ANNUAL REPORT 2011

MAPFRE RE

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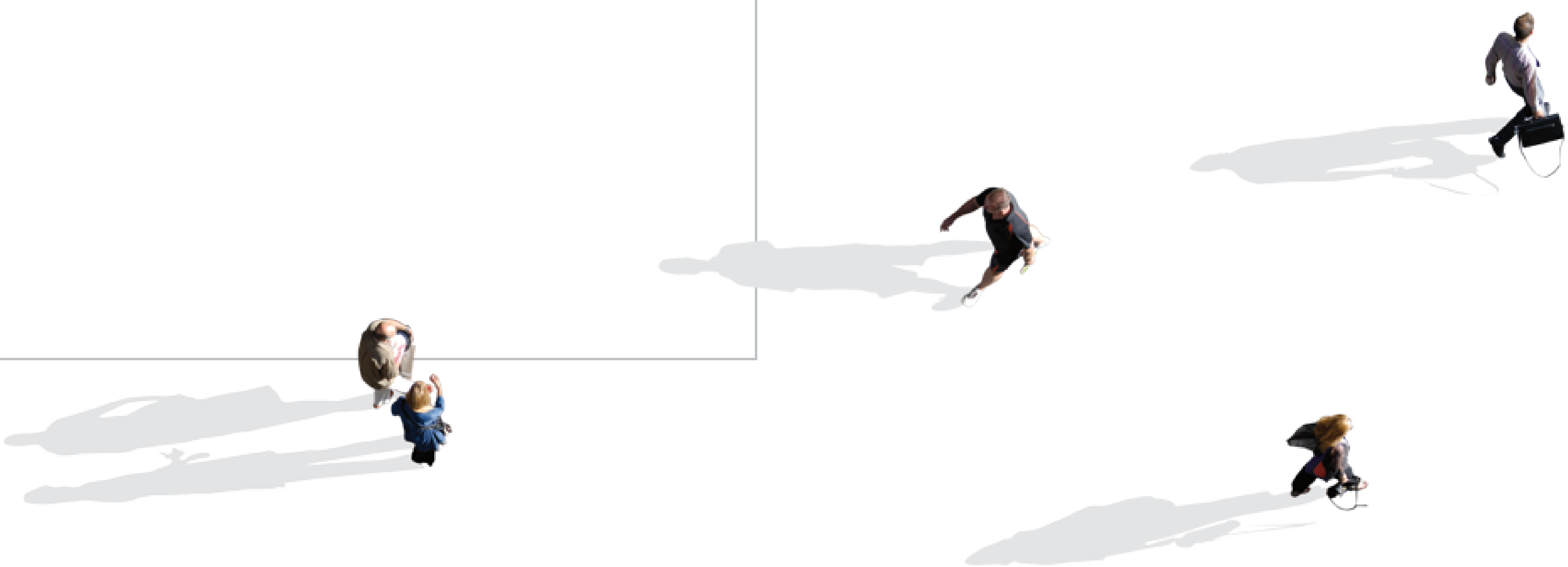

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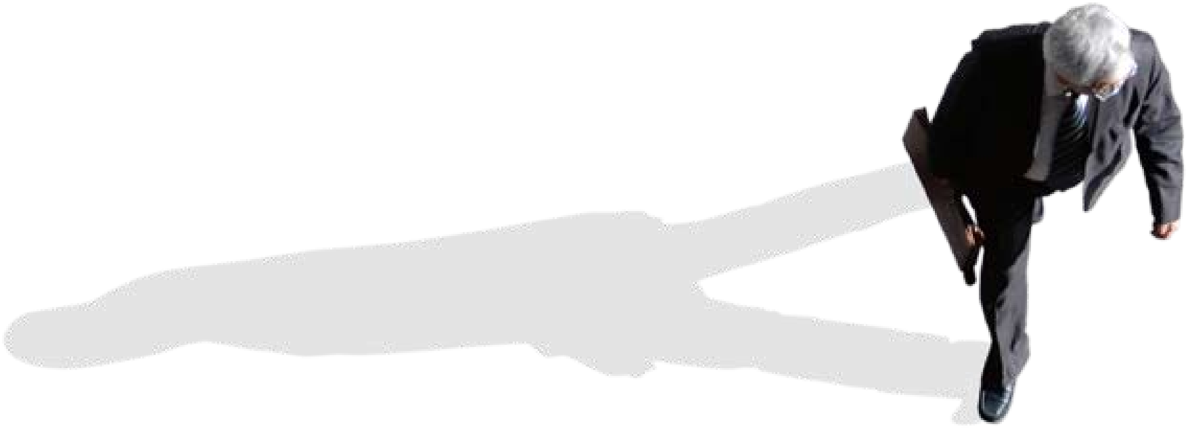

1 Governing bodies

BOARD OF DIRECTORS		Executive Committee	Compliance Committee
CHAIRMAN	Mr. Pedro de Macedo	Chairman	
VICE-CHAIRMAN	Mr. Matías Salvá	Vice-Chairman	Chairman
MEMBERS	Mr. Ángel Alonso		
	Mr. Ricardo Blanco		
	Mr. Rafael Casas		
	Mr. José Carlos Contreras*		
	Mr. Arturo Fernández**		
	Mr. Javier Fernández-Cid	Member	
	Mr. Lorenzo Garagorri		
	Mr. Philippe Hebeisen (Vaudoise Assurances Holding)		
	Mr. Pedro López	Member	
	Mr. J. David Moore (Shelter Mutual Insurance Company)		
	Mr. Juan Antonio Pardo		
	Mr. Claudio Ramos	Member	
	Mr. Ermanno Rho (Società Cattolica di Assicurazione)		
	Mr. Gregorio Robles		Member
	Mr. Francisco Ruiz		Member
	Mr. Rafael Senén		
	Mr. Domingo Sugranyes	Member	
	Mr. Michael H. Tripp (Ecclesiastical Insurance Office)		
SECRETARY	Mr. Miguel Gómez	Secretary	

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

* For PARTICIPACIONES Y CARTERA DE INVERSIÓN, S.L.
** For MEDIACIÓN Y DIAGNÓSTICOS, S.A.

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Consolidated Management Report 2011

MAPFRE RE has continued its development and consolidation in the markets, achieved positive earnings and a remarkable rise in premiums during a year marked by extraordinary catastrophic disasters and continuous volatility in financial markets.

During the first half of the year earthquakes took place in Japan and New Zealand, leaving earnings in the red for the first semester of almost all reinsurers. Partial improvement took place during the second half of the year for reinsurers, despite the losses caused by several tornadoes in the United States and hurricane Irene. Furthermore, other catastrophic events, such as the losses produced by flooding in Thailand during the last quarter, need to be added and are still pending evaluation.

Overall, 2011 may be considered a bad year for the industry, although, due to its financial strength, it was able to endure poor earnings and a decline in Shareholders Equity caused by investments in sovereign debt.

Main Activities

— The new Paris branch, located in an emblematic area in front of the Louvre museum, is dedicated to the areas of Life and Personal Lines. It began operating during the fiscal year and is fully operational, fulfilling all of the expectations placed in its development. The office in Buenos Aires has been transformed into a branch in order to serve the client entities in that market, making adjustments for the new legislative requirements of Argentina. The office in Milan has also been transformed into a branch for different reasons.

— The human resources team has continued to be strengthened with new hiring in order to cover the vacancies left due to retirement and in order to handle new activities, both in central offices and abroad. Furthermore, both the staff at headquarters as well as the offices have participated in training programs, most notably the Advance program and the Executive Development Program.

— An intense campaign of training courses has continued development and is offered to preferential clients. Most notable are the Agricultural Insurance course developed in Madrid with the assistance of 13 Latin American specialists, 6 life reinsurance courses, and the MARESEL tool course held in Brazil, Argentina, Chile, Ecuador, Hungary and Spain, along with FUNDACION MAPFRE: a course for Advanced Specialization in Health and Life Insurance. Overall 208 people from 15 countries have participated in this course and a reinsurance course, part e-learning and part classroom, where over 50 people have registered from subsidiary companies in Chile, Argentina and Colombia. Also, the important collaboration with ITSEMAP continues, offering a total of seven courses to client entities in six countries in Europe and America; where 181 people have participated.

— The Company has continued intense preparations for the future entry into force of Solvency II, adapting its computer systems, accounting, statistics and actuaries. Furthermore, a preliminary request has been submitted for evaluation and approval of the Internal Capital Model by the oversight organism (Directorate General of Insurance and Pension Funds), having already taken the first steps in this direction.

— The AM Best and Standard & Poor's rating agencies have established a rating of A and AA- respectively for the Company at the close of the fiscal year, both under review with negative implications.

These ratings are among the best in the market, placing at 15th for gross premiums and 16th for net premiums, according to the rankings published by the rating agencies mentioned above.

— The repeated and significant catastrophic activity that has mainly affected Japan, an earthquake that in itself represents the second largest catastrophic event since Hurricane Katrina, the earthquakes in New Zealand, the flooding in Australia and Thailand, and the tornadoes in the United States have represented a net reinsurance cost of €297.5 million including the reinstallation of coverage.

Subsidiary and Affiliate Companies

The affiliate companies in Chile, INVERSIONES IBÉRICAS and MAPFRE CHILE REASEGUROS have obtained revenue for the amount of €9.4 million and earnings before taxes of €2.7 million. Their shareholders equity was situated at €69.8 million at the close of the fiscal year.

MAPFRE RE DO BRASIL, which continues its positive trend, has obtained revenue of €97.7 million and earnings before taxes of €9.9 million. Their shareholders equity is situated at €42.3 million at the close of the fiscal year.

Outlook

MAPFRE RE faces the year 2012 with excellent financial strength, enabling it to continue prudent growth within a market that is expected to remain competitive in several territories, despite the poor performance of 2011.

The economic variables affecting investments, such as interest rates, inflation and sovereign risk shall remain volatile, making it difficult to take any precautions. Emerging markets shall continue driving growth, while the more developed markets shall maintain stagnant or in decline due to the general crisis. Therefore, the reinsurance operators are expected to focus their attention on achieving a sufficient technical result that will allow them to meet the negative effects of the catastrophes that will surely occur during the fiscal year with solvency, against a backdrop of financial uncertainty.

Because it is recognized by its clients and brokers for its professionalism and solvency, MAPFRE RE is well positioned to meet these challenges with success.

Subsequent events

Up until the closing of this report there have been no noteworthy events that could affect either the outlook or the budgets for the current year.

There have been no subsequent events that could affect the financial statements as of December 31, 2011.

Proposed resolutions

— Approval of the Individual Annual Accounts for the 2011 fiscal year and of the following profit distribution proposal contained in the Annual Report:

DISTRIBUTION BASIS	
Profit and Loss	70,162,965
Retained earnings	278,756,952
TOTAL	**348,919,917**
Distribution	
Statutory reserve	
Dividend	25,280,874
Donations to MAPFRE Foundation	2,300,730
Retained earnings	321,338,313
TOTAL	**348,919,917**

AMOUNT IN EUROS

— The proposal involves the distribution of a gross dividend of €0.35 for share numbers from 1 to 72,231,068, both inclusive, which was fully paid in advance by resolution of the Board of Directors.

— Approval of the Consolidated Financial Statements for the 2011 fiscal year.

— Approval of the Board of Directors' management during the 2011 fiscal year.

— Agreement to a donation of €2,300,730 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 2012 fiscal 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 directors Pedro de Macedo Coutinho de Almeida, Matías Salvá Bennasar, Gregorio Robles Morchón, Francisco Ruiz Risueño and Rafael Senén García for a new term of four years, all of them in effect as of March 28, 2012 (inclusive), as well as Arturo Fernández Álvarez and José Carlos Contreras Gómez, representing Mediación y Diagnósticos, S.A. and Participaciones y Cartera de Inversión, S.L., respectively (or by whom said companies designate for that purpose, as appropriate). In both cases going into effect as of June 27, 2012 (inclusive).

— Name Rafael Casas as a new director of the company for a term of four years.

— 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 fiscal year.

Economic and statistical information

IFRS INCOME STATEMENT	2011	2010	Var. % 11/10	Var. % 10/09
ASSUMED (INWARD) REINSURANCE				
Assumed premium	**2,630.7**	**2,371.6**	**11%**	**15%**
Earned premium for the year	2,614.8	2,252.7	16%	15%
Loss ratio (includes claims-related expenses)	(1,801.9)	(1,854.5)	(3%)	59%
Operating costs and other underwriting expenses	(654.0)	(564.5)	16%	13%
ASSUMED REINSURANCE RESULTS	**158.9**	**(166.3)**	**(196%)**	**(156%)**
RETROCEDED REINSURANCE				
Premiums and change in unearned premium reserve	(866.2)	(772.8)	12%	19%
Claims paid and change in claims reserve	543.4	869.1	(37%)	170%
Commission and participations	159.5	138.7	15%	20%
RETROCEDED REINSURANCE RESULTS	**(163.2)**	**234.9**	**(169%)**	**(210%)**
Other income and underwriting expenses	(0.6)	(0.8)	(19%)	(18%)
RESULTS OF LIFE AND NON-LIFE TECHNICAL ACCOUNTS	**(4.9)**	**67.9**	**(107%)**	**(16%)**
Net investment income	111.1	103.0	8%	29%
Unrealised investment gains and losses	0.0	0.0	–	–
Other non-underwriting income and expenses	(0.7)	2.4	(130%)	(227%)
Results from minority interests	2.2	0.2	–	–
RESULTS OF LIFE AND NON-LIFE BUSINESS	**107.7**	**173.5**	**(38%)**	**9%**
RESULT FROM OTHER ACTIVITIES	**0.0**	**0.0**	**–**	**–**
RESULT BEFORE TAX AND MINORITY INTERESTS	**107.7**	**173.5**	**(38%)**	**9%**
Income tax	(29.1)	(49.39)	(41%)	6%
Result after tax from discontinued operations	0.0	0.0	–	–
RESULT AFTER TAX	**78.6**	**124.2**	**(37%)**	**10%**
External partners	0.0	0.0	0%	0%
RESULT AFTER TAX AND MINORITY INTERESTS	**78.6**	**124.2**	**(37%)**	**10%**

MILLION EUROS

NON-LIFE INSURANCE RATIOS	2011	2010
Loss ratio of assumed (inward) reinsurance	72.1%	66.5%
Expense ratio of assumed (inward) reinsurance	28.7%	29.2%
Net combined ratio of retroceded reinsurance	100.8%	95.7%

DETAILS OF ASSUMED PREMIUM	2011	2010	Var. % 11/10	Var. % 10/09
Non-life	2,261.4	2,086.9	8.4%	11.1%
Life	369.3	284.8	29.7%	61.9%
TOTAL	**2,630.7**	**2,371.6**	**10.9%**	**15.5%**

MILLION EUROS

KEY BALANCE SHEET DATA (IFRS)	2011	2010	Var. % 11/10	Var. % 10/09
Financial investments and cash	2,544.5	2,267.7	12.2%	8.9%
Total assets	4,363.5	4,087.9	6.7%	17.6%
Equity	847.7	848.4	(0.1%)	1.0%
ROE	9.3%	14.7%	(36.7%)	3.4%

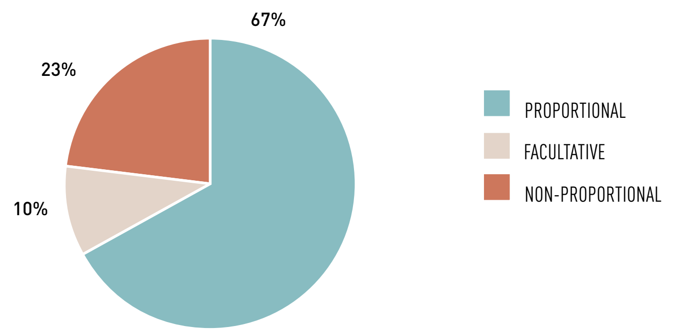
MILLION EUROS

HEDGING AND SOLVENCY DATA	2011	2010	Var. % 11/10	Var. % 10/09
Technical provisions to be hedged	3,013.8	2,712.3	11.1%	25.9%
Excess of suitable assets over reserves	507.3	535.7	(5.3%)	9.5%
Minimum amount of (consolidated) solvency margin	368.7	347.9	6.0%	9.8%
(Consolidated) solvency margin	847.4	841.7	0.7%	6.4%
Number of times minimum amount	2.3	2.4	(5.0%)	(3.0%)

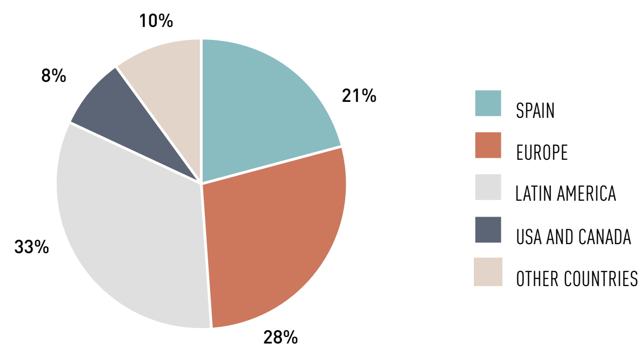
MILLION EUROS

OTHER INFORMATION	2011	2010	Var. % 11/10	Var. % 10/09
Average number of employees	290	290	0.0%	2.5%
% commission on written premium from inward reinsurance	26.4%	26.3%	0.4%	(1.9%)
% internal management expenses on assumed premium	1.4%	1.4%	0.0%	(22.2%)

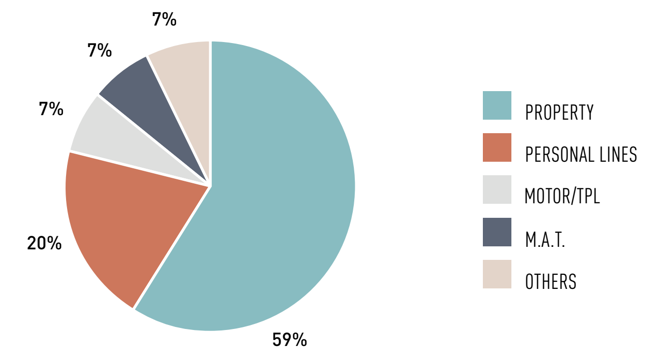
2011 Portfolio by type of business



2011 Portfolio by geographical area



2011 portfolio by branch



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

CATEGORY	2011	2010	2009
Managerial staff	81	81	85
Administrative staff	84	87	106
Sales staff	9	9	9
Other	126	115	88
TOTAL	**300**	**292**	**288**

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.

