	282,301	0	(12,459)	6,033	242,996	38	742,825
CHANGES IN THE 2009 FINANCIAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				31,683				31,683
3. From cash-flow hedges								
4. From translation differences					16,438			16,438
5. From other results recognised directly into equity				245				245
Total results recognised directly into equity	0	0	0	31,928	16,438	0	0	48,366
II. Other results for the 2009 financial year						112,509	3	112,512
III. Distribution of the 2008 results						(14,839)		(14,839)
IV. Interim dividend for 2009						(50,562)		(50,562)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases		11,790					6	11,796
IX. Other decreases						(10,366)		(10,366)
TOTAL CHANGES IN THE 2009 FINANCIAL YEAR	0	11,790	0	0	0	36,742	9	48,541
BALANCE AS AT 31 DECEMBER 2009	223,916	294,091	0	19,469	22,471	279,738	47	839,732

(FIGURES IN EUROS 000)

D) Consolidated statement of cash flows for years ended 31 december 2009 and 2008

Items	2009	2008
Premium receipts		
Payments on claims		
Receipts from reinsurance operations	492,784	466,371
Payments on reinsurance operations	(242,177)	(232,556)
Receipts from coinsurance operations		
Payments on coinsurance operations		
Payments of commission		
Receipts from clients of other activities		
Payments to providers of other activities		
Other operating receipts	4,093	7,800
Other operating payments	(47,887)	(45,526)
Corporation tax payments or receipts	(36,659)	(13,418)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**170,178**	**182,671**
Acquisitions of intangible fixed assets	(695)	(792)
Acquisitions of property, plant and equipment	(1,043)	(342)
Acquisitions of investments and expenses on capital increases	(430,625)	(740,115)
Net cash paid by companies leaving the consolidation perimeter		
Net cash collected from companies leaving the consolidation perimeter		(23)
Sales of fixed assets	2,326	181
Sales of investments	276,844	542,613
Interest collected	73,292	56,104
Other payments		
Dividends collected	4,625	6,260
Receipts from loans and other financial instruments	2,688	3,051
Payments for loans and other financial instruments	(243)	
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(72,831)**	**(133,063)**
Dividends and donations paid	(65,401)	(47,863)
Proceeds from capital increases		
Payments through return of contributions to shareholders		
Proceeds from the issue of debentures		
Payment for interest and redemption of debentures		
Payment for interest and repayment of other borrowings		
Proceeds from other borrowings		
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(65,401)**	**(47,863)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**31,946**	**1,745**
Translation differences in cash flows and cash balances	**(2)**	**(1)**
OPENING CASH BALANCE	**33,835**	**32,091**
CLOSING CASH BALANCE	**65,779**	**33,835**

(FIGURES IN EUROS 000)

E) Segment reporting – Consolidated balance sheet as at 31 december 2009 and 2008

Assets	Life reinsurance 2009	Life reinsurance 2008	Non-life reinsurance 2009	Non-life reinsurance 2008	Total 2009	Total 2008
A) INTANGIBLE ASSETS	**137**	**171**	**1,642**	**2,045**	**1,779**	**2,216**
I. Goodwill						
II. Other intangible assets	137	171	1,642	2,045	1,779	2,216
B) PROPERTY, PLANT AND EQUIPMENT	**3,642**	**3,346**	**33,973**	**32,137**	**37,615**	**35,483**
I. Own-use property	3,459	3,206	31,896	30,525	35,355	33,731
II. Other property, plant and equipment	183	140	2,077	1,612	2,260	1,752
C) INVESTMENTS	**336,533**	**233,804**	**2,049,857**	**1,871,794**	**2,386,390**	**2,105,598**
I. Investment property	26,405	22,680	4,476	4,623	30,881	27,303
II. Financial investments	207,253	169,595	1,703,134	1,446,344	1,910,387	1,615,939
1. Held-to-maturity portfolio		0		0		0
2. Available-for-sale portfolio	193,190	157,146	1,687,831	1,426,218	1,881,021	1,583,364
3. Trading portfolio	14,063	12,449	15,303	20,126	29,366	32,575
III. Equity-method-accounted Investments	11,305	9,559	1,717	1,732	13,022	11,291
IV. Deposits established for assumed reinsurance	83,093	21,661	242,671	252,564	325,764	274,225
V. Other investments	8,477	10,309	97,859	166,531	106,336	176,840
D) INVESTMENTS ON BEHALF OF UNIT-LINKED LIFE INSURANCE POLICYHOLDERS						
E) INVENTORIES						
F) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	**14,066**	**14,193**	**589,665**	**622,452**	**603,731**	**636,645**
G) DEFERRED TAX ASSETS	**882**	**1,395**	**10,405**	**14,629**	**11,287**	**16,024**
H) LOANS AND RECEIVABLES	**14,787**	**11,128**	**202,792**	**144,753**	**217,579**	**155,881**
I. Receivables from direct insurance and coinsurance operations						
II. Receivables from reinsurance operations	14,317	11,128	196,636	133,526	210,953	144,654
III. Tax credits	244		3,031	1,332	3,275	1,332
IV. Corporate and other loans	226		3,125	9,895	3,351	9,895
V. Called-up share capital				0		0
I) CASH AND CASH EQUIVALENTS	**5,906**	**2,662**	**59,873**	**31,173**	**65,779**	**33,835**
H) PREPAYMENTS	**3,767**	**3,375**	**147,379**	**140,887**	**151,146**	**144,262**
K) OTHER ASSETS	**56**	**57**	**654**	**679**	**710**	**736**
L) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS						
TOTAL ASSETS BY SEGMENT	**379,776**	**270,131**	**3,096,240**	**2,860,549**	**3,476,016**	**3,130,680**

(FIGURES IN EUROS 000)

Equity and liabilities	Life reinsurance 2009	Life reinsurance 2008	Non-life reinsurance 2009	Non-life reinsurance 2008	Total 2009	Total 2008
A) EQUITY	**102,869**	**79,208**	**736,863**	**663,617**	**839,732**	**742,825**
I. Paid-up capital	19,062	17,243	204,854	206,673	223,916	223,916
II. Reserves	63,256	64,376	230,835	217,925	294,091	282,301
III. Own shares						
IV. Valuation adjustment reserves	2,389	(1,830)	17,080	(10,629)	19,469	(12,459)
V. Translation differences	1,325	(9,019)	21,146	15,052	22,471	6,033
VI. Retained earnings	16,790	8,400	262,948	234,596	279,738	242,996
Equity attributable to the Parent Company's shareholders	**102,822**	**79,170**	**736,863**	**663,617**	**839,685**	**742,787**
Minority interests	**47**	**38**			**47**	**38**
B) SUBORDINATED LIABILITIES						
C) TECHNICAL PROVISIONS	**246,649**	**164,706**	**1,991,120**	**1,879,240**	**2,237,769**	**2,043,946**
I. Provisions for unearned premiums and unexpired risks			1,068,419	986,630	1,068,419	986,630
II. Provisions for life insurance	137,268	117,633			137,268	117,633
III. Provisions for outstanding claims	109,381	47,073	922,701	892,610	1,032,082	939,683
IV. Other technical provisions						
D) TECHNICAL PROVISONS FOR UNIT-LINKED LIFE INSURANCE POLICIES						
E) PROVISIONS FOR CONTINGENCIES AND CHARGES	**221**	**745**	**2,626**	**8,924**	**2,847**	**9,669**
F) DEPOSITS RECEIVED FROM CEDED (OUTWARD) AND RETROCEDED REINSURANCE	**8,714**	**6,780**	**95,644**	**110,749**	**104,358**	**117,529**
G) DEFERRED TAX LIABILITIES	**2,628**	**2,442**	**29,399**	**29,360**	**32,027**	**31,802**
H) PAYABLES	**11,712**	**9,115**	**153,148**	**83,037**	**164,860**	**92,152**
I. Issue of debentures and other marketable securities						
II. Amounts owed to credit institutions						
III. Other financial liabilities						
IV. Payables arising out of direct insurance and coinsurance operations						
V. Payables arising out of reinsurance operations	6,636	5,559	117,379	68,018	124,015	73,577
VI. Tax liabilities	946	963	10,720	6,909	11,666	7,872
VII. Other payables	4,130	2,593	25,049	8,110	29,179	10,703
I) ACCRUALS	**6,983**	**7,135**	**87,440**	**85,622**	**94,423**	**92,757**
J) LIABILITIES ASSOCIATED WITH NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS						
TOTAL EQUITY AND LIABILITIES BY SEGMENT	**379,776**	**270,131**	**3,096,240**	**2,860,549**	**3,476,016**	**3,130,680**

(FIGURES IN EUROS 000)

E) Segment reporting – Consolidated income statement for the years ended 31 december 2009 and 2008

	Life Reinsurance		Non-Life Reinsurance		Total	
	2009	2008	2009	2008	2009	2008
I. INCOME FROM INSURANCE BUSINESS						
1. Net earned premiums for the year	140,669	104,589	1,170,523	1,033,254	1,311,192	1,137,843
a) Written premium from direct insurance			(8)	13	(8)	13
b) Premium from assumed reinsurance	175,930	123,853	1,877,771	1,654,696	2,053,701	1,778,549
c) Premium from ceded reinsurance	(23,598)	(20,546)	(629,663)	(563,409)	(653,591)	(583,955)
d) Change in net provisions for unearned premiums and unexpired risks	(11,663)	1,282	(77,247)	(58,046)	(88,910)	(56,764)
Direct insurance			3	4	3	4
Assumed reinsurance	(10,652)	3,639	(81,792)	(72,601)	(92,444)	(68,962)
Ceded reinsurance	(1,011)	(2,357)	4,542	14,551	3,531	12,194
2. Share of profits of equity-accounted companies		204	62	146	62	350
3. Income from investments	17,654	12,131	111,325	90,838	128,979	102,969
a) From operations	13,191	8,218	101,372	81,762	114,563	89,980
b) From equity	4,463	3,913	9,953	9,076	14,416	12,989
4. Unrealised gains on investments on behalf of unit-linked life insurance policyholders						
5. Other underwriting income			7	89	7	89
6. Other non-underwriting income	747	982	1,677	1,648	2,424	2,630
7. Foreign exchange gains	12,740	17,803	126,861	196,337	139,601	214,140
8. Reversal of the asset impairment provision			960	657	960	657
TOTAL INCOME FROM INSURANCE BUSINESS	**171,810**	**135,709**	**1,411,415**	**1,322,969**	**1,583,225**	**1,458,678**
II. EXPENSES FROM INSURANCE BUSINESS						
1. Net claims for the year	(99,179)	(69,673)	(744,145)	(672,248)	(843,324)	(741,921)
a) Claims paid and change in the net claims provision	(99,169)	(69,665)	(743,828)	(671,574)	(842,997)	(741,239)
Direct insurance			679		679	1,049
Assumed reinsurance	(115,589)	(83,282)	(1,049,406)	1,049	(1,164,995)	(1,060,972)
Ceded reinsurance	16,420	13,617	304,899	(977,690)	321,319	318,684
b) Claims-related expenses	(10)	(8)	(317)	305,067	(327)	(682)
2. Change in other net technical provisions	(862)	(409)		(674)	(862)	(409)
3. Bonuses and rebates						
4. Net operating expenses	(35,021)	(28,201)	(350,193)	(313,695)	(385,214)	(341,896)
a) Acquisition expenses	(36,170)	(33,189)	(450,962)	(422,701)	(487,132)	(455,890)
b) Administration expenses	(2,390)	(1,973)	(10,856)	(7,770)	(13,246)	(9,743)
c) Commission and participation in reinsurance	3,539	6,961	111,625	116,776	115,164	123,737
5. Share of losses of equity-accounted companies	(20)				(20)	
6. Expenses from investments	(2,326)	(6,545)	(42,994)	(25,821)	(45,320)	(32,366)
a) From operations	(2,152)	(6,094)	(41,695)	(16,509)	(44,117)	(22,603)
b) From equity and financial accounts	(174)	(541)	(1,029)	(9,312)	(1,203)	(9,763)
7. Unrealised losses on investments on behalf of unit-linked life insurance policyholders						

(Continue on the following page)

(Continued from previous page)

	Life Reinsurance		Non-Life Reinsurance		Total	
	2009	2008	2009	2008	2009	2008
8. Other underwriting expenses	(661)		(313)	(649)	(974)	(1,280)
9. Other non-underwriting expenses	(834)	(631)	(3,475)	(4,635)	(4,309)	(5,322)
10. Foreign exchange losses	(13,781)	(687)	(130,489)	(170,066)	(144,270)	(185,203)
11. Allocation to the asset impairment provision		(15,137)		(2,650)		(2,650)
TOTAL EXPENSES FROM INSURANCE BUSINESS	**(152,684)**	**(121,283)**	**(1,271,609)**	**(1,189,764)**	**(1,424,293)**	**(1,311,047)**
RESULT OF INSURANCE BUSINESS	**19,126**	**14,426**	**139,806**	**133,205**	**158,932**	**147,631**
III. OTHER ACTIVITIES						
1. Income from operations						
2. Operating expenses						
3. Net financial income						
a) Financial income						
b) Financial expenses						
4. Results from minority interests						
a) Share of profits of equity-accounted companies						
b) Share of losses of equity-accounted companies						
5. Reversal of asset impairment provision						
6. Allocation to 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 CONTINUING OPERATIONS	**19,126**	**14,426**	**139,806**	**133,205**	**158,932**	**147,631**
V. INCOME TAX ON CONTINUING OPERATIONS	**(4,245)**	**(5,119)**	**(42,175)**	**(38,939)**	**(46,420)**	**(44,058)**
VI. RESULT AFTER TAX FROM CONTINUING OPERATIONS	**14,881**	**9,307**	**97,631**	**94,266**	**112,512**	**103,573**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS						
VIII. RESULT FOR THE YEAR	**14,881**	**9,307**	**97,631**	**94,266**	**112,512**	**103,573**
1. Attributable to minority interests	(3)	(3)			(3)	(3)
2. Attributable to the Parent Company	14,878	9,304	97,631	94,266	112,509	103,573

(FIGURES IN EUROS 000)

F) Financial information by geographical area. Breakdowns as at 31 december 2009 and 2008

Countries	Revenue from external customers 2009	Revenue from external customers 2008	Non-current assets 2009	Non-current assets 2008
SPAIN	502,514	518,066	31,668	39,355
UNITED STATES OF AMERICA	128,722	90,843	726	736
BRAZIL	101,764	5,939	2,905	1,703
MEXICO	88,811	100,456	220	905
VENEZUELA	111,568	70,426	89	105
COLOMBIA	71,888	64,100	202	100
ARGENTINA	44,269	46,297		
TURKEY	55,196	60,259		
CHILE	81,601	65,047	28,669	24,251
OTHER COUNTRIES	867,360	757,129	13,132	9,810
TOTAL	**2,053,693**	**1,778,562**	**77,611**	**76,965**

(FIGURES IN EUROS 000)

Notes to the consolidated financial statements

1. General information on the company and its activity

MAPFRE RE, Compañía de Reaseguros S.A. (hereinafter the "Parent Company") is a reinsurance company which is the parent of a number of subsidiary companies engaged in reinsurance activities.

The Parent Company was set up in Spain and has its registered office at Paseo de Recoletas 25 in Madrid.

It has a number of central services in Madrid and five subsidiaries, four branches and ten representative offices, with a direct presence in sixteen countries. Its area of operation includes Spain, countries of the European Union and other countries, chiefly Latin America, and its activities include all types of business and classes of reinsurance.

The Parent Company is in turn a subsidiary of MAPFRE S.A. and forms part of the MAPFRE GROUP, made up of MAPFRE S.A. and various companies operating in the insurance, financial, securities, property and services sectors.

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

The consolidated financial statements were drawn up by the Board of Directors on 24 February 2010 and are expected to be approved by the General Meeting of Shareholders. Spanish regulations provide for the possibility of the annual accounts being amended in the event of their not being approved by the said sovereign body.

2. Basis of presentation of the consolidated financial statements

2.1 BASIS OF PRESENTATION

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

The group follows the criterion of capitalising expenses attributable to the acquisition of qualifying assets, with these expenses forming part of the cost of the said assets.

There has been no early application of standards and interpretations that, having been approved by the European Commission, had not entered into force by the closing date of the 2009 financial year – specifically IAS 27 "Consolidated and Separate Financial Statements" and IFRS 3 "Business Combinations" – although their early adoption would not have affected the Group's financial position and results.

2.2 SEGMENT REPORTING

The Parent Company has voluntarily included segment details for both business and geographic segments in the consolidated financial statements. The main segments for the Company's lines of business are Life and Non-Life reinsurance.

Section E) of the consolidated financial statements includes segment reporting.

2.3 FINANCIAL INFORMATION BY GEOGRAPHICAL AREA

Section F) of the consolidated financial statements includes financial information by geographical area.

The geographical areas established are: Spain, United States of America, Brazil, Mexico, Venezuela, Colombia, Argentina, Turkey, Chile and Other countries.

2.4 CHANGES IN ACCOUNTING POLICIES, CHANGES IN ESTIMATES AND ERRORS

Except as indicated in Note 2.5, application of the new standards and interpretations applying with effect from 1 January 2009 has not had any effect on the Group's accounting policies, financial position or results.

No errors have been detected in prior years' consolidated financial statements.

2.5 COMPARISON OF INFORMATION

There is nothing to prevent the consolidated financial statements for the year from being compared with those of the preceding year.

Application of the new regulations and interpretations applying with effect from 1 January 2009 has not had any effect on the Group's accounting policies, financial position or results.

— The revised IAS 1 relating to the presentation of financial statements separates changes in the Parent Company's shareholders' equity from the rest. That standard also introduces the comprehensive income statement, which includes all the recognised income and expense items, either in one single statement or in two linked statements. As a result of the foregoing, there have been changes to the structure of the statement of changes in equity and the comprehensive income statement, which includes the "Statement of Recognised Income and Expenses".

— Regarding the changes introduced by IFRS 8, the Group found that the operational segments were the same as the business segments previously identified in IAS 14 "Segment Reporting".

— The changes introduced by IAS 23 "Capitalisation of Borrowing Costs" have not had any significant effects.

— The new disclosure requirements included in IFRS 7 relating to the classification of financial instruments at different levels, depending on their measurement method, and to transfers between the different levels have been incorporated in the Notes to the Consolidated Financial Statements.

2.6 CHANGES IN THE CONSOLIDATION PERIMETER
Appendix 1 lists the companies and the changes made to the consolidation perimeter in 2009 and 2008, together with details of their equity and results.

The overall effect of these changes on the consolidatable Group's equity, financial position and results in 2009 and 2008 with respect to the preceding year is described in the relevant Notes to the Consolidated Financial Statements.

The main changes made in recent years are as follows:

— There were no changes in the consolidation perimeter in 2009.
— In 2008, our new branch in Brazil, MAPFRE RE DO BRASIL, was incorporated into the group.
— In 2008, for the reasons indicated below, the following companies ceased to be subsidiary or associate companies of the Group:
Through winding up
Inversiones MAPFRE RE (Colombia)

2.7 ACCOUNTING JUDGMENTS AND ESTIMATES
In preparing the consolidated financial statements under IFRSs, the Parent Company's Board of Directors made judgments and estimates based on assumptions about the future and about uncertainties which basically refer to:

— Impairment losses on certain assets.
— Calculation of the provisions for contingencies and charges.
— The actuarial calculation of liabilities and post-employment benefit commitments.
— The useful life of intangible assets and property, plant and equipment items.
— The fair value of certain unlisted assets.

The estimates and assumptions used are regularly reviewed and are based on historical experience and other factors that may have been considered more reasonable at some time. If these reviews were to lead to a change in the estimate for a particular period, its effect would apply to that period and to any successive ones.

3. Consolidation

BASIS OF CONSOLIDATION

3.1. SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES
Subsidiaries, associate companies and joint ventures included in the consolidation are identified and their details given in the table of shareholdings (Appendix 1) that forms an integral part of the Notes to the Consolidated Financial Statements. The Appendix indicates the joint ventures that have been included using the proportionate consolidation method.

The status of companies as subsidiaries is determined by the Parent Company holding a majority of voting rights, directly or through branches, or, even if not holding half of the said rights, if the Parent Company is able to manage the said companies' financial and operating policies in order to obtain profits from their activities. Subsidiaries are consolidated from the date on which the Group acquires control and are excluded from the consolidation on the date on which that control ceases, with the results relating to the part of the financial year during which the companies belonged to the Group therefore being included.

Associate companies are ones in which the Parent Company exercises a significant influence, even though they are neither subsidiaries nor joint ventures.

'Significant influence' is understood to mean the power to intervene in an investee company's decisions on financial and operating policies, but without achieving control or joint control over those policies. Significant influence is assumed to be exercised when the company holds, either directly or indirectly through its subsidiaries, at least 20% of the investee company's voting rights.

Ownership interests in associates are consolidated using the equity method, with the net goodwill identified on the acquisition date being included in the value of the ownership interests.

Where the Group's share of an associate's losses equals or exceeds the book value of its interest in the associate, including any unsecured receivable, the Group does not record additional losses unless obligations have been incurred or payments made on the associate's behalf.

