European Embedded Value 2010

22nd July 2011

MAPFRE

No. 2011 – 13

- **European Embedded Value analysis**

- Towers Watson opinion letter

- Methodological appendix

- Statistical appendix

- Glossary

Executive summary

Summary of the development of the EEV in 2010

		Change vs. 2009:	
		w/ additions[1]	w/o additions
Value of In-force Business (VIF)	1,713.1	+15.9%	+0.9%
European Embedded Value (EEV[2])	2,490.5	+7.9%	+2.8%
Return on Embedded Value (RoEV)	4.9%	-14.4p.p	-14.4p.p
Present Value of New Business Income (PVNBI)	4,049.2	+7.3%	-11.5%
Value added by new business	220.6	+5.1%	-4.4%
New business margin	5.4%	-0.2p.p	+0.4p.p

Million Euros

Key highlights

- Growing contribution of Life-Protection business
- Negative impact of changes in assumptions
- Moderate decrease of new business
- Lower interest rates and increased competition in savings products
- Consolidation of the insurance operations of CATALUNYACAIXA

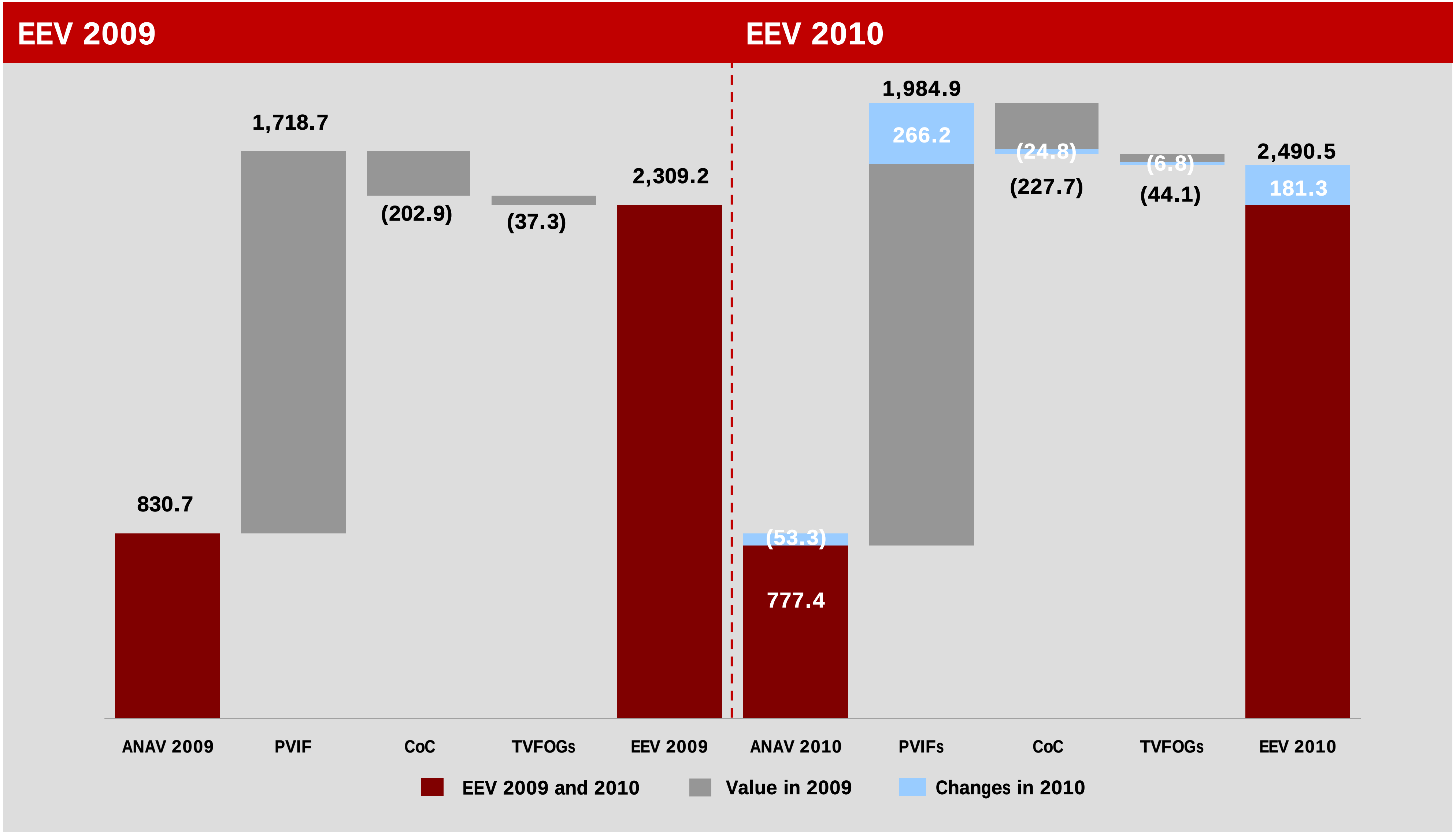
1) Additions refer to the consolidation of CATALUNYACAIXA
2) EEV aggregated for the covered business = Adjusted Net Asset Value (ANAV) + Value of in-force business (VIF), where the ANAV is reported on an aggregate basis and the VIF is aggregated with no adjustment for the share of minority interests

EEV components

ANAV	▪ Adjusted Net Asset Value
PVIF	▪ Present value of the in-force business, after tax, discounted using the risk-free yield curve
TVFOGs	▪ Time value of embedded financial options and guarantees
CoC	▪ Cost of capital

European Embedded Value

EEV components and their variation in 2010[1]



Million Euros

1) EEV aggregated for the covered businesses, with no adjustment for the share of minority interests in their respective VIFs. Additional information is provided on slides 7 and 33 of this document

Breakdown of 2010 EEV[1]

By business line

	€ mill.	%	Var. %
Adjusted Net Asset Value	**777.4**	**31.2%**	**-6.4%**
Net PVIF[2] - Life Assurance[3]	**1,371.0**	**55.0%**	**18.0%**
- PVIF	1,580.4	63.5%	16.9%
- CoC	(209.4)	-8.4%	10.1%
Net PVIF[2] - Mutual Funds	**108.1**	**4.3%**	**-29.8%**
- PVIF	109.4	4.4%	-29.7%
- CoC	(1.3)	-0.1%	-24.7%
Net PVIF[2] - Pension Funds	**278.1**	**11.2%**	**39.3%**
- PVIF	295.1	11.8%	40.1%
- CoC	(17.0)	-0.7%	55.1%
TVFOGs	**(44.1)**	**-1.8%**	**18.3%**
EEV 2010	**2,490.5**	**100.0%**	**7.9%**
Initial capital used to calculate the CoC[4]	**795.2**	**---**	**16.4%**