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Consolidated Statement 2011

A) Consolidated balance sheet as at 31 december 2011 and 2010

ASSETS	Notes	2011	2010
A) INTANGIBLE ASSETS		**1,906**	**1,509**
I. Goodwill			
II. Other intangible assets	6.1	1,906	1,509
B) PROPERTY, PLANT AND EQUIPMENT		**10,234**	**38,715**
I. Own-use property	6.2 / 7D	7,870	36,488
II. Other property, plant and equipment	6.2	2,364	2,227
C) INVESTMENTS		**2,747,903**	**2,521,144**
I. Investment property	6.2 / 7D	6,123	34,685
II. Financial investments		2,249,764	2,069,330
Held-to-maturity portfolio			
Available-for-sale portfolio	6.4 / 7D	2,217,867	2,026,066
Trading portfolio	6.4 / 7D	31,897	43,264
III. Equity-method-accounted Investments		10,914	15,589
IV. Deposits established for assumed reinsurance		336,084	331,429
V. Other investments	6.4 / 7D	145,018	70,111
D) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	**6.9**	**981,523**	**965,795**
E) DEFERRED TAX ASSETS	**6.17**	**43,164**	**32,872**
F) LOANS AND RECEIVABLES	**6.5 / 7B**	**266,755**	**245,009**
I. Credits arising out of reinsurance operations	6.5	247,970	227,973
II. Tax credits	6.5	13,320	12,112
Income tax receivable			
Other tax credits		13,320	12,112
III. Corporate and other loans	6.5	5,465	4,924
G) CASH AT BANK AND IN HAND	**6.7 / 7B**	**149,730**	**128,300**
H) ACCRUALS		**150,510**	**153,823**
I) OTHER ASSETS		**11,755**	**767**
TOTAL ASSETS		**4,363,480**	**4,087,934**

(FIGURES IN EUR 000)

EQUITY AND LIABILITIES	Notes	2011	2010
A) EQUITY		**847.661**	**848.413**
I. Paid-up capital	6.8	223.916	223.916
II. Reserves	6.8	334.826	344.713
III. Own shares			
IV. Valuation adjustment reserves		(79.210)	(58.605)
V. Translation differences	6.19	29.361	37.936
VI. Retained earnings		338.742	300.389
1. Unallocated retained earnings from prior years		285.429	211.579
2. Result for the year attributable to the Parent Company	4.1	78.594	124.203
3. Interim dividends	4.2	(25.281)	(35.393)
Equity attributable to the Parent Company's shareholders		**847.635**	**848.349**
Minority interests		**26**	**64**
B) SUBORDINATED LIABILITIES		**-**	**-**
C) TECHNICAL PROVISIONS		**3.163.514**	**2.866.077**
I. Provisions for unearned premiums and unexpired risks	6.9	1.152.159	1.164.404
II. Provision for life insurance	6.9	200.896	178.716
III. Provision for claims	6.9	1.810.459	1.522.957
IV. Provisions for bonuses and rebates		-	-
D) PROVISIONS FOR CONTINGENCIES AND CHARGES	6.10	**1.756**	**1.769**
E) DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE	6.11	**79.500**	**78.815**
F) DEFERRED TAX LIABILITIES	6.17	**3.611**	**3.158**
G) PAYABLES	6.12	**185.127**	**195.956**
I Payables arising out of reinsurance operations	6.12	162.479	148.604
II. Tax payables	6.12	15.608	14.299
1. Income tax payable			-
2. Other tax payables		15.608	14.299
III. Other payables	6.12	7.040	33.053
H) ACCRUALS		**82.311**	**93.746**
TOTAL EQUITY AND LIABILITIES		**4.363.480**	**4.087.934**

(FIGURES IN €000)

B) Global Consolidated income statement for the fiscal years ended 31 December 2011 and 2010

B.1 Consolidated income statement

ITEM	Notas	2011	2010
I. INCOME FROM INSURANCE BUSINESS			
1. Net earned premiums for the year		1,748,655	1,479,927
a) Written premium from direct insurance		(1)	12
b) Premium from assumed reinsurance	7 / A2	2,630,728	2,371,619
c) Premium from ceded reinsurance		(846,550)	(768,039)
d) Change in net provisions for unearned premiums and unexpired risks		(35,522)	(123,665)
Direct insurance		12	3
Assumed reinsurance		(15,931)	(118,894)
Ceded reinsurance		(19,603)	(4,774)
2. Share of profits of equity-accounted companies		2,339	317
3. Income from investments		153,097	127,990
a) From operations	6.14	123,152	117,511
b) From equity	6.14	29,945	10,479
4. Gains on investments on behalf of unit-linked life insurance policyholders			
5. Other underwriting income		15	–
6. Other non-underwriting income		4,907	6,202
7. Foreign exchange gains		254,956	318,407
8. Reversal of the asset impairment provision	6.6	–	652
TOTAL INCOME FROM INSURANCE BUSINESS		**2,163,969**	**1,933,495**
II. EXPENSES FROM INSURANCE BUSINESS			
1. Net claims for the year		(1,258,428)	(985,480)
a) Claims paid and change in the net claims provision		(1,258,232)	(985,308)
Direct insurance		372	1,724
Assumed reinsurance		(1,802,034)	(1,856,097)
Ceded reinsurance		543,430	869,065
b) Claims-related expenses		(196)	(172)
2. Change in other net technical provisions		(656)	(2,162)
3. Bonuses and rebates			
4. Net operating expenses	6.15	(493,857)	(423,626)
a) Acquisition expenses		(644,530)	(551,208)
b) Administration expenses		(8,848)	(11,095)
c) Commission and participation in reinsurance		159,521	138,677
5. Share of losses of equity-accounted companies			(133)
6. Expenses from investments		(28,599)	(28,475)
a) From operations	6.14	(18,421)	(24,904)
b) From equity and financial accounts	6.14	(10,178)	(3,571)
7. Losses on investments on behalf of unit-linked life insurance policyholders			
8. Other underwriting expenses		(658)	(796)
9. Other non-underwriting expenses		(5,620)	(3,809)
10. Foreign exchange losses		(258,738)	(315,548)
11. Allocation to the asset impairment provision	6.6	(9,724)	
TOTAL EXPENSES FROM INSURANCE BUSINESS		**(2,056,280)**	**(1,760,029)**
III. RESULT OF INSURANCE BUSINESS		**107,689**	**173,466**
IV. RESULT BEFORE TAX FROM CONTINUING OPERATIONS		**107,689**	**173,466**
V. INCOME TAX ON CONTINUING OPERATIONS	**6.17**	**(29,095)**	**(49,262)**
VI. RESULT AFTER TAX FROM CONTINUING OPERATIONS		**78,594**	**124,204**
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS			
VIII. RESULT FOR THE YEAR		**78,594**	**124,204**
1. Attributable to minority interests		–	1
2. Attributable to the Parent Company		78,594	124,203

(FIGURES IN EUR 000)

B.2 Consolidated statement of recognised income and expenses

ITEM	GROSS AMOUNT		INCOME TAX		ATTRIBUTABLE TO MINORITY INTERESTS		ATTRIBUTABLE TO THE PARENT COMPANY	
	2011	2010	2011	2010	2011	2010	2011	2010
A) CONSOLIDATED RESULT FOR THE YEAR	107,689	173,466	(29,095)	(49,262)	-	(1)	78,594	124,203
B) OTHER RECOGNISED INCOME (EXPENSES)	(38,058)	(94,435)	8,878	31,837	(4)	(9)	(29,184)	(62,607)
1. Available-for-sale financial assets	(29,466)	(109,857)	8,941	31,837			(20,525)	(78,020)
a) Valuation gains (losses)	(20,655)	(92,514)	6,301	26,912			(14,354)	(65,602)
b) Amounts transferred to the income statement	(8,811)	(17,343)	2,640	4,925			(6,171)	(12,418)
c) Other reclassifications								
2. Exchange differences	(8,512)	15,476	(63)		(4)	(9)	(8,579)	15,467
a) Valuation gains (losses)	(8,512)	15,476	(63)		(4)	(9)	(8,579)	15,467
b) Amounts transferred to the income statement								
3. Shadow accounting								
a) Valuation gains (losses)								
b) Amounts transferred to the income statement								
4. Companies valued using the equity method	(80)	(54)					(80)	(54)
a) Valuation gains (losses)	(80)	(54)					(80)	(54)
b) Amounts transferred to the income statement								
c) Other reclassifications								
5. Other recognised income and expenses								
TOTALS	69,631	79,031	(20,217)	(17,425)	(4)	(10)	49,410	61,596

(FIGURES IN EUR 000)

C) Consolidated statement of changes in equity as at 31 December 2011 and 2010

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 2010	223,916	294,091	0	19,469	22,471	279,738	47	839,732
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 1 JANUARY 2010, RESTATED	223,916	294,091	0	19,469	22,471	279,738	47	839,732
CHANGES IN THE 2010 FISCAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				(78,020)				(78,020)
3. From cash-flow hedges								
4. From translation differences					15,467		9	15,476
5. From other results recognised directly into equity				(54)				(54)
Total results recognised directly into equity	0	0	0	(78,074)	15,467	0	9	**(62,598)**
II. Other results for the 2010 fiscal year						124,203	1	124,204
III. Distribution of the 2009 results						(21,340)		(21,340)
IV. Interim dividend for 2009						(35,393)		(35,393)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases		50,622					7	50,629
IX. Other decreases					(2)	(46,819)		(46,821)
TOTAL CHANGES IN THE 2010 FISCAL YEAR	0	50,622	0	0	(2)	20,651	8	**71,279**
BALANCE AS AT 31 DECEMBER 2010	223,916	344,713	0	(58,605)	37,936	300,389	64	**848,413**
I. Changes in accounting policies								
II. Error corrections								
BALANCE AS AT 1 JANUARY 2011, RESTATED	223,916	344,713	0	(58,605)	37,936	300,389	64	848,413
CHANGES IN THE 2011 FISCAL YEAR								
I. Results recognised directly into equity								
1. From revaluations of property, plant and equipment and intangibles								
2. From available-for-sale investments				(20,525)				(20,525)
3. From cash-flow hedges								
4. From translation differences					(8,575)		(4)	(8,579)
5. From other results recognised directly into equity				(80)				(80)
Total results recognised directly into equity	0	0	0	(20,605)	(8,575)	0	(4)	**(29,184)**
II. Other results for the 2011 fiscal year						78,594		78,594
III. Distribution of the 2010 results						(25,415)		(25,415)
IV. Interim dividend for 2011						(25,281)		(25,281)
V. Capital increase								
VI. Capital not yet paid up								
VII. Capital reduction								
VIII. Other increases						10,455		10,455
IX. Other decreases		(9,887)					(34)	(9,921)
TOTAL CHANGES IN THE 2011 FISCAL YEAR	0	(9,887)	0	0	0	38,353	(34)	**28,432**
BALANCE AS AT 31 DECEMBER 2011	223,916	334,826	0	(79,210)	29,361	338,742	26	**847,661**

(FIGURES IN EUR 000)

The amounts for the concept of "Other Decreases" in the "Reserves" column and the amount for the concept of "Other Increases" in the "Retained earnings" column are mainly due to the distribution of earnings from the previous year and to transfers carried out between them.

D) Consolidated statement of cash flows for years ended 31 December 2011 and 2010

ITEMS	2011	2010
Premium receipts		
Payments on claims		
Receipts from reinsurance operations	500.794	472.449
Payments on reinsurance operations	(209.357)	(182.628)
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		1.899
Other operating payments	(49.132)	(62.137)
Corporation tax payments or receipts	(65.049)	(50.448)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**177.256**	**179.135**
Acquisitions of intangible fixed assets	(921)	(737)
Acquisitions of property, plant and equipment	(677)	(2.300)
Acquisitions of investments and expenses on capital increases	(262.302)	(161.412)
Net cash paid by companies leaving the consolidation perimeter		
Net cash collected from companies leaving the consolidation perimeter		
Sales of fixed assets	43.870	
Sales of investments	26.647	9.270
Interest collected	79.432	89.177
Other payments		
Dividends collected	6.227	4.757
Receipts from loans and other financial instruments	2.908	1.439
Payments for loans and other financial instruments		
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(104.816)**	**(59.806)**
Dividends and donations paid	(50.696)	(56.733)
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	**(50.696)**	**(56.733)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**21.744**	**62.596**
Translation differences in cash flows and cash balances	**(314)**	**(75)**
OPENING CASH BALANCE	**128.300**	**65.779**
CLOSING CASH BALANCE	**149.730**	**128.300**

(FIGURES IN EUR 000)

E) Segment reporting – consolidated balance sheet as at 31 December 2011 and 2010

ASSETS	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2011	2010	2011	2010	2011	2010
A) INTANGIBLE ASSETS	143	123	1,763	1,386	1,906	1,509
I. Goodwill						
II. Other intangible assets	143	123	1,763	1,386	1,906	1,509
B) PROPERTY, PLANT AND EQUIPMENT	1,231	4,079	9,003	34,636	10,234	38,715
I. Own-use property	1,001	3,855	6,869	32,633	7,870	36,488
II. Other property, plant and equipment	230	224	2,134	2,003	2,364	2,227
C) INVESTMENTS	437,333	405,646	2,310,570	2,115,498	2,747,903	2,521,144
I. Investment property	1,938	30,354	4,185	4,331	6,123	34,685
II. Financial investments	267,183	255,457	1,982,581	1,813,873	2,249,764	2,069,330
1. Held-to-maturity portfolio						
2. Available-for-sale portfolio	245,283	238,328	1,972,584	1,787,738	2,217,867	2,026,066
3. Trading portfolio	21,900	17,129	9,997	26,135	31,897	43,264
III. Equity-method-accounted Investments	9,062	13,712	1,852	1,877	10,914	15,589
IV. Deposits established for assumed reinsurance	134,882	101,601	201,202	229,828	336,084	331,429
V. Other investments	24,268	4,522	120,750	65,589	145,018	70,111
D) REINSURANCE'S SHARE OF TECHNICAL PROVISIONS	36,729	18,935	944,794	946,860	981,523	965,795
E) DEFERRED TAX ASSETS	3,218	2,687	39,946	30,185	43,164	32,872
F) LOANS AND RECEIVABLES	22,983	19,801	243,772	225,208	266,755	245,009
I. Receivables from reinsurance operations	20,926	17,559	227,044	210,414	247,970	227,973
II. Tax credits	1,097	946	12,223	11,166	13,320	12,112
III. Corporate and other loans	960	1,296	4,505	3,628	5,465	4,924
G) CASH AT BANK AND IN HAND	19,536	11,836	130,194	116,464	149,730	128,300
H) ACCRUALS	5,059	2,493	145,451	151,330	150,510	153,823
I) OTHER ASSETS	876	63	10,879	704	11,755	767
J) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS						
TOTAL ASSETS BY SEGMENT	**527,108**	**465,663**	**3,836,372**	**3,622,271**	**4,363,480**	**4,087,934**

(FIGURES IN EUR 000)

EQUITY AND LIABILITIES	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2011	2010	2011	2010	2011	2010
A) EQUITY	126,137	124,897	721,524	723,516	847,661	848,413
I. Paid-up capital	16,695	18,304	207,221	205,612	223,916	223,916
II. Reserves	60,809	71,583	274,017	273,130	334,826	344,713
III. Own shares						
IV. Valuation adjustment reserves	(3,445)	(1,696)	(75,765)	(56,909)	(79,210)	(58,605)
V. Translation differences	5,830	11,381	23,531	26,555	29,361	37,936
VI. Retained earnings	46,222	25,261	292,520	275,128	338,742	300,389
Equity attributable to the Parent Company's shareholders	126,111	124,833	721,524	723,516	847,635	848,349
Minority interests	26	64			26	64
B) SUBORDINATED LIABILITIES						
C) TECHNICAL PROVISIONS	364,351	305,090	2,799,163	2,560,987	3,163,514	2,866,077
I. Provisions for unearned premiums and unexpired risks			1,152,159	1,164,404	1,152,159	1,164,404
II. Provisions for life insurance	200,896	178,716			200,896	178,716
III. Provisions for outstanding claims	163,455	126,374	1,647,004	1,396,583	1,810,459	1,522,957
IV. Provisions for bonuses and rebates						
V. Other technical provisions						
D) PROVISIONS FOR CONTINGENCIES AND CHARGES	131	145	1,625	1,624	1,756	1,769
E) DEPOSITS RECEIVED ON CEDED (OUTWARD) AND RETROCEDED REINSURANCE	10,718	9,129	68,782	69,686	79,500	78,815
F) DEFERRED TAX LIABILITIES	844	940	2,767	2,218	3,611	3,158
G) PAYABLES	18,860	18,467	166,267	177,489	185,127	195,956
I. Payables arising out of reinsurance operations	14,509	10,834	147,970	137,770	162,479	148,604
II. Tax payables	1,212	2,174	14,396	12,125	15,608	14,299
III. Other payables	3,139	5,459	3,901	27,594	7,040	33,053
H) ACCRUALS	6,067	6,995	76,244	86,751	82,311	93,746
I) LIABILITIES ASSOCIATED WITH NON-CORRESPONDING ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS						
TOTAL EQUITY AND LIABILITIES BY SEGMENT	**527,108**	**465,663**	**3,836,372**	**3,622,271**	**4,363,480**	**4,087,934**

(FIGURES IN EUR 000)

E) Segment Reporting – Consolidated Income Statement for the years ended 31 December 2011 and 2010