To determine whether an investee company is a subsidiary or an associate company, both the potential and exercisable voting rights held and call options on shares, debt instruments convertible into shares or other instruments allowing the Parent Company to increase its voting rights have been taken into account.

The financial statements of subsidiaries, associate companies and joint ventures used for the consolidation are those relating to the financial years closed on 31 December 2009 and 2008.

3.2. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES INCLUDED IN THE CONSOLIDATION
The Group's functional and presentation currency is the Euro. The balances and operations of Group companies whose functional currency is not the Euro are therefore converted into Euros using the closing exchange rate method.

Any exchange differences resulting from application of the above procedure, as well as those arising from the translation of foreign-currency loans and other instruments used to hedge investments in foreign operations, have been recorded as a separate component of equity in the "Translation Differences" account, with the part of the difference corresponding to "Minority Interest" having been deducted.

The rest of the foreign-currency transactions, except for reinsurance operations, are initially converted into Euros using the exchange rate applying on the transaction date.

At the close of the quarter, balances relating to foreign-currency-denominated monetary items are converted at the Euro exchange rate applying on that date. Any exchange differences are then allocated in the income statement, except for monetary financial assets classified as available for sale, and not earmarked for hedging foreign-currency-denominated technical provisions in which differences other than those produced by exchange rate variations that are not the result of variations in their amortised cost, are recognised in the equity.

ADJUSTMENTS TO THE OPENING BALANCE

The columns of adjustments to the opening balance appearing in the various tables in the Notes to the Annual Financial Statements include variations occurring as a result of a different translation exchange rate being applied in the case of figures relating to subsidiaries abroad.

The variations in the technical provisions appearing in the consolidated income statement differ from those obtained from the difference in the balance sheet balances for the current and preceding financial years, as a result of a different translation exchange rate being applied in the case of subsidiaries abroad.

4. Earnings per share and dividends

4.1. EARNINGS PER SHARE

The calculation of the basic earnings per share, which coincides with the diluted earnings per share when there are no potential ordinary shares, is shown below:

	2009	2008
Net profit attributable to the Parent Company's shareholders (euros 000)	112,509	103,570
Weighted average number of ordinary shares outstanding (euros 000)	72,231	72,231
Basic earnings per share (Euros)	**1.56**	**1.44**

4.2. DIVIDENDS

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

Concept	Total dividend		Dividend per share	
	2009	2008	2009	2008
Interim dividend	50,561,748	46,227,884	0,70	0.64
Final dividend	19,502,388	13,001,592	0,27	0.18
TOTAL	**70,064,136**	**59,229,476**	**0,97**	**0.82**

(FIGURES IN EUROS)

The total dividend for the 2009 financial year has been proposed by the Board of Directors and is awaiting approval by the Ordinary General Meeting of Shareholders.

The planned dividend payout complies with the requirements and limitations laid down in the legal regulations and the Articles of Association.

During 2009, the Parent Company paid an interim dividend totalling 50,561,747.60 Euros .

The liquidity statement prepared by the Board of Directors for the 2009 payout is shown below:

Item	Date of resolution: 01/12/2009
Cash available on the date of the resolution	**129,400**
Cash increases forecast within one year	
(+) From expected current collection transactions	395,000
(+) From financial transactions	
Cash reductions forecast within one year	
(-) From expected current payment transactions	
(-) From expected financial transactions	(200,600)
Cash available within one year	**138,800**

(FIGURES IN EUROS 000)

5. Accounting policies

5.1 INTANGIBLE ASSETS

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 on that basis, whereas if they have an indefinite useful life they are subject to value impairment tests on at least an annual basis.

INTERNALLY GENERATED INTANGIBLE ASSETS

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

Capitalised development costs are amortised over the period in which income or yields are expected to be obtained, without prejudice to the valuation that could be made if impairment occurred.

5.2 PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTY

Property, plant and equipment and investment property are valued at their acquisition cost less their accumulated amortisation and any accumulated impairment losses.

Post-acquisition costs are recognised as an asset only where future economic profits associated with them are likely to revert to the Group and the cost of the item can be reliably determined. Remaining expenses for maintenance and repair are charged to the consolidated income statement during the financial year in which they are incurred.

Property, plant and equipment and investment property are amortised on a straight-line basis on the asset's cost value, less its residual value and less the value of the land, based on the following periods of useful life of each of the assets:

Group of elements	Years	Annuel rate
Buildings and construction	50-25	2%-4%
Transportation equipment	6.25	16%
Furniture	10	10%
Fixtures	16.6-10	6%-10%
Data processing equipment	4	25%

The residual value and useful life of the assets are reviewed and adjusted, if required, on the closing date of each financial year.

Items of property, plant and equipment or investment property are written off when they are sold or when their continued use is no longer expected to generate future economic profits. Gains or losses arising from the write-off are included in the consolidated income statement.

5.3 LEASES

OPERATING LEASES

Leases where the lessor retains a significant part of the risks and rewards of ownership are classed as operating leases. Operating lease payments (net of any incentive received from the lessor) are charged in the consolidated income statement on a straight-line basis over the lease term.

5.4 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:

— HELD-TO-MATURITY PORTFOLIO

This category includes securities for which there is the intent and the proven financial capacity to hold them until they mature.

— AVAILABLE-FOR-SALE PORTFOLIO

This portfolio includes securities representing debt not classified as "Held-to-maturity portfolio" or "Trading portfolio" and equity instruments of companies that are not subsidiaries, associates or joint ventures, and which have not been included in the "Trading portfolio".

— TRADING PORTFOLIO

This portfolio includes financial assets, originated or acquired with a view to their short-term realisation, which form part of a portfolio of jointly identified and managed financial instruments for which there is evidence of recent action to achieve short-term gains.

This portfolio also includes non-hedging financial instruments and hybrid financial assets valued entirely at fair value.

With hybrid financial assets, which simultaneously include a main contract and a financial derivative, both components are segregated and dealt with independently for the purposes of classification and valuation. Exceptionally, where segregation of this kind is not possible, hybrid financial assets are valued at their fair value.

VALUATION

In their initial recognition in the balance sheet, all financial investments forming part of the above portfolios are recognised at the fair value of the consideration handed over, plus, in the case of financial investments not classified in the "Trade portfolio", any transaction costs directly attributable to their acquisition.

After the initial recognition, financial investments are valued at their fair value, without deducting any transaction costs that might be incurred through their sale or any type of disposal, with the following exceptions:

a) Financial investments included in the "Held-to-maturity portfolio" which are valued at their amortised cost [M1] using the effective interest rate method.

   The effective interest rate is the adjustment rate exactly matching the initial value of a financial instrument to all its estimated cash flows from every point of view throughout its remaining life.

b) Financial assets that are equity instruments whose fair value may not be reliably estimated, as well as derivatives having such instruments as their underlying asset, and which are settled by handing them over, these being valued at cost.

The fair value of financial investments is the price that would be paid for them in a transparent, organised market ("quoted price" or "market value"). When the market value mentioned is not available, the fair value is determined by restating the future financial flows, including the redemption value, at rates equivalent to the interest rates of swaps in Euros, increased or decreased by the differential arising from the issuer's credit quality, and standardised according to the issuer's quality and the term to maturity.

The fair value of the financial derivatives included in the "Trading portfolio" is taken to be their daily market value or, failing that, the present value of future cash flows.

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 any other circumstance showing that the investment cost of an equity instrument is not recoverable.

Objective evidence of impairment is determined on an individual basis for all types of financial instruments.

The amount of impairment losses is equal to the difference between their book value and the present value of their estimated future cash flows. In the case of equity instruments, an individual analysis of investments is carried out in order to determine whether they have suffered any impairment. In addition, a prolonged fall in market value (18 months) or a significant decline in cost (40%) is assumed to be a sign of impairment.

The amount of estimated impairment losses is recognised in the consolidated income statement, including, in addition, any reduction in the fair value of investments previously recognised under "Valuation adjustment reserves". In the case of cash flow swaps, the amounts accrued from the main transactions are recognised, with the amount resulting from the flows being carried under "Other financial liabilities" or "Corporate and other loans", as the case may be.

5.5 ASSET IMPAIRMENT

At the close of each financial year, the Group assesses whether there are any signs that asset items 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 that are not being used and intangible assets with an indefinite useful life, the recoverable value is estimated irrespective of any signs of impairment.

Where the book value exceeds the recoverable amount, the excess is recognised as a loss, reducing the asset's book value to its recoverable amount.

Where an increase in the recoverable value of an asset other than goodwill occurs, the previously recognised impairment loss is reversed, increasing the asset's book value to its recoverable value. This increase never exceeds the book value net of amortisation which would be recorded if the impairment loss had not been recognised in prior years. The reversal is recognised in the consolidated income statement, unless the asset has previously been revalued against "Valuation adjustment reserves", in which case the reversal is treated as a revaluation increase. After this reversal, the amortisation expense is adjusted in subsequent periods.

5.6 LOANS AND RECEIVABLES

Valuation of these assets is generally carried out at the amortised cost, calculated using the effective interest rate method, with provisions for any value impairment losses shown being deducted.

Where there is objective evidence that an impairment loss has been incurred, the relevant provision has been set up for the amount deemed unrecoverable. That amount is equal to the difference between the asset's book value and the present value of future cash flows, discounted at the asset's original effective interest rate. The amount of the loss is recognised in the consolidated income statement for the year.

5.7 CASH AND CASH EQUIVALENTS

Made up of cash and cash equivalents.

Cash is made up of cash and sight deposits with banks.

Cash equivalents are highly-liquid short-term investments that are readily convertible into fixed amounts of cash, are subject to insignificant risk as regards changes in value, and have maturities of less than three months (24 hours in the previous financial year, although this change of period has no significant effect).

5.8 PREPAYMENTS AND ACCRUED INCOME

The "Prepayments" heading on the assets side basically includes commission and other acquisition expenses corresponding to earned premiums attributable to the period between the closing date and the term of cover of the contracts, with such expenses being those actually borne in the period, subject to the limit established in the technical basis.

Similarly, the "Accruals" heading on the liabilities side includes commission and other acquisition expenses of ceded reinsurance that are to be allocated to the following year or years, according to the period of cover of the ceded policies.

5.9 REINSURANCE OPERATIONS

A) PREMIUMS

ASSUMED AND RETROCEDED REINSURANCE

Premiums from assumed (inward) reinsurance are posted on the basis of the accounts received from the ceding companies.

Retrocession operations are recorded using the same criteria as for assumed reinsurance, on the basis of the retrocession treaties written.

B) TECHNICAL PROVISIONS

B.1) ASSUMED REINSURANCE

Provision for unearned premiums

Assumed (inward) reinsurance operations are posted on the basis of the accounts received from ceding companies. If, when the accounts are closed, the ceding company's latest accounts are not available, the balance of other accounts received will be deemed to be a provision for unearned premiums from non-closed accounts, in order not to recognise results when recording such accounts. Where, exceptionally, these provisions from non-closed accounts were to be adversely affected by the posting of major claims payments constituting a sure loss that could not be offset by movements of non-closed accounts, the provision would be adjusted by the relevant amount.

Where the latest account and outstanding claims report are available, the provisions from non-closed accounts are cancelled and allocated to the provisions for unearned premiums, according to the information provided by the ceding company, with accruals being made on a policy-by-policy basis. Failing this, the figure posted for the provision for unearned premiums will be the amount of the premium deposit retained for this purpose and, as a last resort, an overall premium accrual method may be used.

Acquisition expenses notified by the ceding companies are accrued under the "Prepayments" heading of the consolidated balance sheet and correspond to the expenses actually borne in the period. Where ceding companies fail to notify the amounts, acquisition expenses are accrued on a risk-by-risk basis for facultative proportional reinsurance, and on a global basis for any other proportional business.

Provision for unexpired risks

This is calculated on a class-of-business basis and complements the provision for unearned premiums with the amount by which it inadequately reflects the valuation of contingencies and charges that are to be covered in the period of cover still to run on the closing date.

Provision for outstanding claims

Provisions for outstanding claims are allocated for the amounts notified by the ceding company or, failing that, for the retained deposits, and include complementary provisions for losses incurred but not reported (IBNR), as well as for deviations in existing ones, based on the Company's own experience.

B.2) RETROCEDED REINSURANCE

Retrocession operations and their corresponding technical provisions are recorded using the same criteria as for assumed reinsurance, on the basis of the retrocession treaties written.

B.3) LIABILITY ADEQUACY TEST

The technical provisions recorded are regularly subjected to a reasonableness test in order to determine their adequacy on the basis of projections of all future cash flows of existing contracts. If it becomes apparent from this test that the provisions are inadequate, they are adjusted against the results for the financial year.

C) CLAIMS

Claims under assumed reinsurance are posted on the basis of the accounts received from the ceding companies, and also based on information from the Company's own historical experience.

Claims under ceded and retroceded reinsurance are recorded according to the reinsurance treaties written, and under the same criteria as those used for direct insurance and assumed reinsurance, respectively.

D) MOST SIGNIFICANT ASSUMPTIONS AND OTHER SOURCES FOR ESTIMATING UNCERTAINTIES

With regard to assets, liabilities, income and expenses deriving from insurance contracts, the assumptions used as a basis for issuing the contracts and specified in the technical basis are normally used.

Generally, the estimates and assumptions used are regularly reviewed and are based on historical experience and other factors that may have been considered more reasonable at some time. If these reviews were to lead to a change in the estimate for a particular period, its effect would apply to that period and to any successive ones.

The main assumption is based on the performance and development of claims, using their frequency and costs over the last few years. Estimates also take account of assumptions on interest and foreign-exchange rates, delays in the payment of claims, and any other external factor that might affect estimates.

In the case of liabilities, the assumptions are based on the best possible estimate at the time the contracts are issued. Nevertheless, should clear evidence of inadequacy emerge, the provisions needed to cover it would be established.

E) IMPAIRMENT

Where there is objective evidence that an impairment loss has occurred, the general valuation criterion mentioned in Note 5.6, "Loans and receivables", is applied.

5.10 PROVISIONS FOR CONTINGENCIES AND CHARGES

Provisions are recognised when the present obligation (whether legal or implied) exists as a result of a past event and a reliable estimate of the amount of the obligation can be made.

Where all or part of a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset.

5.11 PAYABLES

The valuation of items included under the "Payables" heading is generally done at amortised cost, using the effective interest rate method.

In the case of debts maturing after more than one year, for which the parties have not expressly agreed the interest rate applicable, the debts are discounted taking as the implicit financial interest rate that in force in the market for government securities with the same or similar term to the maturity of the debts, without prejudice to consideration of the relevant risk premium.

5.12 GENERAL CRITERION FOR INCOME AND EXPENSES

The general principle for recognising income and expenses is the accrual criterion, according to which income and expenses are allocated on the basis of the actual flow of goods and services that they represent, irrespective of when the monetary or financial flow deriving from them occurs.

5.13 EMPLOYEE BENEFITS

Employee benefits may be short term, post-employment benefits, termination benefits and other long-term benefits.

A) SHORT-TERM BENEFITS

These are recorded according to the services provided by employees, on an accrual basis.

B) POST-EMPLOYMENT BENEFITS

These essentially consist of defined-benefit and defined-contribution plans.

DEFINED-BENEFIT PLANS

These are post-employment benefit plans different from those with defined contributions.

The liability recognised in the balance sheet relating to defined-benefit pension plans, recorded as mathematical reserves, is equal to the current value of the defined-benefits obligation on the balance sheet date, less the fair value of any assets allocated to the plan.

Reimbursement rights are recognised as a separate asset under the "H) Loans and receivables" heading on the assets side of the balance sheet.

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

Actuarial gains and losses arising are debited or credited to the income statement in the financial year in which they become apparent.

In the year under review, the defined-benefit plans of all serving staff were wound up, with changes in the present value of the committed benefit, variations in the fair value of reimbursement rights, as well as any actuarial gains and losses and the cost of past and unrecognised service being recognised as the result for the year. The defined-benefit plans that continue to be shown in the balance sheet are those of retired staff who opted to receive the benefit in the form of a life annuity.

DEFINED-CONTRIBUTION PLANS

These are post-employment benefit plans in which the entity involved makes predetermined contributions to a separate entity (whether a related or a non-Group entity) and does not have any legal or implicit obligation to make additional contributions in the event of there being insufficient assets to honour the benefits. The obligation is limited to making the agreed contribution to a fund, and the amount of the benefits to be received by employees is determined by the contributions made, plus the return on the investments made from the fund.

C) TERMINATION BENEFITS

Termination benefits are recognised as a liability and expense when there is a demonstrable agreement to terminate the employment relationship of a certain number of employees before their normal retirement date, or where there is an offer to encourage the voluntary termination of contracts.

D) SHARE-BASED PAYMENTS

The Group has granted some of its executives an incentive scheme linked to the MAPFRE S.A. share value.

The scheme in question is valued at the time when it is first granted, using an option valuation method. The valuation is allocated to results under the personnel expenses item for the period of time that the employee is required to serve in order to qualify, with a liability in favour of the employee being recognised as a balancing item. The initial valuation is re-estimated each year, with the portion that relates to the financial year being recognised in the results for that year, together with the portion obtained from the re-estimate that relates to prior years.

This scheme is revocable, as it is subject to the executive remaining in the Group.

E) OTHER LONG-TERM EMPLOYEE BENEFITS

The accounting record of other long-term employee benefits other than those described in the preceding paragraphs follows the principles previously described, except for the cost of past service, which is recognised immediately.

5.14 INVESTMENT INCOME AND EXPENSES

Investment income and expenses are classified between operations and equity, according to their origin, whether allocated to cover technical provisions or forming shareholders' equity, respectively.

Income and expenses from financial investments are recorded according to the portfolio in which they are classified, based on the following criteria:

A) TRADING PORTFOLIO

Changes in fair value are recorded directly in the consolidated income statement, with a distinction being made between the portion attributable to yields, which are recorded as interest or dividends, as appropriate, and the portion recorded as realised or unrealised results.

B) HELD-TO-MATURITY PORTFOLIO

Changes in fair value are recognised when a financial instrument is disposed of and when it becomes impaired.

C) AVAILABLE-FOR-SALE PORTFOLIO

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

In all cases, the interest from financial instruments is recorded in the consolidated income statement using the effective interest rate method.

5.15 RECLASSIFICATION OF EXPENSES ACCORDING TO THEIR INTENDED PURPOSE AND ALLOCATION TO OPERATING SEGMENTS

The criteria followed for the reclassification of expenses according to their use are mainly based on the function performed by each employee, with the direct and indirect costs being distributed on the basis of that function.

For expenses not directly or indirectly related to staff, individual studies are carried out and the expenses are allocated according to the function performed by those expenses.

Established uses are the following:

— Claims-related expenses
— Investment-related expenses
— Other underwriting expenses
— Other non-underwriting expenses
— Acquisition expenses
— Administration expenses
— Operating expenses from other activities

Expenses have been allocated to the following segments according to the class of business which caused them:

—Assumed Life reinsurance
—Assumed Non-Life reinsurance

5.16 FOREIGN-CURRENCY TRANSACTIONS AND BALANCES

Foreign-currency transactions, except for reinsurance operations, are converted into Euros using the exchange rate applying on the transaction date.

Foreign-currency reinsurance transactions are recorded at the exchange rate established at the start of each quarter of the year. Subsequently, at the close of each quarter, they are all dealt with as if they were a single transaction and converted at the exchange rate prevailing on that date, with account being taken of the difference that this produces in the consolidated income statement.

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

5.17 INCOME TAX

Income tax counts as one of the year's expenses and is shown as such in the consolidated income statement. It includes both the charge for current tax and the effect of the movement in deferred tax.

It is determined using the balance sheet method, whereby the relevant deferred tax assets and liabilities needed to correct the effect of temporary differences are recorded, temporary differences being those between the carrying value of an asset or a liability and its tax base. In the same way, long-term deferred assets and liabilities have been valued according to the rates that will apply in the financial years in which the assets are expected to be realised or the liabilities paid.

Temporary differences may be "Taxable temporary differences", which are ones giving 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 are ones giving rise to a lower amount of taxes payable in the future and, to the extent that they may be recoverable, to the recording of a deferred tax asset.

On the other hand, income tax related to items for which changes in their valuation are recognised directly in the equity is allocated to equity and not to the consolidated income statement, with the valuation changes being recorded in those items, net of the tax effect.

6. Breakdowns of consolidated financial statements

6.1 INTANGIBLE ASSETS

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

2009 FINANCIAL YEAR

Items	Opening balance 2009	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2009
GOODWILL						
OTHER INTANGIBLE ASSETS	3,911	(1)		645	(193)	4,362
Portfolio acquisition expenses						
Computer software	3,911	(1)		608	(193)	4,325
Other				37		37
COST	**3,911**	**(1)**		**645**	**(193)**	**4,362**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(1,695)			(888)		(2,583)
Other						
ACCUMULATED AMORTISATION	**(1,695)**			**(888)**		**(2,583)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	2,216	(1)		(243)	(193)	1,779
TOTAL NET INTANGIBLE ASSETS	2,216	(1)		(243)	(193)	1,779

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Items	Opening balance 2008	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2008
GOODWILL						
OTHER INTANGIBLE ASSETS	3,968	(83)		803	(777)	3,911
Portfolio acquisition expenses						
Computer software	3,968	(83)		803	(777)	3,911
Other						
COST	**3,968**	**(83)**		**803**	**(777)**	**3,911**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(1,671)			(801)	777	(1,695)
Other						
ACCUMULATED AMORTISATION	**(1,671)**			**(801)**	**777**	**(1,695)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	2,297	(83)		2		2,216
TOTAL NET INTANGIBLE ASSETS	2,297	(83)		2		2,216

(FIGURES IN EUROS 000)

In the 2009 financial year, the main "Additions" were due principally to the development of new modules in the Condor application, and the "Disposals" were in turn due to one of these projects being abandoned.

