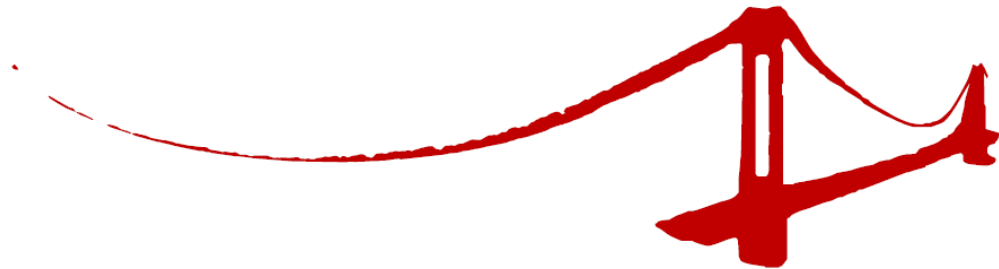


# Growth prospects

**Esteban Tejera**  
**General Manager**

**Merrill Lynch Banking & Insurance CEO Conference**  
**“Growth opportunities post crisis”**  
**London, 7<sup>th</sup> October 2008**



## ▪ MAPFRE – an overview

- Spain – increasing our potential
- International operations
- Contacts



# MAPFRE at a glance



**Recent acquisitions have further consolidated MAPFRE's position as a Top 10 Non-life insurer in Europe**

1H08 Consolidated premiums	7,337.4	+15.1%
1H08 Funds under management	22,557.9	+0.6%
1H08 Net result	529.4	+57.7%



**Spain's leading insurance group, with the strongest brand name and the widest distribution network**

1H08 Market share, Spain Non-life	17.7%	1 <sup>st</sup>
1H08 Market share, Spain Life	9.1%	2 <sup>nd</sup>



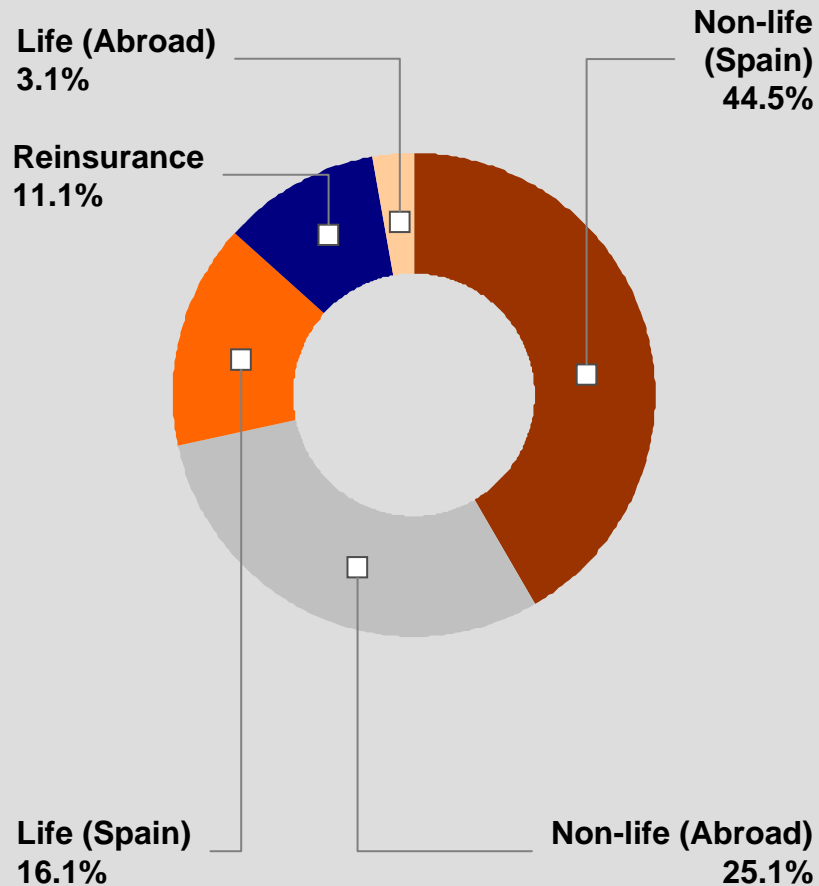
**Largest Non-life insurer in Latin America**

2006 Market share, Latin America Non-life	6.2%	1 <sup>st</sup>
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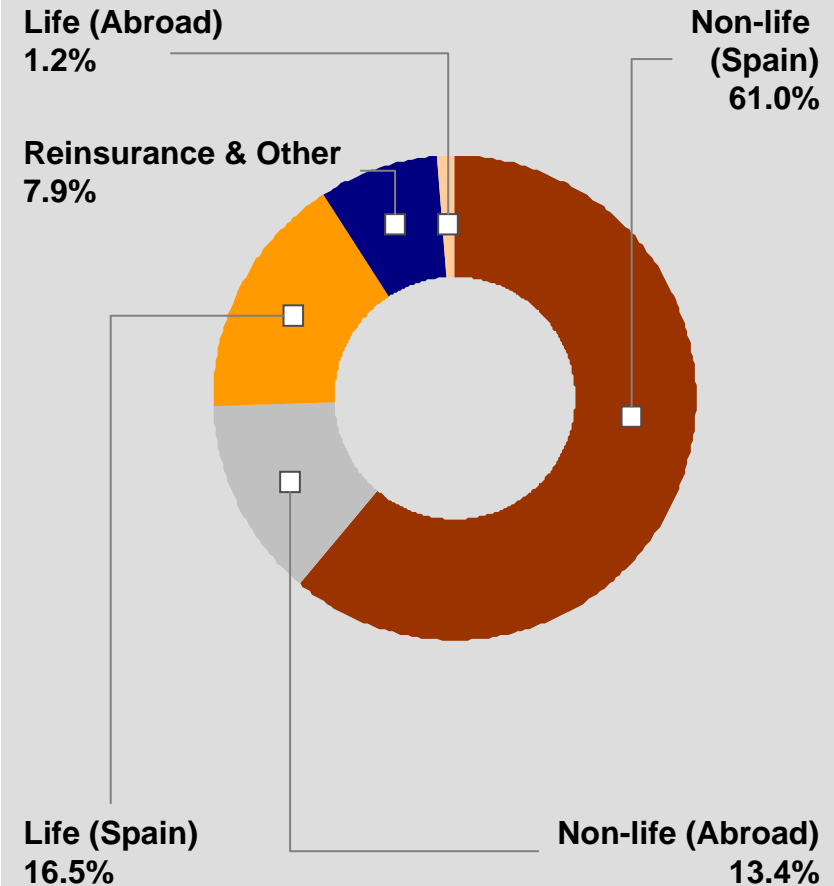