	LIFE REINSURANCE		NON-LIFE REINSURANCE		TOTAL	
	2011	2010	2011	2010	2011	2010
I. INCOME FROM INSURANCE BUSINESS						
1. Net earned premiums for the year	280,161	181,578	1,468,494	1,298,349	1,748,655	1,479,927
a) Written premium from direct insurance			(1)	12	(1)	12
b) Premium from assumed reinsurance	369,334	284,769	2,261,394	2,086,850	2,630,728	2,371,619
c) Premium from ceded reinsurance	(78,058)	(78,695)	(768,492)	(689,344)	(846,550)	(768,039)
d) Change in net provisions for unearned premiums and unexpired risks	(11,115)	(24,496)	(24,407)	(99,169)	(35,522)	(123,665)
Direct insurance			12	3	12	3
Assumed reinsurance	(24,345)	(27,086)	8,414	(91,808)	(15,931)	(118,894)
Ceded reinsurance	13,230	2,590	(32,833)	(7,364)	(19,603)	(4,774)
2. Share of profits of equity-accounted companies	2,285	260	54	57	2,339	317
3. Income from investments	32,143	18,692	120,954	109,298	153,097	127,990
a) From operations	25,202	14,367	97,950	103,144	123,152	117,511
b) From equity	6,941	4,325	23,004	6,154	29,945	10,479
4. Unrealised gains on investments on behalf of unit-linked life insurance policyholders						
5. Other underwriting income	15				15	
6. Other non-underwriting income	760	1,144	4,147	5,058	4,907	6,202
7. Foreign exchange gains	24,381	26,079	230,575	292,328	254,956	318,407
8. Reversal of the asset impairment provision				652		652
TOTAL INCOME FROM INSURANCE BUSINESS	339,745	227,753	1,824,224	1,705,742	2,163,969	1,933,495
II. EXPENSES FROM INSURANCE BUSINESS						
1. Net claims for the year	(200,224)	(122,273)	(1,058,204)	(863,207)	(1,258,428)	(985,480)
a) Claims paid and change in the net claims provision	(200,211)	(122,261)	(1,058,021)	(863,047)	(1,258,232)	(985,308)
Direct insurance			372	1,724	372	1,724
Assumed reinsurance	(230,343)	(163,952)	(1,571,691)	(1,692,145)	(1,802,034)	(1,856,097)
Ceded reinsurance	30,132	41,691	513,298	827,374	543,430	869,065
b) Claims-related expenses	(13)	(12)	(183)	(160)	(196)	(172)
2. Change in other net technical provisions	(656)	(2,162)			(656)	(2,162)
3. Bonuses and rebates						
4. Net operating expenses	(74,159)	(44,024)	(419,698)	(379,602)	(493,857)	(423,626)
a) Acquisition expenses	(101,858)	(68,000)	(542,672)	(483,208)	(644,530)	(551,208)
b) Administration expenses	(1,897)	(1,252)	(6,951)	(9,843)	(8,848)	(11,095)
c) Commission and participation in reinsurance	29,596	25,228	129,925	113,449	159,521	138,677
5. Share of losses of equity-accounted companies		(133)				(133)
6. Expenses from investments	(3,182)	(2,775)	(25,417)	(25,700)	(28,599)	(28,475)
a) From operations	(2,435)	(2,488)	(15,986)	(22,416)	(18,421)	(24,904)
b) From equity and financial accounts	(747)	(287)	(9,431)	(3,284)	(10,178)	(3,571)
7. Unrealised losses on investments on behalf of unit-linked life insurance policyholders						
8. Other underwriting expenses	(658)	(796)			(658)	(796)
9. Other non-underwriting expenses	(979)	(1,294)	(4,641)	(2,515)	(5,620)	(3,809)
10. Foreign exchange losses	(21,148)	(28,413)	(237,590)	(287,135)	(258,738)	(315,548)
11. Allocation to the asset impairment provision	(604)		(9,120)		(9,724)	
TOTAL EXPENSES FROM INSURANCE BUSINESS	(301,610)	(201,870)	(1,754,670)	(1,558,159)	(2,056,280)	(1,760,029)
RESULT OF INSURANCE BUSINESS	38,135	25,883	69,554	147,583	107,689	173,466
IV. RESULT BEFORE TAX FROM CONTINUING OPERATIONS	38,135	25,883	69,554	147,583	107,689	173,466
V. INCOME TAX ON CONTINUING OPERATIONS	(8,923)	(4,688)	(20,172)	(44,574)	(29,095)	(49,262)
VI. RESULT AFTER TAX FROM CONTINUING OPERATIONS	29,212	21,195	49,382	103,009	78,594	124,204
VII. RESULT AFTER TAX FROM DISCONTINUED OPERATIONS						
VIII. RESULT FOR THE YEAR	29,212	21,195	49,382	103,009	78,594	124,204
1. Attributable to minority interests		(1)				(1)
2. Attributable to the Parent Company	29,212	21,194	49,382	103,009	78,594	124,203

(FIGURES IN EUR 000)

F) Financial information by geographical area. Breakdowns as at 31 December 2011 and 2010

COUNTRIES	REVENUE FROM EXTERNAL CUSTOMERS 2011	REVENUE FROM EXTERNAL CUSTOMERS 2010	NON-CURRENT ASSETS 2011	NON-CURRENT ASSETS 2010
SPAIN	515,403	532,179	7,950	34,239
UNITED STATES OF AMERICA	185,677	145,827	-	9
BRAZIL	176,991	103,779	4,397	2,328
MEXICO	132,175	129,848	894	939
VENEZUELA	63,674	92,087	1,192	1,179
COLOMBIA	108,177	86,776	195	168
ARGENTINA	76,043	57,404	52	
TURKEY	63,417	55,644	-	
CHILE	113,961	111,175	16,499	2,674
OTHER COUNTRIES	1,195,209	1,056,912	11,501	13,610
TOTAL	**2,630,727**	**2,371,631**	**42,680**	**55,146**

(FIGURES IN EUR 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 Recoletos 25 in Madrid.

It has a number of central services in Madrid and five subsidiaries, six branches and six 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 29.02.12 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 consolidated annual accounts have been prepared on the cost model basis, except for financial assets available for sale, financial assets for negotiation and derived instruments that have been recorded at their fair value.

None of the provisions and interpretations approved by the European Commission that were not in force as of the close of fiscal year 2011 were applied in advance, although early adoption would not have affected the financial situation or earnings of the Group.

2.2 2.2 Segment reporting

The Parent Company voluntarily includes financial information by segments in its consolidated annual accounts (in paragraph E). The main segments for the Company's lines of business are Life and Non-Life reinsurance.

In order to identify operative segments, the principal activities and branches of insurance pertaining to the management of the Group were considered, while also considering the qualitative thresholds established by regulations.

The Consolidated Management Report details additional information regarding the trends and characteristics of the business.

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

Application of the new Regulations and interpretations applying with effect from 1 January 2011 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.

The modifications made to IAC 24 corresponding to the breakdown of related parties and in IAC 32 regarding the classification of emission rights, applicable as of January 1, 2011, as well as the rest of the interpretations or improvements to the regulations carried out during the fiscal year have had no effect on the financial position or the earnings of the Group.

2.6 Changes in the consolidation perimeter

Appendix 1 lists the companies and the changes made to the consolidation perimeter in 2010 and 2011, 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 2011 and 2010 with respect to the preceding year is described in the relevant Notes to the Consolidated Financial Statements.

During the last two fiscal years there have been no significant changes in the consolidation perimeter.

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

The identification of subsidiary and associate companies included in the consolidation is detailed in the shares table, which is part of the consolidated annual report in Appendix 1.

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 fiscal 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.

A joint business venture exists when two or more participants undertake an economic activity that is subject to shared control and regulated by means of a contractual agreement.

Investments carried out by investment funds and similar entities are not considered as subsidiaries or associate companies.

The financial statements of subsidiaries and associate companies used for the consolidation are those relating to the fiscal years closed on 31 December 2011 and 2010.

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 the 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 are presented as a separate component of the "Statement of recognized revenue and spending" and are gathered as shareholders equity in the "Adjustments for changes in value" account, the part of the difference corresponding to "Minority Interest" having been deducted.

Adjustments to the fair value of assets and liabilities that have arisen from the acquisition of Group Companies whose functional currency is other than the euro are treated as foreign business assets and liabilities set forth in the functional currency of the foreign business and converted at the closing exchange rate.

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 Consolidated 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 fiscal 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:

	2011	2010
Net profit attributable to the Parent Company's shareholders (€000)	78,594	124,203
Weighted average number of ordinary shares outstanding (thousands of shares)	72,231	72,231
BASIC EARNINGS PER SHARE (EUROS)	**1.09**	**1.72**

4.2 Dividends

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

ITEM	TOTAL DIVIDEND		DIVIDEND PER SHARE	
	2011	2010	2011	2010
Interim dividend	25,280,874	35,393,223	0.35	0.49
Final dividend	-	23,113,942	-	0.32
TOTAL	**25,280,874**	**58,507,165**	**0.35**	**0.81**

(FIGURES IN EUROS)

The total dividend for the fiscal year 2011, coinciding with paid interim dividends, has been proposed by the Board of Directors and is awaiting approval by the General Shareholders Meeting.

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

During fiscal year 2011 the Parent Company has paid out interim dividends for a total amount of €25,280,873.80, which is presented as net shareholders equity under section VI "Retained earnings."

The liquidity statement prepared by the Board of Directors for the 2011 payout is shown below:

ITEM	Date of resolution: 24/10/2011
Cash available on the date of the resolution	150,452
Cash increases forecast within one year	
(+) From expected current collection transactions	340,000
(+) From financial transactions	
Cash reductions forecast within one year	
(-) From expected current payment transactions	(180,000)
(-) From expected financial transactions	(150,000)
CASH AVAILABLE WITHIN ONE YEAR	**160,452**

(FIGURES IN EUR 000)

5. Accounting policies

The following indicates the accounting policies applied with regard to the items below:

5.1 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 fiscal 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	ANNUAL 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 fiscal 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

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, if any, 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 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 considered 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 adjustments".

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 fiscal 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 Liquid assets

Liquid assets are made up of cash and cash equivalents.

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

Cash equivalents correspond to those short-term investments of high liquidity that are easily converted into determined amounts of cash and are subject to insignificant exchange rate risks.

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, according to note B.1.

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 written retrocession treaties.

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 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 written retrocession treaties.

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 fiscal 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 written reinsurance treaties, 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 thereby 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.

Throughout the fiscal year there have been no significant modifications in the derived assumptions for valuing insurance contracts.

E) IMPAIRMENT

When there is objective evidence that an impairment loss has occurred with regard to assets derived from reinsurance contracts, the general valuation criteria 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-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.

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.

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 fiscal year in which they become apparent.

The commitments for defined benefit plans that remain on the balance sheet correspond exclusively to retired personnel.

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

Payments based on assets liquidated in cash are valued at the initial moment they are paid, following the share 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 fiscal 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, or impairment is recorded, cases where 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 "Valuation adjustments", 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 fiscal 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 fiscal years:

2011 FISCAL YEAR

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropria-tions	Disposals, cancellations or reductions	Closing balance 2011
GOODWILL						
OTHER INTANGIBLE ASSETS	5,089	(4)		922	(1)	6,006
Portfolio acquisition expenses						
Computer software	5,047			919		5,966
Other	42	(4)		3	(1)	40
COST	**5,089**	**(4)**		**922**	**(1)**	**6,006**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(3,580)	2		(522)		(4,100)
Other						
ACCUMULATED AMORTISATION	**(3,580)**	**2**		**(522)**		**(4,100)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	**1,509**	**(2)**	**-**	**400**	**(1)**	**1,906**
TOTAL NET INTANGIBLE ASSETS	**1,509**	**(2)**	**-**	**400**	**(1)**	**1,906**

(FIGURES IN EUR 000)

2010 FISCAL YEAR

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropria-tions	Disposals, cancellations or reductions	Closing balance 2011
GOODWILL						
OTHER INTANGIBLE ASSETS	4,362	5		738	(16)	5,089
Portfolio acquisition expenses						
Computer software	4,325			738	(16)	5,047
Other	37	5				42
COST	**4,362**	**5**		**738**	**(16)**	**5,089**
ACCUMULATED AMORTISATION						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software	(2,583)			(997)		(3,580)
Other						
ACCUMULATED AMORTISATION	**(2,583)**			**(997)**		**(3,580)**
IMPAIRMENT						
GOODWILL						
OTHER INTANGIBLE ASSETS						
Portfolio acquisition expenses						
Computer software						
Other						
IMPAIRMENT						
SUBTOTAL NET GOODWILL						
SUBTOTAL OTHER NET INTANGIBLE ASSETS	**1,779**	**5**	**-**	**(259)**	**(16)**	**1,509**
TOTAL NET INTANGIBLE ASSETS	**1,779**	**5**	**-**	**(259)**	**(16)**	**1,509**

(FIGURES IN EUR 000)

In fiscal year 2011 main "Additions" were primarily due to the development of our own applications ("Facultative Phase III," "Notices for Administration and accounting" and "Quotes Phase III").

In fiscal year 2010 main "Additions" were primarily from purchases of software licenses and the "Disposals" were from the returning of software licenses (Adobe Acrobat).

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 fiscal year are as follows:

ELEMENT	BOOK VALUE		AMORTISATION PERIOD OUTSTANDING	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Facultative Phase III	210	-	4 years	-
Quotes Phase III	108	-	4 years	-
Notices for Administration and Accounting	205	-	4 years	-
Condor Web	-	51	-	1 year

(FIGURES IN EUR 000)

Fully-amortised elements amounted to €3.16 million in 2011 and €0.10 million in 2010.

The variation produced during the fiscal year is mainly due to the conclusion of the payments for the software "Condor Web" during 2011.

6.2 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 fiscal years:

2011 FISCAL YEAR

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2011	Market value
COST							
OWN-USE PROPERTY	**40,137**	**(276)**		**625**	**(31,372)**	**9,114**	**9,476**
Land and natural resources	18,824	(1,062)			(15,632)	2,130	3,360
Buildings and construction	21,313	786		625	(15,740)	6,984	6,116
OTHER PROPERTY, PLANT AND EQUIPMENT	**6,157**	**(131)**		**689**	**(48)**	**6,667**	**2,364**
Transportation equipment	729	(7)		45	(23)	744	332
Furniture and fixtures	2,972	(73)		127	(8)	3,018	965
Other property, plant and equipment	2,456	(51)		517	(17)	2,905	1,067
Advances and fixed assets in progress							
TOTAL COST	**46,294**	**(407)**		**1,314**	**(31,420)**	**15,781**	**11,840**
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(3,649)	24		(378)	2,759	(1,244)	-
OTHER PROPERTY, PLANT AND EQUIPMENT	(3,930)	110		(524)	41	(4,303)	-
TOTAL ACCUMULATED AMORTISATION	**(7,579)**	**134**		**(902)**	**2,800**	**(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	**36,488**	**(252)**		**247**	**(28,613)**	**7,870**	**9,476**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**2,227**	**(21)**		**165**	**(7)**	**2,364**	**2,364**

(FIGURES IN €000)

2010 FISCAL YEAR

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2011	Market value
COST							
OWN-USE PROPERTY	**38,373**	**624**		**1,140**		**40,137**	**56,327**
Land and natural resources	18,459	23		342		18,824	31,681
Buildings and construction	19,914	601		798		21,313	24,646
OTHER PROPERTY, PLANT AND EQUIPMENT	**5,606**	**252**		**500**	**(201)**	**6,157**	**2,227**
Transportation equipment	741	12		166	(190)	729	382
Furniture and fixtures	2,760	151		61		2,972	991
Other property, plant and equipment	2,105	89		273	(11)	2,456	854
Advances and fixed assets in progress							
TOTAL COST	**43,979**	**876**		**1,640**	**(201)**	**46,294**	**58,554**
ACCUMULATED AMORTISATION							
OWN-USE PROPERTY	(3,018)	(5)		(626)		(3,649)	
OTHER PROPERTY, PLANT AND EQUIPMENT	(3,346)	(211)		(467)	94	(3,930)	
TOTAL ACCUMULATED AMORTISATION	**(6,364)**	**(216)**		**(1,093)**	**94**	**(7,579)**	
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	**35,355**	**619**		**514**		**36,488**	**56,327**
TOTAL OTHER PROPERTY, PLANT AND EQUIPMENT	**2,260**	**41**	**-**	**33**	**(107)**	**2,227**	**2,227**

(FIGURES IN EUR 000)

In fiscal year 2011 main "Additions" were from the purchase of a storage system and the "Disposals" that occurred were from the sales of properties located in Chile and Spain. Most prominent among these was the sale of the Paseo de Recoletos 25 building, whose sale to the Mapfre Foundation represents a benefit of €13,761,000.

During fiscal year 2010 main "Additions" were from the purchase of a building in Venezuela and the "Disposals" were from the sales of vehicles.

The cost of fully-depreciated property, plant and equipment at 31 December 2011 and 31 December 2010 came to €1,273,000 and €1,076,000, respectively.

INVESTMENT PROPERTY

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

2011 fiscal year

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2011	Market value
COST							
INVESTMENT PROPERTY	43,656	(2,533)		2,538	(34,452)	9,209	7,331
Land and natural resources	12,909	428		408	(11,993)	1,752	1,752
Buildings and construction	30,747	(2,961)		2,130	(22,459)	7,457	5,579
OTHER INVESTMENT PROPERTY							
TOTAL COST	43,656	(2,533)		2,538	(34,452)	9,209	7,331
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(8,971)	5,569		(159)	488	(3,073)	
OTHER INVESTMENT PROPERTY		(1)		(12)	-	(13)	
TOTAL ACCUMULATED AMORTISATION	(8,971)	5,568		(171)	488	(3,086)	
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT							
TOTAL INVESTMENT PROPERTY	34,685	3,035		2,367	(33,964)	6,123	7,331

(FIGURES IN EUR 000)

2010 fiscal year

ITEMS	Opening balance 2011	Adjustments to the opening balance	Changes in perimeter	Additions or appropriations	Disposals, cancellations or reductions	Closing balance 2011	Market value
COST							
INVESTMENT PROPERTY	38,594	5,645			(583)	43,656	36,594
Land and natural resources	10,759	2,150				12,909	12,909
Buildings and construction	27,835	3,495			(583)	30,747	23,685
OTHER INVESTMENT PROPERTY							
TOTAL COST	38,594	5,645			(583)	43,656	36,594
ACCUMULATED AMORTISATION							
INVESTMENT PROPERTY	(7,713)	(843)		(492)	77	(8,971)	
OTHER INVESTMENT PROPERTY							
TOTAL ACCUMULATED AMORTISATION	(7,713)	(843)		(492)	77	(8,971)	
IMPAIRMENT							
INVESTMENT PROPERTY							
Land and natural resources							
Buildings and construction							
OTHER INVESTMENT PROPERTY							
TOTAL IMPAIRMENT							
TOTAL INVESTMENT PROPERTY	30,881	4,802	-	(492)	(506)	34,685	36,594

(FIGURES IN EUR 000)

In fiscal year 2011 main disposals were due to the sale of the *Galería Imperio* located in Chile.

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.

Impairment losses for the fiscal year are recorded in the account "Allocation to the provision for the impairment of assets" and the reversal is recorded in the "Reversal of the provision for the impairment of assets" in the consolidated income statement. During fiscal years 2011 and 2010 there have been no allocations to these accounts.

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

ITEM	INVESTMENTS FROM					
	OPERATIONS		EQUITY		TOTAL	
	2011	2010	2011	2010	2011	2010
Income from investment property						
From rents	1,490	3,332			1,490	3,332
Gains on disposals						
TOTAL INCOME FROM INVESTMENT PROPERTY	**1,490**	**3,332**			**1,490**	**3,332**
Expenses from investment property						
Direct operating expenses	(403)	(895)			(403)	(895)
Other expenses	(491)	-			(491)	-
TOTAL EXPENSES FROM INVESTMENT PROPERTY	**(894)**	**(895)**	**-**	**-**	**(894)**	**(895)**

(FIGURES IN EUR 000)

6.3 Leases

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

TYPE OF ASSET	NET BOOK VALUE		TERM OF THE AGREEMENT		MAXIMUM YEARS ELAPSED	
	2011	2010	2011	2010	2011	2010
Real estate in Belgium	4,185	4,331	18	18	12	11
Real estate in Chile	1,938	30,354	1	1	Annually renewable	Annually renewable
TOTAL	**6,123**	**34,685**				

(FIGURES IN EUR 000)

As a result of the lease of corporate headquarters, the renewable lease payments would amount to €2,672,000.