The main "Additions" in the 2008 financial year were due principally to the Condor Web application being brought into operation, and the "Disposals" were mainly due to the removal of items that had already been amortised.

Below is a breakdown of the useful life and amortisation rates used for the following intangible assets, for which a straight-line amortisation method has been used in all cases.

Group of elements	USEFUL LIFE (years)	Amortisation rate (annual)
Computer software	4	25%

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

The significant elements classified as intangible assets at the close of each financial year are as follows:

Element	Book value		Amortisation period outstanding	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Condor Web	559	1.066	2 years	3 years

(FIGURES IN EUROS 000)

ADDITIONAL INFORMATION

Fully-amortised elements amounted to 0.11 million of Euros in 2009 and 0.14 million of Euros in 2008.

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:

2009 FINANCIAL YEAR

Items	Opening balance 2009	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2009	Market value
COST							
OWN-USE PROPERTY	36,373	156		1,844		38,373	54,311
Land and natural resources	18,438	21				18,459	31,658
Buildings and construction	17,935	135		1,844		19,914	22,653
OTHER PROPERTY, PLANT AND EQUIPMENT	4,657	227		1,233	(453)	5,606	2,260
Transportation equipment	609	12		182	(62)	741	379
Furniture and fixtures	2,380	157		524	(243)	2,760	1,083
Other property, plant and equipment	1,668	58		527	(148)	2,105	798
Advances and fixed assets in progress							
TOTAL COST	**41,030**	**383**		**3,077**	**(453)**	**43,979**	**56,571**
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(2,642)			(376)		(3,018)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(2,905)	(229)		(454)	184	(3,346)	
TOTAL ACCUMULATED AMORTISATION	**(5,547)**	**(229)**		**(830)**	**184**	**(6,364)**	
IMPAIRMENT							
OWN-USE PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transportation equipment							
Furniture and fixtures							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT							
TOTAL OWN-USE PROPERTY	**33,731**	**156**		**1,468**		**35,355**	**54,311**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**1,752**	**(2)**		**779**	**(269)**	**2,260**	**2,260**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Items	Opening balance 2008	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2008	Market value
COST							
OWN-USE PROPERTY	36,806	(130)			(303)	36,373	52,304
Land and natural resources	18,542	(13)			(91)	18,438	34,476
Buildings and construction	18,264	(117)			(212)	17,935	17,828
OTHER PROPERTY, PLANT AND EQUIPMENT	5,940	(155)	(58)	631	(1,701)	4,657	1,752
Transportation equipment	561	(14)		144	(82)	609	309
Furniture and fixtures	3,174	(97)	(58)	204	(843)	2,380	836
Other property, plant and equipment	2,205	(44)		283	(776)	1,668	607
Advances and fixed assets in progress	–	–					
TOTAL COST	42,746	(285)	(58)	631	(2,004)	41,030	54,056
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(2,369)			(350)	77	(2,642)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(4,335)	131	58	(431)	1,672	(2,905)	
TOTAL ACCUMULATED AMORTISATION	(6,704)	131	58	(781)	1,749	(5,547)	
IMPAIRMENT							
OWN-USE PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER PROPERTY, PLANT AND EQUIPMENT							
Transportation equipment							
Furniture and fixtures							
Other property, plant and equipment							
Advances and fixed assets in progress							
TOTAL IMPAIRMENT							
TOTAL OWN-USE PROPERTY	34,437	(130)	0	(350)	(226)	33,731	52,304
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	1,605	(24)	0	200	(29)	1,752	1,752

(FIGURES IN EUROS 000)

The changes in the perimeter are due to the winding-up of Inversiones Mapfre Re (Colombia).

In 2009, the main "Additions" were due to the purchase of a building in Brazil, the purchase of assets from CIAR, and the remodelling of and changes to offices and branches. The "Disposals" produced were due to the removal of other property, plant and equipment from offices and branches.

The "Additions" in the 2008 financial year were due to the acquisition of vehicles and the reclassification of assets caused by application of the new accounting plan in 2008, while the "Disposals" were due to the removal of some offices in Venezuela and of items that had already been amortised.

ADDITIONAL INFORMATION

The cost of fully-depreciated property, plant and equipment at 31 December 2009 and 31 December 2008 came to 778,000 Euros and 504,000 Euros, respectively.

INVESTMENT PROPERTY

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

2009 FINANCIAL YEAR

Items	Opening balance 2009	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2009	Market value
COST							
INVESTMENT PROPERTY	33,689	4,976			(71)	38,594	32,645
Land and natural resources	9,062	1,710			(13)	10,759	10,759
Buildings and construction	24,627	3,266			(58)	27,835	21,886
OTHER INVESTMENT PROPERTY							
TOTAL COST	**33,689**	**4,976**			**(71)**	**38,594**	**32,645**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(6,386)	(1,180)		(147)		(7,713)	
OTHER INVESTMENT PROPERTY							
TOTAL ACCUMULATED AMORTISATION	**(6,386)**	**(1,180)**		**(147)**		**(7,713)**	
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT							
TOTAL INVESTMENT PROPERTY	**27,303**	**3,796**		**(147)**	**(71)**	**30,881**	**32,645**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Items	Opening balance 2008	Adjustments to opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2008	Market value
COST							
INVESTMENT PROPERTY	37,597	(2,896)	(114)		(898)	33,689	29,182
Land and natural resources	10,109	(1,047)				9,062	9,062
Buildings and construction	27,488	(1,849)	(114)		(898)	24,627	20,082
OTHER INVESTMENT PROPERTY							
TOTAL COST	**37,597**	**(2,896)**	**(114)**		**(898)**	**33,689**	**29,144**
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(6,116)	(170)	45	(145)		(6,386)	
OTHER INVESTMENT PROPERTY							
TOTAL ACCUMULATED AMORTISATION	**(6,116)**	**(170)**	**45**	**(145)**		**(6,386)**	
IMPAIRMENT							
INVESTMENT PROPERTY	(31)		31				
Land and natural resources							
Buildings and construction	(31)		31				
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT	**(31)**		**31**				
TOTAL INVESTMENT PROPERTY	**31,450**	**(3,066)**	**(38)**	**(145)**	**(898)**	**27,303**	**29,144**

(FIGURES IN EUROS 000)

The changes in the perimeter are due to the winding-up of Inversiones Mapfre Re (Colombia).

No relevant movements arose in the 2009 financial year.

The amount of 898,000 Euros appearing as "Disposals" in the 2008 financial year (under "Buildings and construction") is due to realisations effected by the INVERSIONES IBÉRICAS entity.

The market value of investment property matches the appraisal value determined by the Spanish Insurance and Pension Supervisory Authority or by the authorised independent appraisal body.

Lease income and expenses arising from investment property in the last two years are detailed in the following table.

Item	Investments from Operations 2009	Operations 2008	Equity 2009	Equity 2008	Total 2009	Total 2008
Income from investment property						
From rents	2,558	2,180		–	2,558	2,180
Gains on disposals	–	–		367	–	367
TOTAL INCOME FROM INVESTMENT PROPERTY	**2,558**	**2,180**		**367**	**2,558**	**2,547**
Expenses from investment property						
Direct operating expenses	(860)	(693)		–	(860)	(693)
Losses on disposals	–	(268)		–	–	(268)
TOTAL EXPENSES FROM INVESTMENT PROPERTY	**(860)**	**(961)**		**–**	**(860)**	**(961)**

(FIGURES IN EUROS 000)

6.3 LEASES

OPERATING LEASES

The Group has leased the following elements under operating lease agreements:

Type of asset	Net book value 2009	Net book value 2008	Term of the agreement 2009	Term of the agreement 2008	Years elapsed 2009	Years elapsed 2008
Belgian premises	4,476	4,623	10	10	7	6
Real estate in Chile	22,128	22,680	1	1	Renewable annually	Renewable annually
TOTAL	**26,604**	**27,303**				

(FIGURES IN EUROS 000)

The minimum future receipts at 31 December of the last two years, receivable in respect of non-cancellable operating leases, are as follows:

	Minimum receipts 2009	Minimum receipts 2008
Less than one year	3.025	2.458
More than one year but less than five	12.946	10.633
More than five years	–	–
Total	**15,971**	**13,091**

(FIGURES IN EUROS 000)

6.4. FINANCIAL INVESTMENTS

At 31 December 2009 and 2008, the breakdown of financial investments was as follows:

Item	Book value 2009	Book value 2008
TOTAL HELD-TO-MATURITY PORTFOLIO	**0**	**0**
AVAILABLE-FOR-SALE PORTFOLIO		
Equities	99,228	101,166
Fixed-income securities	1,722,503	1,414,021
Mutual funds	59,290	68,177
Other		
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**1,881,021**	**1,583,364**
TRADING PORTFOLIO		
Other investments		
Equities	32	28
Fixed-income securities		
Mutual funds	19,863	18,402
Other	9,471	14,145
TOTAL TRADING PORTFOLIO	**29,366**	**32,575**

(FIGURES IN EUROS 000)

A) AVAILABLE-FOR-SALE PORTFOLIO

A breakdown of the investments allocated to the available-for-sale portfolio as at 31 December 2009 and 2008 is given below:

Item	Market value (book value)						Total book value (fair value)		Impairment			
	Market price		Observable data		Other valuations				Recorded loss		Gains on reversal	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Equities	99,228	101,166					99,228	101,166				
Fixed-income securities	1,722,503	141,402					1,722,503	1,414,021		(1,690)		
Mutual funds	59,290	68,177					59,290	68,177		(960)	960	
Other												
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**1,881,021**	**1,583,364**	**–**	**–**	**–**	**–**	**1,881,021**	**1,583,364**	**–**	**(2,650)**	**960**	**–**

(FIGURES IN EUROS 000)

For the purposes of the breakdown given in the previous table, the market value was calculated considering the following:

a) Market price: prices quoted in active markets for the same instrument being valued.

b) Observable data: prices quoted in active markets for instruments similar to the instrument being valued, or other valuation techniques in which all the significant variables are based on observable market data.

c) Other valuations: valuation techniques in which some of the significant variables are not based on market data.

Valuation adjustments in the portfolio investments amount to 56.1 million of Euros and (52) million of Euros as at 31 December 2009 and 2008, respectively, these being recorded net of the tax effect on equity.

Transfers to the consolidated income statement of valuation adjustments of prior years' portfolio investments, carried out during 2009 and 2008, come to net amounts of 2.4 million of Euros and (8.02) million of Euros, respectively.

B) TRADING PORTFOLIO

A breakdown of the investments allocated to the trading portfolio as at 31 December 2009 and 2008 is given below:

Item	Market value (book value)						Total book value (fair value)		Capital gains (losses) allocated to results			
	Market price		Observable data		Other valuations				Unrealised		Realised	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
OTHER TRADING PORTFOLIO INVESTMENTS	32	28					32	28				
Equities												
Fixed-income securities												
Mutual funds	19,863	18,402					19,863	18,402				(1,847)
Other	9,471	14,145					9,471	14,145				
TOTAL OTHER INVESTMENTS	**29,366**	**32,575**	**–**	**–**	**–**	**–**	**29,366**	**32,575**	**–**	**–**	**–**	**(1,847)**
TOTAL TRADING PORTFOLIO	**29,366**	**32,575**	**–**	**–**	**–**	**–**	**29,366**	**32,575**	**–**	**–**	**–**	**(1,847)**

(FIGURES IN EUROS 000)

The capital gains and losses in the trading portfolio are recorded in the income statement, details of which are to be found in Note 6.14, "Investment income and expenses".

C) OTHER INVESTMENTS

The breakdown of the "Other investments" balance sheet item for 2009 and 2008 is shown in the table below:

	Book value		Provision		Net balance		Market value	
	2009	2008	2009	2008	2009	2008	2009	2008
Group entities	395	364		(3)	395	361	395	361
Other investments	105,941	176,479			105,491	176,479	105,491	176,479
Total	**106,336**	**176,843**		**(3)**	**106,336**	**176,840**	**106,336**	**176,843**

(FIGURES IN EUROS 000)

In this table, the amount of 105,941,000 Euros is largely due to bank deposits not included in the liquid assets.

6.5 LOANS AND RECEIVABLES

The following table shows the breakdown of loans and receivables as at 31 December 2009 and 2008; it also shows impairment losses and gains from impairment reversals recorded in the last two financial years:

Item	Gross amount		Impairment provision		Net balance in the balance sheet		Impairment: Recorded losses		Impairment: Gains on reversal		Collateral hel	
				2008	2009	2008	2009	2008	2009	2008	2009	2008
I. Receivables from reinsurance operations	212,454	145,842	(1,501)	(1,188)	210,953	144,654	(313)			657		
II. Tax credits	3,275	1,332			3,275	1,332						
III. Corporate and other loans	3,351	9,895			3,351	9,895						
TOTAL	**219,080**	**157,069**	**(1,501)**	**(1,188)**	**217,579**	**155,881**	**(313)**	**–**	**–**	**657**	**–**	**–**

(FIGURES IN EUROS 000)

The balances included under "Loans and receivables" do not earn interest and are generally settled in the following year.

6.6. ASSET IMPAIRMENT

The following tables detail the impairment of assets in the last two years:

2009 FINANCIAL YEAR

Impairment in:	Opening balance	Adjustments to opening balance	Changes in perimeter	Recording in results: Allowance	Recording in results: Reduction	Direct recording in equity: Allowance	Direct recording in equity: Reduction	Closing balance
INTANGIBLE ASSETS								
I. Goodwill								
II. Other intangible assets								
PROPERTY, PLANT AND EQUIPMENT								
I. Own-use property								
II. Other property, plant and equipment								
INVESTMENTS	**(2,650)**				**960**			**(1,690)**
I. Investment property								
II. Financial investments	(2,650)				960			(1,690)
Held-to-maturity portfolio								
Available-for-sale portfolio	(2,650)				960			(1,690)
Trading portfolio								
III. Equity-method-accounted investments								
IV. Deposits established for assumed reinsurance								
V. Other investments								
LOANS AND RECEIVABLES	**(1,188)**			**(313)**	**0**			**(1,501)**
I. Receivables from direct insurance and coinsurance operations								
II. Receivables from reinsurance operations								
III. Tax credits	(1,188)			(313)	0			(1,501)
IV. Corporate and other loans								
V. Called-up share capital								
OTHER ASSETS								
TOTAL IMPAIRMENT	**(3,838)**			**(313)**	**960**			**(4,151)**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Impairment in:	Opening balance	Adjustments to opening balance	Changes in perimeter	Recording in results		Direct recording in equity		Closing balance
				Allowance	Reduction	Allowance	Reduction	
INTANGIBLE ASSETS								
I. Goodwill								
II. Other intangible assets								
PROPERTY, PLANT AND EQUIPMENT								
I. Own-use property								
II. Other property, plant and equipment								
INVESTMENTS								
VI. Investment property	(31)		31					0
VII. Financial investments								
Held-to-maturity portfolio								
Available-for-sale portfolio				(2.650)				(2.650)
Trading portfolio								
VIII. Equity-method-accounted investments								
IX. Deposits established for assumed reinsurance								
X. Other investments	(2.892)	2.892						0
LOANS AND RECEIVABLES								
I. Receivables from direct insurance and coinsurance operations								
II. Receivables from reinsurance operations								
V. Tax credits	(1.845)				657			(1.188)
VI. Corporate and other loans								
V. Called-up share capital								
OTHER ASSETS								
TOTAL IMPAIRMENT	(4.768)	2.892	31	(2.650)	657			(3.838)

(FIGURES IN EUROS 000)

6.7 CASH AND CASH EQUIVALENTS

No significant monetary transactions relating to investing and financing activities were excluded when the cash flow statement was being prepared.

The breakdown of cash and cash equivalents in the last two financial years was as follows:

Item	2009	2008
Cash	40,809	33,835
Cash equivalents	24,970	
Total	65,779	33,835

At 31 December 2008, the Group was managing its liquidity surpluses in investments with immediate maturity, whereas in the 2009 financial year, due to the market situation, the surpluses were invested in liquid assets with maturities of up to three months.

6.8 EQUITY

Share capital is recorded through the par value of paid-up shares, or of shares for which payment has been called.

The Parent Company's share capital at 31 December 2009 was represented by 72,231,068 registered shares with a par value of 3.10 Euros each, fully subscribed and paid up. All the shares confer the same political and economic rights.

The "Valuation adjustment reserve" includes the equity reserves shown as a result of the income and expenses recognised in each financial year which, according to the provisions of the IFRSs, must be directly reflected in the Group's equity accounts.

Any remaining adjustments, regardless of whether they come from the transition date or later dates, are included in the "Unallocated retained earnings from prior years" account.

The statutory reserve, amounting to 44.7 million of Euros in 2009 and 37.5 million of Euros in 2008, cannot be distributed to shareholders, except in the event of the Parent Company being wound up, and may only be used to offset any losses.

The same restriction applies to statutory reserves set up by subsidiaries and shown in their balance sheets.

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

CAPITAL MANAGEMENT:
MAPFRE has an internal capitalisation and dividend policy aimed at rationally and objectively providing the Units with the capital required to meet the risks assumed. Both the assessment 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 making up the Group's uncommitted equity are in line with the requirements of the regulations in force.

The Group's solvency margin in the 2009 and 2008 financial years stood at 790.77 million of Euros and 716.04 million of Euros, respectively, figures which exceeded the required minimum (317 million of Euros and 249 million of Euros, respectively) by 2.49 times in 2009 and 2.9 times in 2008.

6.9 TECHNICAL PROVISIONS

1. The following table gives a breakdown of the balance of each of the technical provisions appearing in the balance sheet in the last two financial years.

Item	Assumed reinsurance		Ceded and retroceded reinsurance	
	2009	2008	2009	2008
1 - Provisions for non-life unearned premiums and unexpired risks	1,068,419	986,630	351,624	347,080
1.1 Provision for unearned premiums	1,067,052	984,759	351,624	347,080
1.2 Provision for unexpired risks	1,367	1,871		
2 - Provisions for life insurance	137,268	117,633	9,226	10,240
2.1 Provisions for unearned premiums and unexpired risks	84,952	74,300	9,226	10,240
2.1.1 Provision for unearned premiums	84,952	74,300	9,226	10,240
2.1.2 Provision for unexpired risks				
2.2 Mathematical reserves	52,316	43,333		
2.3 Provisions for profit sharing				
3 - Provisions for claims	1,032,082	939,683	242,881	279,325
3.1 Claims outstanding	1,032,082	939,683	242,881	279,325
3.2 Claims incurred but not reported (IBNR)				
3.3 For internal claims handling costs				
4 - Other technical provisions				
4.1 Funeral plan insurance				
4.2 Others				
TOTAL	2,237,769	2,043,946	603,371	636,645

(FIGURES IN EUROS 000)

1.1. PROVISIONS FOR UNEARNED PREMIUMS, UNEXPIRED RISKS, CLAIMS, PROFIT SHARING AND OTHER TECHNICAL PROVISIONS.

A) ASSUMED REINSURANCE

2009 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for non-life unearned premiums and unexpired risks	986,630			1,068,419	(986,630)	1,068,419
1. Provisions for unearned premiums						
2. Provisions for unexpired risks	984,759			1,067,052	(984,759)	1,067,052
II. Provision for life insurance	1,871			1,367	(1,871)	1,367
1. Provisions for unearned premiums	117,633	8,962		137,268	(126,595)	137,268
2. Provisions for unexpired risks	74,300			84,952	(74,300)	84,952
3. Mathematical reserves						
4. Provision for profit sharing	43,333	8,962		52,316	(52,295)	52,316
III. Provision for claims						
Assumed reinsurance	939,683			1,032,082	(939,683)	1,032,082
IV. Other technical provisions						
TOTAL	**2,043,946**	**8,962**		**2,237,769**	**(2,052,908)**	**2,237,769**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
I. Provision for non-life unearned premiums and unexpired risks	913,920	113		986,630	(914,033)	986,630
1. Provisions for unearned premiums						
2. Provisions for unexpired risks	913,901	113		984,759	(914,014)	984,759
II. Provision for life insurance	19			1,871	(19)	1,871
1. Provisions for unearned premiums	125,630	(5,338)		117,633	(120,292)	117,633
2. Provisions for unexpired risks	77,939			74,300	(77,939)	74,300
3. Mathematical reserves						
4. Provision for profit sharing	47,691	(5,338)		43,333	(42,353)	43,333
III. Provision for claims						
Assumed reinsurance	766,271			939,683	(766,271)	939,683
IV. Other technical provisions						
TOTAL	**1,805,821**	**(5,225)**	**–**	**2,043,946**	**(1,800,596)**	**2,043,946**

(FIGURES IN EUROS 000)

B) RETROCEDED REINSURANCE

2009 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
Provision for unearned premiums	347.080			351.624	(347.080)	351.624
Provision for life insurance	10.240			9.226	(10.240)	9.226
Provision for claims	279.325	6		242.881	(279.331)	242.881
Other technical provisions						
TOTAL	**636.645**	**6**	**–**	**603.371**	**(636.651)**	**603.731**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Additions	Reversals	Closing balance
Provision for unearned premiums	332,416	111		347,080	(332,527	347,080
Provision for life insurance	12,597	3		10,240	(12,600)	10,240
Provision for claims	206,510			279,325	(206,510)	279,325
Other technical provisions						
TOTAL	551,523	114	–	636,645	(551,637)	636,645

(FIGURES IN EUROS 000)

1.2. MATHEMATICAL RESERVES

Item	Direct insurance and assumed reinsurance	
	2009	2008
Mathematical reserve at beginning of year	**43,333**	**47,691**
Adjustments to the opening balance	8,962	(5,338)
Incorporation into perimeter (balance of reserve on incorporation date)		
Premiums		
Technical interest		
Attribution of profit sharing		
Claims payments/receipts		
Reserve adequacy test		
Shadow accounting adjustments		
Other		
Exit from perimeter (balance of reserve on exit date)	21	980
Mathematical reserve at year end	**52,316**	**43,333**

(FIGURES IN EUROS 000)

1.3. CLAIMS EXPERIENCE TREND PER ACCIDENT YEAR

Information on the loss ratio trend per accident year of assumed reinsurance is not provided, as the ceding companies generally use accounting methods other than the accident-year method.