2009: 683.3

By distribution channel

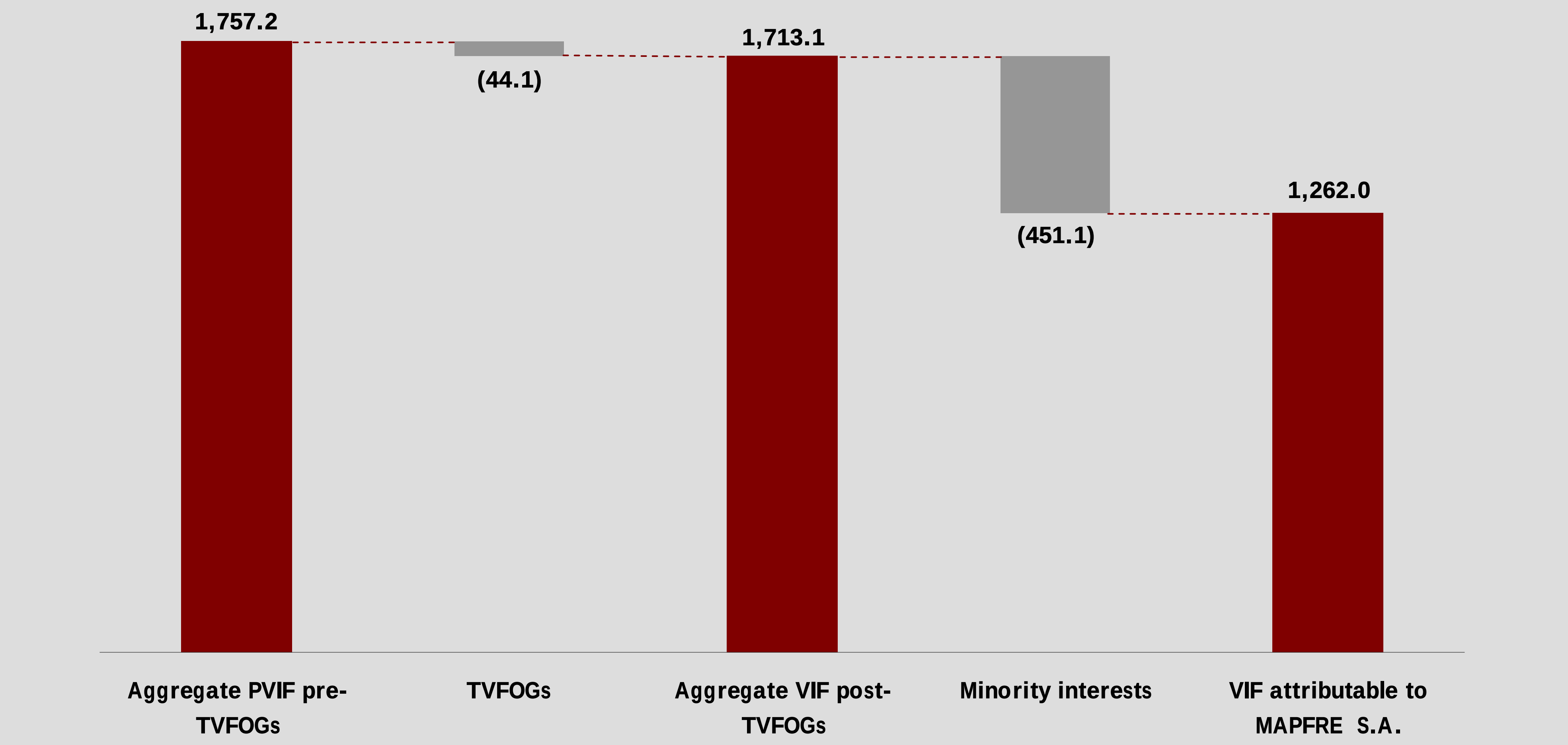
	€ mill.	%	Var. %
Adjusted Net Asset Value	**777.4**	**31.2%**	**-6.4%**
Net PVIF - Agents' channel	**842.6**	**33.8%**	**-8.6%**
- PVIF	957.3	38.4%	-8.6%
- CoC	(114.7)	-4.6%	-8.3%
Net PVIF - Caja Madrid channel	**250.8**	**10.1%**	**5.7%**
- PVIF	314.5	12.6%	7.1%
- CoC	(63.7)	-2.6%	12.8%
Net PVIF - Other bancassurance channels	**663.8**	**26.7%**	**86.4%**
- PVIF	713.0	28.6%	88.9%
- CoC	(49.2)	-2.0%	130.5%
TVFOGs	**(44.1)**	**-1.8%**	**18.3%**
EEV 2010	**2,490.5**	**100.0%**	**7.9%**
Initial capital used to calculate the CoC[4]	**795.2**	**---**	**16.4%**

Million Euros

1) EEV aggregated for the covered business
2) PVIF = "Present Value of In-Force business", reported on an aggregate basis with no adjustment for the share of minority interests
3) Includes the in-force values of the Life assurance and accidental death insurance businesses
4) EEV calculations based on an amount of capital equal to 100% of the required minimum as at 31/12/2010

Minority interests in the VIF for 2010

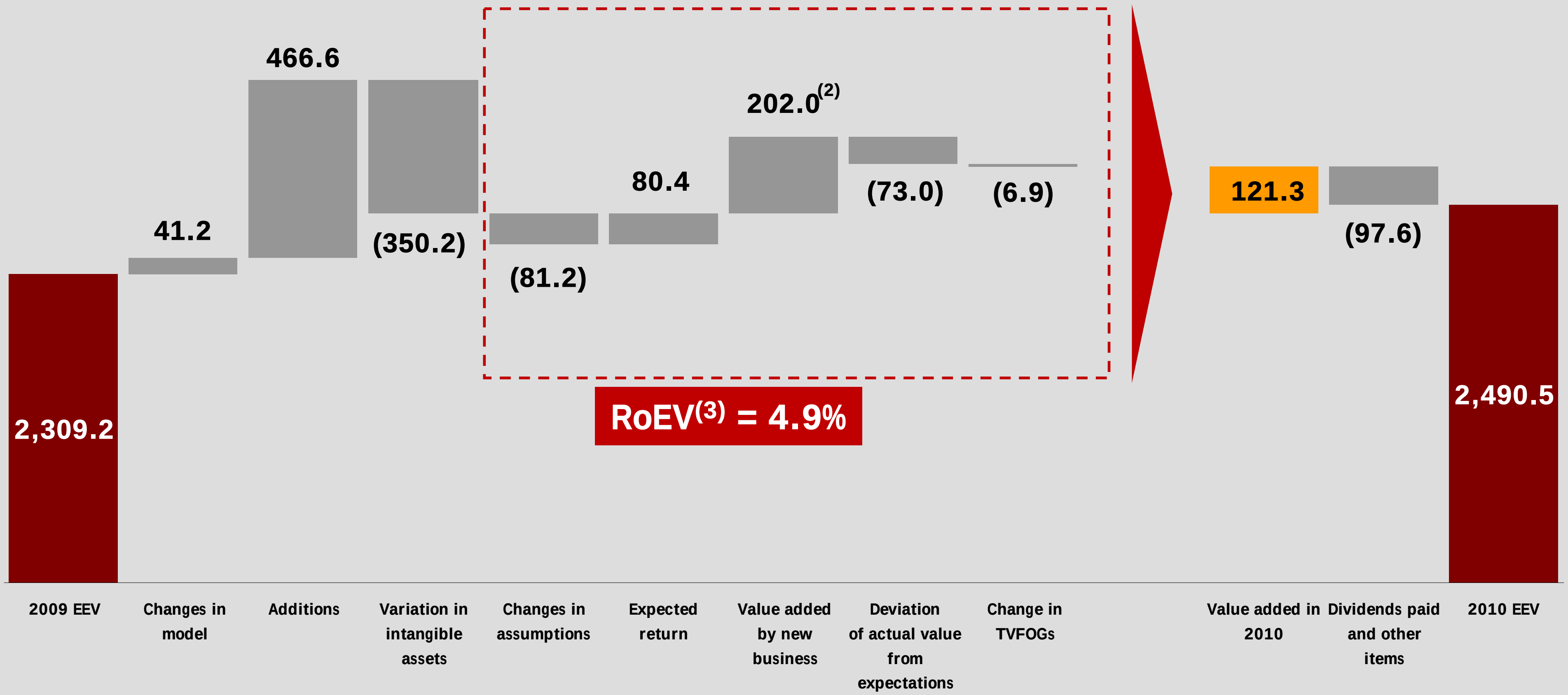
Breakdown of MAPFRE's 2010 VIF



Million Euros

Value added in 2010[1]