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

	Minimum receipts 2011	Minimum receipts 2010
Less than one year	826	3,128
More than one year but less than five	2,254	14,292
More than five years	808	-
TOTAL	**3,888**	**17,420**

(FIGURES IN EUR 000)

6.4 Financial investments

At 31 December 2011 and 2010, the breakdown of financial investments was as follows:

ITEM	BOOK VALUE	
	2011	2010
TOTAL HELD-TO-MATURITY PORTFOLIO	-	-
AVAILABLE-FOR-SALE PORTFOLIO		
Equities	145,458	106,698
Fixed-income securities	1,996,783	1,849,286
Mutual funds	75,626	70,082
Other		
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**2,217,867**	**2,026,066**
TRADING PORTFOLIO		
Other investments		
Equities	85	128
Fixed-income securities		
Mutual funds	31,812	40,203
Other		2,933
TOTAL TRADING PORTFOLIO	**31,897**	**43,264**

(FIGURES IN EUR 000)

A) AVAILABLE-FOR-SALE PORTFOLIO

A breakdown of the investments allocated to the available-for-sale portfolio as at 31 December 2011 and 2010 is given below:

ITEM	MARKET VALUE						BOOK VALUE		IMPAIRMENT			
	MARKET PRICE		OBSERVABLE DATA		OTHER VALUATIONS				RECORDED LOSS		GAINS ON REVERSAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Equities	145,458	106,698					145,458	106,698				
Fixed-income securities	1,978,413	1,849,286			18,370		1,996,783	1,849,286	(8,100)			
Mutual funds	75,626	70,082					75,626	70,082				528
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	**2,199,497**	**2,026,066**	**-**	**-**	**18,370**	**-**	**2,217,867**	**2,026,066**	**(8,100)**	**-**		**528**

(FIGURES IN EUR 000)

In the column "Other Valuations" for fiscal year 2011 €18,370,000 were included corresponding to an investment in bonds issued by the Republic of Greece. During the preceding fiscal year, these bonds were valued at their exchange rate value. The impairment is included in the estimate of the Parent Company from the loss of Greek sovereign debt bonds.

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 €(20.6) million and €(92.5) million as at 31 December 2011 and 2010, 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 2011 and 2010, come to net amounts of €(6.1) million and €(12.4) million, respectively.

TRADING PORTFOLIO

A breakdown of the investments allocated to the trading portfolio as at 31 December 2011 and 2010 is given below:

ITEM	MARKET VALUE						BOOK VALUE		CAPITAL GAINS (LOSSES) ALLOCATED TO RESULTS			
	MARKET PRICE		OBSERVABLE DATA		OTHER VALUATIONS				UNREALISED		REALISED	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
OTHER TRADING PORTFOLIO INVESTMENTS												
Equities	85	128					85	128				
Fixed-income securities												
Mutual funds	31,812	40,203					31,812	40,203				64
Other		2,933						2,933			(36)	
TOTAL OTHER INVESTMENTS	31,897	43,264		-		-	31,897	43,264	-	-	(36)	64
TOTAL TRADING PORTFOLIO	31,897	43,264	-	-	-	-	31,897	43,264	-	-	(36)	64

(FIGURES IN EUR 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".

6.5 Loans and receivables

The following table shows the breakdown of loans and receivables as at 31 December 2011 and 2010; it also shows impairment losses and gains from impairment reversals recorded in the last two fiscal years:

ITEM	GROSS AMOUNT		IMPAIRMENT		NET BALANCE IN THE BALANCE SHEET		IMPAIRMENT				COLLATERAL HELD	
							RECORDED LOSSES		GAINS ON REVERSAL			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
I, Receivables from reinsurance operations	250,971	229,350	(3,001)	(1,377)	247,970	227,973	(1,624)			124		
II, Tax credits	13,320	12,112			13,320	12,112						
III, Corporate and other loans	5,465	4,925			5,465	4,925						
TOTAL	**269,756**	**246,387**	**(3,001)**	**(1,377)**	**266,755**	**245,010**	**(1,624)**			**124**		

(FIGURES IN EUR 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 fiscal years:

2011 fiscal year

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	RECORDING IN RESULTS		DIRECT RECORDING IN EQUITY		CLOSING BALANCE
				ADDITION	REDUCTION	ADDITION	REDUCTION	
INTANGIBLE ASSETS								
I. Goodwill								
II. Other intangible assets								
PROPERTY, PLANT AND EQUIPMENT								
I. Own-use property								
II. Other property, plant and equipment								
INVESTMENTS	**(1,162)**			**(8,100)**				**(9,262)**
I. Investment property								
II. Financial investments	(1,162)			(8,100)				(9,262)
Held-to-maturity portfolio								
Available-for-sale portfolio	(1,162)			(8,100)				(9,262)
Trading portfolio								
III. Equity-method-accounted investments								
IV. Deposits established for assumed reinsurance								
V. Other investments								
LOANS AND RECEIVABLES	**(1,377)**			**(1,624)**				**(3,001)**
I. Receivables from direct insurance and coinsurance operations	(1,377)			(1,624)				(3,001)
II. Receivables from reinsurance operations								
III. Tax credits								
IV. Corporate and other loans								
V. Called-up share capital								
OTHER ASSETS								
TOTAL IMPAIRMENT	**(2,539)**			**(9,724)**				**(12,263)**

(FIGURES IN EUR 000)

2010 fiscal year

IMPAIRMENT IN:	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	RECORDING IN RESULTS		DIRECT RECORDING IN EQUITY		CLOSING BALANCE
				ADDITION	REDUCTION	ADDITION	REDUCTION	
INTANGIBLE ASSETS								
I. Goodwill								
II. Other intangible assets								
PROPERTY, PLANT AND EQUIPMENT								
I. Own-use property								
II. Other property, plant and equipment								
INVESTMENTS	**(1,690)**				**528**			**(1,162)**
I. Investment property								
II. Financial investments	(1,690)				528			(1,162)
Held-to-maturity portfolio								
Available-for-sale portfolio	(1,690)				528			(1,162)
Trading portfolio								
III. Equity-method-accounted investments								
IV. Deposits established for assumed reinsurance								
V. Other investments								
LOANS AND RECEIVABLES	**(1,501)**				**124**			**(1,377)**
I. Receivables from direct insurance and coinsurance operations								
II. Receivables from reinsurance operations	(1,501)				124			(1,377)
III. Tax credits								
IV. Corporate and other loans								
V. Called-up share capital								
OTHER ASSETS								
TOTAL IMPAIRMENT	**(3,191)**	**-**	**-**	**-**	**652**	**-**	**-**	**(2,539)**

(FIGURES IN EUR 000)

6.7 Liquid assets

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

The breakdown of the Treasury balance for the last two fiscal years is as follows:

ITEM	2011	2010
Cash	139,438	64,168
Cash equivalents	10,292	64,132
TOTAL	**149,730**	**128,300**

(FIGURES IN EUR 000)

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 of the two last years was represented by 72,231,068 registered shares with a par value of €3.10 each, fully subscribed and paid up. All the shares confer the same political and economic rights.

MAPFRE S.A. has a participation of 91.53% of the capital as of December 31, 2011 and 2010.

The shares representing the capital stock of the Parent Company are not admitted to the final negotiation.

As of December 31, 2011 and 2010 none of the Group Companies own shares in the Parent Company.

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

The statutory reserve, amounting to €44.8 million in the two last years, 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 2011 and 2010 fiscal years stood at €9,936.81 million and €8,281.30 million, respectively, figures which exceeded the required minimum (€3,460.25 million and €2,898.77 million, respectively) by 2.87 times in 2011 and 2.86 times in 2010.

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 fiscal years.

ITEM	ASSUMED REINSURANCE		CEDED AND RETROCEDED REINSURANCE	
	2011	2010	2011	2010
1 - Provisions for non-life unearned premiums and unexpired risks	**1,152,159**	**1,164,404**	**315,897**	**348,480**
1.1 Provision for unearned premiums	1,152,159	1,164,111	315,897	348,480
1.2 Provision for unexpired risks	-	293		
2 - Provisions for life insurance	**200,896**	**178,716**	**21,119**	**11,374**
2.1 Provisions for unearned premiums and unexpired risks	137,085	113,298	21,119	11,374
2..1.1 Provision for unearned premiums	137,085	113,298	21,119	11,374
2..1.2 Provision for unexpired risks				
2.2 Mathematical reserves	63,811	65,418		
2.3 Provisions for profit sharing				
3 - Provisions for claims	**1,810,459**	**1,522,957**	**644,507**	**605,941**
3.1 Claims outstanding	1,810,459	1,522,957	644,507	605,941
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	**3,163,514**	**2,866,077**	**981,523**	**965,795**

(FIGURES IN EUR 000)

1.1 Provisions for unearned premiums, unexpired risks, claims, profit sharing and other technical provisions

A) ASSUMED REINSURANCE

2011 fiscal 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	1,164,404	(4,425)		1,152,159	(1,159,979)	1,152,159
1. Provisions for unearned premiums	1,164,111	(4,425)		1,152,159	(1,159,686)	1,152,159
2. Provisions for unexpired risks	293				(293)	
II. Provision for life insurance	178,716	(4,890)		200,896	(173,826)	200,896
1. Provisions for unearned premiums	113,298			137,085	(113,298)	137,085
2. Provisions for unexpired risks						
3. Mathematical reserves	65,418	(4,890)		63,811	(60,528)	63,811
4. Provision for profit sharing						
III. Provision for claims	1,522,957	(2,612)		1,810,459	(1,520,345)	1,810,459
Assumed reinsurance	1,522,957	(2,612)		1,810,459	(1,520,345)	1,810,459
IV. Other technical provisions						
TOTAL	**2,866,077**	**(11,927)**		**3,163,514**	**(2,854,150)**	**3,163,514**

(FIGURES IN EUR 000)

2010 fiscal 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	1,068,419			1,164,404	(1,068,419)	1,164,404
1. Provisions for unearned premiums	1,067,052			1,164,111	(1,067,052)	1,164,111
2. Provisions for unexpired risks	1,367			293	(1,367)	293
II. Provision for life insurance	137,268	10,069		178,716	(147,337)	178,716
1. Provisions for unearned premiums	84,952			113,298	(84,952)	113,298
2. Provisions for unexpired risks						
3. Mathematical reserves	52,316	10,069		65,418	(62,385)	65,418
4. Provision for profit sharing						
III. Provision for claims	1,032,082			1,522,957	(1,032,082)	1,522,957
Assumed reinsurance	1,032,082			1,522,957	(1,032,082)	1,522,957
IV. Other technical provisions						
TOTAL	**2,237,769**	**10,069**	**-**	**2,866,077**	**(2,247,838)**	**2,866,077**

(FIGURES IN EUR 000)

B) RETROCEDED REINSURANCE

2011 fiscal year

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	REVERSALS	CLOSING BALANCE
Provision for unearned premiums	348,480	(3,117)		315,897	(345,363)	315,897
Provision for life insurance	11,374	(17)		21,119	(11,357)	21,119
Provision for claims	605,941	(1,521)		644,507	(604,420)	644,507
Other technical provisions						
TOTAL	**965,795**	**(4,655)**		**981,523**	**(961,140)**	**981,523**

(FIGURES IN EUR 000)

2010 fiscal year

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	ADDITIONS	REVERSALS	CLOSING BALANCE
Provision for unearned premiums	351,624	2,527		348,480	(354,151)	348,480
Provision for life insurance	9,226	534		11,374	(9,226)	11,374
Provision for claims	242,881			605,941	(243,415)	605,941
Other technical provisions						
TOTAL	**603,731**	**3,061**	**-**	**965,795**	**(606,792)**	**965,795**

(FIGURES IN EUR 000)

1.2. Mathematical reserves

ITEM	DIRECT INSURANCE AND ASSUMED REINSURANCE	
	2011	2010
Mathematical reserve at beginning of year	65,418	52,316
Adjustments to the opening balance	(4,890)	10,069
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	3,283	3,033
Other		-
Exit from perimeter (balance of reserve on exit date)		
MATHEMATICAL RESERVE AT YEAR END	**63,811**	**65,418**

(FIGURES IN EUR 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 the technical provisions set up at the close of 2010 was carried out with information as of 2011. 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 provisions for contingencies and charges include the estimated amounts, externalized commitments, and staff incentives, as well as other provisions deriving from the activities of the companies making up the Group, which shall be settled in coming fiscal 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.

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

2011 fiscal 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			
Provisions for staff incentives	952			1,011		(952)		1,011		
Other provisions	817			215		(287)		745		
TOTAL BOOK VALUE	**1,769**			**1,226**		**(1,239)**		**1,756**		

(FIGURES IN EUR 000)

2010 fiscal 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			
Provisions for staff incentives	1,025	0		952		(1,025)		952		
Other provisions	1,822	0		52		(1,057)		817		
TOTAL BOOK VALUE	**2,847**	**0**	**-**	**1,004**	**-**	**(2,082)**	**-**	**1,769**	**-**	**-**

(FIGURES IN EUR 000)

In order to meet the staff pension commitments in Lisboa, a provision of €207,000 was maintained until 2010, in the section "Other Provisions," which was externalized in 2011.

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 fiscal year.

6.13 Pledged collateral with third parties

In 2011 and 2010, the Parent Company lodged letters of credit amounting to €20.7 million and €14.07 million, 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 €219.05 million and €193.63 million in the 2011 and 2010 fiscal years, respectively.

6.14 Investment income and expenses

Details of investment income and expenses for the 2011 and 2010 fiscal years are shown below:

ITEM	INVESTMENT INCOME FROM:				TOTAL	
	OPERATIONS		EQUITY			
	2011	2010	2011	2010	2011	2010
INCOME FROM INTEREST, DIVIDENDS AND THE LIKE						
Investment property:	1,490	3,332			1,490	3,332
- Rents	1,490	3,332			1,490	3,332
Income from held-to-maturity portfolio						
- Fixed-income securities						
- Other investments						
Income from available-for-sale portfolio	84,339	73,350	7,418	7,573	91,757	80,923
Income from trading portfolio	135	87	825	582	960	669
Dividends from Group companies						
Other financial returns	21,904	12,043	7,135	196	29,039	12,239
TOTAL INCOME	**107,868**	**88,812**	**15,378**	**8,351**	**123,246**	**97,163**
REALISED AND UNREALISED GAINS						
Net realised gains:	15,284	28,699	14,567	2,056	16,086	30,755
Investment property						
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	15,284	28,699	802	1,992	16,086	30,691
Financial investments in trading portfolio				64		64
Other			13,765		13,765	
Unrealised gains:				72		72
Increase in fair value of trading portfolio						
Other				72		72
TOTAL GAINS	**15,284**	**28,699**	**14,567**	**2,128**	**29,851**	**30,827**
TOTAL INCOME FROM INVESTMENTS	**123,152**	**117,511**	**29,945**	**10,479**	**153,097**	**127,990**

(FIGURES IN EUR 000)

ITEM	INVESTMENT INCOME FROM:				TOTAL	
	OPERATIONS		EQUITY			
	2011	2010	2011	2010	2011	2010
FINANCIAL EXPENSES						
Investment property:	893	895			893	895
- Direct operating expenses	403	895			403	895
- Other expenses	490				490	
Expenses from held-to-maturity portfolio						
- Fixed-income securities						
- Other investments						
Expenses from available-for-sale portfolio	8,783	4,789	393	300	9,176	5,089
Expenses from trading portfolio						
Other financial expenses	2,010	6,545	9,197	2,549	11,207	9,094
TOTAL EXPENSES	**11,686**	**12,229**	**9,590**	**2,849**	**21,276**	**15,078**
REALISED AND UNREALISED LOSSES						
Net realised losses:	6,735	12,675	588	722	7,323	13,397
Investment property						
Financial investments in held-to-maturity portfolio						
Financial investments in available-for-sale portfolio	6,702	12,675	583	672	7,285	13,347
Financial investments in trading portfolio	33		3		36	
Other			2	50	2	50
Unrealised losses:						
Decrease in fair value of trading portfolio						
Other						
TOTAL LOSSES	**6,735**	**12,675**	**588**	**722**	**7,323**	**13,397**
TOTAL EXPENSES FROM INVESTMENTS	**18,421**	**24,904**	**10,178**	**3,571**	**28,599**	**28,475**

(FIGURES IN EUR 000)

6.15 Operating expenses

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

ITEM	REINSURANCE	
	2011	2010
I. Acquisition expenses	644,530	551,208
II. Administration expenses	8,848	11,095
III. Commission and participations in ceded and retroceded reinsurance	(159,521)	(138,677)
IV. Operating expenses from other activities		
TOTAL NET OPERATING EXPENSES	**493,857**	**423,626**

(FIGURES IN EUR 000)

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

ITEM	AMOUNT	
	2011	2010
Personnel expenses	22,785	21,451
Amortisation allowances	1,596	2,570
TOTAL	**24,381**	**24,021**

(FIGURES IN EUR 000)

The table below gives a breakdown of amortisation allowances by operating segment (IFRS 8.23):

ITEM	AMOUNT	
	2011	2010
Reinsurance		
a) Life	236	765
b) Non-life	1,360	1,805
Other activities		
TOTAL	**1,596**	**2,570**

(FIGURES IN EUR 000)

6.16 Result of ceded and retroceded reinsurance

The result of ceded and retroceded reinsurance operations in the 2011 and 2010 fiscal years is shown below:

ITEM	NON-LIFE		LIFE		TOTAL	
	2011	2010	2011	2010	2011	2010
Premiums (-)	(768,492)	(689,344)	(78,058)	(78,695)	(846,550)	(768,039)
Change in provisions for unearned premiums and unexpired risks	(32,833)	(7,364)	13,230	2,590	(19,603)	(4,774)
Claims paid (+) and change in claims provision	513,298	827,374	30,132	41,691	543,430	869,065
Change in mathematical reserve						
Change in other technical provisions						
Reinsurance share of commission and expenses (+)	129,925	113,449	29,596	25,228	159,521	138,677
Other						
RESULT OF CEDED AND RETROCEDED REINSURANCE	**(158,102)**	**244,115**	**(5,100)**	**(9,186)**	**(163,202)**	**234,929**

(FIGURES IN EUR 000)

6.17 Tax status

A) TAX CONSOLIDATION REGIME

Income tax
Since the 2002 fiscal 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.

Value added tax
As of fiscal year 2010, for purposes of Value Added Tax the Parent Company forms part of the Group of entities with VAT No. 87/10, comprised by MAPFRE S.A. as the Parent Company and those subsidiary companies that agreed to form part of this Group.

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 fiscal years ended 31 December 2011 and 2010.

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

ITEM	AMOUNT	
	2011 fiscal year	2010 fiscal year
Tax expense		
Result before taxes from continuing operations	107,689	173,466
30% of the result before taxes from continuing operations	(32,307)	(52,040)
Tax incentive for the fiscal year	7,203	2,986
Tax effect of permanent differences	(4,544)	(1,345)
Tax effect from tax rates different from 30%	553	1,137
Total current tax expense originating in the fiscal year	(29,095)	(49,262)
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	(29,095)	(49,262)
Income tax payable		
Retentions and interim payments	29,227	29,689
Temporary differences	(348)	(7,008)
Applied tax credits and incentives recorded in prior years		
Income tax on discontinued operations		
TOTAL PAYABLE OR RECEIVABLE	(216)	(26,581)

(FIGURES IN EUR 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 2011 and 2010 fiscal years of the "Deferred tax assets" heading, detailing their amount in relation to items directly debited or credited to the net equity in each fiscal year.