# Presence in 43 countries across various segments, providing growing and increasingly diversified results

**Premiums 1H 2008<sup>(1)</sup>**



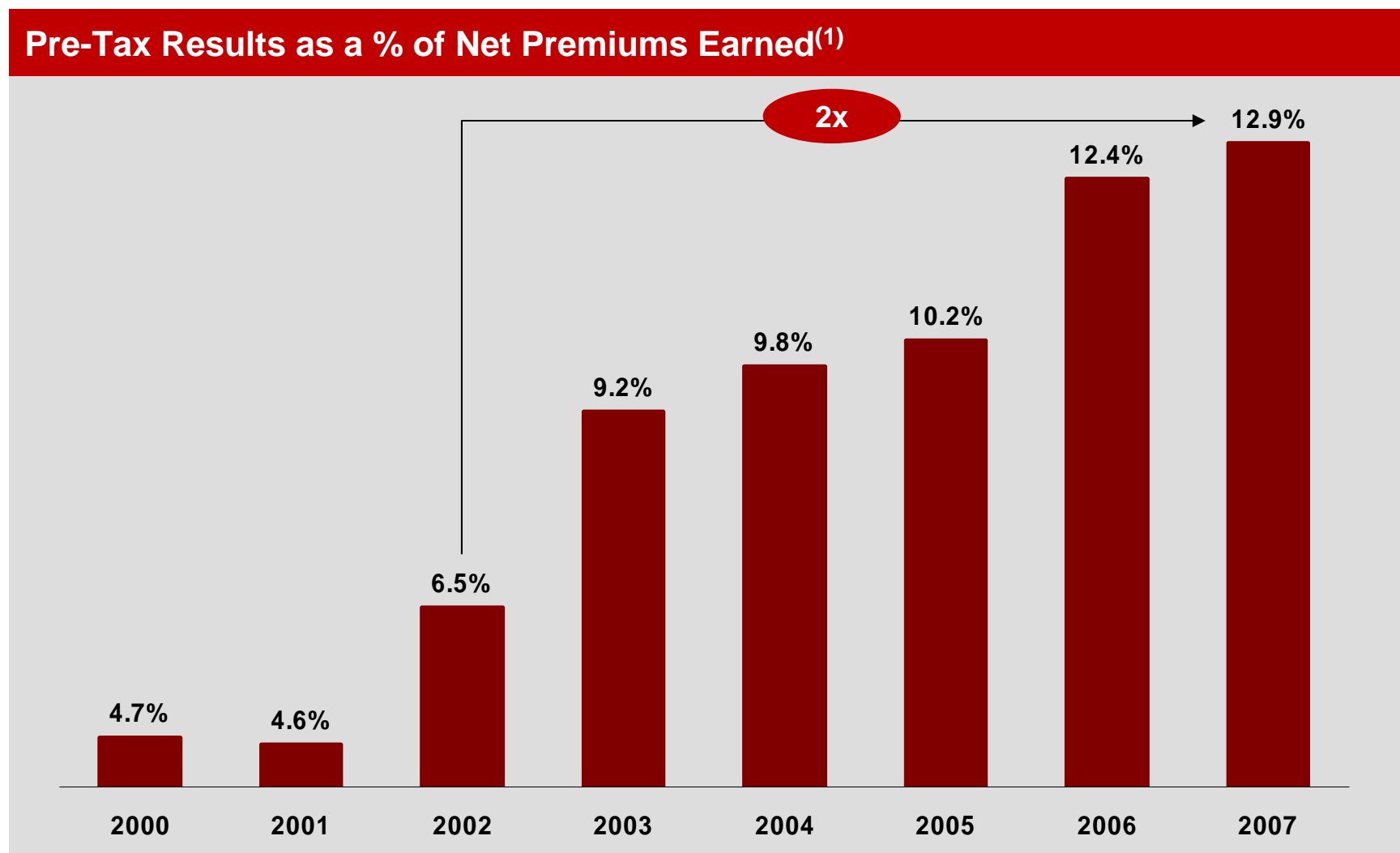
**Results 1H 2008<sup>(2)</sup>**



- 1) Aggregate figures
- 2) Consolidated figures



# Consistently improving profitability



1) 2000 through to 2004: SISTEMA MAPFRE; 2005 and 2006: MAPFRE S.A Pro-forma; 2007: MAPFRE S.A.



**MAPFRE has reinforced its strong competitive position by taking, among others, the following initiatives:**



**Reorganisation and streamlining of the Group's corporate structure**



**Unification of the agent distribution networks in Spain**



**Ongoing improvement of systems, leading to the migration of all Group companies onto a single IT platform**



**Selective joint ventures and acquisitions**

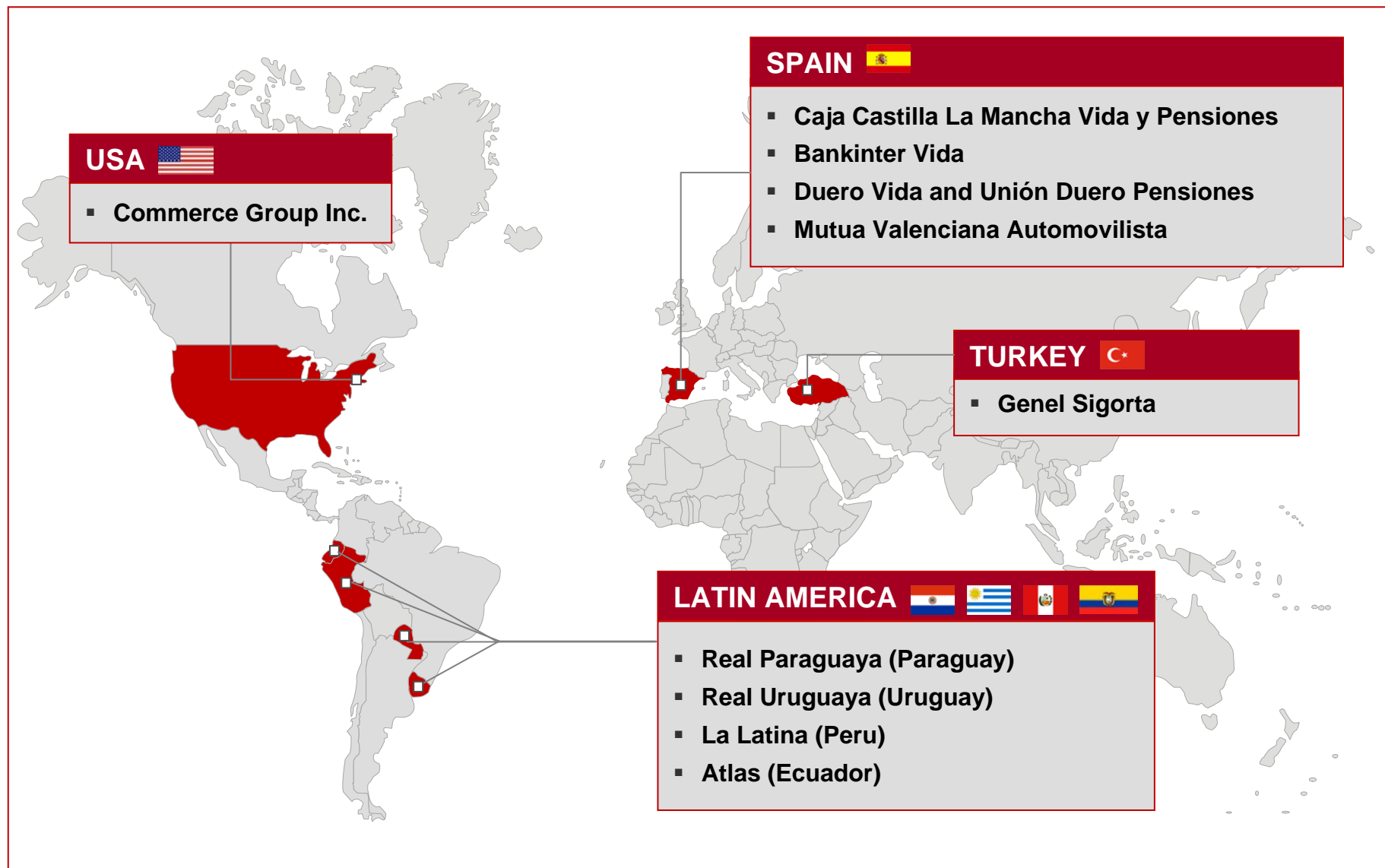




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# New Joint Ventures and acquisitions