Change in Embedded Value



Million Euros

1) Aggregate figures
2) Without considering TVFOGs from new business
3) Return on Embedded Value = Value added in the year / Embedded Value 2009, adjusted for changes in model, additions and variation in intangible assets

Analysis of the main variations in EEV

- The increase in the embedded value reflects primarily the following:

Change	Description
Changes in model	▪ Positive impact of the updating of the databases used for Life Assurance
Additions and variation in intangible assets	▪ The 2010 EEV includes the figures for CATALUNYACAIXA
Changes in assumptions	▪ Reflects primarily: – the effect of the fall in interest rates, which adds €40.9 million as a result of the application of lower discount rates – a negative amount of €18.4 million due to the adjustment of expected investment returns for credit risk – a change in the financial assumptions to reflect a scenario with lower capital gains and interest rates at which cash flows are reinvested, with a negative effect of €28.5 million – a better performance of expenses, whose effect amounted to +€14.3 million – the use of more severe lapse rate assumptions, whose effect amounted to -€80 million

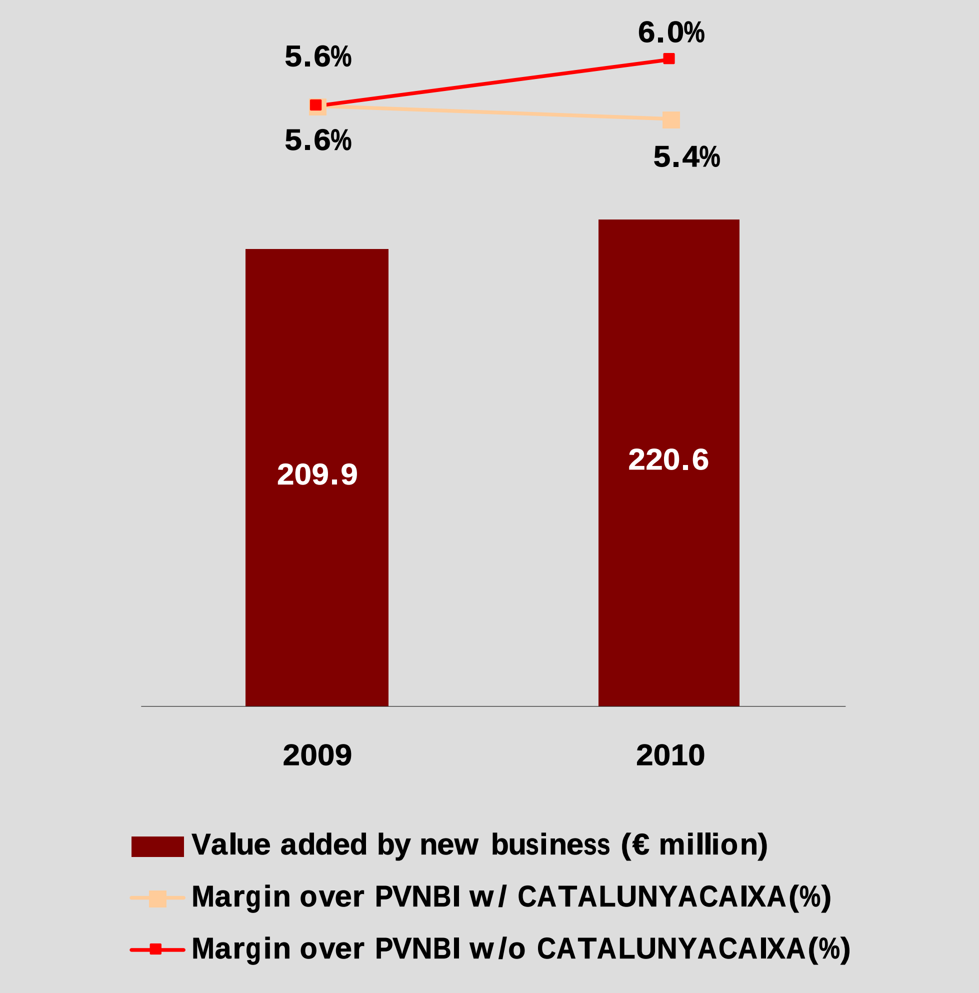
Analysis of the main variations in EEV (contd.)

Change	Description
Expected return	▪ Includes primarily the impact of the unwinding of the discount rate, which amounted to €39 million, and the actual after-tax investment return on the beginning-of-the-year adjusted net asset value, net of the cost of capital (+€41.7 million)
Deviation of actual value from expectations	▪ Includes, among others: – a slightly lower-than-expected actual profit – higher-than-expected lapse rates
TVFOGs	▪ The value of financial options has increased slightly as a result of the fall in interest rates and lower capital gains in asset portfolios