2011 fiscal year

ITEMS	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM: RESULTS	FROM: EQUITY	WRITE-OFFS	CLOSING BALANCE
Difference in valuation of financial investments	26,416			(2,185)	10,560		34,791
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							
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	6,456			1,917			8,373
TOTAL DEFERRED TAXES ON ASSETS	**32,872**			**(268)**	**10,560**		**43,164**

(FIGURES IN EUR 000)

2010 fiscal year

ITEMS	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM: RESULTS	FROM: EQUITY	WRITE-OFFS	CLOSING BALANCE
Difference in valuation of financial investments	620			(4,003)	29,799		26,416
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							
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	10,662			(4,206)			6,456
TOTAL DEFERRED TAXES ON ASSETS	**11,287**	**(5)**	**-**	**(8,209)**	**29,799**	**-**	**32,872**

(FIGURES IN EUR 000)

The way the "Other items" heading breaks down in the last two fiscal years is largely due to the following reasons:

- 2011 fiscal year

Foreign taxes.. amounting to €7,361,000

Prepaid taxes arising from pension commitments........ amounting to €1,012,000

- 2010 fiscal year

Foreign taxes.. amounting to €5,532,000

Prepaid taxes arising from pension commitments....... amounting to €924,000

The total amount of deferred tax assets of fully consolidated companies as a result of accumulated taxable temporary differences at 31 December 2011 and 31 December 2010 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 2011 and 2010 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 PAYABLES

The following tables show the movements in the deferred tax payables heading for the 2011 and 2010 fiscal years.

2011 fiscal year

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
Difference in valuation of financial investments	2,875	(54)		(4,825)	4,474		2,470
Embedded derivatives							
Equalisation and catastrophe provisions	-						
Portfolio acquisition expenses and other acquisition expenses							
Other	283			904	(46)		1,141
TOTAL DEFERRED TAXES ON LIABILITIES	**3,158**	**(54)**		**(3,921)**	**4,428**		**3,611**

(FIGURES IN EUR 000)

2010 fiscal year

ITEM	OPENING BALANCE	ADJUSTMENTS TO OPENING BALANCE	CHANGES IN PERIMETER	FROM:		WRITE-OFFS	CLOSING BALANCE
				RESULTS	EQUITY		
Difference in valuation of financial investments	12,145	38		(9,207)	(101)		2,875
Embedded derivatives							
Equalisation and catastrophe provisions	18,042					(18,042)	-
Portfolio acquisition expenses and other acquisition expenses							
Other	1,840	58		(1,615)			283
TOTAL DEFERRED TAXES ON LIABILITIES	**32,027**	**96**	**-**	**(10,822)**	**(101)**	**(18,042)**	**3,158**

(FIGURES IN EUR 000)

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

• 2011 fiscal year

Deferred taxes derived from staff commitments .... amounting to €265,000.

Deductible capital losses Group companies .... amounting to €876,000.

• 2010 fiscal year

Deferred taxes deriving from staff commitments .... amounting to €232,000.

The total amount of deferred tax payables of fully consolidated companies as a result of accumulated taxable temporary differences at 31 December 2011 and 31 December 2010 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 2011 and 2010 fiscal years is as follows:

TYPE	FISCAL YEAR TO WHICH THEY RELATE	AMOUNT APPLIED IN FISCAL YEAR		AMOUNT AWAITING APPLICATION		UNRECORDED AMOUNT		DEADLINE FOR APPLICATION	
		2011	2010	2011	2010	2011	2010	2011	2010
Investment allowance									
Double taxation allowance		4,644	2,261						
Job creation									
Other		2,559	725						
TOTAL		**7,203**	**2,986**	-	-	-	-	-	-

(FIGURES IN EUR 000)

E) VERIFICATION BY THE TAX AUTHORITIES

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.

As of December 31 the Company has all of the taxes it is subject to for fiscal years 2008 to 2011 open for inspection, as well as the Company Tax for fiscal year 2007.

The Group's advisers think it highly unlikely that this will result in significant unaccounted tax liabilities.

During fiscal year 2011, once the judicial review procedure was finalized regarding the action initiated by Fiscal group 9/85 regarding the Company Tax for fiscal years 1994 to 1997 that affected MAPFRE RE as the Parent Company of the fiscal group, the payment of the corresponding tax settlement was carried out. Most of the concepts that motivated the settlement are temporary differences that reverted as income during the fiscal years following those inspected. For this reason, a right of credit has been generated in favour of the Company, which shall determine the return of improper revenue on the part of the State Agency for Tax Administration.

6.18 Employee benefits and associated liabilities

1. PERSONNEL EXPENSES

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

ITEM	AMOUNT	
	2011	2010
a) Short-term employee benefits	**21,757**	**20,334**
a.1) Wages and salaries	16,322	15,677
a.2) Social security	3,332	2,856
a.3) Other employee benefits	2,103	1,801
b) Post-employment benefits	**852**	**911**
b.1) Defined-contribution commitments	783	911
b.2) Defined-benefit commitments	69	-
c) Termination benefits	**176**	**205**
d) Share-based payments	**13**	**(55)**
TOTAL	**22,798**	**21,395**

(FIGURES IN EUR 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).

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 fiscal years is shown below:

ITEM	2011	2010
Present value of obligation at 1 January	455	465
Cost of services in the year under review	-	-
Interest cost	22	22
Contributions made by plan members	-	-
Actuarial losses and gains	3	2
Changes due to exchange rate variations	-	-
Benefits paid	(25)	(24)
Cost of past services	-	-
Other	-	(10)
Settlements	-	-
Present value of obligation at 31 December	455	455

(FIGURES IN EUR 000)

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 fiscal years.

ITEM	2011	2010
Value of reimbursement rights and assets allocated to plan at 1 January	455	465
Expected return on assets allocated.	22	22
Actuarial losses and gains.	3	2
Changes due to exchange rate variations.	-	-
Contributions made by the employer.	-	-
Contributions made by plan members.	-	-
Benefits paid.	(25)	(24)
Other	-	(10)
Settlements.	-	-
Value of reimbursement rights and assets allocated to plan at 31 December	455	455

(FIGURES IN EUR 000)

C) Amounts recognised in the consolidated income statement

The following table details the amounts recognised in the consolidated income statements of the 2011 and 2010 fiscal years.

ITEM	2011	2010
Cost of services in the year under review		
Interest cost	22	22
Expected return on assets allocated to the plan		
Expected return on any reimbursement right recognised as an asset	(22)	(22)
Actuarial losses and gains		
Cost of past services recognised in the year		
Effect of any curtailment or settlement		
Other items		
TOTAL EXPENSE RECOGNISED IN THE INCOME STATEMENT	0	0

(FIGURES IN EUR 000)

D) Returns

The expected rate of return is determined in terms of the guaranteed interest rate for the insurance policies affected.

The actual return of the assets allocated to the plan, as well as the investments allocated to covering the mathematical provisions, has been €22,000 for the past two fiscal years.

E) Assumptions

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

ITEM	2011	2010
DEMOGRAPHIC ASSUMPTIONS		
Survival tables	PERMI/F-2000	PERMI/F-2000
FINANCIAL ASSUMPTIONS		
Discount rate	4.25%	4.25%
Average annual CPI	3%	3%
Average annual salary increase	-	-
Expected return from allocated assets / reimbursement right	4.25%	4.25%
Other assumptions		

F) Estimates

Contributions to the benefit plan defined for fiscal year 2012 are not expected to be made.

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 prior to the notification date of the year and the simple arithmetical mean of the closing price during the trading sessions corresponding to 30 working days immediately preceding the date of inclusion in the plan. For the initial group of members, this reference has nevertheless been replaced with the closing share price on 31 December 2006, which was €3.42 per share.

— Exercise of the right: This right may be exercised with a 30% maximum during the month of January of the fourth year, a 30% maximum during the month of January in the seventh year and the remainder during the month of January of the 10th 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 to 219,298 shares in the last two fiscal years, each with the aforementioned exercise price of €3.42 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 fiscal year closed (2010) and the price at the close of the 2011 fiscal year.

— Underlying asset volatility: that resulting from the performance of the MAPFRE, S.A. share price during the 2011 fiscal 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. The staff expenses recorded in the Income statement under this concept for 2011 and 2010 were €13,000 and €(55,000) respectively, with the counterparties acknowledged in a liability account.

4. NUMBER OF EMPLOYEES

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

ITEM	MANAGEMENT 2011		ADMIN 2011		SALES 2011		OTHER 2011		TOTAL 2011	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	33	15	20	7	-	-	32	31	85	53
UNITED STATES OF AMERICA	2	4	0	4	-	-	1	2	3	10
BRAZIL	2	1	0	3	-	-	6	2	8	6
REST OF AMERICA	6	2	7	14	5	2	12	6	30	24
CHILE	4	1	2	4	-	-	7	2	13	7
EUROPE	7	1	3	10	1	1	14	12	25	24
PHILIPPINES	2	1	-	-	-	-	-	3	2	4
AVERAGE TOTAL NUMBER OF EMPLOYEES	**56**	**25**	**32**	**42**	**6**	**3**	**72**	**58**	**166**	**128**

ITEM	MANAGEMENT 2010		ADMIN 2010		SALES 2010		OTHER 2010		TOTAL 2010	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SPAIN	35	13	7	20	-	-	32	28	74	61
UNITED STATES OF AMERICA	2	4	-	4	-	-	1	2	3	10
BRAZIL	2	1	-	3	-	-	6	1	8	5
REST OF AMERICA	6	2	10	15	5	2	11	4	32	23
CHILE	4	1	4	6	-	-	5	2	13	9
EUROPE	7	1	3	11	1	1	11	7	22	20
PHILIPPINES	2	1	1	-	-	-	-	4	3	5
AVERAGE TOTAL NUMBER OF EMPLOYEES	**58**	**23**	**25**	**59**	**6**	**3**	**66**	**48**	**155**	**133**

6.19 Net results of exchange differences

Positive exchange differences allocated to the consolidated income statement amounted to €254.9 million and €318.4 million in the 2011 and 2010 fiscal years, respectively.

Positive exchange differences allocated to the consolidated income statement amounted to €258.7 million and €315.5 million in the 2011 and 2010 fiscal years, respectively.

The reconciliation of the exchange differences recognised in equity at the beginning and end of 2011 and 2010 is shown below.

DESCRIPTION	AMOUNT	
	2011	2010
Exchange differences at the beginning of the year	**37,936**	**22,471**
Net exchange difference on translation of financial statements	(8,879)	13,871
Net exchange differences for evaluation of nonmonetary items	304	1,594
EXCHANGE DIFFERENCES AT YEAR END	**29,361**	**37,936**

(FIGURES IN EUR 000)

The following table shows at 31 December 2011 and 2008, net exchange differences arising from the translation into euros of the financial statements:

OF FULLY CONSOLIDATED COMPANIES

FULLY CONSOLIDATED COMPANIES	GEOGRAPHICAL AREA	TRANSLATION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2011	2010	2011	2010	2011	2010
INVERSIONES IBERICAS	CHILE	1,411	2,529			1,411	2,529
MAPFRE CHILE RE	CHILE	4,368	8,445			4,368	8,445
MAPFRE RE BRASIL	BRAZIL	699	4,383			699	4,383
RMI	UNITED STATES	1	1			1	1
MAPFRE RE	SPAIN	22,882	22,578			22,882	22,578
TOTAL		**29,361**	**37,936**	**-**	**-**	**29,361**	**37,936**

(FIGURES IN EUR 000)

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

EXCHANGE DIFFERENCES RECORDED DIRECTLY IN EQUITY

COMPANY	GEOGRAPHICAL AREA	TRANSLATION DIFFERENCES					
		POSITIVE		NEGATIVE		NET	
		2011	2010	2011	2010	2011	2010
MAPFRE RE	SPAIN	678	373			678	373
TOTAL		**678**	**373**			**678**	**373**

(FIGURES IN EUR 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$ 0.62 million. The contract of sale of this company to Mapfre USA provides for a price adjustment after three years extended to four years in July 2010, 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	
	2011	2010	2011	2010
Services received/provided and other expenses/income	1,406	1,473	1,253	1,231
Expenses/income from investment property				
Expenses/income from investments and financial accounts	(3)	1	149	242
Dividends paid out			4,604	5,904
TOTAL	**1,403**	**1,474**	**6,006**	**7,377**

(FIGURES IN EUR 000)

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

ITEM	EXPENSES	
	2011	2010
Expenses and income from investment property	-	-
Expenses and income from investments and financial accounts	1,500	-
External services and other non-underwriting expenses/income	3,260	3,524
Dividends paid out	-	-
TOTAL	**4,760**	**3,524**

(FIGURES IN EUR 000)

Reinsurance operations

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

ITEM	EXPENSES		INCOME	
	2011	2010	2011	2010
Premiums ceded/accepted	45,059	50,640	(46,380)	(51,083)
Claims	19,799	16,108	(18,827)	(15,537)
Change in technical provisions	2,382	9,310	(2,160)	(8,974)
Commission	(12,311)	(14,129)	12,495	14,023
Other income and underwriting expenses				
TOTAL	**54,929**	**61,929**	**(54,872)**	**(61,571)**

(FIGURES IN EUR 000)

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

ITEM	Income/Expenses			
	ASSUMED REINSURANCE		CEDED REINSURANCE	
	2011	2010	2011	2010
Premiums	1,003,306	869,385	(89,060)	(49,921)
Claims	(556,901)	(586,697)	17,709	20,338
Commission	(218,976)	(201,574)	4,744	8,806
TOTAL	**227,429**	**81,114**	**(66,607)**	**(20,777)**

(FIGURES IN EUR 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	
	2011	2010	2011	2010	2011	2010	2011	2010
Receivables and payables	(1,529)	(187)		-	86,166	65,381	(13,588)	(5,105)
Deposits	(1,344)	(1,423)	1,359	1,424	103,234	112,883	(210)	(4,438)
Technical provisions	27,866	22,979	(27,770)	(25,610)	(791,713)	(929,536)	35,318	32,710
TOTAL	**24,993**	**21,369**	**(26,411)**	**(24,186)**	**(602,313)**	**(751,272)**	**21,520**	**23,167**

(FIGURES IN EUR 000)

REMUNERATIONS OF KEY MANAGEMENT PERSONNEL

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

ITEM	AMOUNT	
	2011	2010
Short-term benefits		
Salaries	404.80	420.51
Fixed allowances	229.17	200.12
Attendance fees	34.44	44.63
Life insurance	24.43	17.38
Other items	12.70	13.18
Post-employment benefits		
Defined contribution	109.00	155.94
Share-based payments	12.83	(55.18)
TOTAL	**827.37**	**796.58**

(FIGURES IN EUR 000)

The basic remuneration of outside directors consists of a fixed annual allowance for belonging to the Board of Directors, amounting to €27,743 in 2011 and €27,468 in 2010.

They also benefit from term life insurance with a sum insured of €150,253 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 €3,059 in 2011 and €3,029 in 2010.

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; they are also entitled to certain supplementary retirement pensions which are provided through defined-contribution plans 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. Executive directors do not receive the remuneration established for outside directors.

GRANTS

In 2011 and 2010, 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 fiscal year.

ITEM	GRANT	GRANT
	2011	2010
At 1 January		
Received during the year	50	53
Transferred to Earnings	50	53
At 31 December		

(FIGURES IN EUR 000)

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

6.22 Events subsequent to the balance sheet date

Within the framework of the negotiations taking place with the Greek government to obtain a second bailout package from the European Union, on February 21, 2012 a proposal was agreed upon for the voluntary exchange of sovereign debt held by private investors, which includes, among other things, the restructuring of the aforementioned debt in the following terms: a reduction of 53.5% of the par value for the bonds in circulation, the exchange of 31.5% of the par value for said bonds with a maturity within 11 and 30 years and the exchange of the remaining 15% for short-term bonds issued by the European Financial Stability Facility (EFSF).

In order for the above plan to be effective, a quorum of investors must follow it. The exchange is expected to take place throughout the month of March 2012.

The effects derived from the implementation of said agreement have no significant effect on these annual accounts.

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 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 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 Area.

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 generally determined approximately on the basis of the budgets for the following year and is revised regularly throughout the 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 higher 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 Unit processes, such that the managers of each area or department identify and assess annually the potential risks affecting the business and support 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.

In the management of investment portfolios it is distinguished by looking to combine the derived commitments from insurance contracts and commitments where active management is carried out. The first approach minimizes the exchange rate risk and other price variation risks, while the second approach takes on a certain amount of market risk according to the following:

— In portfolios that do not cover long-term liability commitments, the interest rate risk-management variable is of modified duration.

— Exposure to exchange rate risk is minimized in the case of insurance liabilities, allowing an exposure to this type of risk no higher than a fixed percentage on the excess of assets that are appropriate for coverage.

— Investments in assets are subject to a maximum limit for the investment portfolio.

— The risk limitations are established in quantitative terms and measured based on variables that are easily observed. Nevertheless, risk analyses are also carried out in terms of probabilities based on past volatilities and correlations.

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.

Insurance activity risks

MAPFRE's organisation, based on Units and Companies specialising in different 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.

The sufficiency of the premiums is a particularly important element and its determination is supported by specific software applications.

Claims handling and the adequacy of provisions are basic principles of insurance management. Technical provisions are estimated by the actuarial teams of the different 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. The Company annually determines the global catastrophic capacity that it assigns each territory and then establishes maximum insurance coverage capacities for risk and events. Furthermore, the company has risk retrocession programs at its disposal in order to cover deviations or increases in the catastrophic damages for different territories.

MAPFRE's policy regarding reinsurance risk is to concede business to reinsurers with proven financial capacity (Standard & Poor's financial credit rating no less than A).

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

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.