- MAPFRE – an overview

- **Spain – increasing our potential**

- International operations
- Contacts





## Spain: increasing the potential in Non-Life insurance



### **Take advantage of opportunities offered by the creation of MAPFRE FAMILIAR**

- Cross-selling
- Development of new products
- Cost reduction and improvement of underwriting results
- Capital requirements



### **Greater integration not at the expense of underwriting: the new company will maintain its specialised management by business**



## Spain: increasing the potential in Life assurance



**MAPFRE has strengthened its position among Spain's leading Life bancassurers**



**Future growth will be underpinned by:**

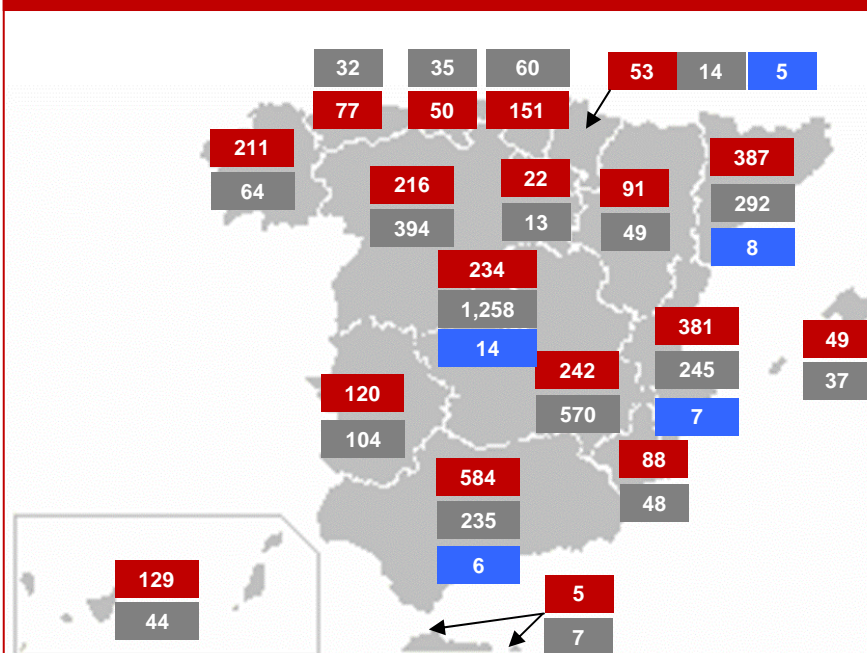
- Commitment of bancassurance partners to the achievement of the long-term targets established in the business plan
- Roll-out of MAPFRE VIDA's market-leading product know-how to further increase the attractiveness of our bancassurance partners' product offering
- Leveraging of MAPFRE VIDA's platform to achieve synergies and economies of scale



# Spain: widening the distribution footprint

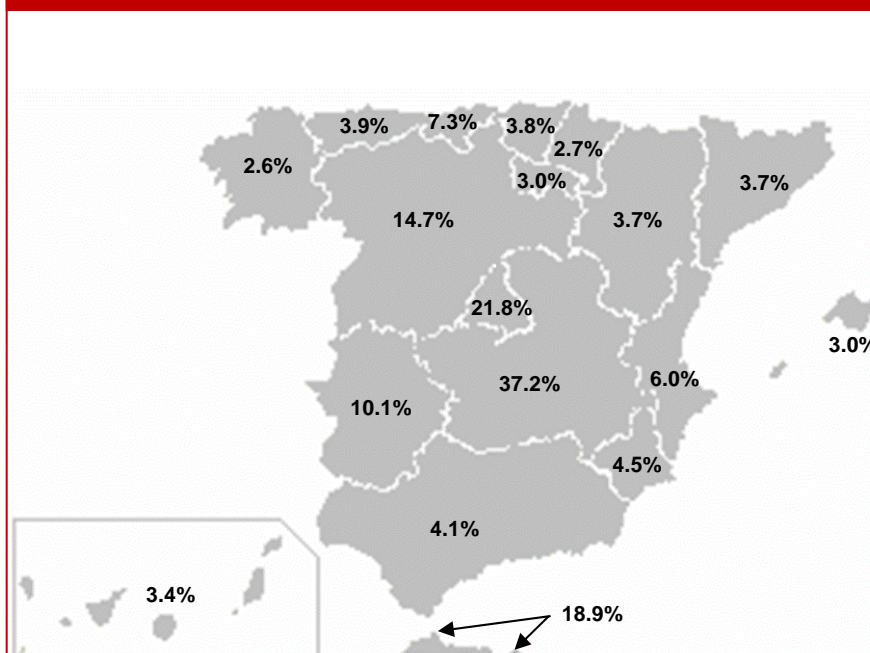
## Expanding the largest insurance distribution network in Spain

### MAPFRE's enlarged footprint



■ 3,090 MAPFRE  
■ 3,501 Bancassurance partners  
■ 40 MAPFRE VIDA specific network

### Life Bancassurance footprint<sup>(1)</sup>



*Nationwide: 3rd largest bancassurance network with an 8.7% share*

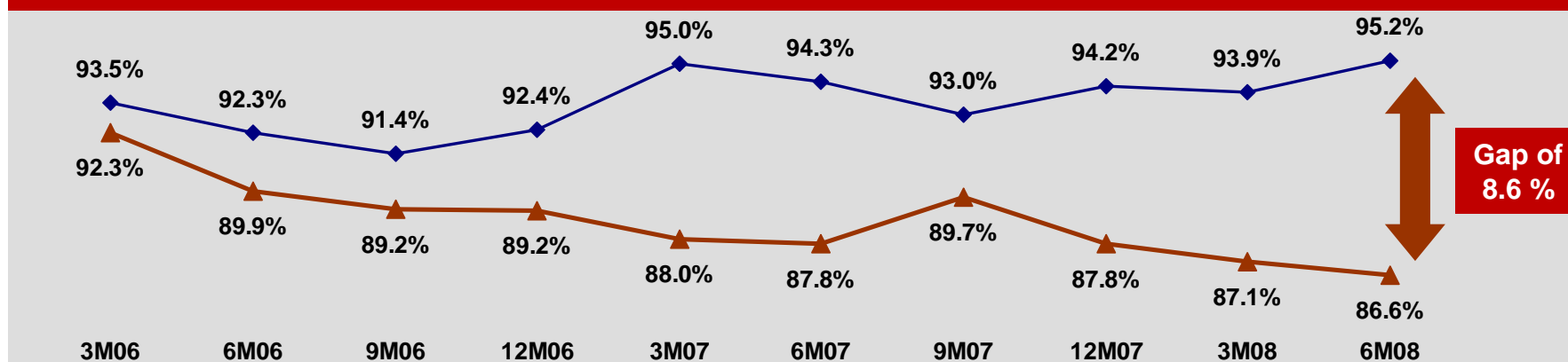
1) Market share of bancassurance branches: Total number of branches of bancassurance partners per region / Total number of branches of commercial banks and "Cajas" (savings banks) per region. Source: Annual Reports of bancassurance partners; AEB; CECA