Value added by new business

MAPFRE

Development of the value added

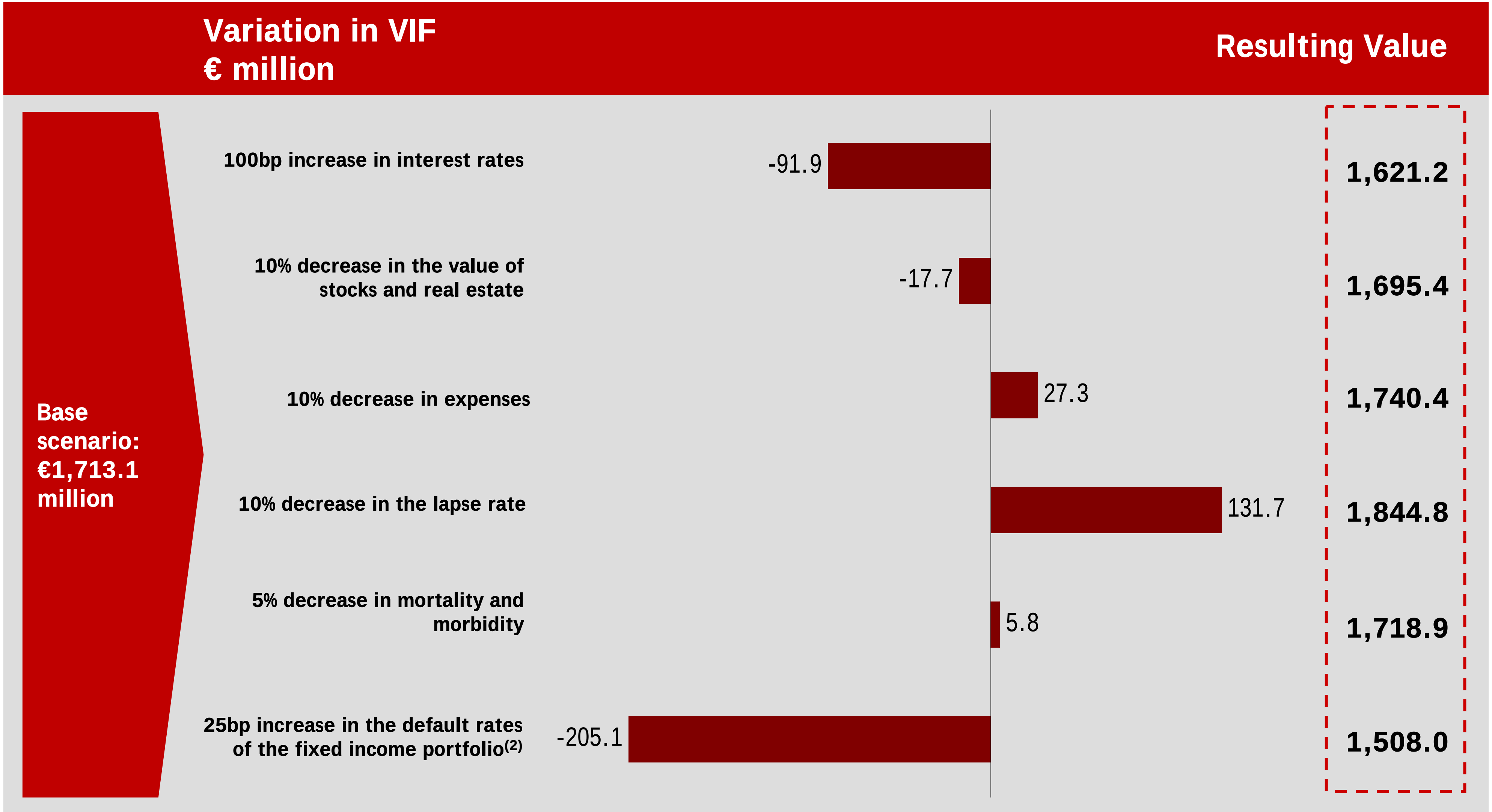


Million Euros

Main changes

1	Growing contribution of Life-Protection business	▲
2	Moderate decrease in new business volume	▼
3	Increase in acquisition expenses	▼
4	Greater relative weight of unit-linked products	▼
5	Consolidation of CATALUNYACAIXA	▲

Sensitivity analysis of the value of in-force business(1)



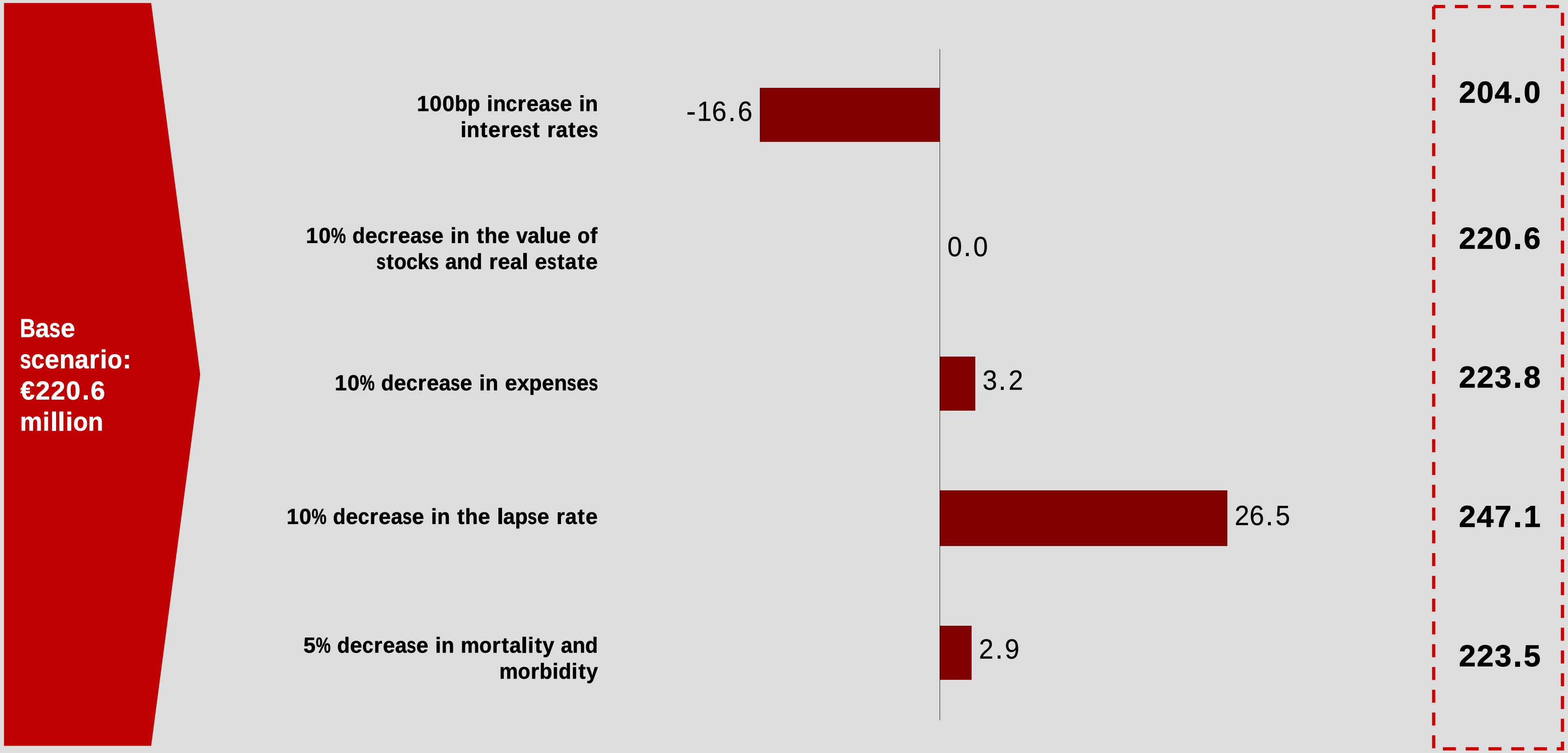
Million Euros

1) VIF = PVIF - TVFOGs – CoC
2) This probability of default is equivalent to 4 times that applied to the whole fixed income portfolio included in the credit risk adjustment to the VIF (which assumes an annual average probability of default of 6.5bp)

Sensitivity analysis of the value added by new business

Variation in the value added by new business
€ million

Resulting Value



Million Euros

- European Embedded Value analysis
- **Towers Watson opinion letter**
- Methodological appendix
- Statistical appendix
- Glossary

Towers Watson opinion letter

TOWERS WATSON

Felipe Gómez

Suero de Quiñones, 40-42
Segunda Planta
28002 Madrid
España

T +34 91 590 3009
F +34 91 563 31 15

felipe.gomez@towerswatson.com

22 July 2011

Mapfre S.A.
Carretera de Pozuelo 52
Edificio 1
28222 Majadahonda (Madrid)

Dear Sirs,

Opinion letter – EEV results of certain subsidiaries of Mapfre, S.A. as at 31 December 2010

1 Towers Watson Risk Consulting (Spain), S.A. ("Towers Watson") has been appointed by Mapfre, S.A. to provide an actuarial opinion on the calculation of the embedded value ("EV") results of certain subsidiaries of Mapfre, S.A. as at 31 December 2010.