ITEM	IMPACT ON RESULTS OF A 1% CHANGE IN THE COMBINED RATIO		VOLATILITY INDEX OF THE COMBINED RATIO	
	2011	2010	2011	2010
Main activity outside Spain				
- Reinsurance	10,279	9,088	2.9	1.6

(FIGURES IN EUR 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 Spain 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 fiscal years:

2011 fiscal year

ITEM	ASSUMED (INWARD) REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHE RISK	OTHER RISKS	
Written premium from assumed reinsurance	369,334	454,686	1,806,708	2,630,728

(FIGURES IN EUR 000)

2010 fiscal year

ITEM	ASSUMED (INWARD) REINSURANCE			
	LIFE	NON-LIFE		TOTAL
		CATASTROPHE RISK	OTHER RISKS	
Written premium from assumed reinsurance	284,769	416,634	1,670,216	2,371,619

(FIGURES IN EUR 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 areas in the last two fiscal years:

2011 fiscal year

GEOGRAPHICAL AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	81,121	434,282	515,403
UNITED STATES OF AMERICA	6,940	178,737	185,677
BRAZIL	18,442	158,549	176,991
MEXICO	19,910	112,265	132,175
VENEZUELA	4,536	59,138	63,674
COLOMBIA	24,359	83,818	108,177
ARGENTINA	8,127	67,916	76,043
TURKEY	635	62,782	63,417
CHILE	9,872	104,089	113,961
OTHER COUNTRIES	195,392	999,818	1,195,210
TOTAL	**369,334**	**2,261,394**	**2,630,728**

(FIGURES IN EUR 000)

2010 fiscal year

GEOGRAPHICAL AREA	REINSURANCE		TOTAL
	LIFE	NON-LIFE	
SPAIN	104,698	427,480	532,178
UNITED STATES OF AMERICA	6,324	139,503	145,827
BRAZIL	5,524	98,255	103,779
MEXICO	12,487	117,361	129,848
VENEZUELA	5,465	86,622	92,087
COLOMBIA	11,987	74,789	86,776
ARGENTINA	5,976	51,428	57,404
TURKEY	812	54,832	55,644
CHILE	20,017	91,158	111,175
OTHER COUNTRIES	111,479	945,422	1,056,901
TOTAL	**284,769**	**2,086,850**	**2,371,619**

(FIGURES IN EUR 000)

2.c) Premium income by currency

The following table gives a breakdown of premiums written for assumed reinsurance for the last two fiscal years:

CURRENCY	WRITTEN PREMIUM	
	2011	2010
Euro	1,016,082	943,190
US Dollar	624,056	545,885
Mexican Peso	84,864	84,386
Brazilian Real	149,656	86,755
Turkish Lira	58,822	97,210
Chilean Peso	97,484	63,692
Venezuelan Bolivar	54,555	32,272
Argentinian Peso	50,575	81,307
Colombian Peso	102,837	38,881
Pound Sterling	66,947	20,528
Canadian Dollar	18,145	7,394
Philippine Peso	8,810	52,297
Other currencies	297,895	317,822
TOTAL	**2,630,728**	**2,371,619**

(FIGURES IN EUR 000)

B) CREDIT RISK

1. CREDIT RISK ARISING FROM REINSURANCE CONTRACTS

The following table gives a breakdown of credits vis-à-vis reinsurers in the last two fiscal years:

ITEM	BOOK VALUE OF COMPANIES				TOTAL	
	GROUP		NON-GROUP			
	2011	2010	2011	2010	2011	2010
Provision for life insurance			21,119	11,374	21,119	11,374
Provision for outstanding claims	33,214	9,916	611,293	596,025	644,507	605,941
Receivables from ceded and retroceded reinsurance operations	1,214	831	19,298	27,828	20,512	28,659
Payables arising out of ceded and retroceded reinsurance operations	(7,945)	(7,123)	(52,103)	(36,937)	(60,048)	(44,060)
TOTAL NET POSITION	**26,483**	**3,624**	**599,607**	**598,290**	**(626,090)**	**601,914**

(FIGURES IN EUR 000)

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

REINSURERS' CREDIT RATING	BOOK VALUE					
	COMPANIES				TOTAL	
	GROUP		NON-GROUP			
	2011	2010	2011	2010	2011	2010
AAA		3,496	(42)	399	(42)	399
AA	27,166	128	182,496	329,313	209,662	332,809
A	(177)		277,837	223,924	277,660	224,052
BBB			17,900	6,317	17,900	6,317
BB or lower			82	82	82	82
NO CREDIT RATING	(506)		121,334	38,255	120,828	38,255
TOTAL	**26,483**	**3,624**	**599,607**	**598,290**	**626,090**	**601,914**

(FIGURES IN EUR 000)

The Parent Company has a payment guarantee for the amount of €119,625,000 corresponding to 98.6% of the claims against unrated reinsurance companies.

There are no fixed income securities in arrears for fiscal years 2011 and 2010.

2. CREDIT RISKS ARISING FROM OTHER FINANCIAL INSTRUMENTS

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

ISSUERS' CREDIT RATING	BOOK VALUE							
	HELD-TO-MATURITY PORTFOLIO		AVAILABLE-FOR-SALE PORTFOLIO		TRADING PORTFOLIO		LIQUID ASSETS	
	2011	2010	2011	2010	2011	2010	2011	2010
AAA			281,229	359,003				243
AA			1,070,827	927,632			39,002	27,379
A			322,215	414,818	9,897	27,936	92,386	94,509
BBB			212,254	125,387			2,410	1,469
BB or lower			109,835	22,013			1,665	4,700
No credit rating			423	433			14,267	
TOTAL	**-**	**-**	**1,996,783**	**1,849,286**	**9,897**	**27,936**	**149,730**	**128,300**

(FIGURES IN EUR 000)

3. LOANS AND RECEIVABLES

The following table shows the breakdown of receivables as at 31 December 2011 and 2010; it also shows recorded impairment losses and gains from impairment reversals, and the amount of collateral held in the last two fiscal years:

ITEM	NET BALANCE IN THE BALANCE SHEET		IMPAIRMENT				COLLATERAL HELD	
			RECORDED LOSSES		GAINS ON REVERSAL			
	2011	2010	2011	2010	2011	2010	2011	2010
I. Payables arising out of reinsurance operations	247,490	227,973	1,624			124		
II. Tax credits	13,320	12,112						
III. Corporate and other loans	5,465	4,924						
TOTAL	**266,275**	**245,009**	**1,624**	**-**		**124**		**-**

(FIGURES IN EUR 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 insurers and creditors. Thus, at 31 December 2011, the cash and other liquid assets balance amounted to €149.7 million (€128.3 million in the previous year), equivalent to 6.24% 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.

1. LIQUIDITY RISK ARISING FROM INSURANCE CONTRACTS

Details of the estimated timetable of maturities of insurance liabilities recorded as at 31 December 2011 and 2010 are given below:

2011 FISCAL YEAR

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS							CLOSING BALANCE
	1st year	2nd year	3rd year	4th year	5th year	6th to 10th years	SUBSEQUENT YEARS	
Provision for unearned premiums	931,317	110,165	32,743	21,250	15,511	31,677	9,496	1,152,159
Provision for unexpired risks								
Provision for life insurance	93,168	13,410	6,604	3,999	4,313	27,583	51,819	200,896
Provision for claims	1,024,207	383,761	117,865	50,307	40,105	139,511	54,703	1,810,459
Other technical provisions								
Payables arising out of reinsurance operations	162,479							162,479
TOTAL	**2,211,171**	**507,336**	**157,212**	**75,556**	**59,929**	**198,771**	**116,018**	**3,325,993**

(FIGURES IN EUR 000)

2010 FISCAL YEAR

ITEM	ESTIMATED CASH OUTFLOWS IN YEARS							CLOSING BALANCE
	1st year	2nd year	3rd year	4th year	5th year	6th to 10th years	SUBSEQUENT YEARS	
Provision for unearned premiums	920,768	126,471	34,948	21,825	15,923	33,729	10,447	1,164,111
Provision for unexpired risks	293							293
Provision for life insurance	76,928	11,137	5,723	3,497	3,799	25,562	52,070	178,716
Provision for claims	879,480	303,125	99,750	42,508	33,579	121,039	43,476	1,522,957
Other technical provisions								
Payables arising out of reinsurance operations	148,604							148,604
TOTAL	**2,026,073**	**440,733**	**140,421**	**67,830**	**53,301**	**180,330**	**105,993**	**3,014,681**

(FIGURES IN EUR 000)

D) Market risk

The MAPFRE Investment Division periodically carries out different analyses of the sensibility of the investment portfolio value to market risk. Among the most usual indicators are the modified duration for fixed income and the VaR (Value at Risk) for equities.

1. INTEREST RATE RISK

The table below contains significant information for the last two fiscal 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		VARIABLE INTEREST RATE		NOT EXPOSED TO RISK		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010
Held to maturity								
Available for sale	1,832,543	1,730,952	239,866	188,416	145,458	106,698	2,217,867	2,026,066
Trading			30,992	30,888	905	12,376	31,897	43,264
Other investments	145,018	70,111					145,018	70,111
TOTAL	**1,977,561**	**1,801,063**	**270,858**	**219,304**	**146,363**	**119,074**	**2,394,782**	**2,139,441**

(FIGURES IN EUR 000)

The following tables show the breakdown, for the 2011 and 2010 fiscal years, of financial investments by maturity, average interest rate and modified duration:

31 December 2011

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 %
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed-income securities	1,996,783	272,617	229,412	299,661	196,664	221,382	777,047	4.27%	3.85%
Other investments	221,084	221,084						4.36%	
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	2,217,867	493,701	229,412	299,661	196,664	221,382	777,047		
TRADING PORTFOLIO									
Other	31,896	31,896						1	
TOTAL TRADING PORTFOLIO	**31,896**	**31,896**	-	-	-	-	-		

(FIGURES IN EUR 000)

31 December 2010

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 %
AVAILABLE-FOR-SALE PORTFOLIO									
Fixed-income securities	1,849,286	196,858	253,606	232,033	262,781	185,125	718,883	4.86%	5.03%
Other investments	176,780	176,780						3.95%	0
TOTAL AVAILABLE-FOR-SALE PORTFOLIO	2,026,066	373,638	253,606	232,033	262,781	185,125	718,883		
TRADING PORTFOLIO									
Other	43,264	43,264						1	
TOTAL TRADING PORTFOLIO	**43,264**	**43,264**	-	-	-	-	-		

(FIGURES IN EUR 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.

The balances included under "Loans and receivables" heading on the assets side of the balance sheet and "Payables arising out of direct insurance and coinsurance operations", "Tax payables" and "Other payables" headings on the liability side of the balance sheet do not earn interest and are generally settled in the following year.

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 fiscal years

CURRENCY	ASSETS		LIABILITIES		NET TOTAL	
	2011	2010	2011	2010	2011	2010
Euro	2,751,126	2,505,785	1,638,434	1,621,195	1,112,692	884,590
US Dollar	635,745	530,028	499,504	458,280	136,241	71,748
Mexican Peso	35,762	25,925	52,631	50,186	(16,869)	(24,261)
Brazilian Real	270,372	221,841	205,558	189,963	64,814	31,878
Turkish Lira	26,498	21,071	43,836	39,257	(17,338)	(18,186)
Chilean Peso	194,798	366,273	196,005	325,565	(1,207)	40,708
Venezuelan Bolivar	3,117	13,698	146	21,600	2,971	(7,902)
Argentinian Peso	7,765	5,537	22,730	19,192	(14,965)	(13,655)
Colombian Peso	31,780	24,650	91,109	75,828	(59,329)	(51,178)
Pound Sterling	58,633	52,821	44,028	38,213	14,605	14,608
Canadian Dollar	36,581	34,858	18,618	16,954	17,963	17,904
Philippine Peso	5,870	4,081	9,511	8,803	(3,641)	(4,722)
Other currencies	305,433	281,366	693,709	374,485	(388,276)	(93,119)
TOTAL	**4,363,480**	**4,087,934**	**3,515,819**	**3,239,521**	**847,661**	**848,413**

(FIGURES IN EUR 000)

The sensibility of the Group's shareholders equity to variations in the exchange rate regarding the euro for the different asset currencies is determined by the total net amount described in the table above, deducting the amount for non-monetary items. In the same manner, the effect on the Group's future earnings from said variations in exchange rates is determined by the performance volume for each currency. In this respect, Appendix 1 breaks down the performance for each of the Group Companies in the country where it carries out its operations.

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 fiscal years:

PORTFOLIO	BOOK VALUE		VaR	
	2011	2010	2011	2010
Available for sale	145,458	109,844	42	32
Trading	21,264	11,850	0	0
TOTAL	**166,722**	**121,694**	**42**	**32**

(FIGURES IN EUR 000)

PROPERTY RISK

In its consolidatable group, MAPFRE RE has property assets representing approximately 0.78% of total investments and cash, of which approximately 0.26% 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		MARKET VALUE	
	2011	2010	2011	2010
Investment property	6,123	34,685	7,331	36,594
Own-use property	7,870	36,488	9,476	56,327
TOTAL	**13,993**	**71,173**	**16,807**	**92,921**

(FIGURES IN EUR 000)

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 different 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 did 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 did 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	Ing Group	45,387	-
	Axa	8,807	-
	Allianz Ag.	5,610	-
Mr. Philippe Hebeisen	Vaudoise Assurances Holding S.A.	98	CEO
	Zurich Financial Services	10	-
Mr. David Moore	Shelter Insurance Companies, USA	-	President & Chief Executive Officer
Mr. Domingo Sugranyes	Cattolica Assicurazioni	105	Director
Mr. Ermanno Rho	Duomo Uni One S.p.A.	-	Chairman
	Intermonte SIM S.p.A.	-	Chairman
	NorVega SGR. S.p.A.	-	Consigliere e Presidente
	Compagnia Lombardo-Veneta di Finanza e Investimenti S.r.L.	-	-
	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
Mr. Pedro López	BBVA	188	-
	SCH	256	-
	Bankia	400	-
Mr. Lorenzo Garagorri	Banco Santander	27,133	-
	Banco BBVA	30,500	-
Mr. Michael H. Tripp	Ecclesiastical Insurance Office Plc.	-	Group Chief Executive

The following table details the shares in MAPFRE S.A. held by the Parent Company's directors at 31 December 2011, 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. Ángel Alonso	MAPFRE AMERICA; MAPFRE SEGUROS DE EMPRESAS	45,778
Mr. Ricardo Blanco	MAPFRE CAUCIÓN Y CRÉDITO; MAPFRE INTERNACIONAL.	-
Mr. Pedro José de Macedo	MAPFRE GLOBAL RISKS; MAPFRE SEGUROS GERAIS (PORTUGAL); MAPFRE ASISTENCIA; REINSURANCE MANG. INC.-RMI (U.S.A.); CIAR INVESTMENTS (BELGIUM).	8,225
Mediación y Diagnósticos, S. A.	MAPFRE AMÉRICA; MAPFRE-CAJA MADRID VIDA; MAPFRE FAMILIAR; MAPFRE SEGUROS DE EMPRESAS.	-
Mr. Juan Antonio Pardo	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 S.G.A.; MAPFRE VIDA.	-
Mr. Claudio Ramos	MAPFRE SEGUROS GERAIS; MAPFRE INTERNACIONAL	9,200
Mr. Gregorio Robles	MAPFRE INTERNACIONAL	-
Mr. Francisco Ruiz	MAPFRE, S.A.; MAPFRE VIDA; MAPFRE FAMILIAR; CCM VIDA Y PENSIONES	73
Mr. Matías Salva	MAPFRE S.A.; MAPFRE FAMILIAR; MAPFRE GLOBAL RISKS; MAPFRE SEGUROS GERAIS (PORTUGAL)	735,110
Mr. Domingo Sugranyes	MAPFRE INTERNACIONAL; MAPFRE FAMILIAR; MAPFRE USA CORPORATION.	58,047
Mr. Javier Fernández-Cid	MAPFRE INTERNACIONAL.; MAPFRE ASISTENCIA; MAPFRE CAUCIÓN Y CRÉDITO; MAPFRE GLOBAL RISKS; MAPFRE USA CORPORATION; MAPFRE INSULAR; MIDDLESEA INS.LTD; MSV LIFE PLC.	-
Mr. Rafael Senén	MAPFRE ASISTENCIA; BENELUX ASSIST; MAPFRE WARRANTY (Italy); MAPFRE ABRAXAS (United Kingdom); I & G INSURANCE SERVICES LIMITED; HOME3; IBERO ASISTENCIA (Argentina); BRASIL ASSISTENCIA (Brazil); SUR ASISTENCIA (Chile); ANDIASISTENCIA (Colombia); MEXICO ASISTENCIA (Mexico); PANAMÁ ASISTENCIA (Panama); SERVICIOS GENERALES DE VENEASISTENCIA, S. A. (Venezuela); CARIBE ASISTENCIA SIAM (Dominican Republic); VIAJES MAPFRE (Dominican Republic); FEDERAL ASSIST (United States); BRICKELL FINALCIAL SERVICES MOTOR CLUB INC. (ROAD AMERICA) (United States); ROAD-CHINA ASSISTANCE (China); ROADSIDE ASSISTANCE PRIVATE LTD. (India); CIG LIMITED; TRAVEL CLAIMS SERVICES LIMITED; INSUREANDGO AUSTRALASIA LIMITED; MAPFRE WARRANTY (Japan); MAPFRE ASISTENCIA COMPANY LIMITED.	-
Mr. Lorenzo Garagorri	-	27,778
Mr. Pedro López	MAPFRE INVERSIÓN SOCIEDAD DE VALORES; MAPFRE GLOBAL RISKS; MAPFRE GENEL SIGORTA (TURKEY); MAPFRE GENEL YASAM (TURKEY); REINSURANCE MNGT. INC. (USA); MIDDLESEA INSURANCE (MALTA); MIDDLESEA VALETTA LIFE (MALTA).	2,003

8.2 External Auditors' fees

The fees accruing to the External Auditors in the 2011 fiscal year for their services in auditing the financial statements amounted to €207,967 (€197,035 in 2010); a further €463 (€41,531 in 2010) 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 in the last two fiscal years any environment-related items that might be significant or specifically included in the present consolidated financial statements.

8.4 Deferment of payments

The following is a breakdown of payment details made to suppliers in fiscal year 2011

ITEM	Amount	%
Payments made within the minimum legal deadline	7.94	100%
Remainder of payments	-	-
TOTAL PAYMENTS OF THE YEAR	**7.94**	**100%**
Average weighted terms exceeded in payments (days)	-	-
Deferments that exceed the maximum legal limit at the closing date.	-	-

As of the close of fiscal years 2011 and 2010 there were no deferred payments to corporate Accounts Payable that exceeded the legally established deadlines.

8.5 Other matters

By end 2009, the Council of the Spanish Competition Commission penalised MAPFRE EMPRESAS (today, MAPFRE GLOBAL RISKS) and MAPFRE RE, along with two other insurance companies and three reinsurers, for supposed restrictive practices. The penalty consisted of hefty fines, the one imposed jointly on the MAPFRE entities being for the sum of €21,632,000.

As it considers the written pleadings contained in the Resolution, the penalties imposed, to be unlawful, the Company has lodged an appeal with the Audiencia Nacional (National Criminal Court) that finally agreed to suspend payment of the fine with the presentation of the corresponding guarantee. The process is currently in the evidentiary phase now that the parties have lodged the bill of complaint and reply.

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 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.

In addition, this document is a free translation of the consolidated accounts originally issued in Spanish. In the event of any discrepancy, the Spanish language version prevails.