A study on the adequacy of technical provisions set up at the close of 2007 was commissioned during 2008. The study was carried out by an independent specialist firm of recognised standing and revealed the provisions to be adequate.

A study on the adequacy of technical provisions was also carried out using data for 2009. The study was carried out by an independent specialist firm of recognised standing and revealed the provisions to be adequate.

6.10. PROVISIONS FOR CONTINGENCIES AND CHARGES

The tables below detail the movements of the provisions for contingencies and charges in the last two financial years.

2009 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Inflows		Outflows		Closing balance	Amount of recognised reimbursements	Maximum reversal period
				Allocated provisions	Increased value through discount	Provisions used	Provisions reversed			
Provision for taxes										
Provisions for staff incentives	1,174			1,025		(1,174)		1,025		
Other provisions	8,495			1,392		(8,065)		1,822	465	
TOTAL BOOK VALUE	**9,669**			**2,417**		**(9,239)**		**2,847**	**465**	

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	Inflows		Outflows		Closing balance	Amount of recognised reimbursements	Maximum reversal period
				Allocated provisions	Increased value through discount	Provisions used	Provisions reversed			
Provision for taxes	169		(169)							
Provisions for staff incentives	952			1,174		(952)		1,174		
Other provisions	6,936			1,769		(210)		8,495	7,581	
TOTAL BOOK VALUE	**8,057**		**(169)**	**2,943**		**(1,162)**		**9,669**	**7,581**	

(FIGURES IN EUROS 000)

The changes in the perimeter are due to the winding-up of Inversiones Mapfre Re (Colombia).

The "Other provisions" heading includes supplementary pensions for the Lisbon office, as well as externalised obligations with related parties as detailed in Note 6.18.

The provisions for contingencies and charges include the estimated amounts of tax liabilities, payments under settlement agreements, restructuring and staff incentives, as well as other provisions deriving from the activities of the companies making up the Group which will be settled in coming financial years. The estimate of the amount provisioned or the time when the provision will be cleared is affected by uncertainties regarding the resolution of filed appeals and the development of other parameters. It was not necessary to make assumptions about future events in order to determine the value of the provision.

6.11 DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE

Deposits on ceded and retroceded reinsurance represent guarantees given to reinsurers on the basis of the reinsurance coverage contracts entered into as part of standard business practice. They accrue interest payable of between 3% and 3.5%, and the average rollover period is generally annual. The interest in question is paid quarterly.

6.12 PAYABLES

The balances included in the headings of "Payables arising out of direct insurance and coinsurance operations", "Payables arising out of reinsurance operations", "Tax payables" and "Other payables" do not accrue interest payable and are generally settled in the following financial year.

6.13 PLEDGED COLLATERAL WITH THIRD PARTIES

In 2009 and 2008, the Parent Company lodged letters of credit amounting to 15.96 million of Euros and 15.97 million of Euros, respectively, with official bodies, in order to guarantee its premium and outstanding claims reserves. Through these letters of credit, the Company pledged in the ceding companies' favour fixed-income securities included in the available-for-sale portfolio amounting to 172.29 million of Euros and 191.37 million of Euros in the 2009 and 2008 financial years, respectively.

6.14 INVESTMENT INCOME AND EXPENSES

Details of investment income and expenses for the 2009 and 2008 financial years are shown below:

2009 FINANCIAL YEAR

Item	Investment income from:					
	Operations		Equity		Total	
	2009	2008	2009	2008	2009	2008
INCOME FROM INTEREST, DIVIDENDS AND THE LIKE						
Investment property:	2,558	2,180			2,558	2,180
Rents	2,558	2,180			2,558	2,180
Other						
Income from held-to-maturity portfolio	29	6,334	294	889	323	7,223
Fixed-income securities						
Other investments	29	6,334	294	889	323	7,223
Income from available-for-sale portfolio	62,894	57,562	9,311	9,325	72,205	66,887
Income from trading portfolio	594	860	312	350	906	1,210
Dividends from Group companies				17		17
Other financial returns	16,741	11,547	418		17,159	11,547
TOTAL INCOME	82,816	78,483	10,335	10,581	93,151	89,064
REALISED AND UNREALISED GAINS						
Net realised gains:	31,747	11,497	4,081	2,189	35,828	13,686
Investment property				367		367
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	31,747	11,410	4,081	1,801	35,828	13,211
Financial investments in trading portfolio						
Other		87		21		108
Unrealised gains:				219		219
Increase in fair value of trading portfolio						
Other				219		219
TOTAL GAINS	31,747	11,497	4,081	2,408	35,828	13,905
TOTAL INCOME FROM INVESTMENTS	114,563	89,980	14,416	12,989	128,979	102,969

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Investment income from:					
	Operations		Equity		Total	
	2009	2008	2009	2008	2009	2008
FINANCIAL EXPENSES						
Investment property:	860	961			860	961
Direct operating expenses	860	693			860	693
Other expenses		268				268
Expenses from held-to-maturity portfolio						
Fixed-income securities						
Other investments						
Expenses from available-for-sale portfolio	3,022		304	2,055	3,326	2,055
Expenses from trading portfolio						
Other financial expenses	7,587	2,113	86	3,139	7,673	5,252
TOTAL EXPENSES	11,469	3,074	390	5,194	11,859	8,268
REALISED AND UNREALISED LOSSES						
Net realised losses:	32,648	19,529	771	3,550	33,419	23,079
Investment property						
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	32,648	18,000	739	3,229	33,387	21,229
Financial investments in trading portfolio		1,526		321		1,847
Other		3	32		32	3
Unrealised losses:			42	1,019	42	1,019
Decrease in fair value of trading portfolio						
Other			42	1,019	42	1,019
TOTAL LOSSES	32,648	19,529	813	4,569	33,461	24,098
TOTAL EXPENSES FROM INVESTMENTS	44,117	22,603	1,203	9,763	45,320	32,366

(FIGURES IN EUROS 000)

6.15. OPERATING EXPENSES

A breakdown of the net operating expenses for the last two financial years is given below:

Item	Reinsurance 2009	2008
I. Acquisition expenses	487,132	455,890
II. Administration expenses	13,246	9,743
III. Commission and participations in ceded and retroceded reinsurance	(115,164)	(123,737)
IV. Operating expenses from other activities		
TOTAL NET OPERATING EXPENSES	385,214	341,896

(FIGURES IN EUROS 000)

The details of personnel expenses and amortisation allowance expenses in the last two financial years are as follows:

Item	Amount 2009	2008
Personnel expenses	23,046	21,148
Amortisation allowances	1,865	1,582
TOTAL	**24,911**	**22,730**

(FIGURES IN EUROS 000)

En el siguiente cuadro se ofrece el desglose de las dotaciones a las amortizaciones por segmentos de actividad (NIIF 8.23):

Item	Amount 2009	2008
Reinsurance		
a) Life	162	158
b) Non-life	1,703	1,424
Other activities		
TOTAL	**1,865**	**1,582**

(FIGURES IN EUROS 000)

6.16. RESULT OF CEDED AND RETROCEDED REINSURANCE

The result of ceded and retroceded reinsurance operations in the 2009 and 2008 financial years is shown below:

Item	Non-life		Life		Total	
	2009	2008	2009	2008	2009	2008
Premiums (-)	(629,992)	(563,409)	(23,599)	(20,546)	(653,591)	(583,955)
Change in provisions for unearned premiums and unexpired risks	4,542	14,551	(1,011)	(2,357)	3,531	12,194
Claims paid (+) and change in claims provision	304,899	305,067	16,420	13,617	321,319	318,684
Change in mathematical reserve						
Change in other technical provisions						
Reinsurance share of commission and expenses (+)	111,625	116,776	3,539	6,961	115,164	123,737
Other						
RESULT OF CEDED AND RETROCEDED REINSURANCE	**(208,926)**	**(127,015)**	**(4,651)**	**(2,325)**	**(213,577)**	**(129,340)**

(FIGURES IN EUROS 000)

6.17. TAX STATUS

A) TAX CONSOLIDATION REGIME

Since the 2002 financial year, MAPFRE RE has formed part of the companies included for the purposes of corporation tax in Tax Group No. 9/85, made up of MAPFRE S.A. and its subsidiaries that meet the requirements to avail themselves of the said tax regime.

B) COMPONENTS OF INCOME TAX EXPENSE AND RECONCILIATION OF ACCOUNTING RESULT WITH TAX ON CONTINUING OPERATIONS EXPENSE

The main components of the income tax on continuing operations expense and the reconciliation between the income tax expense and the product obtained from multiplying the accounting result by the applicable tax rate are detailed below for the financial years ended 31 December 2009 and 2008.

The Group performed the reconciliation by aggregating the reconciliations carried out separately using the national rates of each country (IAS 12.85).

Item	Amount 2009 financial year	2008 financial year
Tax expense		
Result before taxes from continuing operations	**158,932**	**147,631**
30% of the result before taxes from continuing operations	(47,680)	(44,289)
Tax incentive for the financial year	2,675	2,904
Tax effect of permanent differences	(2,324)	(3,137)
Tax effect from tax rates different from 30%	909	464
Total current tax expense originating in the financial year	(46,420)	(44,058)
Current tax expense originating in prior years		
Previously unrecognised credits due to negative tax bases of prior periods, deductions still to be applied or temporary differences, use of negative tax bases, deductions still to be applied or temporary differences		
Total tax expense of continuing operations	**(46,420)**	**(44,058)**
Income tax payable		
Retentions and interim payments	34,270	25,397
Temporary differences	(11,155)	10,129
Applied tax credits and incentives recorded in prior years		
Income tax on discontinued operations		
Total payable or receivable	**(23,305)**	**(8,532)**

(FIGURES IN EUROS 000)

The amounts of current tax expenses or income correspond to amounts payable or recoverable from the Spanish tax authorities with respect to the tax result for the period.

The amounts of deferred expenses or income correspond to amounts payable or recoverable from the tax authorities.

The following tables provide a breakdown of movements for the 2009 and 2008 financial years of the "Deferred tax assets" heading, detailing their amount in relation to items directly debited or credited to the net equity in each financial year.

2009 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	From		Write-offs	Closing balance
				Results	Equity		
- Difference in valuation of financial investments	5,722				(5,102)		620
- Embedded derivatives							
- Difference in valuation of mathematical reserves							
Through adaptation to new tables							
Through shadow accounting							
- Difference in valuation of funeral plan provisions							
- Capital increase and other amortisable expenses	138				(138)		
- Tax credits due to negative tax bases				5			5
- Credits due to tax incentives							
- Supplementary pensions and other staff-related commitments							
- Provisions for outstanding premiums							
- Sales of property developments awaiting handover							
- Provisions for liabilities and other							
- Technical provision for claims							
- Other items	10,164			924	(426)		10,662
TOTAL DEFERRED TAXES ON ASSETS	**16,024**			**929**	**(5,666)**		**11,287**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	From		Write-offs	Closing balance
				Results	Equity		
- Difference in valuation of financial investments					5,722		5,722
- Embedded derivatives							
- Difference in valuation of mathematical reserves							
Through adaptation to new tables							
Through shadow accounting							
- Difference in valuation of funeral plan provisions							
- Capital increase and other amortisable expenses	234				(96)		138
- Tax credits due to negative tax bases							
- Credits due to tax incentives							
- Supplementary pensions and other staff-related commitments							
- Provisions for outstanding premiums							
- Sales of property developments awaiting handover							
- Provisions for liabilities and other							
- Technical provision for claims							
- Other items	6,325	3,185		479	175		10,164
TOTAL DEFERRED TAXES ON ASSETS	**6,559**	**3,185**		**479**	**5,801**		**16,024**

(FIGURES IN EUROS 000)

The way the "Tax and other credits" heading breaks down in the last two financial years is largely due to the following reasons:

2009 FINANCIAL YEAR

- Foreign taxes	amounting to 9,664,000 Euros
- Prepaid taxes arising from pension commitments	amounting to 792,000 Euros

2008 FINANCIAL YEAR

- Foreign taxes	amounting to 7,206,000 Euros
- Prepaid taxes arising from pension commitments	amounting to 2,782,000 Euros

The total amount of deferred tax assets of fully consolidated companies as a result of accumulated taxable temporary differences at 31 December 2009 and 31 December 2008 has been recorded in the balance sheets at those dates.

The Company considers that there will be future tax benefits against which the deferred tax assets recorded in 2009 and 2008 will be recoverable. This consideration is based on the projections made, based on past historical experience and prepared using reasonable assumptions which have been met in the past.

C) DEFERRED TAX LIABILITIES

The following tables show the movements in the deferred tax liabilities heading for the 2009 and 2008 financial years.

2009 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	From: Results	From: Equity	Write-offs	Closing balance
- Difference in valuation of financial investments	42				12,103		12,145
- Embedded derivatives							
- Equalisation and catastrophe provisions	19,709					(1,667)	18,042
- Portfolio acquisition expenses and other acquisition expenses							
- Other	12,051			1,298	(11,509)		1,840
TOTAL DEFERRED TAXES ON LIABILITIES	**31,802**			**1,298**	**594**	**(1,667)**	**32,027**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Opening balance	Adjustments to opening balance	Changes in perimeter	From: Results	From: Equity	Write-offs	Closing balance
- Difference in valuation of financial investments	7,227	(566)		(1)	(6,618)		42
- Embedded derivatives							
- Equalisation and catastrophe provisions	18,991			718			19,709
- Portfolio acquisition expenses and other acquisition expenses							
- Other	778	5		11,267	1		12,051
TOTAL DEFERRED TAXES ON LIABILITIES	**26,996**	**(561)**		**11,984**	**(6,617)**		**31,802**

(FIGURES IN EUROS 000)

The balance under "Other" is largely due to the following reasons

2009 FINANCIAL YEAR	
– Due to tax-deductible capital losses in Group companies	amounting to 1,008,000 Euros
– Elimination of exchange differences on monetary items	amounting to 129,000 Euros

2008 FINANCIAL YEAR	
– Elimination of losses on available-for-sale investments	amounting to 11,702,000 Euros
– Elimination of exchange differences on monetary items	amounting to 330,000 Euros

The total amount of deferred tax liabilities of fully consolidated companies as a result of accumulated taxable temporary differences at 31 December 2009 and 31 December 2008 has been recorded in the balance sheets at those dates.

D) TAX INCENTIVES

The breakdown of the tax incentives of fully consolidated companies for the 2009 and 2008 financial years is as follows:

Type	Financial year to which they relate	Amount applied in financial year		Amount awaiting application		Unrecorded amount		Deadline for application	
		2009	2008	2009	2008	2009	2008	2009	2008
- Investment allowance									
- Double taxation allowance		2,001	1,932						
- Job creation									
- Other		674	972						
TOTAL		**2,675**	**2,904**						

(FIGURES IN EUROS 000)

E) VERIFICATION BY THE TAX AUTHORITIES

For consolidation of the right to the allowances applied by consolidated Spanish companies, the equity components allocated to them must generally remain in operation within their equity for a period of five years, or throughout their useful life where this is less.

On 31 January 2003, the Parent Company's capital was increased when CORPORACIÓN MAPFRE S.A. contributed the building at Paseo de Recoletos No. 25 in Madrid, a contribution-in-kind operation under the special scheme provided for in Chapter VII of Title VIII of Legislative Royal Decree 4/2004, which approved the revised text of the Corporation Tax Act.

As a consequence of that operation, the Parent Company incorporated into its assets the aforementioned building which had been acquired by CORPORACIÓN MAPFRE S.A. on 27 December 2000 when all of the assets and liabilities of INCLABARSA S.A. had been ceded to it, an operation which had in turn been carried out under the special scheme in Chapter VII of the aforementioned Legislative Royal Decree.

That building was entered in the accounts in the amount of 30,000,000.81 Euros and appeared in CORPORACIÓN MAPFRE's accounts in the amount of 11,868,822.10 Euros, the accumulated amortisations up to the date of the contribution being 1,567,104.37 Euros.

According to the legislation applying to Spanish companies, declarations made in respect of the different taxes may not be considered definitive until they have been inspected by the tax authorities or until the four-year period of limitation has expired.

At 31 December 2009, the fully consolidated Spanish companies had the corporation tax for the financial years 2005 to 2009 open for inspection, as well as the rest of the taxes for the financial years 2006 to 2009.

In some of the Group companies, inspection operations were carried out which ended with notices of non-conformity being issued. These were appealed against at the close of both financial years, and resolution of those appeals is still pending. The Group's advisers think it highly unlikely that this will result in significant tax liabilities.

6.18. EMPLOYEE BENEFITS AND ASSOCIATED LIABILITIES

1. PERSONNEL EXPENSES

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

Item	Amount 2009	2008
a) Short-term employee benefits	21,044	19,758
a.1) Wages and salaries	16,605	15,415
a.2) Social security	2,616	2,234
a.3) Other employee benefits	2,359	2,109
b) Post-employment benefits	1,211	1,383
b.1) Defined-contribution commitments	936	73
b.2) Defined-benefit commitments	275	1,310
c) Other long-term employee benefits		
d) Termination benefits	255	97
e) Share-based payments		
TOTAL	22,255	21,148

(FIGURES IN EUROS 000)

2. POST-EMPLOYMENT BENEFITS

A) DESCRIPTION OF DEFINED BENEFIT PLANS IN FORCE

The defined-benefit plans in force, all implemented through insurance policies, are valued as per the details described in the accounting policies and are those in which the benefit is fixed on a final-salary basis, with benefit being paid in the form of a life annuity which is adjustable according to the annual consumer price index (CPI).

In the year under review, the majority of defined-benefit pension commitments were withdrawn, and schemes of this kind were wound up for all serving staff who had been granted entitlements of this type and were replaced by defined-contribution plans. In this winding-up process, those affected gave up the rights granted by the defined-benefit system, which were then extinguished, and the Company exercised the right of redemption provided for in this case and compensated each interested party with a figure equivalent to the amount of the entitlements accumulated on the winding-up date.

B) AMOUNTS RECOGNISED IN THE BALANCE SHEET

Reconciliation of the present value of the obligation

The reconciliation of the present value of the obligation arising from defined-benefit plans in the last two years is shown below:

Item	2009	2008
Present value of obligation at 1 January	8,253	6,527
Cost of services in the year under review	92	433
Interest cost	169	321
Contributions made by plan members	–	–
Actuarial losses and gains	(66)	995
Changes due to exchange rate variations	–	–
Benefits paid	(24)	(23)
Cost of past services	–	–
Other	(610)	–
Settlements	(7,349)	–
Present value of obligation at 31 December	465	8,253

(FIGURES IN EUROS 000)

The amount shown under "Settlements" in 2009 corresponds to the winding-up of the defined-benefit plan in the opening paragraph of this note.

The table below details the reconciliation of the opening and closing balances of the assets allocated to the plan and the reimbursement rights in the last two financial years.

Item	2009	2008
Value of reimbursement rights and assets allocated to plan at 1 January	7,581	6,504
Expected return on assets allocated	171	428
Actuarial losses and gains	2	11
Changes due to exchange rate variations	–	–
Contributions made by the employer	104	661
Contributions made by plan members	–	–
Benefits paid	(24)	(23)
Other	(7)	–
Settlements	(7,362)	–
Value of reimbursement rights and assets allocated to plan at 31 December	465	7,581

(FIGURES IN EUROS 000)

The amount shown under "Settlements" in 2009 corresponds to the winding-up of the defined-benefit plan in the opening paragraph of this note.

C) AMOUNTS RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

The following table details the amounts recognised in the consolidated income statements of the 2009 and 2008 financial years.