2 The aggregated EV results have been prepared by Mapfre, S.A. to comply with the European Embedded Value Principles and Guidance issued by the CFO Forum in May 2004 (the "EEV Principles").

3 The EV results of Mapfre, S.A. cover the following businesses:

a) Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana ("Mapfre Vida") and its subsidiaries:

- Mapfre Caja Madrid Vida, S.A de Seguros y Reaseguros;
- Mapfre Inversión S.V., S.A., consisting of Mapfre Inversión Dos, S.G.I.I.C., S.A. and Mapfre Vida Pensiones, E.G.F.P., S.A.;
- Bankinter Seguros de Vida, SA de Seguros y Reaseguros; and
- CatalunyaCaixa Vida, S.A de Seguros y Reaseguros

b) CCM Vida y Pensiones S.A. de Seguros y Reaseguros;

c) Unión del Duero, Compañía de Seguros de Vida, S.A. ("Unión Duero Vida"); and

d) Duero Pensiones, entidad gestora de fondos de pensiones, S.A. ("Duero Pensiones").

Scope

4 The EV results have been prepared by Mapfre S.A. and its subsidiaries, except that the results for Unión Duero Vida and Duero Pensiones have been calculated by Towers Watson.

5 Towers Watson has carried out a review of the methodology and assumptions used by Mapfre, S.A. to calculate the EV results against the requirements of the EEV Principles.

6 Towers Watson has also reviewed the aggregated 2010 EV and new business value results, the sensitivities and the EV earnings in 2010 prepared by Mapfre S.A, as shown on pages 3, 12 and 13 of the presentation.

TOWERS WATSON

Conclusions

7 Subject to the exception noted below, Towers Watson has concluded that the methodology and assumptions used to determine the aggregated 2010 EV and value of new business comply with the EEV Principles. The exception referred to above is that at year-end 2010, and in the context of increased spreads on Spanish government bonds and no change made by Mapfre from its' year-end 2009 basis to allow for this, the basis may be considered to make insufficient allowance for the aggregate risks in relation to the savings business, and in particular the allowance made, directly and indirectly, for credit risk in respect of the existing fixed interest assets, as described in page 19 of this presentation. The impact on the 2010 EV results of a larger allowance for credit risk is shown in the sensitivity analysis.

8 Further, based on a high-level review of the results of the calculations, but without undertaking detailed checks on the models and processes involved, Towers Watson considers that any issues discovered do not have a material impact on the aggregated embedded value, analysis of embedded value earnings, value of new business and sensitivity tests.

9 Our work and this letter are subject to the reliances and limitations contained in paragraphs 10 to 15 of this letter. The work is based on information received up to and including 19 July 2011.

Reliances and limitations

10 The review was conducted on behalf of Mapfre, S.A. and designed according to the terms and requirements of the Directors of Mapfre, S.A. Our opinion is made solely to Mapfre, S.A. in accordance with the terms of Towers Watson's engagement letter. To the fullest extent permitted by applicable law, Towers Watson does not accept or assume any responsibility, duty of care or liability to anyone other than Mapfre, S.A. for or in connection with its review work, the opinions it has formed, or for any statement set forth in this letter.

11 In carrying out our review we have relied without independent verification upon the accuracy and completeness of the data and information provided to us, both in written and oral form, by Mapfre, S.A. and its subsidiaries and we have been informed that the Directors of Mapfre, S.A know of no other information or data which ought to have been made available to Towers Watson that would materially affect the opinion set out herein.

12 Reliance has been placed upon, but not limited to, information regarding historic annual reports and accounts, life insurance and mutual and pension fund product characteristics and charges, asset allocations by product line, asset values, expense analyses, salesforce commission scales, internal claim and discontinuance studies, levels of in-force premiums, number of policies, technical reserves, mutual and pension funds by product, terms of reinsurance agreements, electronic policy data bases, cash flow projections by product, analyses of movement and analyses of sensitivities.

13 We have not attempted to assess the suitability, quality or value of the assets of Mapfre, S.A. and its subsidiaries, or to provide any warranty as to the adequacy of the technical reserves. We have also not investigated any claims against Mapfre, S.A. and its subsidiaries, other than those made by policyholders or fund participants under the normal terms of insurance, mutual fund or pension fund business. In particular, no account has been taken of liabilities in respect of pension entitlements, service contracts, leases and breaches of legislation, regulatory rules or guidance.

14 Assumptions are made about future experience, including economic and investment experience, tax, expenses, lapse rates, mortality and reinsurance. These assumptions have been made on the basis of reasonable estimates. However, actual future experience is likely to differ from these assumptions, due to random fluctuations, changes in the operating environment and other factors. Such variations in experience could have a significant effect on the results and conclusions of this letter. No warranty is given by Towers Watson that the assumptions made in this letter will be reflected in actual experience.

15 The results shown do not consider possible financial implications arising from the introduction of new regulatory reporting requirements which may, for example, increase the level of capital support required to sustain the business or constrain the way in which the assets are invested.

Yours sincerely

Felipe Gómez Rojas

- European Embedded Value analysis
- Towers Watson opinion letter
- **Methodological appendix**
- Statistical appendix
- Glossary

Covered business

- The 2010 embedded value was calculated for the following blocks of business:
  - Life assurance (including complementary) and accidental death insurance businesses of MAPFRE VIDA, sold through the agents channel
  - Life assurance (including complementary) and accidental death insurance businesses of MAPFRE-CAJA MADRID VIDA
  - Life assurance (including complementary), accidental death insurance and pension funds businesses of CATALUNYACAIXA, CCM VIDA Y PENSIONES, BANKINTER SEGUROS DE VIDA, UNIÓN DUERO VIDA and DUERO PENSIONES
  - Mutual funds and pension funds businesses of MAPFRE INVERSIÓN S.V., S.A., MAPFRE INVERSIÓN DOS, S.G.I.I.C., S.A. and MAPFRE VIDA PENSIONES, E.G.F.P., S.A. de Seguros, S.A. ("MAPFRE INVERSIÓN Y PENSIONES")

Methodology

- The embedded value of the life assurance, accidental death insurance, mutual funds and pension funds businesses includes the adjusted net asset value and the value of in-force business, defined as follows:
  - Embedded value = Adjusted Net Asset Value + Value of In-Force Business
  - Adjusted Net Asset Value (ANAV) = Shareholders' equity at market value, adjusted to obtain the economic value of capital
  - Value of the In-Force Business (VIF) = PVIF – TVFOGs – CoC

- A bottom-up approach was followed to comply with EEVP, valuing separately each risk component in the business, since it was deemed that this methodology provides the most transparent information about shareholder value, better quantifies the risk in each product, differentiating between in-force and new business and is independent from the subjective choice of a set of financial return assumptions

- **Adjusted Net Asset Value:**
  - The Adjusted Net Asset Value or "ANAV" is equal to shareholders' equity as defined under IFRS, adjusted for: committed donations and dividends; goodwill; deferred expenses; and any other item needed to calculate the economic capital

- **Present Value of In-force Business:**
  - The Present Value of In-force Business or "PVIF" is determined as the present value of future statutory profits which are expected to be generated from the existing business in force at the valuation date, after tax and discounted using the risk-free yield curve. Investment returns for existing business have been calculated on the basis of risk-free rates except for existing fixed interest assets backing the Life-Savings business, where book returns adjusted for credit risk based on historical transition matrices and defaults rates have been used. Life-Savings business VIF represents 15% of the total EEV. PVIF includes the intrinsic value of financial options and guarantees granted to the insured.
  - Investment returns for new business have been calculated on the basis of risk-free rates.