Table of subsidiaries and associate companies 2011 (appendix 1)

COMPANY NAME	COUNTRY	EFFECTIVE TAX RATE	ACTIVITY
CIAR INVESTMENTS	45, Rue de Treves Brussels (Belgium)	34%	Property
INVERSIONES IBÉRICAS LTDA	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Finance and Property
MAPRE CHILE REASEGUROS S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Reinsurance
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Property (in Liquidation)
ITSEMAP SERVICIOS TECNOLÓGICOS MAPFRE S.A.	Bárbara de Braganza 14 Madrid (Spain)	30%	Consultancy
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpíadas 242 5º Andar São Paulo (Brazil)	15%	Reinsurance
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpíadas 242 5º Andar 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 52 Madrid (Spain)	30%	Information technology
MAPFRE INFORMATICA A.I.E.	Ctra. de Pozuelo a Majadahonda 52 Madrid (Spain)	30%	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 São Carlos Do Pinhal 696 6º Andar São Paulo (Brazil)	15%	Consultancy
ITSEMAP CHILE SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Consultancy
CAJA REASEGURADORA DE CHILE	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Reinsurance
MAPFRE CHILE SEGUROS, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Holding
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Property
INMOBILIARIA TIRILLUCA, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	20%	Property
ADMINISTRADORA DE PROPIEDADES	Napoleón 3096 Santiago de Chile (Chile)	20%	Property
COMERCIAL TURISMO, S.A.	Napoleón 3096 Santiago de Chile (Chile)	20%	Property
MAPFRE GARANTÍAS Y CRÉDITO CIA DE SEGUROS S.A.	Isidora Goyenechea 3520 - Santiago de Chile (Chile)	20%	Guarantees and credits
CAJA RE ARGENTINA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consultancy

(FIGURES IN EUR 000)

Consolidation method or procedure

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 CLOSED 2011				
HOLDER	OF SHARE CAPITAL	ASSETS	EQUITY	INCOME	REUSLT FOR THE YEAR	CONSOLIDATION METHOD OR PROCEDURE
MAPFRE RE MAPLUX RE	99.9900% 0.0100%	11,051	9,635	1,156	1,088	A
MAPFRE RE	99.9899%	15,291	15,210	624	(31)	A
MAPFRE RE	99.9932%	137,230	54,614	8,800	2,615	A
MAPFRE RE	99.9985%	7	7			C
MAPFRE RE	39.9752%	5,880	4,632	6,889	135	B
MAPFRE RE	99.9999%	202,186	42,333	38,422	5,757	A
MAPFRE RE	99.9999%	47	47			C
MAPFRE RE MAPFRE Argentina	95.0000% 5.0000%	144	8	1,180	(67)	C
MAPFRE RE	1.0000%	15,656	3,436	29,125	117	C
MAPFRE RE	1.0000%	31,046	1,000	205,605		C
Mapfre Asistencia	0.0020%	3,873	2,571	3,036	(407)	C
MAPFRE RE	100.0000%	807	16			A
Itsemap S.T.M. Mapfre Re Brasil	99.9792% 0.0208%	1,547	1,291	2,729	95	C
Itsemap S.T.M Inv. Ibéricas	75.0000% 25.0000%	39	41	2		C
Inv. M. Chile Re	99.8467%	76,518	15,171	3,568	86	A
Inv. M. Chile Re	0.0042%	32,173	32,173	38	(17)	C
Inv. Ibéricas	31.4400%	25,064	25,061	372	2,123	B
Inv. M. Chile Re	43.7500%	2,733	1,600	12,867	3,048	B
Inv. Ibéricas	31.2900%	344	138	1,539	(18)	B
Inv. Ibéricas	31.2000%	529	327	1,088	182	B
Inv. Ibéricas	0.0077%	23,271	5,801	8,455	(288)	C
Inv. Ibéricas	99.9960%	132	100	11	6	A

Table of subsidiaries and associate companies 2010 (appendix 1)

COMPANY NAME	COUNTRY	EFFECTIVE TAX RATE	ACTIVITY
COMPAGNIE INTENATIONALE D'ASSURANCES ET DE REASSURANCES (CIAR)	45, Rue de Treves Brussels (Belgium)	34%	Insurance and Reinsurance
INVERSIONES IBÉRICAS LTDA	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Finance and Property
MAPRE CHILE REASEGUROS S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Reinsurance
F. ALCORTA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Property (in Liquidation)
ITSEMAP SERVICIOS TECNOLÓGICOS MAPFRE S.A.	Bárbara de Braganza 14 Madrid (Spain)	35%	Consultancy
MAPFRE RE DO BRASIL COMPAÑÍA DE REASEGUROS	Rua Olimpíadas 242 5º Andar Sao Paulo (Brazil)	15%	Reinsurance
MAPFRE RE COMPAÑÍA DE REASEGUROS ESCRITORIO DE REPRESENTAÇAO NO BRASIL LTDA	Rua Olimpíadas 242 5º Andar Sao 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 52 Madrid (Spain)	35%	Information Technology
MAPFRE INFORMATICA A.I.E.	Ctra. de Pozuelo a Majadahonda 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 6º Andar Sao Paulo (Brazil)	15%	Consultancy
ITSEMAP CHILE SERVICIOS TECNOLÓGICOS MAPFRE LTDA	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Consultancy
CAJA REASEGURADORA DE CHILE	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Reinsurance
MAPFRE CHILE SEGUROS, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Holding
INMOBILIARIA COSTA DE MONTEMAR, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Property
INMOBILIARIA TIRILLUCA, S.A.	Avda. Apoquindo 4499-8º Santiago de Chile (Chile)	17%	Property
ADMINISTRADORA DE PROPIEDADES	Napoleon 3096 Santiago de Chile (Chile)	17%	Property
COMERCIAL TURISMO, S.A.	Napoleon 3096 Santiago de Chile (Chile)	17%	Property
MAPFRE GARANTÍAS Y CRÉDITO CIA DE SEGUROS S.A.	Isidora Goyenechea 3520 - Santiago de Chile (Chile)	17%	Guarantees and credits
CAJA RE ARGENTINA S.A.	Bouchard 547 piso 14 Buenos Aires (Argentina)	35%	Services, Consultancy

(FIGURES IN EUR 000)

Consolidation method or procedure

A Fully consolidated subsidiaries
B Associate and investee companies consolidated using the equity method
C Associate and investee companies excluded from consolidation

HOLDING %		INFORMATION AT THE CLOSE OF FISCAL YEAR 2010				
HOLDER	OF SHARE CAPITAL	ASSETS	EQUITY	INCOME	RESULT FOR THE YEAR	CONSOLIDATION METHOD OR PROCEDURE
MAPFRE RE MAPLUX RE	99.9900% 0.0100%	12,528	9,088	929	567	A
MAPFRE RE	99.9899%	17,158	15,790	954	(115)	A
MAPFRE RE	99.9932%	124,926	55,068	7,084	979	A
MAPFRE RE	99.9985%	7	7			C
MAPFRE RE	39.9752%	6,072	4,696	8,145	143	B
MAPFRE RE	99.9999%	198,979	40,503	40,446	3,290	A
MAPFRE RE	99.9999%	47	47			C
MAPFRE RE Caja Re Arg.	95.0000% 5.0000%	197	98		5	C
MAPFRE RE	1.0000%	18,866	3,312	23,968	108	C
MAPFRE RE	1.0000%	40,724	1,000	194,966		C
Mapfre Asistencia	0.0020%	3,911	2,269	3,656	898	C
MAPFRE RE	100.0000%	748	16			A
Itsemap S.T.M. MAPFRE RE Brasil	99.9792% 0.0208%	1,646	1,234	3,432	99	C
Itsemap S.T.M Inv. Ibéricas	75.0000% 25.0000%	41	42		(1)	C
Inv. M. Chile Re	99.8467%	103,832	40,124	5,908	1,724	A
Inv. M. Chile Re	0.0042%	37,422	37,418	58	(18)	C
Inv. Ibéricas	31.4400%	25,357	25,347	1,800	816	B
Inv. M. Chile Re	43.7500%	12,412	12,274	27	(328)	B
Inv. Ibéricas	31.2900%	564	238	1,639	97	B
Inv. Ibéricas	31.2000%	560	159	1,148	168	B
Inv. Ibéricas	0.0077%	23,837	6,330	10,230	337	C
Inv. Ibéricas	99.9960%	128	102	6	5	A

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Auditor's report on 2011 consolidated financial statements

ERNST & YOUNG

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Tel.: 902 365 456
Fax: 915 727 300
www.ey.com/es

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 (the Group), which comprise the consolidated statement of financial position at December 31, 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto for the year then ended. As indicated in Note 2.1 to the accompanying consolidated financial statements, the directors are responsible for the preparation of the Group's financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and other provisions in the regulatory framework applicable to the Group. Our responsibility is to express an opinion on the aforementioned consolidated financial statements taken as a whole, based upon work performed in accordance with prevailing audit regulations in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated financial statements, and the evaluation of whether their presentation, the accounting principles and criteria applied and the estimates made are in agreement with the applicable regulatory framework for financial information.

2. In our opinion, the accompanying 2011 consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of MAPFRE RE, Compañía de Reaseguros, S.A. and subsidiaries at December 31, 2011, and the consolidated results of operations and consolidated cash flow for the year then ended, in conformity with IFRS, as adopted by the EU, and other applicable provisions in the regulatory framework for financial information.

3. Without it affecting our audit opinion, we draw your attention to the matter described in Note 6.21 to the accompanying financial statements, which states that the Parent Company and some of its subsidiaries have carried out significant transactions with some MAPFRE group companies as related parties in the normal course of business at arm's length.

Domicilio Social: Pl. Pablo Ruiz Picasso, 1, 28020 Madrid
Inscrita en el Registro Mercantil de Madrid al
Tomo 12749, Libro 0, Folio 215, Sección 8ª,
Hoja M-23123, Inscripción 116, C.I.F. B-78970506

4. The accompanying 2011 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, 2011. 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.

Fernando Pindado Cardona

March 7, 2012

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Individual Management Report 2011

Business development

MAPFRE RE has continued its development and consolidation in the markets, achieved positive earnings and a remarkable rise in premiums during a year marked by extraordinary catastrophic disasters and continuous volatility in financial markets.

During the first half of the year earthquakes took place in Japan and New Zealand, leaving earnings in the red for the first semester of almost all reinsurers. Partial improvement took place during the second half of the year for reinsurers, despite the losses caused by several tornadoes in the United States and hurricane Irene. Furthermore, other catastrophic events, such as the losses produced by flooding in Thailand during the last quarter, need to be added and are still pending evaluation.

Statement of income

— The premiums posted amounted to €2,592.4 million, a figure which represents a 11.1% increase compared with those posted the previous year. The net premium posted amounted to €1,751.1 million, representing a growth of 11.2% compared with the previous year.

— The combined ratio for Life and Non-Life business stood at 100.2% made up of a loss ratio of 72.0%, commission and other acquisition and management expenses of 28.2%.

— The underwriting result came to €25.7 million, while net financial income stood at €102.5 million.

— The income statement showed a result before tax and minority interests of €94.3 million, which was lower than the €175.5 million recorded the previous year. Net profit after tax and minority shareholders amounted to €70.2 million, lower than the €128.4 million recorded the previous year.

Balance sheet

— Shareholders' equity amounted to €871,3 million.

— Net technical provisions reached €2,082.7 million, representing 118.9% of retained premium.

— Financial investments totalled €2.160.4 million, which is broken down into Financial Assets held for trading amounting to €10.7 million, Financial Assets available for sale to an amount of €2,043.2 million, Deposits in credit institutions amounting to €37.5 million and Shares in companies associated with the group of €69.0 million.

— Cash and other liquid assets amounted to €134.5 million.

— Total assets came to €4,109.8 million.

Main activities

— The new Paris branch, located in an emblematic area in front of the Louvre museum, is dedicated to the areas of Life and Personal Lines. It began operating during the fiscal year and is fully operational, fulfilling all of the expectations placed in its development. The office in Buenos Aires has been transformed into a branch in order to serve the client entities in that market, making adjustments for the new legislative requirements of Argentina. The office in Milan has also been transformed into a branch for different reasons.

— The human resources team has continued to be strengthened with new hiring in order to cover the vacancies left due to retirement and in order to handle new activities, both in central offices and abroad. Furthermore, both the staff at headquarters as well as at the offices have participated in training programs, most notably the Advance program and the Executive Development Program.

— An intense campaign of training courses has continued development and is offered to preferential clients. Most notable are the Agricultural Insurance course developed in Madrid with the assistance of 13 Latin American specialists, six life reinsurance courses, and the MARESEL tool course held in Brazil, Argentina, Chile, Ecuador, Hungary and Spain, along with FUNDACION MAPFRE: a course for Advanced Specialization in Health and Life Insurance. Overall 208 people from 15 countries have participated in this course and a reinsurance course, part e-learning and part classroom, where over 50 people have registered from subsidiary companies in Chile, Argentina and Colombia. Also, the important collaboration with ITSEMAP continues, offering a total of seven courses to client entities in six countries in Europe and America; where 181 people have participated.

— The Company has continued intense preparations for the future entry into force of Solvency II, adapting its computer systems, accounting, statistics and actuaries. Furthermore, a preliminary request has been submitted for evaluation and approval of the Internal Capital Model by the oversight organism (Directorate General of Insurance and Pension Funds), having already taken the first steps in this direction.

— The AM Best and Standard & Poor's rating agencies have established a rating of A and AA- respectively for the Company at the close of the fiscal year, both under review with negative implications. These ratings are among the best in the market, placing at 15th for gross premiums and 16th for net premiums, according to the rankings published by the rating agencies mentioned above.

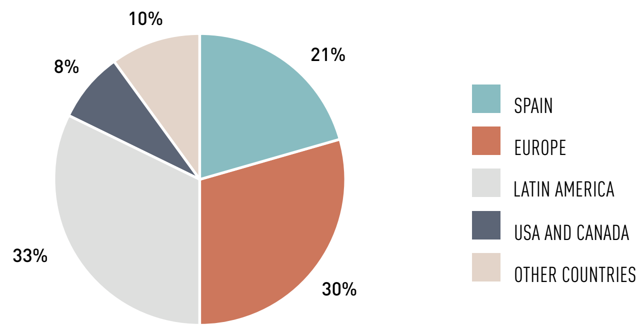
— The repeated and significant catastrophic activity that has mainly affected Japan, an earthquake that in itself represents the second largest catastrophic event since Hurricane Katrina, the earthquakes in New Zealand, the flooding in Australia and Thailand, and the tornadoes in the United States have represented a net reinsurance cost of €297.5 million including the reinstallation of coverage.

Subsidiary and associated companies

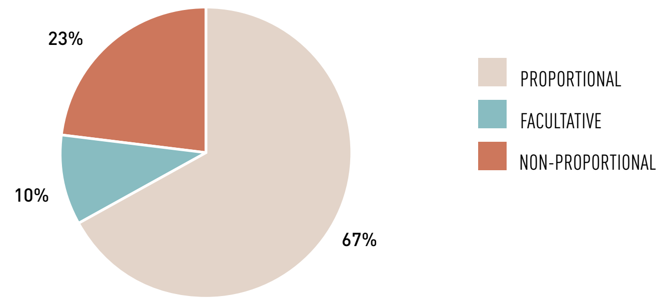
The affiliate companies in Chile, INVERSIONES IBÉRICAS and MAPFRE CHILE REASEGUROS have obtained revenue for the amount of €9.4 million and earnings before taxes of €2.7 million. Their shareholders equity was situated at €69.8 million at the close of the fiscal year.

MAPFRE RE DO BRASIL, which continues its positive trend, has obtained revenue of €97.7 million and earnings before taxes of €9.9 million. Their shareholders equity is situated at €42.3 million at the close of the fiscal year.

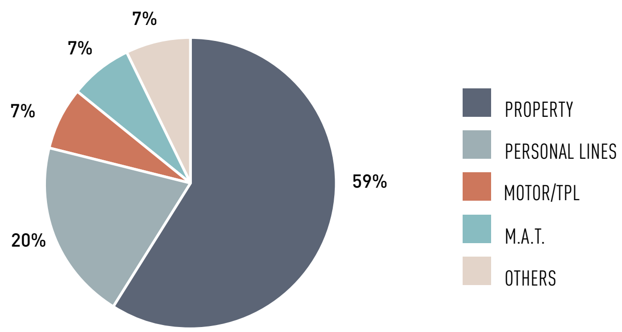
2011 Portfolio by geographical area



2011 Portfolio by type of business



2011 Portfolio by branch



Outlook

MAPFRE RE faces the year 2012 with excellent financial strength, enabling it to continue prudent growth within a market that is expected to remain competitive in several territories, despite the poor performance of 2011.

The economic variables affecting investments, such as interest rates, inflation and sovereign risk shall remain volatile, making it difficult to take any precautions. Emerging markets shall continue driving growth, while the more developed markets shall maintain stagnant or in decline due to the general crisis. Therefore, the reinsurance operators are expected to focus their attention on achieving a sufficient technical result that will allow them to meet the negative effects of the catastrophes that will surely occur during the fiscal year with solvency, against a backdrop of financial uncertainty.

Because it is recognized by its clients and brokers for its professionalism and solvency, MAPFRE RE is well positioned to meet these challenges with success.

Subsequent events

Up until the closing of this report there have been no noteworthy events that could affect either the outlook or the budgets for the current year.

There have been no subsequent events that could affect the financial statements as of December 31, 2011.

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	2011	2010	2009
Managerial staff	47	48	49
Administrative staff	27	27	50
Sales staff	0	–	–
Other	67	60	32
TOTAL	**141**	**135**	**131**

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.

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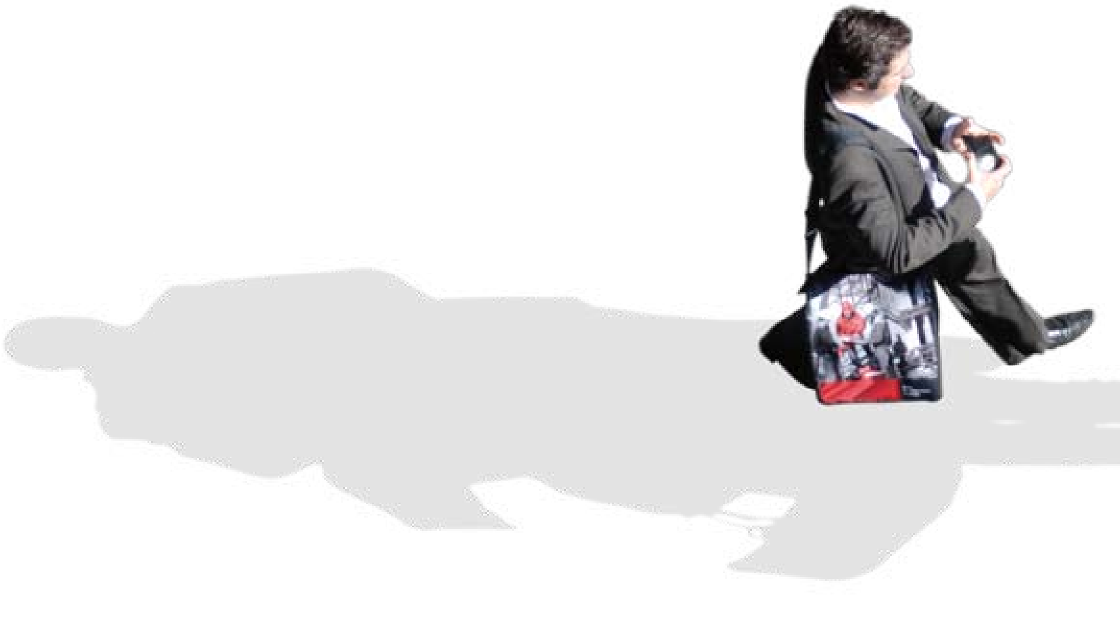

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Individual annual accounts 2011