Item	2009	2008
Cost of services in the year under review	92	433
Interest cost	169	321
Expected return on assets allocated to the plan	–	–
Expected return on any reimbursement right recognised as an asset	(171)	(428)
Actuarial losses and gains	(68)	984
Cost of past services recognised in the year	–	–
Effect of any curtailment or settlement	–	–
Other items	–	–
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	**22**	**1,310**

(FIGURES IN EUROS 000)

Actuarial losses and gains in the 2009 and 2008 financial years were due to variations in the rate of interest used for calculating the actuarial value of the obligation at the close of each financial year with respect to the preceding one.

D) RETURNS

The actual return on reimbursement rights recognised as assets in accordance with the provisions of IAS 19.104A increased in 2009 and 2008 to 470,000 Euros, respectively.

E) ASSUMPTIONS

The main actuarial assumptions used on the balance sheet date were as follows:

Item	2009	2008
DEMOGRAPHIC ASSUMPTIONS		
Mortality tables	–	GKM/F–95
Survival tables	PERMI/F–2000	PERMI/F–2000
FINANCIAL ASSUMPTIONS		
Discount rate	4.07%	3–3.78%
Average annual CPI	3%	3%
Average annual salary increase	–	5%
Expected return from allocated assets / reimbursement right	**4.07%**	**3.78%**
Other assumptions		

F) ESTIMATES

Based on the Group's headcount at 31 December 2009, there are not expected to be any contributions for the 2010 financial year.

3. SHARE-BASED PAYMENTS

The Extraordinary General Meeting of MAPFRE S.A. held on 4 July 2007 approved the share-based incentive plan for MAPFRE GROUP senior management as detailed below:

— Formula: Each member is granted the right to receive in cash the amount obtained by multiplying the number of MAPFRE S.A. shares assigned in theory by the difference between the simple arithmetical mean of the closing share price during trading sessions in the 30 working days prior to the reporting date for the year and the simple arithmetical mean of the closing share price during trading sessions in the 30 working days immediately preceding the date of inclusion in the scheme. For the initial group of members, this reference has nevertheless been replaced with the closing share price on 31 December 2007, which was 3.42 Euros per share.

— Exercise of the right: The right may be exercised to a maximum of 30% during the January of the tenth year. All rights granted must be exercised at the latest on the last day of the third period mentioned.

The number of reference shares taken into account for the purpose of calculating remuneration went up in 2009 to 219,298 shares, each with the aforementioned exercise price of 3.42 Euros per share.

In order to obtain the fair value of the options granted, the binomial options pricing model was used, with the following parameters being taken into account:

— Risk-free interest rate: the zero-coupon rate obtained from the IRS (interest rate swap) curve for the Euro in the option's term to maturity.

— Dividend yield: that resulting from the dividends paid against the last financial year closed and the price at the close of the 2009 financial year.

— Underlying asset volatility: that resulting from the performance of the MAPFRE share price during the 2009 financial year.

Based on the above parameters, the remuneration system is measured and recognised in the income statement in the manner indicated in Note 5.13 to the consolidated financial statements. In 2009 and 2008, personnel expenses recorded in the income statement under this heading amounted to 48,000 Euros and 29,000 Euros, respectively, with a liability being recognised for the same amount.

4. NUMBER OF EMPLOYEES

The table below shows the average number of employees at the end of the last two financial years, classified by categories and sex, and their distribution by geographical areas.

Area	Management 2009		Admin 2009		Sales 2009		Other 2009		Total 2009	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	35	12	13	37			22	4	70	54
UNITED STATES OF AMERICA	2	4		4			1	2	3	10
BRAZIL	2	1		3			4	1	6	5
REST OF AMERICA	7	2	6	13	5	2	16	6	34	23
CHILE	4	1	2	6			7	2	13	9
EU	9	2	3	9	1	1	12	12	25	24
PHILIPPINES	1	1	0	0	0	0	1	4	2	5
AVERAGE TOTAL NUMBER OF EMPLOYEES	60	23	24	72	6	3	63	31	153	130

Area	Management 2009		Admin 2009		Sales 2009		Other 2009		Total 2009	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	39	11	17	36			18	9	74	56
UNITED STATES OF AMERICA	2	4		4				2	2	10
BRAZIL	1			1			1		2	1
REST OF AMERICA	7	2	6	13	5	2	15	6	33	23
CHILE	5	1	2	6			8	2	15	9
EU	7	0	3	8	1	1	11	6	22	15
PHILIPPINES	1	1					1	4	2	5
AVERAGE TOTAL NUMBER OF EMPLOYEES	62	19	28	68	6	3	54	29	150	119

6.19 NET RESULTS OF EXCHANGE DIFFERENCES

Positive exchange differences allocated to the consolidated income statement amounted to 139.6 million of Euros and 214.14 million of Euros in the 2009 and 2008 financial years, respectively.

Positive exchange differences allocated to the consolidated income statement amounted to 144.27 million of Euros and 185.1 million of Euros in the 2009 and 2008 financial years, respectively.

The reconciliation of the translation differences recognised in equity at the beginning and end of 2009 and 2008 is shown below.

Description	Amount 2009	2008
Translation differences at the beginning of the year	**6,033**	**18,576**
Net exchange difference on translation of financial statements	16,020	(14,103)
Other translation differences	418	1,560
Translation differences at year end	**22,471**	**6,033**

(FIGURES IN EUROS 000)

At 31 December 2009 and 2008, net exchange differences arising from the translation into Euros of the financial statements of Group companies not having the Euro as their functional currency were:

OF FULLY CONSOLIDATED COMPANIES

Fully consolidated companies	Geographical area	Translation differences					
		Positive		Negative		Net	
		2009	2008	2009	2008	2009	2008
INVERSIONES IBERICAS	CHILE	364			(2,645)	364	(2,645)
MAPFRE CHILE RE	CHILE	988			(6,339)	988	(6,399)
MAPFRE RE BRASIL	BRAZIL	137			(5,549)	137	(5,549)
RMI	UNITED STATES			(2)		(2)	
MAPFRE RE	SPAIN	20,984	20,566			20,984	20,566
TOTAL		**22,473**	**20,566**	**(2)**	**(14,533)**	**22,471**	**6,033**

(FIGURES IN EUROS 000)

The result recognised directly in equity arising from the revaluation of non-monetary items in the last two years is shown below.

EXCHANGE DIFFERENCES RECORDED DIRECTLY IN EQUITY

Company	Geographical area	Translation differences					
		Positive		Negative		Net	
		2009	2008	2009	2008	2009	2008
MAPFRE RE	SPAIN		–	(339)	(1,100)	(339)	(1,100)
TOTAL			**–**	**(339)**	**(1,100)**	**(339)**	**(1,100)**

(FIGURES IN EUROS 000)

6.20. CONTINGENT ASSETS AND LIABILITIES

On the closing date of the annual accounts, there were contingent assets arising from the positive development of business transacted by Mapfre Reinsurance Corporation (MRC), the financial effect of which was estimated at US$ 3 million. The contract of sale of this company to Mapfre USA provides for a price adjustment after three years, depending on how MRC´s business develops. Any adjustment would be subject to a maximum of US$ 3 million.

6.21 TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties were carried out at market conditions.

TRANSACTIONS WITH GROUP COMPANIES

Below are details of transactions carried out between Group companies; these have a null effect on the results, as they are eliminated in the consolidation process.

Item	Expenses		Income	
	2009	2008	2009	2008
Services received/provided and other expenses/income	7,774	4,597		
Expenses/income from investment property				
Expenses/income from investments and financial accounts	62	4,390	621	1,926
Dividends paid out			910	2,760
TOTAL	**7,836**	**8,987**	**1,531**	**4,686**

(FIGURES IN EUROS 000)

Details of the amounts included in the consolidated income statement as a result of transactions effected during the financial year with higher consolidatable groups are given below:

Item	Expenses	
	2009	2008
Expenses and income from investment property	–	–
Expenses and income from investments and financial accounts	–	–
External services and other non-underwriting expenses/income	4,681	3,826
Dividends paid out	–	–
TOTAL	**4,681**	**3,826**

(FIGURES IN EUROS 000)

REINSURANCE AND COINSURANCE OPERATIONS

Reinsurance and coinsurance operations carried out between companies of the consolidatable Group and eliminated in the consolidation process are shown below:

Item	Expenses 2009	Expenses 2008	Income 2009	Income 2008
Premiums ceded/accepted	23,317	4,368	(22,581)	(4,489)
Claims	5,125	3,165	(5,461)	(3,237)
Change in technical provisions	7,071	4	(7,419)	
Commission				
Other underwriting income and expenses	(6,081)	(1,307)	1,148	(1,066)
TOTAL	**29,432**	**6,230**	**(34,313)**	**(8,792)**

(FIGURES IN EUROS 000)

Reinsurance operations with the higher consolidatable Group (MAPFRE S.A.) are detailed below:

Item	Income/Expenses			
	Assumed reinsurance		Ceded reinsurance	
	2009	2008	2009	2008
Premiums	710,496	686,806	(49,800)	(42,768)
Claims	(425,983)	(311,319)	32,949	25,614
Commission	(164,357)	(169,989)	6,362	7,104
TOTAL	**120,156**	**205,498**	**(10,489)**	**(10,050)**

(FIGURES IN EUROS 000)

The following table gives details of the balances with reinsurers and ceding companies, deposits established and technical provisions arising from reinsurance operations with companies of the consolidatable Group that have been eliminated in the course of consolidation, as well as with MAPFRE S.A.'s consolidatable group:

Item	Balances eliminated				Balances not eliminated			
	Assumed reinsurance		Ceded reinsurance		Assumed reinsurance		Ceded reinsurance	
	2009	2008	2009	2008	2009	2008	2009	2008
Receivables and payables	(81)	(72)	–	62	51,898	63,590	(5,131)	(1,644)
Deposits	(1,600)	(1,700)	1,603	1,703	140,934	156,708	(8,843)	(8,416)
Technical provisions	4,184	6,988	(14,806)	(6,833)	(592,486)	(581,071)	30,625	15,529
TOTAL	**2,503**	**5,216**	**13,203**	**(5,068)**	**(399,654)**	**(360,773)**	**16,651**	**5,469**

(FIGURES IN EUROS 000)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The table below shows the remuneration received in the last two financial years by key management personnel (understood to be the members of the Board of Directors, the Executive Committee (Management Committee in the case of MAPFRE S.A.) and the Delegated Committees of the Parent Company):

Short-term benefits: Salaries 362.86 (2008: 1,077.89), Fixed allowances 215.86 (2008: 211.00), Attendance fees 59.3 (2008: 40.71), Life insurance 18.59 (2008: 39.85), and Other items 9.39 (2008: 37.12). As Post-employment benefits (2008: 1,000.39), Defined benefit 63.78 (2008: 50.26), Share-based payments 48.33 (2008: 48.94). Amounting to 778.11 (2008: 2,506.16). Figures in euros 000 and figures for 2008 are shown in parenthesis.

The basic remuneration of outside directors consists of a fixed annual allowance for belonging to the Board of Directors, amounting to 26,982 Euros in 2009 and 26,375 Euros in 2008. They also benefit from term life insurance with a sum insured of 150,253 Euros and enjoy some of the benefits extended to staff, such as health insurance.

Outside directors who are members of Committees or Delegated Committees also receive an allowance for attending meetings, amounting to 2,975 Euros in 2009 and 2,908 Euros in 2008.

Executive directors receive the remuneration laid down in their contracts, including a fixed salary, variable performance-related bonuses, life and disability insurance and other benefits generally established for the entity's staff; there are also supplementary retirement pensions which are externalised through a life insurance policy, all in line with the remuneration policy established by the Group for its senior management, whether or not they are directors. These supplements were provided through defined-benefit plans which were wound up in 2009 and replaced with defined-contribution plans as detailed in Note 5.13 to the Consolidated Financial Statements. As compensation for the plan being wound up, key management personnel received the sum of 5,883 Euros from the surrender values accumulated on the winding-up date; consequently the compensation did not represent an expense for the Group in the financial year. Executive directors do not receive the remuneration established for outside directors.

Loans granted to members of the Management Board amounted to 72,120 Euros, the amount outstanding in 2009 being 15,140 Euros with an interest rate of 4%, and in 2008 21,400 Euros with an interest rate of 5.5%.

GRANTS

In 2009, the Company received a government grant for preferential contracts (Social Security) and on-the-job training (Tripartite Foundation), all of which was allocated to the results for the financial year.

Concepto	2009
At 1 January	
Received during the year	15
Transferred to the income statement	
At 31 December	15

(FIGURES IN EUROS 000)

All of the conditions or contingencies associated with these grants have been complied with.

7. Risk management

RISK MANAGEMENT OBJECTIVES, POLICIES AND PROCESSES

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

Operational risks	Includes twenty-three types of risks grouped in the following areas: actuarial, legal, technology, personnel, collaborators, procedures, reporting, fraud, market and tangible assets.
Financial risks	Includes interest rate, liquidity, exchange rate, market and credit risks.
Insurance activity risks	This 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 corporate ethics and good corporate governance risks, organisational structure risks; risks of alliances, mergers and acquisition arising from the regulatory environment; and finally market and competition risks.

CENTRALISATION OF THE RISK MANAGEMENT SYSTEM

MAPFRE's structure is based on Operating Companies and Units 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 monitor their risk exposure by means of indicators and ratios. In addition, there are general action guidelines for mitigating risk exposure, such as maximum levels of investment in equities or the credit rating of reinsurers.

Through Risk Management, the Economic and Management Control Area coordinates activities relating to the quantification of risks and, in particular, implementation of the Company's own financial capital models in the operating units and quantitative impact analyses of the future Solvency II regulations. Operating Units have a Risk Coordinator, reporting to Administration Management, for implementing policies and managing risks in each unit. The coordination of activities for implementing risk quantification models is carried out through the Risks and Solvency II Committee. The degree of progress of projects and other significant aspects are reported to MAPFRE's top management through the Audit Committee.

Generally speaking, underwriting decisions in respect of insurable risks and reinsurance covers are highly decentralised in the Units. Aspects relating to the operational risk are supervised centrally, although their implementation and monitoring are delegated to the Units. The management of strategic and corporate governance risks is highly centralised. Financial risks are managed centrally through the Group's Investment Board.

RISK AND CAPITAL ASSESSMENT

MAPFRE has an internal capitalisation and dividend policy aimed at rationally and objectively providing the Units with the capital required to meet the risks assumed. Risk assessment is carried out using a standard fixed-factor model which quantifies financial risks, credit risks and insurance activity risks. Also, the level of capital allocated to each Unit will never be less than the legal minimum required at any time, plus a margin of 10%.

The capital allocated is determined approximately on the basis of the budgets for the following year and is revised at least once a year, depending on how the risks develop.

Certain Units require a higher capitalisation level than that obtained from the general rule described above, either because they operate in different countries with different legal requirements, or because they are subject to solvency requirements because of their rating. In those cases, MAPFRE's Management Committee determines the capitalisation level on a case-by-case basis.

OPERATIONAL RISKS

Operational risks are identified and assessed using Riskm@p, a software application developed in house at MAPFRE, which prepares the entities' risk maps in which the importance and probability of occurrence of various risks are analysed.

Riskm@p is also becoming established as the corporate tool for dealing with control activities (process manuals, lists of controls associated with risks, and assessment of their effectiveness).

The operational risk management model is based on the dynamic analysis of business processes, such that the managers of each area or department identify and assess annually the potential risks affecting the following processes: product development, underwriting, claims/benefits, administrative management, commercial activities, human resources, commission, coinsurance/reinsurance, technical provisions, investments, IT systems and customer service.

FINANCIAL RISKS

MAPFRE mitigates its exposure to risks of this type through a prudent investment policy, its portfolio being heavily weighted in top-quality fixed-income securities.

As regards the credit risk, MAPFRE's policy is based on maintaining a diversified portfolio made up of securities that have been carefully selected on the basis of the issuer's financial standing. Investments in fixed-income securities and equities are subject to concentration limits per issuer.

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

INSURANCE ACTIVITY RISKS

MAPFRE's organisation, based on Units and Companies specialising in various types of business, requires those Units and Companies to be granted a degree of autonomy in managing their business, particularly when it comes to underwriting risks and setting rates, and also indemnifying losses or providing services in the event of claims.

Claims handling and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the various Units and Companies and in certain cases are also subject to review by independent experts. The preponderance of personal lines casualty business at MAPFRE, with claims being settled very quickly, and also 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 at high risk of natural disasters (earthquakes, hurricanes, etc.) requires these types of risk to be given special treatment. The Units and Companies exposed to risks of this type – essentially MAPFRE AMÉRICA, MAPFRE INTERNACIONAL and MAPFRE RE – have specialist reports on catastrophe exposure, generally prepared by independent experts, which estimate the extent of losses in the event of a disaster. Catastrophe risks are written on the basis of this information and of the financial capital that the company writing them has at its disposal. Any equity exposure to risks of this type is mitigated by arranging specific reinsurance covers. In this connection, it is important to highlight the contribution of MAPFRE RE, which brings its extensive experience of the catastrophe risk market to the Group's management.

In relation to the reinsurance risk, MAPFRE's policy is to cede business to reinsurers of proven financial standing.

STRATEGIC AND CORPORATE GOVERNANCE RISKS

The ethical principles applied to corporate management have been a constant feature at MAPFRE and form part of its Articles of Association and its daily routine. In order to standardise this corporate culture and adapt it to the legal requirements on corporate governance and management transparency, in 2008 MAPFRE´s management boards approved a revised version of the Good Governance Code, which had been in force since 1999. MAPFRE considers the strict application of the principles of good corporate governance to be the most effective way of mitigating risks of this type.

A) INSURANCE RISK

1. SENSITIVITY TO INSURANCE RISK

This analysis measures the effect on capital of upward and downward fluctuations of the conditioning factors for the insurance risk (number of risks insured, value of average premium, claims frequency and cost). One measure of sensitivity to the non-life insurance risk is the effect that a change of one percentage point in the combined ratio would have on the results for the year and, consequently, on equity.

The table below shows this effect, together with the volatility index of the said combined ratio, calculated on the basis of its standard deviation in a five-year time horizon.

	Impact on results of a 1% change in the combined ratio		Volatility index of the combined ratio	
Item	2009	2008	2009	2008
Main activity outside Spain				
– Reinsurance	8,194	7,233	2.9	2.7

(FIGURES IN EUROS 000)

2. CONCENTRATIONS OF INSURANCE RISK

MAPFRE has a high degree of diversification of its insurance risk, as it operates in practically all classes of insurance in Span and has a wide presence in international markets.

The Group uses a system of procedures and limits which allow it to control the level of concentration of the insurance risk.

It is usual practice to use reinsurance contracts as a way of mitigating the insurance risk arising from concentrations or accumulations of covers exceeding the maximum acceptance levels.