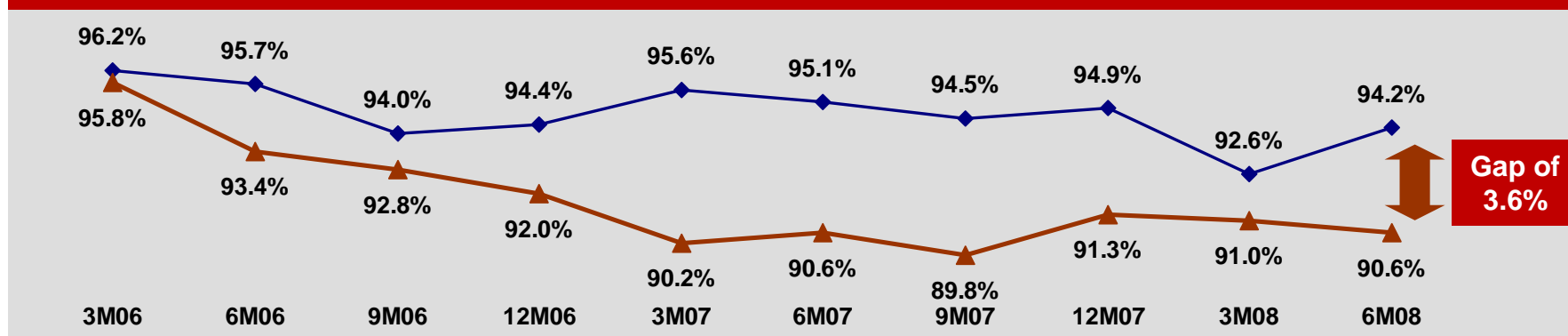
# Spain: highly efficient and profitable operations

Combined ratios significantly below the rest of the market

## Spain Non-Life Non-Motor



## Spain Motor



▲ Combined ratio MAPFRE

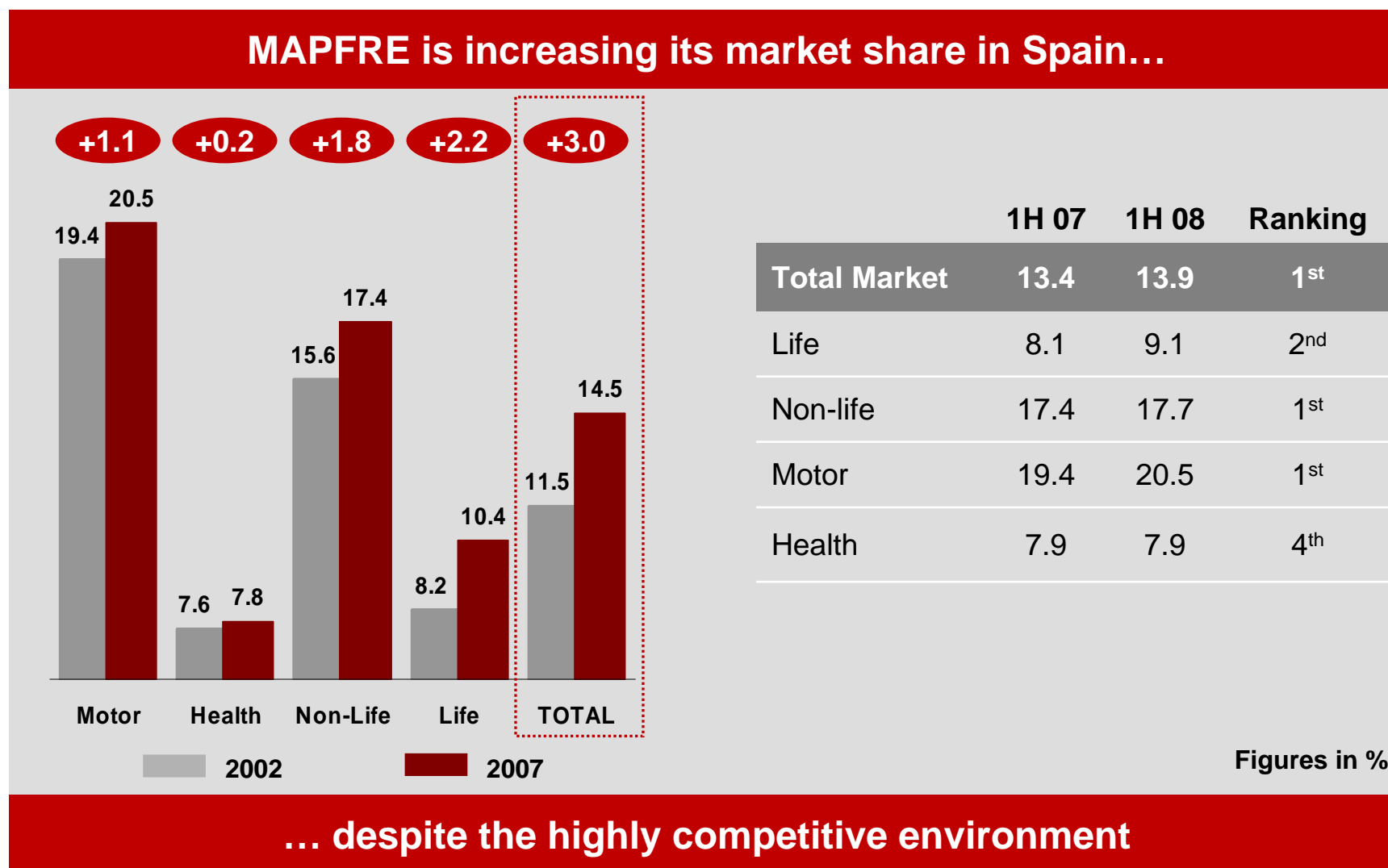
◆ Combined ratio SECTOR excluding MAPFRE

Spain – increasing our potential

Nº 2008 - 19



## Spain: growing market shares<sup>(1)</sup>



1) Market shares in %. Source: ICEA. NOTE: MAPFRE's Life assurance market shares for 2007 and 1H 08 include premiums for BANKINTER VIDA and CCM VIDA Y PENSIONES.