Methodology (contd.)

- Credit risk allowance:
  - In 2010, Spanish government bonds have experienced a widening of spreads (vs. the swap curve) of around 175 basis points. In our opinion, this reflects the uncertainty concerning Spain's economic development, but not a structural problem with the creditworthiness of the Spanish State.
  - Our Life-Savings business is covered in part by Spanish government bonds and, in our opinion, it is not significantly exposed to spread widening, since in its vast majority is a business where:
    - assets and liabilities are matched
    - assets are held over the lifetime of the commitments to cover best estimate liabilities
    - surrender values (prior to maturity) are equal to the market value of assets at the moment of said surrender plus, in some cases, a fee
  - In addition, our Spanish Life assurance technical reserves are backed by a highly-rated fixed-income portfolio[1], split by credit ratings as follows:
    - AAA: 18.2%
    - AA : 50.4%
    - A : 26.9%
  - Although this portfolio might be exposed to default risk, we believe such risk is best captured by applying historical default rates. Based on these considerations, and for consistency with previous years EEV reporting, we have taken the same approach for credit risk as in the 2009 EEV in relation to existing fixed-income assets backing Life-Savings business:
    - Book returns have been adjusted for the expected default risk based on the last 10-year average historical default rates from Moody's, stressed by a factor of 2.25x for year 2011 and 1.25x for 2012 and the successive years, to allow for a possible increase in default rates stemming from the global financial crisis. This yields an annual average probability of default of 6.5bp in the central credit risk scenario used to adjust the VIF.
    - An implicit allowance for unexpected credit risk has been made in the CoC.
  - In order to show the impact on the EEV results of a higher allowance for credit risk, we have provided a sensitivity analysis of a 25bp increase in the probability of default of the fixed income portfolio backing the Life-Savings business.

1) Of which 37% are government bonds

Methodology (contd.)

- **TVFOGs:**
  - Under EEVP, FOGs (Financial Options and Guarantees) are defined as those features of the covered business conferring potentially valuable guarantees underlying, or options to change, the level or nature of policyholders' benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables.
  - The cost of FOGs is valued through the measurement of two different elements:
    - intrinsic value: the cost of FOGs under existing conditions at the valuation date
    - time value: the change in the cost of FOGs resulting from potential changes in policyholders' benefits that may occur throughout the life of the policy
  - The intrinsic value of FOGs is already recognised implicitly in the calculation of the PVIF. It is therefore necessary to include the additional cost arising from the time value of FOGs (TVFOGs).
  - TVFOGs was calculated for the main FOGs in the covered Life business. Specifically, the calculation focussed on the TVFOGs corresponding to the guaranteed interest rate in with-profits products.
  - The calculation of TVFOGs assumed the realisation of gains/losses on equity and property investments to:
    - minimise the impact of profit sharing on the Company's results; and
    - keep the asset mix close to its breakdown as at 31.12.2010
  - TVFOGs is based on 2,000 stochastic simulations of market-consistent financial assumptions and is equal to the difference between the value of in-force business calculated under a deterministic approach and the average value of the in-force business calculated stochastically.

Methodology (contd.)

- **CoC:**
  - In line with market practices, the CoC used in the calculation of the 2010 EEV was measured by applying a 4% fixed rate to the minimum required solvency margin.
  - This represents an allowance for frictional costs, non-hedgeable risk as well as unexpected credit risk which has not been considered in the value of in-force business.

Methodology (contd.)

- **With-profits business:**

  - MAPFRE's with-profits in-force business comprises products with the following features that are common in the Spanish insurance market:

    - A minimum return guarantee, ranging between 2.25% and 6% in the case of MAPFRE.
    - A profit-sharing mechanism defined as: X% of (Financial return – minimum guaranteed return – expense loadings) on the average mathematical reserve, which cannot be negative under any circumstance. X% varies by product, although it is equal to 90% in most cases. Financial returns and their volatility depend on the book returns of the assets backing the product, and is subject to some degree of discretion by management including, for instance, decisions on the realisation of gains/losses and on the asset mix.

  - The combination of a minimum return guarantee and a profit-sharing mechanism that cannot yield negative results generates asymmetric flows for shareholders and, as a consequence, a positive time value of FOGs.

Methodology (contd.)

- **Look through EEVP:**

  – In order to assign correctly revenues and expenses to the businesses that generate them and measure the value of each block of business more consistently with its economic reality, the following adjustments were made:

    • The mutual funds business, as well as a part of pension funds and accidental death businesses, are sold through the distribution network of MAPFRE VIDA. The EEV and VNB of the aforementioned mutual funds, pension funds and accidental death businesses have been adjusted in order to include the net present value of the future profits/losses expected to arise in the distribution company from this business.

    • The assets of the Life assurance business are managed by MAPFRE INVERSIÓN Y PENSIONES. The EEV and VNB of the aforementioned Life assurance business have been adjusted in order to include the net present value of the future profits/losses expected to arise in the asset management company from this business.

Methodology (contd.)

- **Value added by new business:**
  - In Life assurance, new business is defined as single, extraordinary and regular premiums written in the year, as well as extraordinary contributions to existing policies. In the mutual funds business, new business is defined as new contributions. In the pension funds business, new business is defined as single, extraordinary and regular contributions from new participants, as well as extraordinary contributions from existing participants.
  - The value added by new business is the intrinsic value added by new business in the period, net of acquisition expenses, TVFOGs and CoC, valued at year-end using the assumptions applicable at that point in time.

Assumptions

	2010 EEV	2009 EEV
Discount rate	Euroswap zero-coupon curve as at 31/12/2010 1 year 1.31% 5 years 2.59% 10 years 3.47% 15 years 3.78% 20 years 3.82%	Euroswap zero-coupon curve as at 31/12/2009 1 year 1.31% 5 years 2.84% 10 years 3.69% 15 years 4.13% 20 years 4.23%
Financial returns		
-Existing assets	Risk-free rates except for existing fixed interest assets backing Life-Savings business, where book returns adjusted for credit risk based on historical transition matrices and defaults rates have been used	Risk-free rates except for existing fixed interest assets backing Life-Savings business, where book returns adjusted for credit risk based on historical transition matrices and defaults rates have been used
-Reinvestment yield	Based on the euroswap zero-coupon curve as at 31/12/2010	Based on the euroswap zero-coupon curve as at 31/12/2009
Maintenance expenses	– Based on internal analyses – Expressed in Euros per policy – Indexed to a 2.5% inflation – There are no exceptional expenses to be excluded	– Based on internal analyses – Expressed in Euros per policy – Indexed to a 2.5% inflation – There are no exceptional expenses to be excluded
Fees and commissions	In line with the existing fee structure	In line with the existing fee structure
Mortality, disability, surrenders and turnovers	Tables based on the company's own experience	Tables based on the company's own experience
Cost of capital		
-Reference capital	100% of the minimum solvency margin	100% of the minimum solvency margin
-Annual cost	4% p.a.	4% p.a.
Tax rate	30%	30%
Stochastic asset model (TVFOGs)	Market-consistent using swaption implied volatilities as at 31/12/2010	Market-consistent using swaption implied volatilities as at 31/12/2009