2.A) PREMIUM INCOME BY RISKS

The following tables give a breakdown of premiums written for assumed reinsurance, classified according to the type of business written in the last two financial years:

2009 FINANCIAL YEAR

	Assumed rein			
		Non-life		
Item	Life	Catastrophe risk	Other risks	Total
Written premium from assumed reinsurance	175,930	336,354	1,541,417	2,053,701

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

	Assumed rein			
		Non-life		
Item	Life	Catastrophe risk	Other risks	Total
Written premium from assumed reinsurance	123,853	267,602	1,387,094	1,778,549

(FIGURES IN EUROS 000)

2.B) PREMIUM INCOME BY OPERATING SEGMENTS AND GEOGRAPHICAL AREAS

The following tables give a breakdown of premiums written for assumed reinsurance by operating segment and geographical area in the last two financial years:

2009 FINANCIAL YEAR

	Reinsurance		
Revenue	Non-life	No vida	Total
SPAIN	39,359	458,493	497,852
UNITED STATES OF AMERICA	5,188	123,534	128,722
BRAZIL	3,515	80,327	83,842
MEXICO	12,798	76,013	88,811
VENEZUELA	8,865	102,703	111,568
COLOMBIA	11,809	60,079	71,888
ARGENTINA	3,026	41,243	44,269
TURKEY	565	54,631	55,196
CHILE	7,596	74,005	81,601
OTHER COUNTRIES	83,209	806,741	889,950
TOTAL	**175,930**	**1,877,771**	**2,053,701**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

	Reinsurance		
Revenue	Non-life	No vida	Total
SPAIN	31,369	486,697	518,066
UNITED STATES OF AMERICA	5,309	85,533	90,842
BRAZIL	793	5,146	5,939
MEXICO	21,143	79,313	100,456
VENEZUELA	5,310	65,116	70,426
COLOMBIA	11,698	52,402	64,100
ARGENTINA	3,331	42,966	46,297
TURKEY	285	59,974	60,259
CHILE	5,198	59,849	65,047
OTHER COUNTRIES	39,418	717,699	757,117
TOTAL	**123,854**	**1,654,695**	**1,778,549**

(FIGURES IN EUROS 000)

2.C) PREMIUM INCOME BY CURRENCY

The following table shows written premiums from assumed reinsurance for the last two financial years, broken down by currency type:

Currency	Written premium 2009	2008
Euro	878,728	879,131
US Dollar	450,081	364,887
Mexican Peso	54,394	66,181
Brazilian Real	79,176	5,013
Turkish Lira	50,983	56,015
Chilean Peso	71,147	53,893
Venezuelan Bolívar	96,178	57,205
Argentinian Peso	25,410	24,662
Colombian Peso	67,158	59,129
Pound Sterling	36,076	24,109
Canadian Dollar	13,342	8,034
Philippine Peso	5,270	4,056
Other currencies	225,758	176,244
TOTAL	**2,053,701**	**1,778,549**

(FIGURES IN EUROS 000)

B) CREDIT RISK

CREDIT RISK ARISING FROM REINSURANCE CONTRACTS

The following table give a breakdown of credits vis-à-vis reinsurers in the last two financial years

Item	Book value of companies				Total	
	Group		Non-group			
	2009	2008	2009	2008	2009	2008
Provision for life insurance	20		9,206	10,240	9,226	10,240
Provision for claims	10,099	7,028	232,782	272,297	242,881	279,325
Other technical provisions						
Receivables from ceded and retroceded reinsurance operations	845	290	25,786	9,437	26,631	9,727
Payables arising out of ceded and retroceded reinsurance operations	(6,051)	(1,988)	(21,993)	(50,156)	(28,044)	(52,144)
TOTAL NET POSITION	**4,913**	**5,330**	**245,781**	**241,818**	**250,694**	**247,148**

(FIGURES IN EUROS 000)

The following table give a breakdown of credits vis-à-vis reinsurers based on level of financial soundness:

Reinsurers' credit rating	Book value					
	Companies				Total	
	Group		Non-group			
	2009	2008	2009	2008	2009	2008
AAA			1,127	1,424	1,147	1,424
AA	4,913	5,330	165,608	164,504	170,357	169,844
A			73,036	66,998	73,173	67,028
BBB			5,441	8,864	5,432	8,805
BB or lower			33	85	33	85
NO CREDIT RATING			536	243	552	262
TOTAL	**4,913**	**5,330**	**245,781**	**242,118**	**250,694**	**247,448**

(FIGURES IN EUROS 000)

Below is a breakdown of the fixed-income-securities portfolio and cash based on the credit ratings of issuers of fixed-income securities and financial institutions for the last two financial years:

Issuers' credit rating	Book value							
	Held-to-maturity portfolio		Available-for-sale portfolio		Trading portfolio		Cash and cash equivalents	
	2009	2008	2009	2008	2009	2008	2009	2008
AAA			817,109	528,305				
AA			476,936	612,331			13,239	10,635
A			451,107	259,921	8,973	9,568	27,155	21,096
BBB			32,323	9,539			4	17
BB or lower			10	13			1,216	953
No credit rating			4,308	3,912			24,165	1,134
TOTAL	**–**	**–**	**1,781,793**	**1,414,021**	**8,973**	**9,568**	**65,779**	**33,835**

(FIGURES IN EUROS 000)

The following table shows the breakdown of receivables as at 31 December 2009 and 2008; it also shows recorded impairment losses and gains from impairment reversals, and the amount of collateral held in the last two financial years:

Item	Net balance in the balance sheet		Impairment: Recorded losses		Impairment: Gains on reversal		Collateral held	
	2009	2008	2009	2008	2009	2008	2009	2008
I. Receivables from reinsurance operations	210,953	144,654	(313)	(1,188)		657		
II. Tax credits	3,275	1,332						
III. Corporate and other loans	3,351	9,895						
TOTAL	**217,579**	**155,881**	**(313)**	**(1,188)**	**–**	**657**	**–**	**–**

(FIGURES IN EUROS 000)

C) LIQUIDITY RISK

As regards the liquidity risk, MAPFRE's policy has been based on maintaining cash balances sufficient to cover any eventuality arising from its obligations vis-à-vis insureds and creditors. Thus, at 31 December 2009, the cash and cash-equivalent balance amounted to 65.8 million of Euros (33.8 million of Euros in the previous year), equivalent to 3.33% 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 under insurance contracts, in order to mitigate exposure to risk. In addition, most fixed-income investments enjoy high credit ratings and are tradable in organised markets, providing considerable scope for action in the face of potential liquidity strains

Assets with maturities in excess of one year are detailed in the "Interest rate risk" section.

Details of the estimated timetable of maturities of insurance liabilities recorded as at 31 December 2009 and 2008 are given below:

2009 FINANCIAL YEAR

Item	Estimated cash outflows in years: 1st year	2nd year	3rd year	4th year	5th year	6th to 10th years	Subsequent years	Closing balance
Provision for unearned premiums/ unexpired risks	858,722	102,234	30,927	20,728	15,225	32,833	7,750	1,068,419
Provision for life insurance	51,654	7,725	3,968	2,394	2,662	19,837	49,028	137,268
Provision for claims	587,325	203,206	68,619	28,828	24,128	92,099	27,877	1,032,082
Other technical provisions								
Payables arising out of reinsurance operations	124,015							124,015
TOTAL	**1,621,716**	**313,165**	**103,514**	**51,950**	**42,015**	**144,769**	**84,655**	**2,361,784**

(FIGURES IN EUROS 000)

2008 FINANCIAL YEAR

Item	Estimated cash outflows in years: 1st year	2nd year	3rd year	4th year	5th year	6th to 10th years	Subsequent years	Closing balance
Provision for unearned premiums/ unexpired risks	788,688	94,511	25,471	19,988	16,003	35,718	6,251	986,630
Provision for life insurance								
Provision for claims	51,356	7,378	4,461	2,724	3,010	17,281	31,423	117,633
Other technical provisions	553,903	184,732	63,146	26,115	23,166	88,621		939,683
Payables arising out of reinsurance operations								
Deudas por operaciones de reaseguro	73,577							73,577
TOTAL	**1,467,524**	**286,621**	**93,078**	**48,827**	**42,179**	**141,620**	**37,674**	**2,117,523**

(FIGURES IN EUROS 000)

D) MARKET RISK

MAPFRE's Investment Board regularly carries out various financial risk sensitivity analyses. Among the most usual indicators are the modified duration, for fixed-income securities, and the VaR (Value at Risk) for equities.

INTEREST RATE RISK

The table below contains significant information for the last two financial years on the extent to which financial assets and liabilities are exposed to the interest rate risk:

Portfolio	Amount of assets exposed to fair-value interest rate risk: Fixed interest rate 2009	Fixed interest rate 2008	Variable interest rate 2009	Variable interest rate 2008	Not exposed to risk 2009	Not exposed to risk 2008	Total 2009	Total 2008
Held to maturity								
Available for sale	1,605,377	1,298,511	117,126	115,510	158,518	169,343	1,881,021	1,583,364
Trading			12,773		16,593	21,805	29,366	32,575
Other investments	106,336			10,770		176,840	106,336	176,840
TOTAL	**1,711,713**	**1,298,511**	**129,899**	**126,280**	**175,111**	**367,988**	**2,016,723**	**1,792,779**

(FIGURES IN EUROS 000)

The following tables show the breakdown of financial investments by maturity, average interest rate and modified duration:

31 DECEMBER 2009

Item	Closing balance	Maturity in: 1 Year	2 Years	3 Years	4 Years	5 Years	Subsequent years or no fixed maturity	Interest rate %	Modified duration %
HELD-TO-MATURITY PORTFOLIO									
Fixed-income securities									
Other investments									
TOTAL HELD-TO-MATURITY PORTFOLIO	–	–	–	–	–	–	–		
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed-income securities	1,722,503	189,310	175,662	264,072	170,006	337,447	586,006	6.89%	5.63%
Other investments	158,518	158,518						(19.55%)	
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	1,881,021	347,828	175,662	264,072	170,006	337,447	586,006		
TRADING PORTFOLIO									
Foreign exchange forward contracts									
Swaps									
Options									
Futures									
Other derivatives									
Fixed-income securities									
Other	29,366	29,366						1.72%	
TOTAL TRADING PORTFOLIO	29,366	29,366	–	–	–	–	–		

(FIGURES IN EUROS 000)

31 DECEMBER 2008

Item	Closing balance	Maturity in: 1 Year	2 Years	3 Years	4 Years	5 Years	Subsequent years or no fixed maturity	Interest rate %	Modified duration %
HELD-TO-MATURITY PORTFOLIO									
Fixed-income securities									
Other investments									
TOTAL HELD-TO-MATURITY PORTFOLIO	–	–	–	–	–	–	–		
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed-income securities	1,414,021	136,518	187,373	188,969	106,531	148,696	645,934	5.18%	4.52%
Other investments	169,343	169,343						(22.77%)	
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	1,583,364	305,861	187,373	188,969	106,531	148,696	645,934		
TRADING PORTFOLIO									
Foreign exchange forward contracts									
Swaps									
Options									
Futures									
Other derivatives									
Fixed-income securities									
Other	32,575	28,492	4,083					(3.47%)	
TOTAL TRADING PORTFOLIO	32,575	28,492	4,083						

(FIGURES IN EUROS 000)

The modified duration reflects the sensitivity of the assets' value to movements in interest rates and represents an approximation of the percentage change that the value of the financial assets would experience with each percentage-point change (100 basis points) in interest rates.

EXCHANGE RATE RISK

The following table gives a breakdown of assets and liabilities, paying attention to the currencies in which they were denominated at the close of the last two financial years.

Currency	Assets 2009	Assets 2008	Liabilities 2009	Liabilities 2008	Net total 2009	Net total 2008
Euro	2,437,247	2,238,707	1,614,189	1,575,224	823,058	663,483
US Dollar	428,337	453,129	347,395	327,894	80,942	125,235
Mexican Peso	18,671	26,808	40,241	39,936	(21,570)	(13,128)
Brazilian Real	133,247	23,658	105,815	3,614	27,432	20,044
Turkish Lira	20,851	19,357	36,502	37,520	(15,651)	(18,163)
Chilean Peso	138,403	83,493	115,477	92,664	22,926	(9,171)
Venezuelan Bolívar	23,299	17,272	29,998	14,137	(6,699)	3,135
Argentinian Peso	3,953	3,513	14,275	12,885	(10,322)	(9,372)
Colombian Peso	22,349	20,776	58,647	18,809	(36,298)	(28,033)
Pound Sterling	42,885	45,158	30,816	30,048	12,069	15,110
Canadian Dollar	34,493	24,366	14,189	7,251	20,304	17,115
Philippine Peso	2,598	1,844	6,476	4,382	(3,878)	(2,538)
Peruvian Sol						
Other currencies	169,683	172,599	222,264	193,491	(52,581)	(20,982)
TOTAL	**3,476,016**	**3,130,680**	**2,636,284**	**2,357,855**	**839,732**	**742,825**

(FIGURES IN EUROS 000)

(Below is the sensitivity analysis obtained for the effect produced by a 10% change in the rate of each currency with respect to the Euro)

Currency	Effect on Equity 2009	Effect on Equity 2008	Effect on Results 2009	Effect on Results 2008
US Dollar			8,992	13,912
Mexican Peso			(2,397)	(1,459)
Brazilian Real	3,424	2,504	(376)	(277)
Turkish Lira			(1,739)	(2,018)
Chilean Peso	6,820	5,351	(4,2209)	(3,385)
Venezuelan Bolívar			(744)	348
Argentinian Peso			(1,149)	678
Colombian Peso			(4,033)	(3,115)
Pound Sterling			1,386	1,679
Canadian Dollar			2,256	1,902
Philippine Peso			(431)	(282)
Peruvian Sol				
Other currencies			(5,550)	(6,269)
TOTAL	**10,244**	**7,855**	**(8,005)**	**1,715**

(FIGURES IN EUROS 000)

STOCK-MARKET RISK

The following table shows the book value of equity securities and investment funds exposed to the stock-market risk and the VaR or value at risk (maximum variation expected over a one-year time horizon and for a confidence level of 99%) for the last two financial years:

Portfolio	Book value 2009	2008	Var 2009	2008
Available for sale	99,228	173,185	51,599	79,665
Trading	10,890	125		
TOTAL	110,118	173,310	51,599	79,665

(FIGURES IN EUROS 000)

PROPERTY RISK

In its consolidatable group, MAPFRE RE has property assets representing approximately 2.8% of total investments and cash, of which approximately 1.5% is used for the Company's own offices. These assets fulfil the dual function of supporting administration and sales, as well as generating financial income and diversifying investments. The breakdown of these property assets is shown in the following table:

Item	Net book value 2009	2008	Market value 2009	2008
Investment property	30,881	27,303	32,645	29,182
Own-use property	35,355	33,731	54,311	52,304
TOTAL	66,236	61,034	86,956	81,486

(FIGURES IN EUROS 000)

Unrealised gains would offset a fall in the price of properties equivalent to approximately 24% of their market value.

INTRODUCTION OF OWN CAPITAL MODELS

In 2005, MAPFRE RE introduced its own capital model which uses a stochastic process to determine the level of solvency required, based on the risks it has assumed.

This model forms part of an overall project to introduce stochastic models throughout the MAPFRE Group in order to comply with the future Solvency II European regulations. The project is being piloted with a view to its subsequent extension to the rest of the Group entities.

The capital model is based on the stochastic generation of projections of the company's income statement from the simulation of 10,000 different scenarios, applied taking into account the particular features of the premium portfolio and the mix of the company's investments and other assets. The scenarios are obtained by combining various financial and reinsurance business assumptions. The resulting data is used to determine the probability distribution of results and the financial capital required to ensure the entity's solvency with a confidence interval of 99.6%, based on a time horizon of one year. Interim results obtained confirm the entity's excellent level of capitalisation and are currently being compared with other methods of assessing solvency levels.

8. Other information

OTHER INFORMATION RELATING TO THE MANAGEMENT BOARD

The Parent Company's directors do not have any stakes in the capital of companies having the same, similar or complementary nature of activity to that of the Parent Company. Nor do they carry out on their own or someone else's behalf the same, similar or complementary activity to that of the Group companies' corporate purpose, with the following exceptions:

Director	Company	Number of shares/stocks	Office/ Position
Mr Ricardo Blanco Martínez	Zurich Financial Services	1,344	–
	ING, Group	20,427	–
	Hannover Re	3,088	–
	Axa	8,130	–
	Allianz AG	2,831	–
	Munich Re	951	–
	Royal & Sun	70,732	–
Mr Pedro José de Macedo Coutinho	Munich Re	225	–
Mr Philippe Hebeisen	Vaudoise Assurances	–	CEO
Mr David Moore	Shelter Insurance Companies, USA	–	President & Chief Executive Officer
Mr George Andrew Prescott	Ecclesiastical Insurance Office Plc	–	Non Consultant/No Longer an Executive Director/Part Time
Mr Domingo Sugranyes Bickel	Cattolica Assicurazioni	105	Director
Mr Ermanno Rho	Società Cattolica di Assicurazioni Scar.l.	–	Secretary
	Il Duomo Assicurazioni e Riassicurazioni S.p.A.	–	Chairman
	Intermonte SIM S.p.A.	–	Vice-Chairman
	Prisma S.r.l.	–	Chairman
	Vegagest Sgr S.p.A.	–	Chairman
	Finanziaria 27 S.p.A.	–	Consigliere
	Algeco S.p.A.	–	Consigliere
	Vegagest Immobiliare SGR	–	Chairman
	Jakala S.p.A.	–	Sindacao
	Associazione La San Vicenzo Onlus	–	Chairman
	Fondazione A. e T.–Cassoni	–	Consigliere
	Fondazione San Carlo	–	Consigliere
	Fondazione Arte e Civiltà	–	Consigliere

The following table details the shares in MAPFRE S.A. held by the Parent Company's directors at 31 December 2009, as well as the management boards of MAPFRE GROUP entities of which they were members on that date.

Director	MAPFRE GROUP	
	Entities in which they form part of the Management Board	Number of shares in MAPFRE S.A.
Mr Andrés Jiménez Herradón	MAPFRE S.A.; MAPFRE AMERICA; MAPFRE INTERNACIONAL; MAPFRE FAMILIAR; THE COMMERCE GROUP, INC; TÜRKIYE GENEL SIGORTA, A.S.	23,973
Mr Ángel Alonso Batres	MAPFRE GLOBAL RISKS; MAPFRE AMERICA; MAPFRE SEGUROS DE EMPRESAS	43,240
Mr Ricardo Blanco Martínez	MAPFRE SEGUROS DE EMPRESAS; MAPFRE CAUCIÓN Y CRÉDITO; MAPFRE INTERNACIONAL	–
Mr Pedro José de Macedo Conuntinho	MAPFRE GLOBAL RISKS; C.I.A.R; REINSURANCE MANAGEMENT INC; MAPFRE SEGUROS GERAIS; MAPFRE ASISTENCIA	8,243
Mediación y Diagnosticos, S.A.	MAPFRE AMERICA; MAPFRE-CAJA MADRID VIDA; MAPFRE FAMILIAR; MAPFRE SEGUROS DE EMPRESAS; MAPFRE QUAVITAE; MAPFRE INTERNACIONAL; MAPFRE GLOBAL RISKS	–
Mr Juan Antonio Pardo Ortiz	MAPFRE ASISTENCIA	31,477
Participaciones y Cartera de Inversión, S.L.	MAPFRE ASISTENCIA; MAPFRE-CAJA MADRID VIDA; MAPFRE SEGUROS DE EMPRESAS; MAPFRE FAMILIAR; MAPFRE INMUEBLES; MAPFRE QUAVITAE; MAPFRE VIDA; MAPFRE GLOBAL RISKS	–
Mr Claudio Ramos Rodríguez	MAPFRE SEGUROS GERAIS; MAPFRE INTERNACIONAL	9,200
Mr Gregorio Robles Morchon	MAPFRE INTERNACIONAL	–
Mr Agustín Rodríguez García	MAPFRE ASISTENCIA; MAPFRE FAMILIAR	2,023
Mr Francisco Ruiz Risueño	MAPFRE, S.A.; MAPFRE VIDA; MAPFRE FAMILIAR; CCM VIDA Y PENSIONES	73
Mr Matías Salva Bennasar	MAPFRE S.A.; MAPFRE FAMILIAR, S.A.; MAPFRE GLOBAL RISKS.	571,880
Mr Domingo Sugranyes Bickel	MAPFRE INTERNACIONAL; MAPFRE FAMILIAR; THE COMMERCE GROUP.	54,828
Mr Javier Fernández–Cid Plañiol	MAPFRE INTERNACIONAL, S.A.; MAPFRE ASISTENCIA, S.A.; THE COMMERCE GROUP INC; TÜRKIYE GENEL SIGORTA, A.S.; MAPFRE CAUCIÓN Y CRÉDITO	–
Mr Rafael Senen García	BENELUX ASSIST; MAPFRE WARRANTY (Italy); IBERO ASSISTÊNCIA (Portugal); MAPFRE ABRAXAS (United Kingdom); IBERO ASISTENCIA (Argentina); BRASIL ASSISTÊNCIA (Brazil); SUR ASISTENCIA (Chile); ANDIASISTENCIA (Colombia); MEXICO ASISTENCIA (Mexico); PANAMÁ ASISTENCIA (Panama); SERVICIOS GENERALES DE VENEASISTENCIA, S.A. (Venezuela); CARIBE ASISTENCIA SIAM C. POR A. (Dominican Republic); VIAJES MAPFRE (Dominican Republic); FEDERAL ASSIST (United States); BRICKELL FINANCIAL SERVICES MOTOR CLUB INC. (ROAD AMERICA) (United States); AFRIQUE ASSISTANCE (Tunisia); GULF ASSIST (Bahrain); ROAD-CHINA ASISTANCE (China); INDIA ROADSIDE ASSISTANCE PRIVATE LTD. (India); MAPFRE ASISTENCIA	–
Mr Lorenzo Garagorri Olavarrieta	–	26,236

8.2 EXTERNAL AUDITORS' FEES

The fees accruing to the External Auditors in the 2009 financial year for their services in auditing the financial statements amounted to 168,372 Euros (131,625 Euros in 2008); a further 122,151 Euros (137,499 Euros in 2008) accrued to them for other complementary services provided, figures which are not considered to compromise the auditors' independence.

8.3 ENVIRONMENTAL INFORMATION

The Group companies do not have any environment-related items that might be significant or specifically included in the present consolidated financial statements.

8.4 OTHER MATTERS

In the last quarter of 2009, the Council of the Spanish Competition Commission penalised MAPFRE EMPRESAS and MAPFRE RE, along with two other insurance companies and three reinsurers, for supposed restrictive practices, declaring in its Resolution that the proceedings had proved the existence of an agreement fixing the minimum prices of decennial (latent defect) insurance. The penalty consisted of hefty fines, the one imposed jointly on the MAPFRE entities being for the sum of 21,632,000 Euros, with the obligation to publish the enacting part of the Resolution passed to that effect.

As it considers the written pleadings contained in the Resolution, and therefore the penalties imposed, to be unlawful, the Company has lodged an appeal with the Audiencia Nacional (National Criminal Court) and at the same time requested, as an interim measure, that the effects of the aforementioned administrative action be suspended. If this measure were to be adopted, MAPFRE EMPRESAS' and MAPFRE RE's obligation to pay the fines and proceed with the publications ordered by the Spanish Competition Commission (CNC) would be suspended.

At the time of writing, neither the suspension request nor the appeal mentioned have been resolved; nor is it possible to objectively determine any effects which might arise for the Company as a result of the final resolution of the aforementioned proceedings.