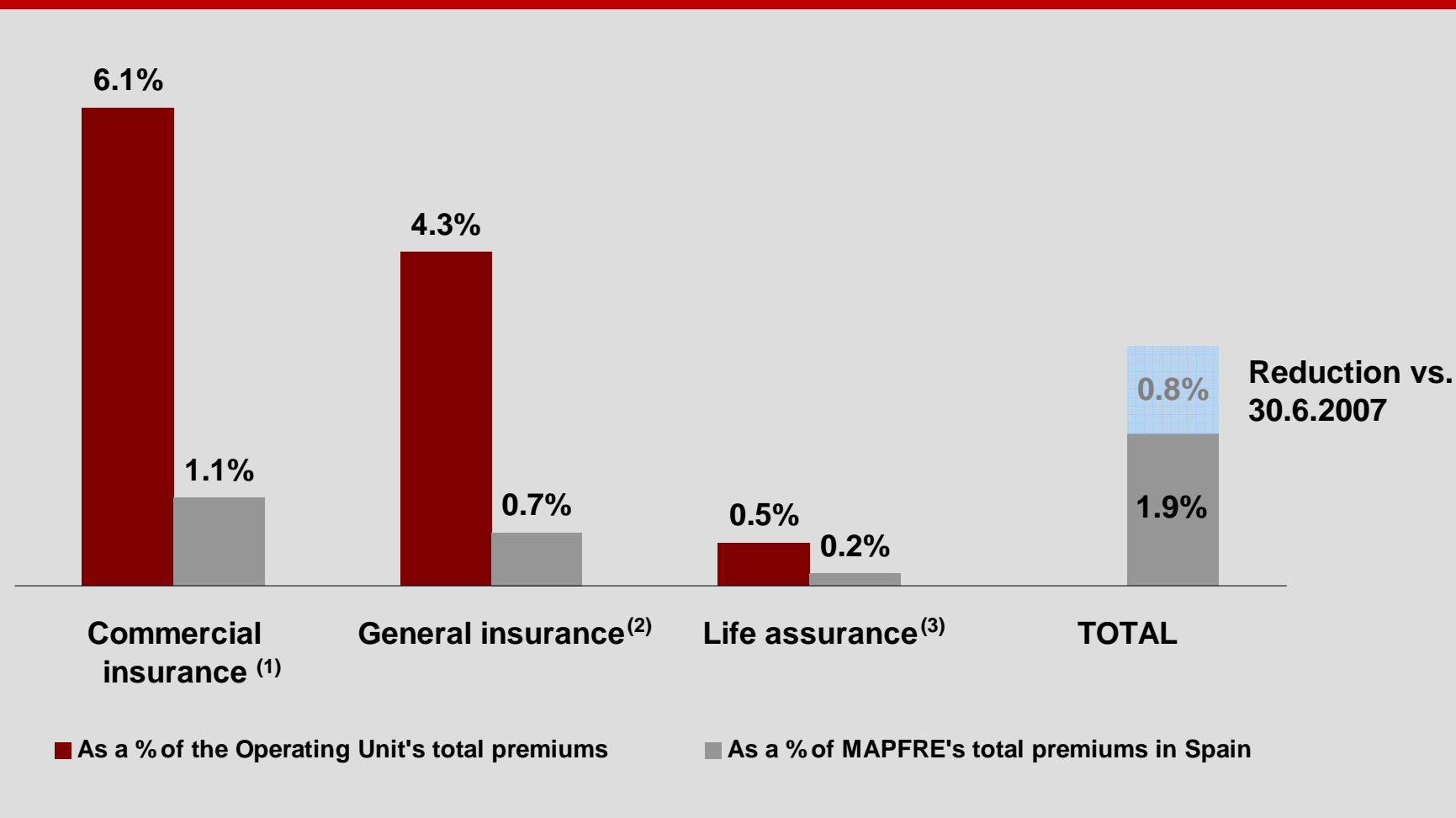
# The volume of MAPFRE's business directly derived from the real estate sector in Spain is small and decreasing



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## New business directly derived from the real estate sector in Spain as at 30.6.2008



1) Construction Insurance and Compulsory 10-year Insurance Against Building Defects ('Seguro Decenal'); Credit insurance

2) Household Insurance and Income Protection Insurance for Mortgages

3) Life Protection

**Spain – increasing our potential**

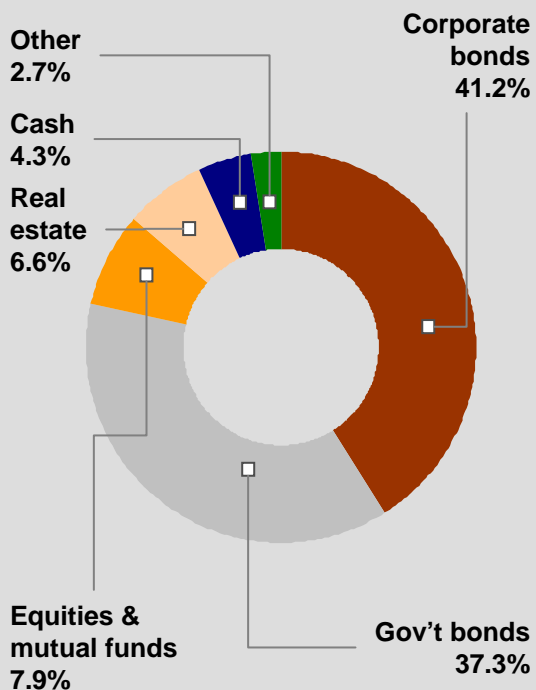


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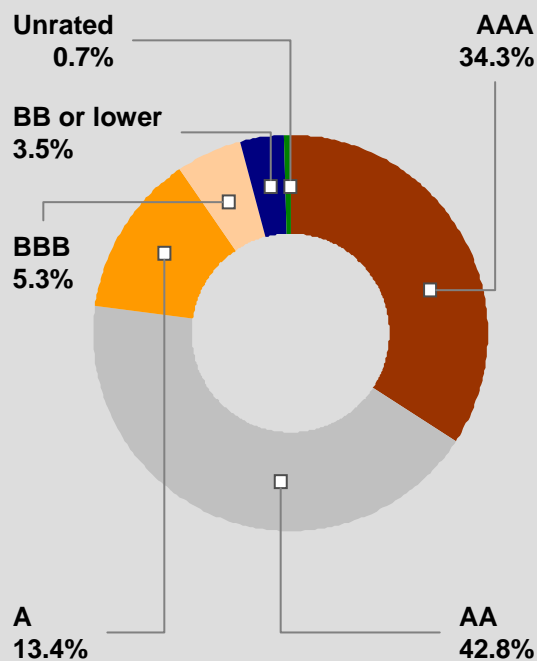
# A consistently conservative investment portfolio