- European Embedded Value analysis
- Towers Watson opinion letter
- Methodological appendix
- **Statistical appendix**
- Glossary

Breakdown of the value added by new business

Breakdown by business line

	PVNBI(1)		VNB(2)		VNB/PVNBI	
	2010	2009	2010	2009	2010	2009
Life assurance:	**3,021.3**	2,459.2	**208.7**	186.2	**6.9%**	7.6%
- Agents channel	731.6	1,186.7	34.9	52.6	4.8%	4.4%
- Bank channel	2,289.7	1,272.5	173.8	133.6	7.6%	10.5%
Mutual Funds	**476.5**	728.2	**-2.9**	9.3	**-0.6%**	1.3%
Pension Funds	**551.4**	587.1	**14.8**	14.4	**2.7%**	2.4%
- Agents channel	322.3	347.0	11.6	12.2	3.6%	3.5%
- Bank channel	229.1	240.1	3.2	2.2	1.4%	0.9%
TOTAL	**4,049.2**	3,774.5	**220.6**	209.9	**5.4%**	5.6%

Breakdown by distribution channel

	PVNBI(1)		VNB(2)		VNB/PVNBI	
	2010	2009	2010	2009	2010	2009
- Agents channel	**1,530.4**	2,262.0	**43.6**	74.1	**2.8%**	3.3%
- Caja Madrid channel	**961.3**	731.6	**41.4**	52.8	**4.3%**	7.2%
- Other bancassurance channels	**1,557.5**	780.9	**135.6**	83.0	**8.7%**	10.6%
TOTAL	**4,049.2**	3,774.5	**220.6**	209.9	**5.4%**	5.6%

Million Euros

1) Present Value of New Business Income
2) Value added by new business

Breakdown of 2010 change in EEV between ANAV and value of in-force business[1]

	ANAV	Value of In-force business[1]	TOTAL
2009 EEV	830.7	1,478.5	2,309.2
Changes in assumptions	0.0	-81.2	-81.2
Expected return	227.5	-147.1	80.4
Value added by new business[2]	-64.2	266.2	202.0
Deviation of actual value from expectations	-14.6	-58.4	-73.0
Change in the TVFOGs	0.0	-6.9	-6.9
Value added in 2010	**148.7**	**-27.4**	**121.3**
Changes in the model	0.0	41.2	41.2
Additions[3]	245.8	220.8	466.6
Variation in intangible assets	-350.2	0.0	-350.2
Dividends paid and other items	-97.6	0.0	-97.6
2010 EEV	777.4	1,713.1	2,490.5

Million Euros

RoEV[4]	20.5%	-1.6%	4.9%

1) PVIF - TVFOGs – CoC
2) Not considering TVFOGs from new business
3) Effect of the consolidation of CATALUNYACAIXA
4) Return on Embedded Value = Value added in the year / Embedded Value 2009, adjusted for changes in the model, additions and variation in intangible assets

Breakdown of the sensitivity analysis

Sensitivity of the value of in-force business

	MAPFRE VIDA[1]	Bank channels - Other
Impact of:		
- 100bp increase in interest rates	-48.3	-43.6
- 10% decrease in equity and property values	-17.6	-0.1
- 10% decrease in expenses	17.2	10.1
- 10% decrease in the lapse rate	86.6	45.1
- 5% decrease in mortality and morbidity	-3.6	9.4
- 25bp increase in the default rates of the fixed income portfolio	-179.3	-25.8

Sensitivity of the value added by new business

	MAPFRE VIDA[1]	Bank channels - Other
Impact of:		
- 100bp increase in interest rates	-5.9	-10.7
- 10% decrease in equity and property values	0.0	0.0
- 10% decrease in expenses	2.3	0.9
- 10% decrease in the lapse rate	16.3	10.2
- 5% decrease in mortality and morbidity	1.2	1.7

Million Euros

1) Includes the value of in-force business of MAPFRE-CAJA MADRID VIDA gross of minority interests and excludes that of BANKINTER VIDA

MAPFRE VIDA:
Reconciliation to adjusted net asset value

Consolidated net assets for MAPFRE VIDA as at 31/12/10 (IFRS)	**792.4**
Unrealised gains	88.9
- of which: property	35.0
- of which: financial assets	53.9
Donations and dividends	0.0
Intangible assets	-516.9
Commissions and other acquisition costs net of taxes	0.0
Other	1.6
Adjusted consolidated net assets for MAPFRE VIDA as at 31/12/10[(1)]	**366.0**

Million Euros

1) Amount used in embedded value calculations

Units and operating companies included in the 2010 EEV

MAPFRE VIDA[1]

	2010	2009
Adjusted Net Asset Value	**366.0**	**680.7**
Net PVIF - Life Assurance	**814.3**	**833.6**
- PVIF	987.1	1,009.3
- CoC	(172.8)	(175.6)
Net PVIF - Mutal Funds	**108.1**	**154.0**
- PVIF	109.4	155.7
- CoC	(1.3)	(1.7)
Net PVIF- Pension Funds	**170.9**	**172.0**
- PVIF	175.3	176.2
- CoC	(4.4)	(4.2)
TVFOGs	**(39.9)**	**(35.9)**
EEV	**1,419.4**	**1,804.4**
Initial capital used to calculate the CoC	**590.2**	**588.1**

OTHER BANK CHANNELS[2]

	2010	2009
Adjusted Net Asset Value	**411.4**	**150.0**
Net PVIF - Life Assurance	**556.7**	**328.5**
- PVIF	593.3	343.1
- CoC	(36.6)	(14.6)
Net PVIF - Mutual Funds	**0.0**	**0.0**
- PVIF	0.0	0.0
- CoC	0.0	0.0
Net PVIF- Pension Funds	**107.2**	**27.7**
- PVIF	119.8	34.4
- CoC	(12.6)	(6.7)
TVFOGs	**(4.2)**	**(1.4)**
EEV	**1,071.1**	**504.8**
Initial capital used to calculate the CoC	**205.0**	**95.2**

Million Euros

1) MAPFRE VIDA's EEV = Adjusted Net Asset Value (ANAV) + Value of in-force business (VIF), where the ANAV is reported on a consolidated basis net of minority interests and the VIF is reported on a consolidated basis with no adjustment for the share of minority interests, excluding BANKINTER VIDA's PVIF and including the PVIF of MAPFRE-CAJA MADRID VIDA
2) 100% BANKINTER VIDA + 100% CCM VIDA y PENSIONES + 100% UNIÓN DUERO VIDA + 100% DUERO PENSIONES. Aggregate figures.

EEV 2010 MAPFRE S.A.