This notwithstanding, it is considered likely that the appealed Resolution will be revoked in court, given the attendant circumstances and, in particular, the fact that in no way have any of the MAPFRE companies affected been involved in any cartel or engaged in practices prohibited by the regulations in force.

9. Additional note for english translation

These financial statements are presented by applying the International Financial Reporting Standards adopted by the European Union (I.F.R.S.). Consequently, certain practices applied by the company may not conform to generally accepted principles in other countries.

Table of subsidiaries and associate companies 2009 (appendix 1)

Name	Country	Efefective tax rate	Activity
COMPAGNIE INTENATIONALE D'ASSURANCES ET DE REASSURANCES (CIAR)	45, Rue de Trèves, Brussels (Belgium)	34%	Insurance and reinsurance
INVERSIONES IBÉRICAS LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Finance and real estate
MAPRE CHILE REASEGUROS S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Reinsurance
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Real estate (being wound up)
ITSEMAP SERVICIOS TECNOLÓGICOS MAPFRE S.A.	Barbara de Braganza 14 Madrid (Spain)	35%	Consultancy firm
MAPFRE RE DO BRASIL, S.A.	Rua Olimpiadas 242, 5º São Paulo (Brazil)	15%	Reinsurance
MAPFRE MANDATOS Y SERVICIOS S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services
MAPFRE INTERNET S.A.	Ctra. de Pozuelo a Majadahonda nº 52 Madrid (Spain)	35%	Information technology
MAPFRE INFORMATICA A.I.E.	Ctra. de Pozuelo a Majadahonda nº 52 Madrid (Spain)	35%	Information technology
VENEASISTENCIA C.A.	Avda. Libertador Penthouse A y B Caracas (Venezuela)	34%	Travel assistance
REINSURANCE MANAGEMENT INC.	100 Campus Drive Florham Park New Jersey 07932-1006 (USA)	35%	Insurance and reinsurance
ITSEMAP BRASIL SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Rua Sao Carlos Do Pinhal 696 3º Andar São Paulo (Brazil)	15%	Consultancy firm
ITSEMAP CHILE SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Consultancy firm
CAJA REASEGURADORA DE CHILE	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Reinsurance
MAPFRE CHILE SEGUROS, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Holding company
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Real estate
INMOBILIARIA TIRILLUCA, S.A.	Ava. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Real estate
ADMINISTRADORA DE PROPIEDADES	Napoleon 3096 Santiago de Chile (Chile)	17%	Real estate
COMERCIAL TURISMO, S.A.	Napoleon 3096 Santiago de Chile (Chile)	17%	Real estate
MAPFRE GARANTÍAS Y CRÉDITO CIA DE SEGUROS S.A.	Isidora Goyenechea nº 3520 – Santiago de Chile (Chile)	17%	Guarantees and credits
C R ARGENTINA	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, consultancy

(FIGURES IN EUROS 000)

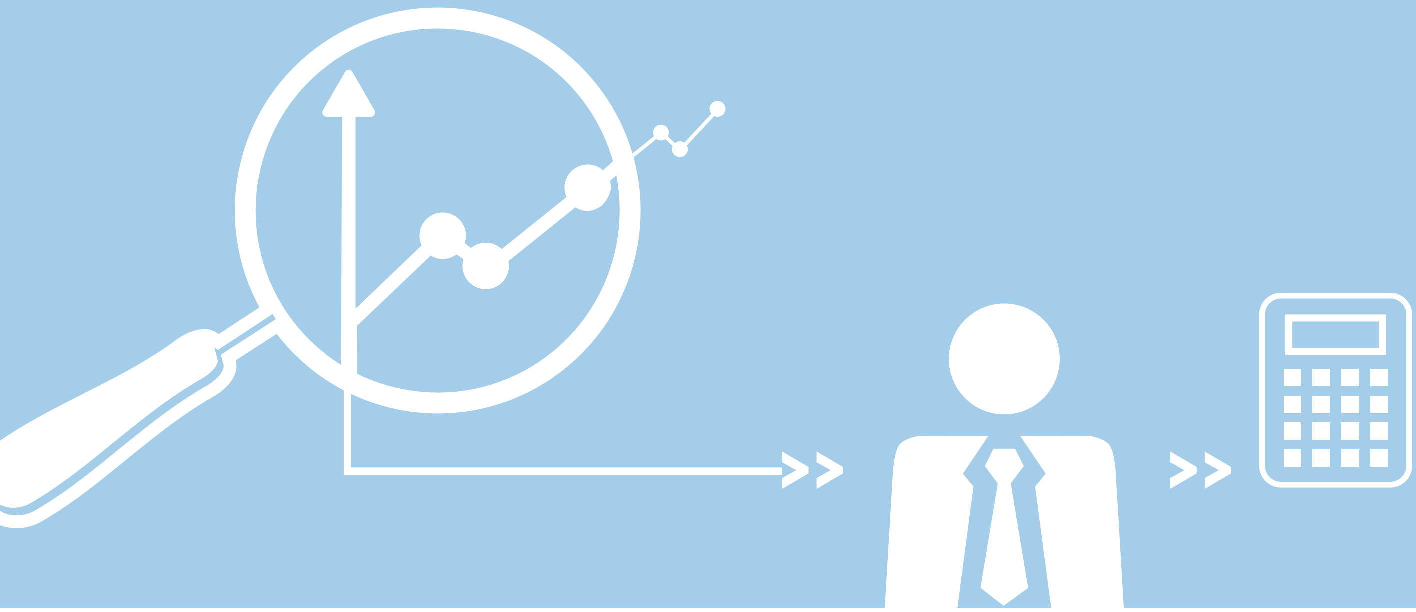
A. Fully consolidated subsidiaries

B. Associate and investee companies consolidated using the equity method

C. Associate and investee companies excluded from consolidation

Holding %		Figures at close of 2008				
Holder	Of share capital	Assets	Equity	Income	Result for the year	Consolidation method or procedure
MAPFRE Re MAPLUX Re	99.9900% 0.0100%	14,904	9,060	1,339	525	A
MAPFRE Re	99.9899%	18,224	18,051	594	58	A
MAPFRE Re	99.9932%	97,927	43,325	6,566	2,001	A
MAPFRE Re	99.9985%	8	8	0	0	C
MAPFRE Re	39.9752%	6,105	4,291	8,545	155	B
MAPFRE Re	99.9999%	118,835	30,818	18,030	1,244	A
MAPFRE Re Caja Re Arg.	95.0000% 4.9993%	176	91	837	8	C
MAPFRE Re	1.0000%	5,507	3,224	7,157	(86)	C
MAPFRE Re	1.0000%	40,071	1,000	171,399	0	C
MAPFRE Asistencia	0.0020%	4,465	3,084	5,407	1,011	C
MAPFRE Re	100.0000%	740	14	0	0	A
Itsemap S.T.M. MAPFRE Re Brasil	99.9792% 0.0208%	1,383	1,020	2,938	81	C
Itsemap S.T.M Inv. Ibéricas	75.0000% 25.0000%	35	37	1	1	C
Inv. M. Chile Re	99.8467%	85,109	32,251	4,857	1,384	A
Inv. M. Chile Re	0.0042%	23,948	23,948	86	1,144	C
Inv. Ibéricas	31.4400%	20,614	20,464	1,837	231	B
Inv. Ibéricas	43.7500%	10,914	10,503	42	(71)	B
Inv. Ibéricas	31.2900%	704	117	1,720	(94)	B
Inv. Ibéricas	31.2000%	247	(8)	547	35	B
Inv. Ibéricas	0.0077%	9,375	4,976	4,762	(1,836)	C
Inv. Ibéricas	99.9960%	117	94	11	3	A

Auditors' report on 2009 consolidated financial statements



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Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 9).

AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
MAPFRE RE, Compañía de Reaseguros, S.A.

1. We have audited the consolidated financial statements of MAPFRE RE, Compañía de Reaseguros, S.A. (the Parent Company) and its subsidiaries, which comprise the consolidated balance sheet at December 31, 2009, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement cash flow 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 financial statements 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 financial statements, 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 headings presented in the consolidated balance sheet, the consolidated comprehensive income statement, the consolidated statement of changes in equity, the consolidated statement cash flow, and the notes thereto, in addition to the figures of 2009, those of the prior year. Our opinion refers only to the consolidated financial statements for 2009. On March 6, 2009 we issued our audit report on the 2008 consolidated financial statements, 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 6.21 to the accompanying consolidated financial statements.

4. In our opinion, the accompanying 2009 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and the consolidated financial position of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries at December 31, 2009 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 understanding, in conformity with the International Financial Reporting Standards adopted by the European Union which are consistent with those applied in the previous years.

5. The accompanying 2009 consolidated management report contains such explanations as the Parent Company's directors consider appropriate concerning the situation of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries, the evolution of their business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the consolidated financial statements for the year ended December 31, 2009. 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)

Fernando Pindado Cardona

March 8, 2010

4 Individual management report 2009

Business development

MAPFRE RE ended the 2009 financial year with an increase in income and a positive result in a complicated environment marked by a deep economic crisis. The Company maintained its commitment to the markets in which it operates, and this, together with its recognised financial standing, allowed it to continue its expansion and strengthen its prospects for the future.

Statement of income

— The premiums posted amounted to 2,012.3 million of Euros – a figure which represents a 12.9% increase compared with those posted the previous year. The net premiums posted amounted to 1,366.1 million of Euros, representing growth of 14.3% compared with the previous year.

— The combined ratio for Life and Non-Life business stood at 93.5%, made up of a loss ratio of 64.2%, commission and other acquisition expenses of 28.5%, and management expenses amounting to 0.8%.

— The underwriting result came to 84.6 million of Euros, while net financial income stood at 89.7 million of Euros.

— The income statement showed a result before tax and minority interests of 182.6 million of Euros, which was much higher than the 102.1 million of Euros recorded the previous year. The net profit after tax and minority interests came to 128.4 million of Euros, as against 72.0 million of Euros the year before.

Balance sheet

— Shareholders' equity amounted to 778.4 million of Euros.

— Net technical provisions reached 1,558.2 million of Euros, representing 114.1% of retained premium.

— Financial investments totalled 1,903.9 million of Euros, which breaks down into Financial assets held for trading: 9.2 million of Euros; Other financial assets at fair value through profit or loss: 4.1 million of Euros; Available-for-sale financial assets: 1,794.6 million of Euros; Deposits with credit institutions: 28.8 million of Euros, and Interests in associated Group companies: 67.2 million of Euros.

— Cash and other liquid assets amounted to 62.4 million of Euros.

— Total assets came to 3,307.6 million of Euros.

Main activities

— MAPFRE RE's recently set up subsidiary in Brazil continued its prudent development in this important market, having achieved its set objectives in its first full year in operation. The subsidiary was provided with the necessary technical and human resources to do its job properly and comply with the demanding local regulations. MAPFRE RE also applied to the private insurance regulatory body SUSEP for registration as an "admitted reinsurer" (ressegurador admitido) instead of its existing registration as an "occasional reinsurer" (ressegurador eventual). Taking this step, which involves keeping a deposit of US$ 5,000,000 in Brazil as security, extends the possibilities for operating in that market.

— During 2009, MAPFRE RE continued strengthening its human team with new technical staff, both at the head office and in the offices, in order to be able to provide its clients with a more efficient service. The generational change in the management of various offices is being carried out gradually and in an orderly way with the full cooperation of those currently in charge.

— The Company continued to pay special attention to the technical services it provides to its clients. Throughout the financial year, training courses and seminars were held by the Company's own staff in collaboration with ITSEMAP – specifically, 13 seminars were held in 12 countries and attended by 416 people. Various seminars were also held for Group companies in various countries, as well as other in-house training seminars covering technical and accounting matters. Improvements were also made to the Trébol magazine, which now has a digital edition that is published on the Company's website.

— Windstorm Klaus lashed northern Spain and southern France at the end of January, causing insured property damage put at more than 1,500 million of Euros. Although in Spain a large part of the damage was compensated by the insurance compensation pool known as the Consorcio de Compensación de Seguros (or "Consorcio"), the losses also affected the results of Spanish companies and their reinsurers, which once again makes it advisable to rethink management of the catastrophe aggregate that can arise in Spain, so as to adequately quantify the exposure to events of this type and the extent of the cover provided by the Consorcio.

— MAPFRE RE renewed its excellent ratings with the main rating agencies: S&P maintained the AA rating with a stable outlook, improving it compared to the previous negative outlook, while AM Best renewed the A+ rating with a negative outlook. According to the rankings published by these two agencies, the Company ranks 14th in the world in terms of gross premiums, and 17th in terms of net premium, which means that it has moved up several places compared with the previous year, reflecting the international market's confidence in its financial standing and the quality of its corporate management.

— In 2009 it continued developing new applications of the internal capital model, along with management and rating tools to offer clients a faster, more efficient and competitive service while maintaining the profitability of operations. To this end, the Company is working intensively to meet the requirements of the new accounting standards that have come into force.

Subsidiary companies

The Chile-based subsidiaries, Inversiones Ibéricas and MAPFRE Chile Reaseguros, earned income amounting to 7.1 million of Euros and recorded after-tax profits of 2.1 million of Euros. Their shareholders' equity came to 61.4 million of Euros.

MAPFRE RE DO BRASIL continued its outstanding development in 2009, earning premium income of 64.0 million of Euros and after-tax profits of 1.2 million of Euros. Its shareholders' equity came to 30.8 million of Euros.

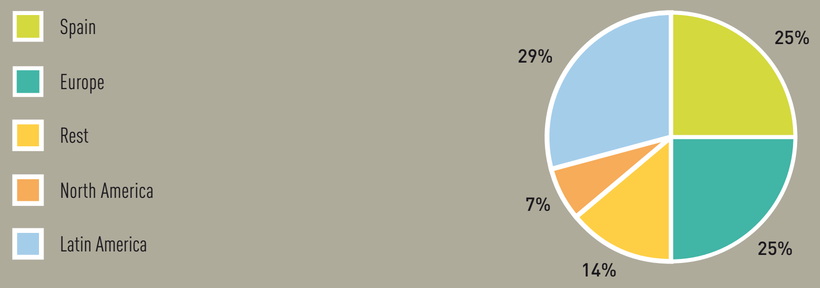
Subsequent events

In January 2010, the Venezuelan government devalued the local currency by 50%. Pending a detailed analysis of this measure and its effect on reinsurance operations, the devaluation will marginally affect the Company's budgeted result in 2010, although the figures posted in the accounts in that currency over the year will represent a lower amount in euros.

Outlook

In 2010, the prudent development of the business portfolio is expected to continue in a climate that is expected to remain competitive, unless some disaster occurs or the financial market ends up being highly volatile. The continuity and professionalism of the support given to clients over the years have proved to be the best tool for maintaining a positive outlook.

Portfolio composition by geographical area



Portfolio composition by type of business

Portfolio composition by class of business

Additional notes

Environmental information

MAPFRE's commitment to the environment is articulated through three pillars: integration of the environment into the business, environmental management, and the promotion of environmental responsibility. In this respect, besides taking on the environmental commitments laid down in the United Nations Global Compact, MAPFRE participates in the United Nations Environment Programme Finance Initiative (UNEP FI), an environmental initiative for financial institutions and the insurance sector promoted by the United Nations Environment Programme (UNEP), and has signed cooperation agreements with relevant public bodies in relation to water saving and energy efficiency.

Personnel

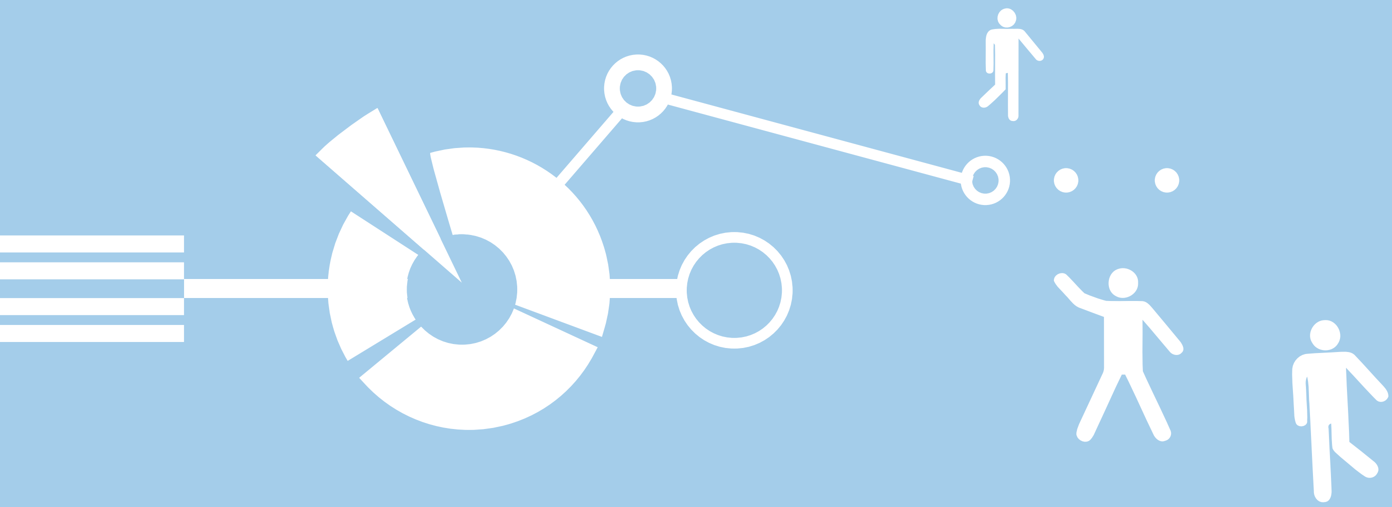
At the end of the financial year, the average number of people working for the Company in Spain maintained the following structure by professional categories:

Category	2009	2008	2007
Managerial staff	49	48	49
Administrative staff	50	54	50
Sales staff	–	–	–
Other	32	27	25
Total	**131**	**129**	**124**

Investments

As regards financial investments, MAPFRE RE's policy for reducing its exposure to risks of this type has been based on a prudent investment policy which concentrates the bulk of the portfolio in fixed-income securities.