## Breakdown of the investment portfolio (excl. COMMERCE)

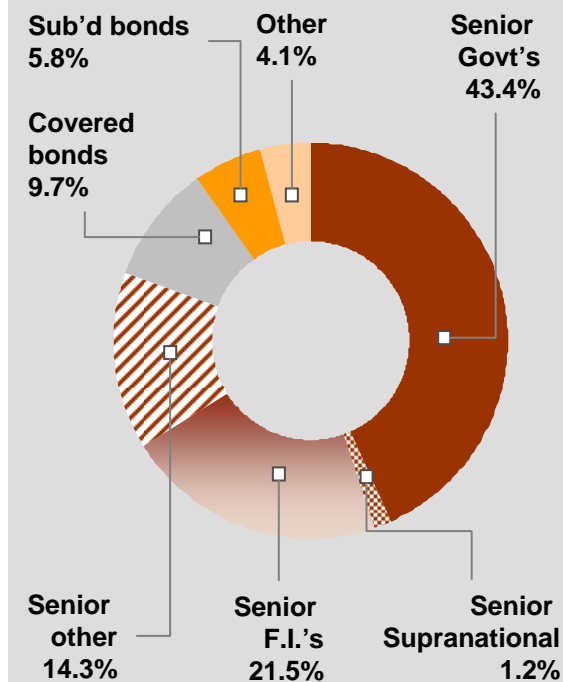
### By asset class



### By S&P rating (bonds)



### By guarantee (bonds)



**Total book value as at 30.06.2008 = EUR 28,486 million<sup>(1)</sup>**

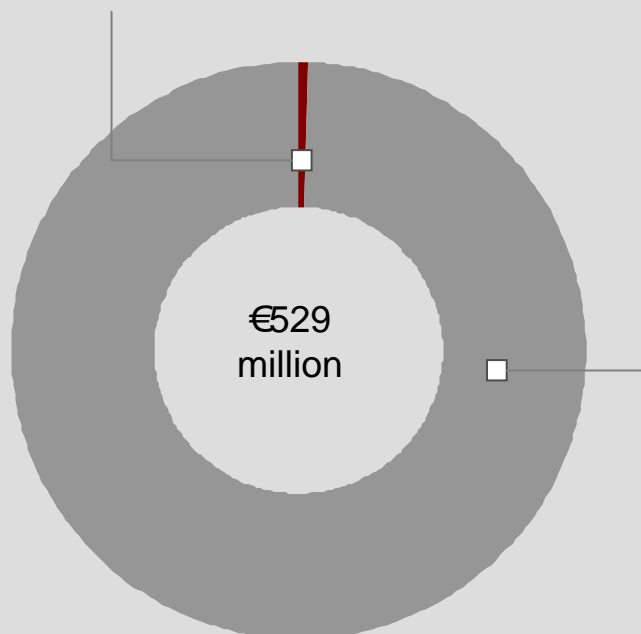
1) The breakdown provided in this page is representative of c. 93% of the total investment portfolio (excl. COMMERCE), or EUR 26,511 million. Figures for COMMERCE are shown on slide 24



## Contribution to MAPFRE's 1H08 net result

**BSF CAJA MADRID-MAPFRE**  
0.6%

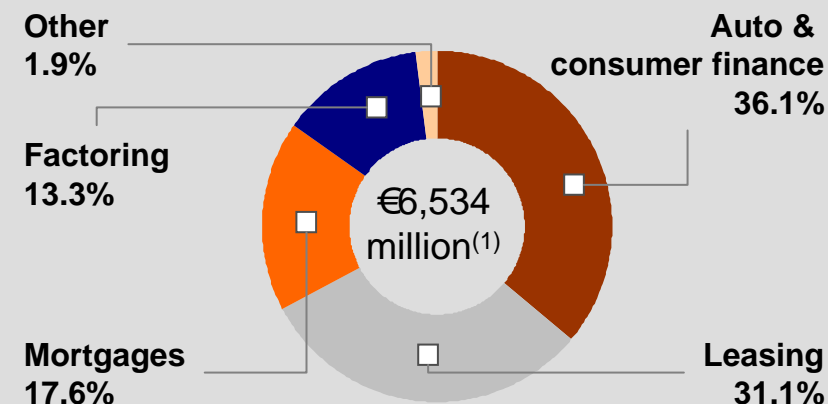
**Other**  
99.4%



## Key highlights

- 51%-owned subsidiary of the Caja Madrid Group in which MAPFRE has a 49% stake
- Accounted through the equity-method
- Mortgages with very low delinquency ratios, mostly to pharmacists
- Balance sheet growth expected to slow down in the coming quarters

## Loan portfolio breakdown as at 30.6.2008



1) Net of doubtful loans





- MAPFRE – an overview
- Spain – increasing our potential

## ▪ **International operations**

- Contacts





## Latin America: improving the capacity of our network



**The planned expansion of the tied distribution network is virtually complete**



**Business development will increasingly benefit from the enlarged tied network**

- Lower acquisition expenses
- Larger business volumes, leading to higher market shares and a lower fixed costs ratio
- Enhanced customer retention
- Greater weight of retail customers