Balance sheet as at 31 December 2011 & 2010

A) ASSETS	2011	2010
A-1) Cash and cash equivalents	**134,487**	**120,362**
A-2) Financial assets held for trading	**10,717**	**28,373**
I. Equity instruments	10,717	28,373
II. Debt securities		
III. Derivatives		
IV. Other		
A-3) Other financial assets at fair value through profit or loss	**85**	**89**
I. Equity instruments	85	89
II. Debt securities		
III. Hybrid instruments		
IV. Investments on behalf of unit-linked life insurance policyholders		
V. Other		
A-4) Available-for-sale financial assets	**2,043,228**	**1,852,377**
I. Equity instruments	221,084	176,780
II. Debt securities	1,822,144	1,675,597
III. Investments on behalf of unit-linked life insurance policyholders		
IV.Other		
A-5) Loans and receivables	**683,319**	**588,855**
I. Debt securities		
II. Loans	85,116	35,767
1. Advances on policies		
2. Loans to group and associated companies	85,116	35,767
3. Loans to other related companies		
III. Deposits with credit institutions	37,486	30,088
IV. Deposits established for assumed reinsurance	337,428	332,859
V. Receivables from direct insurance operations		
1. Policyholders		
2. Brokers		
VI. Receivables from reinsurance operations	195,373	176,028
VII. Receivables from coinsurance operations		
VIII. Called-in payments		
IX. Other receivables	27,916	14,113
1. Receivables from public administrations	11,019	9,997
2. Rest of receivables	16,897	4,116
A-6) Held-to-maturity investments		
A-7) Hedging derivatives		
A-8) Reinsurance's share of technical provisions	**949,578**	**933,793**
I. Provision for unearned premiums	300,064	328,056
II. Provision for life insurance	21,117	10,832
III. Provision for outstanding claims	628,397	594,905
IV. Other technical provisions		
A-9) Property, plant and equipment, and investment property	**4,081**	**31,571**
I. Property, plant and equipment	4,081	31,571
II. Investment property		
A-10) Intangible assets	**1,888**	**1,480**
I. Goodwill		
II. Economic rights arising from policy portfolios acquired from brokers		
III. Other intangible assets	1,888	1,480
A-11) Interests in associated Group companies	**69,039**	**69,403**
I. Interests in associated companies	840	840
II. Interests in multi-group companies		
III. Interests in Group companies	68,199	68,563
A-12) Tax Assets	**43,164**	**32,872**
I. Current tax assets		
II. Deferred tax assets	43,164	32,872
A-13) Other assets	**170,258**	**169,784**
Assets and reimbursement rights arising from long-term employee benefits	539	455
II. Advance commission and other acquisition expenses		
III. Accruals	169,719	169,329
IV. Rest of assets		
A-14) Assets held for sale		
TOTAL ASSETS	**4,109,844**	**3,828,959**

(FIGURES IN EUR 000)

EQUITY AND LIABILITIES	2011	2010
A) LIABILITIES		
A-1) Financial liabilities held for trading		
A-2) Other financial assets at fair value through profit or loss		
A-3) Trade and other payables	**204,131**	**206,812**
I. Subordinated liabilities		
II. Deposits received from ceded (outward) reinsurance	80,726	80,018
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	108,175	87,466
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:	15,230	39,328
1. Payables to public administrations	11,969	10,482
2. Other payables to Group and associated companies	216	27,027
3. Rest of other payables	3,045	1,819
A-4) Hedging derivatives		
A-5) Technical provisions	**3,032,239**	**2,739,181**
I. Provision for unearned premiums	1,122,908	1,130,770
II. Provision for unexpired risks		293
III. Provision for life insurance	131,070	110,265
1. Provision for unearned premiums	131,070	110,265
2. Provision for unexpired risks		
3. Mathematical reserve		
4. Provision for unit-linked life insurance policies		
IV. Provision for outstanding claims	1,778,261	1,497,853
V. Provision for bonuses and rebates		
VI. Other technical provisions		
A-6) Non-technical provisions	**1,756**	**1,769**
I. Provisions for taxes and other legal contingencies		
II. Provision for pensions and similar obligations	539	662
III. Provision for payments under settlement agreements		
IV. Other non-technical provisions	1,217	1,107
A-7) Tax liabilities	**2,859**	**2,554**
I. Current tax liabilities		
II. Deferred tax liabilities	2,859	2,554
A-8) Rest of liabilities	**74,765**	**83,928**
I. Accruals	74,765	83,928
II. Liabilities arising from accounting mismatches		
III. Commission and other acquisition costs of ceded reinsurance		
IV. Other liabilities		
A-9) Liabilities relating to held-for-sale assets		
TOTAL LIABILITIES	**3,315,750**	**3,034,244**
B) EQUITY		
B-1) Shareholders' equity	**871,281**	**851,816**
I. Capital or mutual fund	223,916	223,916
1. Registered capital or mutual fund	223,916	223,916
2. (Uncalled capital)		
II. Share premium	220,565	220,565
III. Reserves	103,161	103,164
1. Legal and statutory reserves	44,783	44,783
2. Equalisation reserve		
3. Other reserves	58,378	58,381
IV. (Own shares)		
V. Results from previous financial years	278,757	211,139
1. Retained earnings	278,757	211,139
2. (Negative results from previous financial years)		
VI. Other contributions from shareholders and members		
VII. Result for the year	70,163	128,425
VIII.(Interim dividend and interim equalisation reserve)	(25,281)	(35,393)
IX. Other equity instruments		
B-2) Adjustments for changes in value:	**(77,187)**	**(57,101)**
I. Available-for-sale financial assets	(78,302)	(58,004)
II. Hedging operations		
III. Exchange and translation differences	1,115	903
IV. Correction of accounting mismatches		
V. Other adjustments		
B-3) Grants, donations and bequests received		
TOTAL EQUITY	**794,094**	**794,715**
TOTAL EQUITY AND LIABILITIES	**4,109,844**	**3,828,959**

(FIGURES IN EUR 000)

Income statement for the financial year ended 31 December 2011 & 2010

INCOME STATEMENT	2011	2010
I. NON-LIFE TECHNICAL ACCOUNT		
I.1. Premiums written in the financial year, net of reinsurance	**1,443,600**	**1,270,099**
a) Earned premiums	2,232,116	2,054,543
a.1) Direct insurance		
a.2) Assumed reinsurance	2,232,116	2,054,543
a.3) Change in impairment adjustment to outstanding premiums (+ or -)		
b) Premiums for ceded reinsurance (-)	(768,694)	(681,749)
c) Change in provisions for unearned premiums and unexpired risks (+ or -)	8,170	(89,614)
c.1) Direct insurance		
c.2) Assumed reinsurance	8,170	(89,614)
d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	(27,992)	(13,081)
I.2. Income from property, plant and equipment, and investments	**323,852**	**380,485**
a) Income from investment property		
b) Income from financial investments	296,812	353,808
c) Application of impairment adjustments to property, plant and equipment, and investments		528
c.1) From property, plant and equipment, and investment property		
c.2) From financial investments		528
d) Profits from sale of property, plant and equipment, and investments	27,040	26,149
d.1) From property, plant and equipment, and investment property	12,735	
d.2) From financial investments	14,305	26,149
I.3. Other underwriting income		
I.4. Claims for the year, net of reinsurance	**1,043,188**	**846,434**
a) Claims and expenses paid	827,424	741,079
a.1) Direct insurance		
a.2) Assumed reinsurance	1,305,816	1,210,957
a.3) Ceded reinsurance (-)	(478,392)	(469,878)
b) Change in provision for outstanding claims (+ or -)	215,686	105,261
b.1) Direct insurance		
b.2) Assumed reinsurance	245,311	456,081
b.3) Ceded reinsurance (-)	(29,625)	(350,820)
c) Claims-related expenses	78	94
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	**412,362**	**371,308**
a) Acquisition expenses	536,552	481,279
b) Administration expenses	4,733	7,711
c) Commission and participations in ceded and retroceded reinsurance	(128,923)	(117,682)
I.8. Other underwriting expenses (+ or -)	**1,624**	**(124)**
a) Change in impairment arising from insolvencies (+ or -)	1,624	(124)
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	**247,781**	**297,370**
a) Investment management expenses	233,988	289,566
a.1) Expenses from property, plant and equipment, and investment property		
a.2) Expenses from investments and financial accounts	233,988	289,566
b) Value adjustements to property, plant and equipmen, and investments	7,769	286
b.1) Amortisation of property, plant and equipment, and investment property	273	286
b.2) Impairment of property, plant and equipment, and investment property		
b.3) Impairment of financial investments	7,496	
c) Losses from property, plant and equipment, and investments	6,024	7,518
c.1) From property, plant and equipment, and investment property		
c.2) From financial investments	6,024	7,518
I.10. SUBTOTAL (RESULT OF THE NON-LIFE TECHNICAL ACCOUNT)	**62,497**	**135,596**

(FIGURES IN EUR 000)

INCOME STATEMENT	2011	2010
II. LIFE TECHNICAL ACCOUNT		
II.1. Earned Premium for the year, net of reinsurance	**277,131**	**176,893**
a) Earned premiums	360,258	279,648
a.1) Direct insurance		
a.2) Assumed reinsurance	360,258	279,648
a.3) Change in impairment adjustment to outstanding premiums (+ or -)		
b) Premiums for ceded reinsurance (-)	(72,592)	(77,043)
c) Change in provisions for unearned premiums and unexpired risks (+ or -)	(20,819)	(27,337)
c.1) Direct insurance		
c.2) Assumed reinsurance	(20,819)	(27,337)
d) Change in provision for unearned premiums, ceded reinsurance (+ or -)	10,284	1,625
II.2. Income from property, plant and equipment, and investments	**48,270**	**37,211**
a) Income from investment property		
b) Income from financial investments	46,267	34,661
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	2,003	2,550
d.1) From property, plant and equipment, and investment property	1,027	
d.2) From financial investments	976	2,550
II.3. Income from investments allocated to unit-linked insurance policies		
II.4. Other underwriting income		
II.5. Claims for the Financial Year Net of Reinsurance	**196,553**	**118,602**
a) Claims and expenses paid	165,311	105,113
a.1) Direct insurance		
a.2) Assumed reinsurance	188,545	144,883
a.3) Ceded reinsurance (-)	(23,234)	(39,770)
b) Change in provision for outstanding claims (+ or -)	31,229	13,477
b.1) Direct insurance		
b.2) Assumed reinsurance	35,097	14,939
b.3) Ceded reinsurance (-)	(3,868)	(1,462)
c) Claims-related expenses	13	12
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	**73,074**	**43,753**
a) Acquisition expenses	101,062	67,792
b) Administration expenses	1,303	1,109
c) Commission and participations in ceded and retroceded reinsurance	(29,291)	(25,148)
II.9. Other underwriting expenses		
a) Change in impairment arising from insolvencies (+ or -)		
b) Change in impairment of property, plant and equipment (+ or -)		
c) Other		
II.10. Expenses from property, planta and equipment, and investments	**22,140**	**29,227**
a) Management expenses from property, plant and equipment, and investments	20,780	28,437
a.1) Expenses from property, plant and equipment, and investments property		
a.2) Expenses from investments and financial accounts	20,780	28,437
b) Value adjustments to property, plant and equipment, and investments	650	41
b.1) Amortisation of property, plant and equipment, and investment property	46	41
b.2) Impairment of property, plant and equipment, and investment property		
b.3) Impairment of financial investments	604	
c) Losses from property, plant and equipment, and investments	710	749
c.1) From property, plant and equipment, and investment property		
c.2) From financial investments	710	749
II.11. Expenses from investments allocated to unit-linked insurance policies		
II.12. SUBTOTAL. (RESULT OF THE LIFE TECHNICAL ACCOUNT)	**33,634**	**22,522**

(FIGURES IN EUR 000)

Income statement for the financial year ended 31 December 2011 y 2010 (continued)

INCOME STATEMENT	2011	2010
III. NON-TECHNICAL ACCOUNT		
III.1. Income from property, plant and equipment, and investments	**22,911**	**21,190**
a) Income from investment property		
b) Income from financial investments	22,105	19,190
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	806	2,000
d.1) From property, plant and equipment, and investment property	3	8
d.2) From financial investments	803	1,992
III.2. Expenses from property, plant and equipment, and investments	**24,333**	**6,554**
a) Investment management expenses	21,392	5,845
a.1) Expenses from investments and financial accounts	21,392	5,845
a.2) Expenses from tangible investments		
b) Value adjustments to property, plant and equipment, and investments	2,353	
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	2,353	
c) Losses from property, plant and equipment, and investments	588	709
c.1) From property, plant and equipment, and investment property	2	37
c.2) From financial investments	586	672
III.3. Other income	**4,479**	**5,506**
a) Income from pension fund administration		
b) Rest of income	4,479	5,506
III.4. Other Expenses	**4,868**	**2,739**
a) Pension fund administration expenses		
b) Rest of expenses	4,868	2,739
III.5. Subtotal, (result of non-technical account)	**(1,811)**	**17,403**
III.6. Result before taxes (I.10 + II.12 + III.5)	**94,320**	**175,521**
III.7. Income tax	**24,157**	**47,096**
III.8. Result from continuing operations (III.6 + III.7)	**70,163**	**128,425**
III.9. Result from discontinued operations, net of tax (+ or -)		
III.10.Result for the year (III.8 + III.9)	**70,163**	**128,425**

(FIGURES IN EUR 000)

Statement of changes in equity for the financial year ended 31 December 2011 & 2010.

A. Statement of recognised income and expenses

STATEMENT OF RECOGNISED INCOME AND EXPENSES	2011	2010
I. RESULT FOR THE YEAR	70,163	128,425
II. OTHER RECOGNISED INCOME AND EXPENSES	(20,086)	(83,017)
II.1. Available-for-sale financial assets	(28,998)	(119,742)
Gains and losses on valuation	(20,186)	(100,193)
Amounts transferred to the income statement	(8,812)	(19,549)
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	304	1,158
Gains and losses on valuation	304	1,158
Amounts transferred to the income statement		
Other reclassifications		
II.5. Correction of accounting mismatches		
Gains and losses on valutation		
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	8,608	35,567
III. TOTAL RECOGNISED INCOME AND EXPENSES	50,077	45,408

(FIGURES IN EUR 000)

Statement of changes in equity for the financial year ended 31 December 2011 & 2010

B. Full statement of changes in equity

ITEM	CAPITAL OR MUTUAL FUND Registered	CAPITAL OR MUTUAL FUND Uncalled	Share premium	Reserves	Own shares and equity interests)
A. BALANCE, YEAR-END 2010	223,916		220,565	101,424	
I. Adjustments due to changes in criteria in 2010					
II. Adjustments due to errors in 2010				1,740	
B. ADJUSTED BALANCE, BEGINNING OF 2011	223,916		220,565	103,164	
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 (conversión of obligations, writing-off debts)					
4. (Distribution of dividends or apportionments.					
5. Transaction 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				(3)	
1. Equity-instrument-based payments					
2. Transfers between equity items				(1)	
3. Other changes.				(2)	
C. BALANCE, YEAR END 2011	223,916		220,565	103,161	

(FIGURES IN EUR 000)

ITEM	CAPITAL OR MUTUAL FUND Registered	CAPITAL OR MUTUAL FUND Uncalled	Share premium	Reserves	Own shares and equity interests)
A. BALANCE, YEAR-END 2009	223,916		220,565	101,334	
I. Adjustments due to changes in criteria in 2009					
II. Adjustments due to errors in 2009					
B. ADJUSTED BALANCE, BEGINNING OF 2010	223,916		220,565	101,334	
I. Total recognised income and expenses					
II. Transactions with sharehoders or members					
1. Increases in capital or mutual fund					
2. (Reductions in capital or mutual fund					
3. Conversion of financial liabilities into equity (conversión 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				90	
1. Equity-instrument-based payments.					
2. Transfers between equity items				88	
3. Other changes				2	
C. BALANCE, YEAR-END 2010	223,916	–	220,565	101,424	–

(FIGURES IN EUR 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
	211,139		**128,425**	**(35,393)**		**(57,101)**		**792,975**
								1,740
	211,139		**128,425**	**(35,393)**		**(57,101)**		**794,715**
			70,163			(20,086)		50,077
			(23,114)	(25,281)				(48,395)
			(23,114)	(25,281)				(48,395)
	67,618		(105,311)	35,393				(2,303)
	67,618		(103,010)	35,393				
			(2,301)					(2,303)
	278,757		**70,163**	**(25,281)**		**(77,187)**		**794,094**

	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
	154,735		**128,394**	**(50,562)**		**25,916**		**804,298**
	154,735		**128,394**	**(50,562)**		**25,916**		**804,298**
			128,425			(83,017)		45,408
			(19,502)	(35,393)				(54,895)
			(19,502)	(35,393)				(54,895)
	56,404		(108,892)	50,562				(1,836)
	56,404		(107,054)	50,562				0
			(1,838)					(1,836)
	211,139		**128,425**	**(35,393)**		**(57,101)**		**792,975**

Cash flow statement for financial year ended 31 December 2011 & 2010

CASH FLOW STATEMENT	2011	2010
A) CASH FLOWS FROM OPERATING ACTIVITIES		
A.1.) Insurance activity	**250,396**	**213,133**
1. Receipts from direct insurance, coinsurance and assumed reinsurance	351,611	267,074
2. Payments on direct insurance, coinsurance and assumed reinsurance	(93,298)	(71,020)
3. Receipts from ceded reinsurance	103,736	94,877
4. Payments on ceded reinsurance	(73,780)	(25,229)
5. Recovery of claims paid		
6. Payments of remuneration to brokers		
7. Other operating receipts		
8. Other operating payments	(37,873)	(52,569)
9. Total cash receipts from insurance activity (1+3+5+7) = I	455,347	361,951
10. Total cash payments from insurance activity (2+4+6+8) = II	(204,951)	(148,818)
A.2.) Other operating activities	**(64,789)**	**(50,448)**
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 (2+4) = IV		
7. Income tax receipts and payments (V)	(64,789)	(50,448)
A.3.) TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES (I- II+ III- IV - V)	**185,607**	**162,685**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
B.1) Receipts from investing activities	**1,247,538**	**1,850,664**
1. Property, plant and equipment	41,175	58
2. Investment property		
3. Intangible assets		
4. Financial instruments	1,120,970	1,751,111
5. Interests in Group, multi-group and associated companies		
6. Interest collected	79,334	88,834
7. Dividends collected	6,059	10,661
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	**1,247,538**	**1,850,664**
B.2.) Payments on investing activities	**(1,368,324)**	**(1,898,618)**
1. Property, plant and equipment	(677)	(2,358)
2. Investment property		
3. Intangible assets	(921)	(737)
4. Financial instruments	(1,366,726)	(1,895,467)
5. Interests in Group, multi-group and associated companies		(56)
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	(1,368,324)	(1,898,618)
B.3.) TOTAL CASH FLOWS FROM INVESTING ACTIVITIES (VI + VII)	**(120,786)**	**(47,954)**

CASH FLOW STATEMENT	2011	2010
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 procedes related to financing activities		
6. Total cash receipts from financing activities (1+2+3+4+5) = VIII		
C.2) Receipts from financing activities	**(50,696)**	**(56,733)**
1. Dividends to shareholders	(48,395)	(54,895)
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	(2,301)	(1,838)
8. Total cash payments from financing activities (1+2+3+4+5+6+7) = IX	(50,696)	(56,733)
C.3) TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES (VIII + IX)	**(50,696)**	**(56,733)**
Effect of exchange rate fluctuations (X)		
TOTAL INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (A.3 + B.3 + C.3 + - X)	**14,125**	**57,998**
Cash and cash equivalents at beginning of period	**120,362**	**62,364**
Cash and cash equivalents at end of period	**134,487**	**120,362**
1. Cash at bank and in hand	124,199	56,489
2. Other financial assets	10,288	63,873
3. Bank overdrafts repayable on demand		
TOTAL	**134,487**	**120,362**

(FIGURES IN EUR 000)

7

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8

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