5 Individual annual accounts 2009



Balance sheet as at 31 december 2009

A)	ASSETS	Notes to the accounts	2009
A-1)	Cash and cash equivalents	8	62,364
A-2)	Financial assets held for trading		9,214
	I. Equity instruments	8	9,214
	II. Debt securities		
	III. Derivatives		
	IV. Other		
A-3)	Other financial assets at fair value through profit or loss		4,127
	I. Equity instruments	8	44
	II. Debt securities		
	III. Hybrid instruments	8	4,083
	IV. Investments on behalf of unit-linked life insurance policyholders		
	V. Other		
A-4)	Available-for-sale financial assets		1,794,587
	I. Equity instruments	8	158,557
	II. Debt securities	8	1,636,030
	III. Investments on behalf of unit-linked life insurance policyholders		
	IV. Other		
A-5)	Loans and receivables		563,436
	I. Debt securities		
	II. Loans		35,711
	1. Advances on policies		
	2. Loans to group and associated companies	8	35,711
	3. Loans to other related companies		
	III. Deposits with credit institutions	8	28,819
	IV. Deposits established for assumed reinsurance	8	327,336
	V. Receivables from direct insurance operations		
	1. Policyholders		
	2. Brokers		
	VI. Receivables from reinsurance operations	8	166,800
	VII. Receivables from coinsurance operations		
	VIII. Called-in payments		
	IX. Other receivables		4,770
	1. Receivables from public administrations	8	2,474
	2. Rest of receivables	8	2,296
A-6)	Held-to-maturity investments		
A-7)	Hedging derivatives		
A-8)	Reinsurance's share of technical provisions	16	592,967
	I. Provision for unearned premiums		341,138
	II. Provision for life insurance		9,207
	III. Provision for outstanding claims		242,622
	IV. Other technical provisions		
A-9)	Property, plant and equipment, and investment property		30,778
	I. Property, plant and equipment	5	30,778
	II. Investment property		
A-10)	Intangible assets		1,742
	I.Goodwill		
	II. Economic rights arising from policy portfolios acquired from brokers		
	III. Other intangible assets	6	1,742
A-11)	Interests in associated Group companies		67,253
	I. Interests in associated companies	8	840
	II. Interests in multi-group companies		
	III. Interests in Group companies	8	66,413
A-12)	Tax assets		11,282
	I. Current tax assets		
	II. Deferred tax assets	10	11,282
A-13)	Other assets		169,855
	Assets and reimbursement rights arising from long-term employee benefits		465
	II. Advance commission and other acquisition expenses		
	III. Accruals		169,390
	IV. Rest of assets		
A-14)	Assets held for sale		
TOTAL ASSETS			3,307,605

(FIGURES IN EUROS 000)

A)	LIABILITIES	Notes to the accounts	2009
A-1)	**Financial liabilities held for trading**		
A-2)	**Other financial liabilities at fair value through profit or loss**		
A-3)	**Trade and other payables**		**227,902**
	I. Subordinated liabilities		
	II. Deposits received from ceded (outward) reinsurance	8	105,604
	III. Payables arising out of reinsurance operations		
	1. Payables to insureds		
	2. Payables to brokers		
	3. Conditional payables		
	IV. Payables arising out of reinsurance operations	8	85,279
	V. Payables arising out of coinsurance operations		
	VI. Debentures and other marketable securities		
	VII. Debts with credit institutions		
	VIII. Payables arising out of preparatory operations for insurance contracts		
	IX. Other payables:		37,019
	1. Payables to public administrations	8	10,813
	2. Other payables to Group and associated companies	8	24,159
	3. Rest of other payables	8	2,047
A-4)	**Hedging derivatives**		
A-5)	**Technical provisions**	16	**2,151,211**
	I. Provision for unearned premiums		1,040,083
	II. Provision for unexpired risks		1,367
	III. Provision for life insurance		82,928
	1. Provision for unearned premiums		82,928
	2. Provision for unexpired risks		
	3. Mathematical reserve		
	4. Provision for unit-linked life insurance policies		
	IV. Provision for outstanding claims		1,026,833
	V. Provision for bonuses and rebates		
	VI. Other technical provisions		
A-6)	**Non-technical provisions**		**2,847**
	I. Provisions for taxes and other legal contingencies		
	II. Provision for pensions and similar obligations	11	663
	III. Provision for payments under settlement agreements		
	IV. Other non-technical provisions	11	2,184
A-7)	**Tax liabilities**		**31,617**
	I. Current tax liabilities		
	II. Deferred tax liabilities	10	31,617
A-8)	**Rest of liabilities**		**89,730**
	I. Accruals		89,727
	II. Liabilities arising from accounting mismatches		
	III. Commission and other acquisition costs of ceded reinsurance		
	IV. Other liabilities		3
A-9)	**Liabilities relating to held-for-sale assets**		
TOTAL LIABILITIES			**2,503,307**
B)	**EQUITY**	**Notes to the accounts**	**2009**
B-1)	**Shareholders' equity**		**778,382**
	I. Capital or mutual fund		223,916
	1. Registered capital or mutual fund		223,916
	2. (Uncalled capital)		
	II. Share premium		220,565
	III. Reserves		101,334
	1. Legal and statutory reserves		44,695
	2. Equalisation reserve		42,096
	3. Other reserves		14,543
	IV. (Own shares)		
	V. Results from previous financial years		154,735
	1. Retained earnings	3	154,735
	2. (Negative results from previous financial years)		
	VI. Other contributions from shareholders and members		
	VII. Result for the year	3	128,394
	VIII. (Interim dividend and interim equalisation reserve)	3	(50,562)
	IX. Other equity instruments		
B-2)	**Adjustments for changes in value:**		**25,916**
	I. Available-for-sale financial assets		25,824
	II. Hedging operations		
	III. Exchange and translation differences		92
	IV. Correction of accounting mismatches		
	V. Other adjustments		
B-3)	**Grants, donations and bequests received**		
TOTAL EQUITY			**804,298**
TOTAL EQUITY AND LIABILITIES			**3,307,605**

(FIGURES IN EUROS 000)

Income statement for the financial year ended 31 december 2009

I.	NON-LIFE TECHNICAL ACCOUNT	2009
I.1.	**Premiums written in the financial year, net of reinsurance**	**1,156,645**
	a) Earned premiums	1,839,734
	a.1) Direct insurance	
	a.2) Assumed reinsurance	1,839,734
	a.3) Change in impairment adjustment to outstanding premiums (+ or -)	
	b) Premiums for ceded reinsurance (-)	(622,629)
	c) Change in provisions for unearned premiums and unexpired risks (+ or -)	(53,646)
	c.1) Direct insurance	
	c.2) Assumed reinsurance	(53,646)
	d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	(7,106)
I.2.	**Income from property, plant and equipment, and investments**	**220,296**
	a) Income from investment property	
	b) Income from financial investments	190,644
	c) Application of impairment adjustments to property, plant and equipment, and investments	960
	c.1) From property, plant and equipment, and investment property	
	c.2) From financial investments	960
	d) Profits from sale of property, plant and equipment, and investments	28,692
	d.1) From property, plant and equipment, and investment property	
	d.2) From financial investments	28,692
I.3.	**Other underwriting income**	
I.4.	**Claims for the year, net of reinsurance**	**734,527**
	a) Claims and expenses paid	670,707
	a.1) Direct insurance	
	a.2) Assumed reinsurance	1,016,454
	a.3) Ceded reinsurance (-)	(345,747)
	b) Change in provision for outstanding claims (+ or -)	63,738
	b.1) Direct insurance	
	b.2) Assumed reinsurance	24,067
	b.3) Ceded reinsurance (-)	39,671
	c) Claims-related expenses	82
I.5.	**Change in other technical provisions, net of reinsurance (+ or -)**	
I.6.	**Bonuses and rebates**	
	a) Claims and expenses arising from bonuses and rebates	
	b) Change in the provision for bonuses and rebates (profit reserve) (+ or -)	
I.7.	**Net operating expenses**	**345,864**
	a) Acquisition expenses	451,849
	b) Administration expenses	9,335
	c) Commission and participations in ceded and retroceded reinsurance	(115,320)
I.8.	**Other underwriting expenses (+ or -)**	**313**
	a) Change in impairment arising from insolvencies	313
	b) Change in impairment of property, plant and equipment (+ or -)	
	c) Change in payments arising from claims settlement agreements (+ or -)	
	d) Other	
I.9.	**Expenses from property, plant and equipment, and investments**	**139,356**
	a) Investment management expenses	134,203
	a.1) Expenses from property, plant and equipment, and investment property	
	a.2) Expenses from investments and financial accounts	134,203
	b) Value adjustments to property, plant and equipment, and investments	284
	b.1) Amortisation of property, plant and equipment, and investment property	284
	b.2) Impairment of property, plant and equipment, and investment property	
	b.3) Impairment of financial investments	
	c) Losses from property, plant and equipment, and investments	4,869
	c.1) From property, plant and equipment, and investment property	
	c.2) From financial investments	4,869
I.10.	**Subtotal (Result of the non-life technical account)**	**156,589**

(FIGURES IN EUROS 000)

II.	LIFE TECHNICAL ACCOUNT	2009
II.1.	**Earned premium for the year, net of reinsurance**	**139,357**
	a) Earned premiums	172,569
	a.1) Direct insurance	
	a.2) Assumed reinsurance	172,569
	a.3) Change in impairment adjustment to outstanding premiums (+ or -)	
	b) Premiums for ceded reinsurance (-)	(23,551)
	c) Change in provisions for unearned premiums and unexpired risks (+ or -)	(8,628)
	c.1) Direct insurance	
	c.2) Assumed reinsurance	(8,628)
	d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	(1,033)
II.2.	**Income from property, plant and equipment, and investments**	**23,427**
	a) Income from investment property	
	b) Income from financial investments	20,372
	c) Application of impairment adjustments to property, plant and equipment and investments	
	c.1) From property, plant and equipment, and investment property	
	c.2) From financial investments	
	d) Profits from sale of property, plant and equipment, and investments	3,055
	d.1) From property, plant and equipment, and investment property	
	d.2) From financial investments	3,055
II.3.	**Income from investments allocated to unit-linked insurance policies**	
II.4.	**Other underwriting income**	
II.5.	**Claims for the year, net of reinsurance**	**97,021**
	a) Claims and expenses paid	35,936
	a.1) Direct insurance	
	a.2) Assumed reinsurance	51,478
	a.3) Ceded reinsurance (-)	(15,542)
	b) Change in provision for outstanding claims (+ or -)	61,075
	b.1) Direct insurance	
	b.2) Assumed reinsurance	61,942
	b.3) Ceded reinsurance (-)	(867)
	c) Claims-related expenses	10
II.6.	**Change in other technical provisions, net of reinsurance (+ or -)**	
	a) Provisions for life insurance	
	a.1) Direct insurance	
	a.2) Assumed reinsurance	
	a.3) Ceded reinsurance (-)	
	Provisions for unit-linked life insurance policies	
	b) Other technical provisions	
II.7.	**Bonuses and rebates**	
	a) Claims and expenses arising from bonuses and rebates	
	b) Change in the provision for bonuses and rebates (profit reserve) (+ or -)	
II.8.	**Net operating expenses**	**33,677**
	a) Acquisition expenses	36,165
	b) Administration expenses	1,047
	c) Commission and participations in ceded and retroceded reinsurance	(3,535)
II.9.	**Other underwriting expenses**	
	a) Change in impairment arising from insolvencies	
	b) Change in impairment of property, plant and equipment (+ or -)	
	c) Other	
II.10.	**Expenses from property, plant and equipment, and investments**	**14,599**
	a) Management expenses from property, plant and equipment, and investments	14,088
	a.1) Expenses from property, plant and equipment, and investment property	
	a.2) Expenses from investments and financial accounts	14,088
	b) Value adjustments to property, plant and equipment, and investments	33
	b.1) Amortisation of property, plant and equipment, and investment property	33
	b.2) Impairment of property, plant and equipment, and investment property	
	b.3) Impairment of financial investments	
	c) Losses from property, plant and equipment, and investments	478
	c.1) From property, plant and equipment, and investment property	
	c.2) From financial investments	478
II.11.	**Expenses from investments allocated to unit-linked insurance policies**	
II.12.	**Subtotal (Result of the life technical account)**	**17,487**

(FIGURES IN EUROS 000)

Income statement for the financial year ended 31 december 2009 *(continued)*

III.	NON-TECHNICAL ACCOUNT	2009
III.1.	**Income from property, plant and equipment, and investments**	**17,457**
	a) Income from investment property	
	b) Income from financial investments	13,376
	c) Application of impairment adjustments to property, plant and equipment, and investments	
	c.2) From property, plant and equipment, and investment property	
	c.2) From financial investments	
	d) Profits from sale of property, plant and equipment	4,081
	d.1) From property, plant and equipment, and investment property	
	d.2) From financial investments	4,081
III.2.	**Expenses from property, plant and equipment, and investments**	**7,156**
	a) Investment management expenses	6,385
	a.1) Expenses from investments and financial accounts	6,385
	a.2) Expenses from tangible investments	
	b) Value adjustments to property, plant and equipment, and investments	
	b.1) Amortisation of property, plant and equipment, and investment property	
	b.2) Impairment of property, plant and equipment, and investment property	
	b.3) Impairment of financial investments	
	c) Losses from property, plant and equipment, and investments	771
	c.1) From property, plant and equipment, and investment property	32
	c.2) From financial investments	739
III.3.	**Other income**	**1,966**
	a) Income from pension fund administration	
	b) Rest of income	1,966
III.4.	**Other expenses**	**3,768**
	a) Pension fund administration expenses	
	b) Rest of expenses	3,768
III.5.	**Subtotal (Result of non-technical account)**	**8,499**
III.6.	**Result before taxes (I.10 + II.12 + III.5)**	**182,575**
III.7.	**Income tax**	**54,181**
III.8.	**Result from continuing operations (III.6 + III.7)**	**128,394**
III.9.	**Result from discontinued operations, net of tax (+ or -)**	
III.10.	**Result for the year (III.8 + III.9)**	**128,394**

(FIGURES IN EUROS 000)

Statement of changes in equity for the financial year ended 31 december 2009

A) Statements of recognised income and expenses

		2009
I.	RESULT FOR THE YEAR	128,394
II.	OTHER RECOGNISED INCOME AND EXPENSES	12,035
II.1.	Available-for-sale financial assets	17,058
	Gains and losses on valuation	41,320
	Amounts transferred to the income statement	(24,262)
	Other reclassifications	
II.2.	Cash-flow hedges	
	Gains and losses on valuation	
	Amounts transferred to the income statement	
	Amounts transferred at initial value of the hedged items	
	Other reclassifications	
II.3.	Hedge of net investments in foreign operations	
	Gains and losses on valuation	
	Amounts transferred to the income statement	
	Other reclassifications	
II.4.	Exchange and translation differences	130
	Gains and losses on valuation	130
	Amounts transferred to the income statement	
	Other reclassifications	
II.5.	Correction of accounting mismatches	
	Gains and losses on valuation	
	Amounts transferred to the income statement	
	Other reclassifications	
II.6.	Assets held for sale	
	Gains and losses on valuation	
	Amounts transferred to the income statement	
	Other reclassifications	
II.7.	Actuarial gains/(losses) on long-term employee benefits	
II.8.	Other recognised income and expenses	
II.9.	Income tax	(5,153)
III.	TOTAL RECOGNISED INCOME AND EXPENSES	140,429

(FIGURES IN EUROS 000)

Statement of changes in equity for the financial year ended 31 december 2009

B) Full statement of changes in equity

	Item	Capital or mutual fund Registered	Uncalled	Share premium	Reserves	(Own shares and equity interests)
A.	BALANCE, YEAR-END 2008	223,916		220,565	94,063	
	I. Adjustments due to changes in criteria in 2008					
	II. Adjustments due to errors in 2008					
B.	ADJUSTED BALANCE, BEGINNING OF 2009	223,916		220,565	94,063	
	I. Total recognised income and expenses					
	II. Transactions with shareholders or members					
	1. Increases in capital or mutual fund					
	2. (-) Reductions in capital or mutual fund					
	3. Conversion of financial liabilities into equity (conversion of obligations, writing-off of debts)					
	4. Distribution of dividends or apportionments					
	5. Transactions with own shares or interests (net)					
	6. Equity increase (reduction) resulting from business combination					
	7. Other transactions with shareholders or members					
	III. Other changes in equity				7,271	
	1. Equity-instrument-based payments					
	2. Transfers between equity items				7,202	
	3. Other changes				69	
C.	BALANCE, YEAR-END 2009	223,916	–	220,565	101,334	–

(FIGURES IN EUROS 000)

Result from previous financial years	Other contributions from members	Result for the year	(Interim dividend)	Other equity instruments	Adjustments for changes in value	Grants, donations and bequests received	TOTAL
150,983		**72,022**	**(46,228)**		**13,881**		**729,202**
150,983		**72,022**	**(46,228)**		**13,881**		**729,202**
		128,394			12,035		140,429
		(13,002)	(50,562)				(63,564)
		(13,002)	(50,562)				(63,564)
3,752		(59,020)	46,228				(1,769)
3,752		(57,182)	46,228				0
		(1,838)					(1,769)
154,735	**–**	**128,394**	**(50,562)**	**–**	**25,916**	**–**	**804,298**

Cash flow statement for financial year ended 31 december 2009

CASH FLOW STATEMENT		2009
A)	CASH FLOWS FROM OPERATING ACTIVITIES	
A.1.)	**Insurance activity**	**209,070**
	1. Receipts from direct insurance, coinsurance and assumed reinsurance	407,474
	2. Payments on direct insurance, coinsurance and assumed reinsurance	(136,156)
	3. Receipts from ceded reinsurance	55,893
	4. Payments on ceded reinsurance	(88,039)
	5. Recovery of claims paid	
	6. Payments of remuneration to brokers	
	7. Other operating receipts	
	8. Other operating payments	(30,127)
	9. Total cash receipts from insurance activity (1+3+5+7) = I	**463,367**
	10. Total cash payments from insurance activity (1+3+5+7) = I	**(254,322)**
A.2.)	**Other operating activities**	**(35,210)**
	1. Receipts from pension fund management activities	
	2. Payments on pension fund management activities	
	3. Receipts from other activities	
	4. Payments on other activities	
	5. Total cash receipts from other operating activities (1+3) = III	
	6. Total cash payments on other operating activities (1+3) = III	
	7. Income tax receipts and payments (V)	(35,210)
A.3.)	**Total net cash flows from operating activities (I-II+III-IV + - V)**	**173,860**
B)	CASH FLOWS FROM INVESTING ACTIVITIES	
B.1)	**Receipts from investing activities**	**354,858**
	1. Property, plant and equipment	12
	2. Investment property	
	3. Intangible assets	
	4. Financial instruments	276,020
	5. Interests in Group, multi-group and associated companies	
	6. Interest collected	73,291
	7. Dividends collected	5,535
	8. Business unit	
	9. Other receipts related to investing activities	
	10. Total cash receipts from investing activities (1+2+3+4+5+6+7+8+9) = VI	**354,858**
B.2.)	**Payments on investing activities**	**(433,751)**
	1. Property, plant and equipment	(816)
	2. Investment property	
	3. Intangible assets	(695)
	4. Financial instruments	(431,740)
	5. Interests in Group, multi-group and associated companies	(500)
	6. Business unit	
	7. Other payments relating to investing activities	
	8. Total cash payments from investing activities (1+2+3+4+5+6+7) = VII	**(433,751)**
B.3.)	**Total cash flows from investing activities (VI – VII)**	**(78,893)**

CASH FLOW STATEMENT		2009
C)	CASH FLOWS FROM FINANCING ACTIVITIES	
C.1)	Receipts from financing activities	
	1. Subordinated liabilities	
	2. Proceeds from issuance of equity instruments and capital increase	
	3. Apportionments and contributions by shareholders or members	
	4. Disposal of own securities	
	5. Other proceeds related to financing activities	
	6. Total cash receipts from financing activities (1+2+3+4+5) = VIII	
C.2)	Payments on financing activities	**(65,377)**
	1. Dividends to shareholders	(63,539)
	2. Interest paid	
	3. Subordinated liabilities	
	4. Payments through return of contributions to shareholders	
	5. Apportionments and return of contributions to members	
	6. Acquisition of own securities	
	7. Other payments related to financing activities	(1,838)
	8. Total cash payments from financing activities (1+2+3+4+5+6+7) = IX	**(65,377)**
C.3)	**Total net cash flows from investing activities (VIII – IX)**	**(65,377)**
	Effect of exchange rate fluctuations (X)	(2)
	Total increase/decrease in cash and cash equivalents (A.3 + B.3 + C.3 + - X)	**29,590**
	Cash and cash equivalents at beginning of period	32,796
	Cash and cash equivalents at end of period	62,364
	1. Cash at bank and in hand	38,399
	2. Other financial assets	23,965
	3. Bank overdrafts repayable on demand	
	TOTAL	**62,364**

(FIGURES IN EUROS 000)

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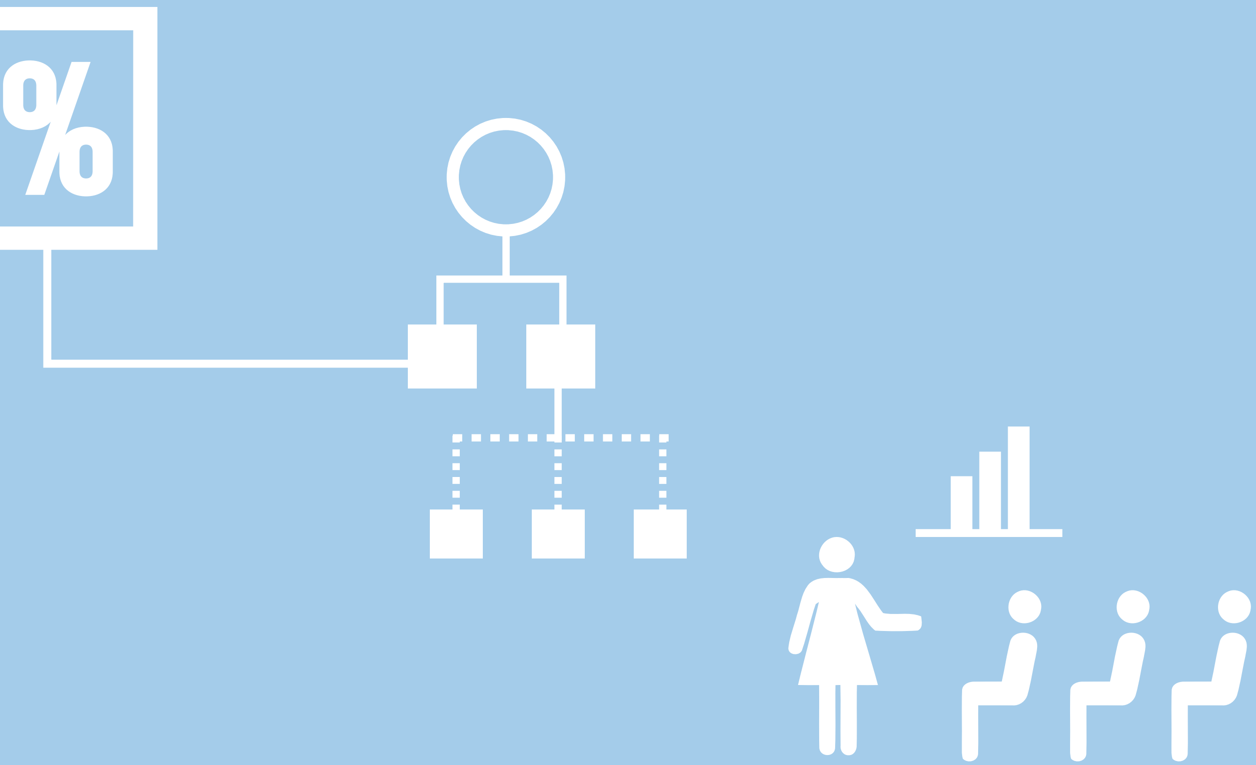

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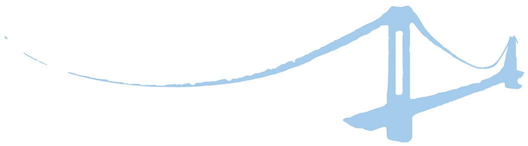

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