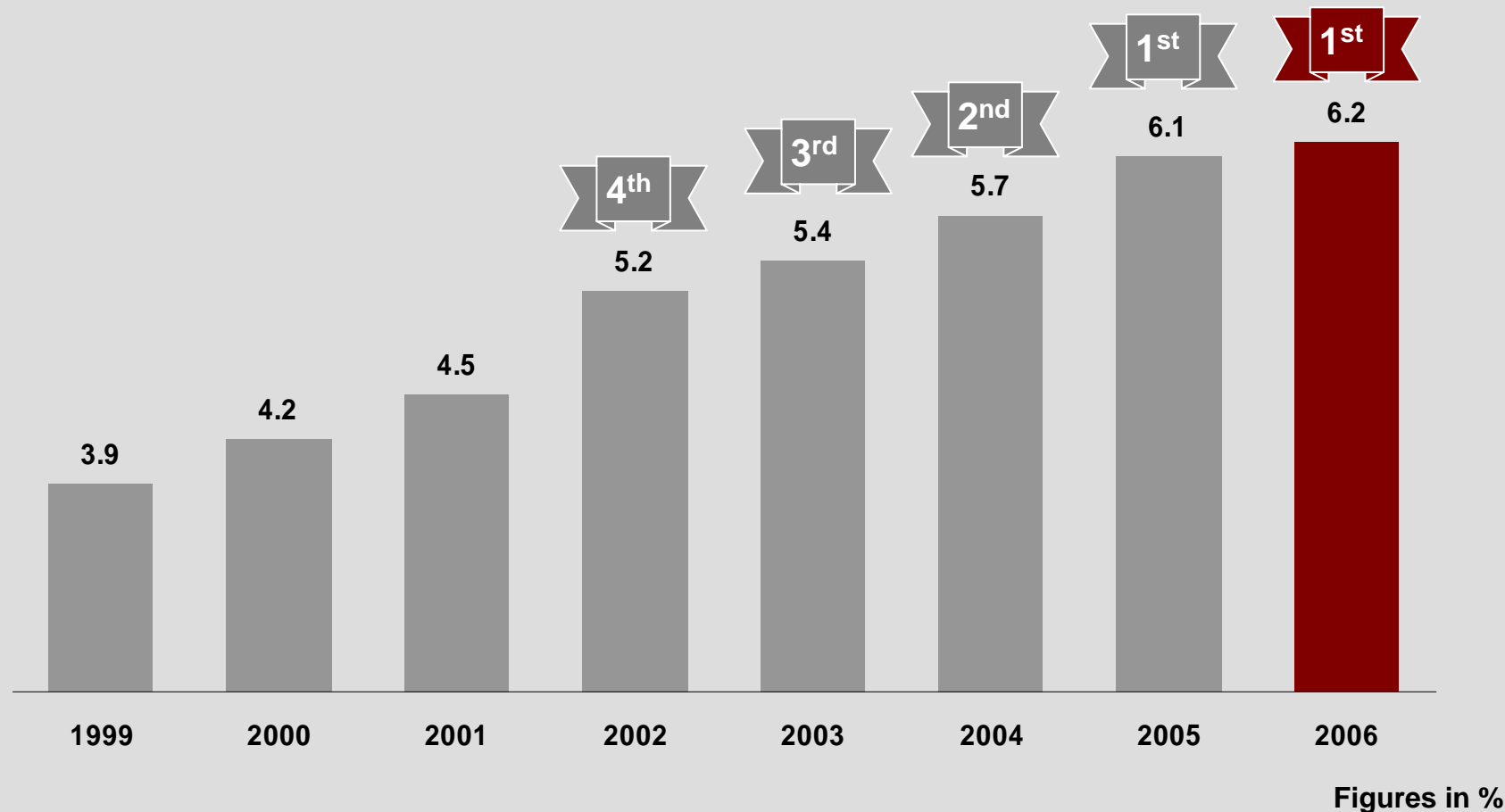


**MAPFRE will continue to seek additional distribution agreements with banks and retailers**



## Latin America: MAPFRE is the leading Non-life insurer

### Maintaining its leading position in the region<sup>(1)</sup>

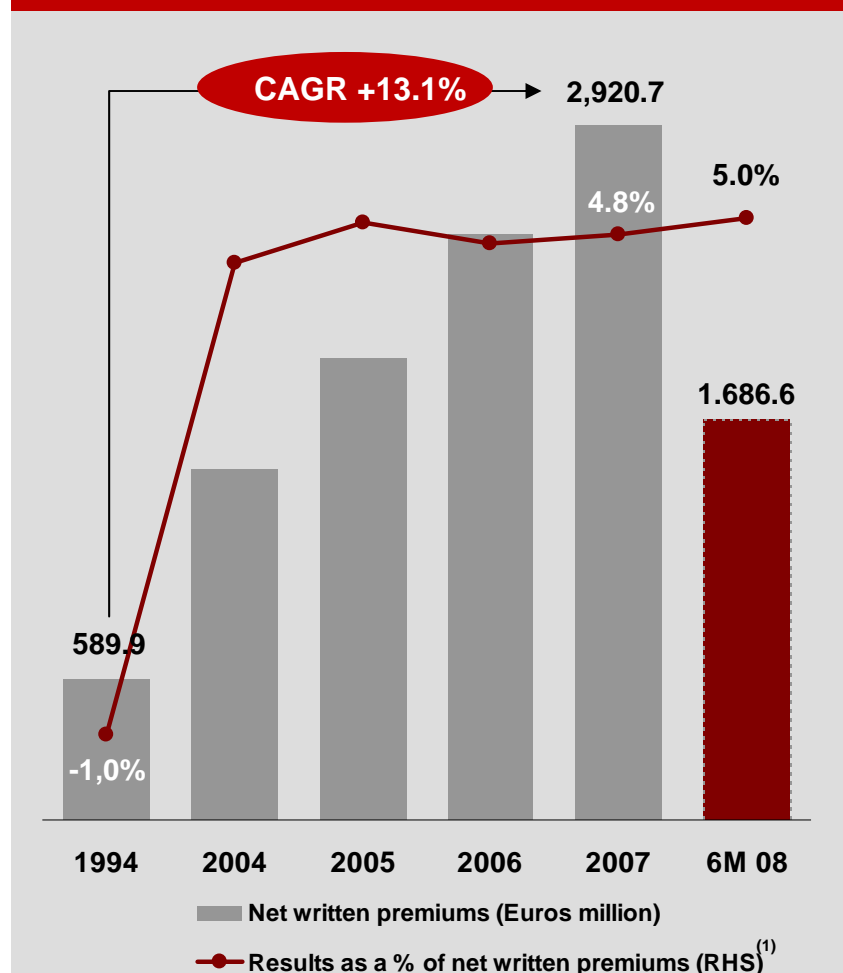


1) Non-life market shares (%). Source: FUNDACIÓN MAPFRE (ICS); the figures correspond to the countries in which MAPFRE operates in direct insurance

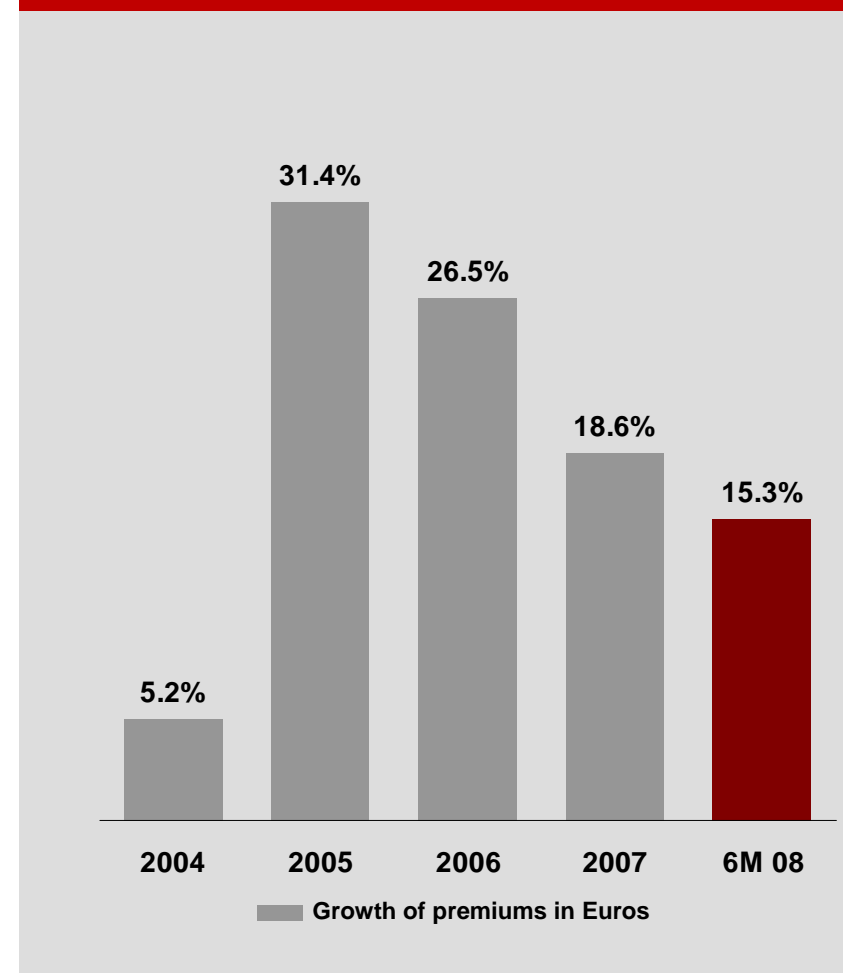


# Latin America: increasing the profitability of operations

## Growing volumes and profitability...



## ... despite currency effects

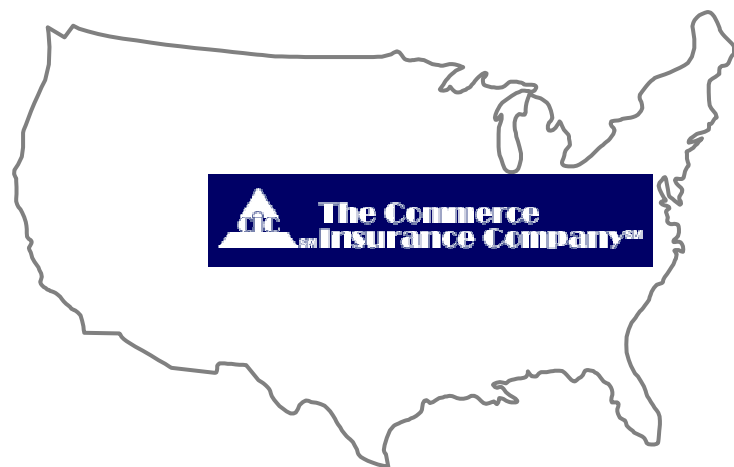


1) Results before taxes and minority interests.