MAPFRE

Aggregate(1)

	2010	2009
Adjusted Net Asset Value	**777.4**	**830.7**
Net PVIF - Life Assurance	**1,371.0**	**1,162.1**
- PVIF	1,580.4	1,352.4
- CoC	(209.4)	(190.3)
Net PVIF - Mutual Funds	**108.1**	**154.0**
- PVIF	109.4	155.7
- CoC	(1.3)	(1.7)
Net PVIF- Pension Funds	**278.1**	**199.7**
- PVIF	295.1	210.6
- CoC	(17.0)	(11.0)
TVFOGs	**(44.1)**	**(37.3)**
EEV	**2,490.5**	**2,309.2**
Initial capital used to calculate the CoC	**795.2**	**683.3**

Million Euros

1) EEV aggregated for the covered business = Adjusted Net Asset Value (ANAV) + Value of in-force business (VIF), where the ANAV is the sum of MAPFRE VIDA's ANAV net of minority interest plus "Other bank channels" aggregated ANAV without adjusting for MAPFRE's stake. The VIF is aggregated with no adjustment for the share of minority interests

Share of the parent company in the EEV

	MAPFRE stake	Controlling Shareholder	Minorities
ANAV			
MAPFRE VIDA	100.0%	366.0	0.0
OTHER BANK CHANNELS (1)	50.0%	205.7	205.7
AGGREGATE TOTAL		**571.7**	**205.7**
NET PVIF			
MAPFRE VIDA - AGENTS CHANNEL	100.0%	842.6	0.0
MAPFRE VIDA - CAJA MADRID CHANNEL	51.0%	127.9	122.9
OTHER BANK CHANNELS (1)	50.0%	331.9	331.9
AGGREGATE TOTAL		**1,302.4**	**454.8**
TVFOGS			
MAPFRE VIDA - AGENTS CHANNEL	100.0%	-36.6	0.0
MAPFRE VIDA - CAJA MADRID CHANNEL	51.0%	-1.7	-1.6
OTHER BANK CHANNELS (1)	50.0%	-2.1	-2.1
AGGREGATE TOTAL		**-40.4**	**-3.7**
AGGREGATE 2010 EEV		**1,833.7**	**656.8**

Million Euros

1) Includes BANKINTER VIDA, CCM VIDA Y PENSIONES, UNION DUERO VIDA, DUERO PENSIONES and CATALUNYACAIXA

- European Embedded Value analysis
- Towers Watson opinion letter
- Methodological appendix
- Statistical appendix
- **Glossary**

Glossary

- The **European Embedded Value Principles** or **“EEVP”** are the principles that establish the methodology that must be applied in order to calculate the European Embedded Value. The EEVP were agreed upon by the CFOs of the multinational European insurers belonging to the “CFO Forum” in order to increase the comparability and transparency of the embedded value calculations carried out by insurance companies. The document that contains the EEVP can be obtained at the following Internet address: www.cfoforum.nl.
- The **Adjusted Net Asset Value** or **"ANAV”** is equal to the shareholders’ equity as defined under IFRS adjusted for: unrealised gains or losses belonging to shareholders; committed donations and dividends; goodwill; deferred expenses; and any other item needed to calculate the economic capital.
- **Financial Options and Guarantees** or **“FOGs”** are those features of the covered business conferring potentially valuable guarantees underlying, or options to change, the level or nature of policyholder benefits and exercisable at the discretion of policyholders, whose potential value is impacted by the performance of financial variables.
- The **Value of an Option** is composed of two elements: the **Intrinsic Value** and the **Time Value**. In the case of a call option, the intrinsic value is equal to the difference between the price of the underlying asset and the strike price of the option (in the case of a put option the order of the difference is inverted). The intrinsic value cannot be less than zero. The time value is equal to the difference between the total value and the intrinsic value and it is ascribed to the potential for benefits under the option to increase in value prior to expiry.
- The **Present Value of In-force Business or “PVIF”** is determined as the present value of future statutory profits which are expected to be generated from the existing business in force at the valuation date, after tax and discounted using the risk-free yield curve. Investment returns for existing business have been calculated on the basis of risk-free rates except for existing fixed interest assets backing Life-Savings business, where book returns adjusted for credit risk based on historical transition matrices and defaults rates have been used. PVIF includes the intrinsic value of financial options and guarantees granted to the insured.

Glossary

- The **Cost of Capital** or **"CoC"** represents an allowance for frictional costs, non-hedgeable risk as well as unexpected credit risk which has not been considered in the value of in-force business. The CoC used in the calculation of the 2010 EEV was measured on the basis of an amount of capital equal to 100% of the minimum regulatory requirement.
- The **Value of In-force Business** or **"VIF"** is equal to: PVIF – Time Value of FOGs (**"TVFOGs"**) - CoC.
- The **European Embedded Value** or **"EEV"** is the embedded value calculated in accordance with "European Embedded Value Principles". EEV is equal to: ANAV + VIF.
- **Embedded value earnings** are defined as the change in embedded value during the period, including dividends paid and excluding capital injections, and provide a measure of the economic performance during the year.
- **Changes in Assumptions** are changes in the future experience assumed in the calculation of the present value of in-force business, including economic, expense, lapse and mortality assumptions.
- The **Expected Return on the Beginning of the Year Embedded Value** is equal to the actual after-tax investment return on the beginning-of-the-year adjusted net asset value less the cost of capital, plus the return, at the discount rate, on the beginning-of-the-year value of the in-force business and capital.
- **Deviation of Actual Value from Expectations** arise mainly from the variance between the actual experience during the year and the assumed experience used to calculate the beginning-of-the-year embedded value.
- The **Return on Embedded Value** or **"RoEV"** is obtained by dividing the value added in the year by the embedded value at the close of the previous year.

Glossary

- **New Business** is defined as: in the case of Life assurance, single, extraordinary and regular premiums from policies written in the year, as well as extraordinary contributions to existing policies; in the case of Mutual Funds, new contributions; in the case of Pension Funds, single, extraordinary and regular contributions from new participants, as well as extraordinary contributions from existing participants.
- The **Present Value of New Business Income** or **"PVNBI"** corresponds to: in the case of Life assurance, the present value of received and expected premiums from new business; in the case of Mutual Funds, contributions received in the year; and in the case of Pension Funds, contributions received in the year and expected from new business.
- The **Value added by New Business** or **"VNB"** is the intrinsic value added by new business in the period, net of acquisition expenses, TVFOGs and CoC, valued at year-end using the assumptions applicable at that point in time.

Disclaimer

This document is purely informative. Its content does not constitute, nor can it be interpreted as, an offer or an invitation to sell, exchange or buy, and it is not binding on the issuer in any way. The information about the plans of the Company, its evolution, its results and its dividends represents a simple forecast whose formulation does not represent a guarantee with respect to the future performance of the Company or the achievement of its targets or estimated results. The recipients of this information must be aware that the preparation of these forecasts is based on assumptions and estimates, which are subject to a high degree of uncertainty, and that, due to multiple factors, future results may differ materially from expected results. Among such factors, the following are worth highlighting: the development of the insurance market and the general economic situation of those countries where the Group operates; circumstances which may affect the competitiveness of insurance products and services; changes in the basis of calculation of mortality and morbidity tables which may affect the insurance activities of the Life and Health segments; frequency and severity of claims covered; effectiveness of the Groups reinsurance policies and fluctuations in the cost and availability of covers offered by third party reinsurers; changes in the legal environment; adverse legal actions; changes in monetary policy; variations in interest rates and exchange rates; fluctuations in liquidity and the value and profitability of assets which make up the investment portfolio; restrictions in the access to third party financing.

MAPFRE S.A. does not undertake to update or revise periodically the content of this document.