## New markets

### USA: THE COMMERCE GROUP



- No.1 in Motor (31.6% market share) and Homeowner insurance (9.8% market share) in the state of Massachusetts (2007 figures)
- 1H08 gross written premiums: USD 1 bn

### Turkey: GENEL SIGORTA

- 10th largest insurer overall with a 4.2% market share (2007 figures)
- 1H08 gross written premiums: €124.7 mm



## COMMERCE GROUP: Rationale for the operation



**Leading company in Massachusetts, with sufficient scale to support expansion into other States**



**Specialised in personal lines, without any legacy issues**



**Well managed company with a quality insurance portfolio**





## COMMERCE GROUP: Steps taken/to be taken



**New Board, President and COO appointed**



**New business plan being developed:**

- Focus on personal motor, as well as on personal property and small commercial risks
- Maintain leading position in motor and homeowners' insurance in Massachusetts
- Comprehensive evaluation of countrywide structure to enhance operational synergies
- Product enhancement
- Explore profitable growth opportunities outside of Massachusetts
- Comprehensive evaluation of current IT systems
- Alignment of reporting systems, risk management, internal audit and investment policies with MAPFRE's standards



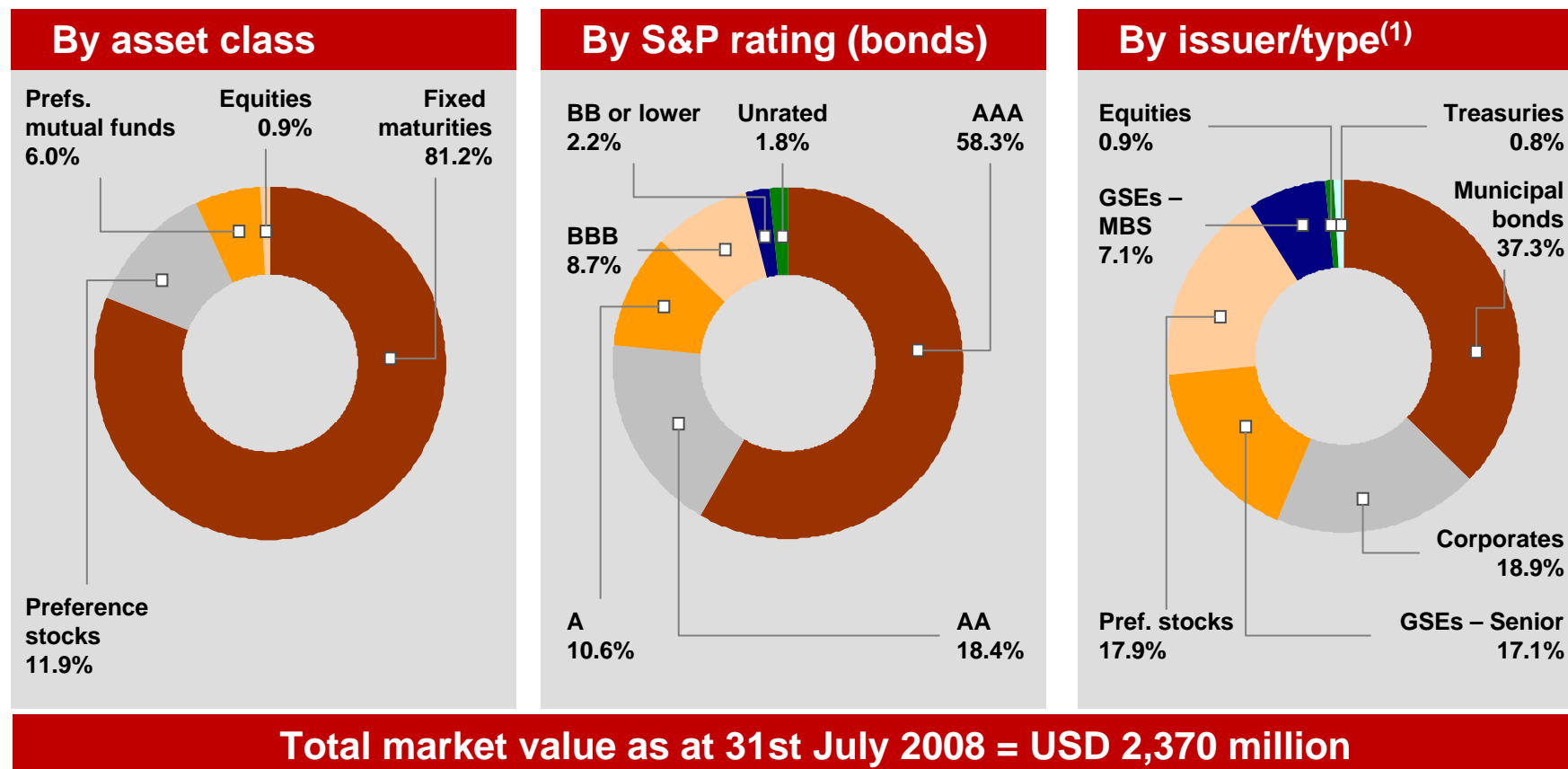
**MAPFRE RE is already one of COMMERCE GROUP's reinsurers, resulting in improved terms and conditions (cost synergies)**



**MAPFRE's existing direct insurance operations in the USA will be gradually integrated into the COMMERCE GROUP**



# COMMERCE GROUP: Investment portfolio



1) GSE = Government Sponsored Enterprises





## Turkey: Steps taken/to be taken



**The existing management team has been maintained**



**MAPFRE's management reporting standards are already in place**



**Current initiatives are focused on:**

- Implementing MAPFRE's proprietary integrated IT systems
- Transferring technologies and expertise in:
  - Products
  - Processes and policies
  - Claims management
- Expanding the presence, structure and scope of distribution channels





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## Update on MAPFRE's acquisition strategy



**MAPFRE has already carried out the acquisitions it needs in order to achieve its strategic objectives in both Spain and abroad**



**New acquisitions will ONLY be pursued if they are uniquely attractive from a strategic standpoint and if their price takes duly into account current risks and funding costs**



- MAPFRE – an overview
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## ▪ **Contacts**



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