





SISTEMA MAPFRE

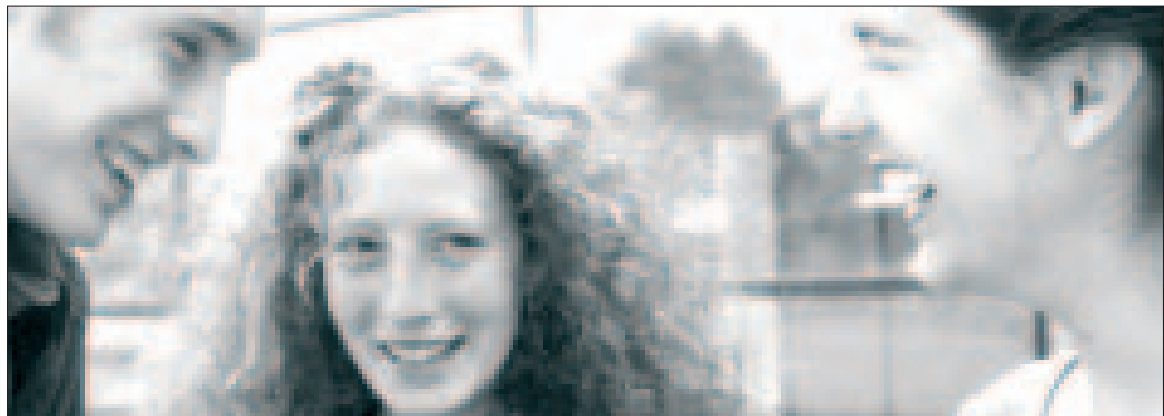
General information

SISTEMA MAPFRE (hereinafter referred to as 'MAPFRE' or 'SISTEMA MAPFRE') is an independent Spanish group, which conducts insurance, reinsurance, financial, real estate and service activities in Spain and another 38 countries.

These activities are carried out through a total of 244 companies, which are grouped under Operating Units with extensive management autonomy, under the co-ordination and supervision of the senior management bodies of SISTEMA MAPFRE, which lay down the general guidelines and common policies under which the whole Group must operate and approve the strategic lines and objectives of the various Units and companies, as well as the most important decisions and investments.

The parent company of SISTEMA MAPFRE is MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA ('MAPFRE MUTUALIDAD') which specialises in motor insurance in Spain. SISTEMA MAPFRE also includes 102 joint-stock companies registered in Spain and 141 in other countries, plus six private foundations, which conduct non-profit making activities as SISTEMA MAPFRE's contribution to the general interests of society.

Most of the aforementioned joint-stock companies (203) are grouped under holding company CORPORACIÓN MAPFRE, whose shares are listed on the continuous market of the Madrid and Barcelona Stock Exchanges and form part of the IBEX 35 index, which includes the thirty-five most traded and liquid stocks in the Spanish markets, as well as of the international indexes "DOW JONES Stoxx Insurance" and "FTSE Euromid".



MAPFRE has established an important strategic alliance with the CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID ('CAJA MADRID'), the parent company of the fourth largest Spanish financial group. This alliance responds to the aim of achieving a more efficient management of the insurance and banking activities of both Groups by means of:

- The partial integration of the businesses referred to above in Spain through holding company MAPFRE - CAJA MADRID and through BANCO DE SERVICIOS FINANCIEROS CAJA MADRID - MAPFRE, with MAPFRE taking a majority holding in the insurance companies and CAJA MADRID in banks.
- The full exploitation of the potential of the networks of both groups in the distribution of banking and insurance products.
- The sharing of the results of the integrated activities between both groups, with MAPFRE taking 51% of the profits of insurance activities and 49% of the profits of banking activities and CAJA MADRID taking 49% of the former and 51% of the latter.

This alliance is complemented by other shareholdings of CAJA MADRID in companies of SISTEMA MAPFRE (MAPFRE AMÉRICA and subsidiaries of MAPFRE AMÉRICA VIDA), and by MAPFRE in companies of the CAJA MADRID Group (GESMADRID, CAJA MADRID PENSIONES and CAJA MADRID BOLSA).

The parent company of SISTEMA MAPFRE is MAPFRE MUTUALIDAD which specialises in motor insurance in Spain

Presence in Spain

MAPFRE has the most extensive distribution network in the Spanish insurance sector and one of the largest of all financial companies. At the close of 2004, the said network comprised:

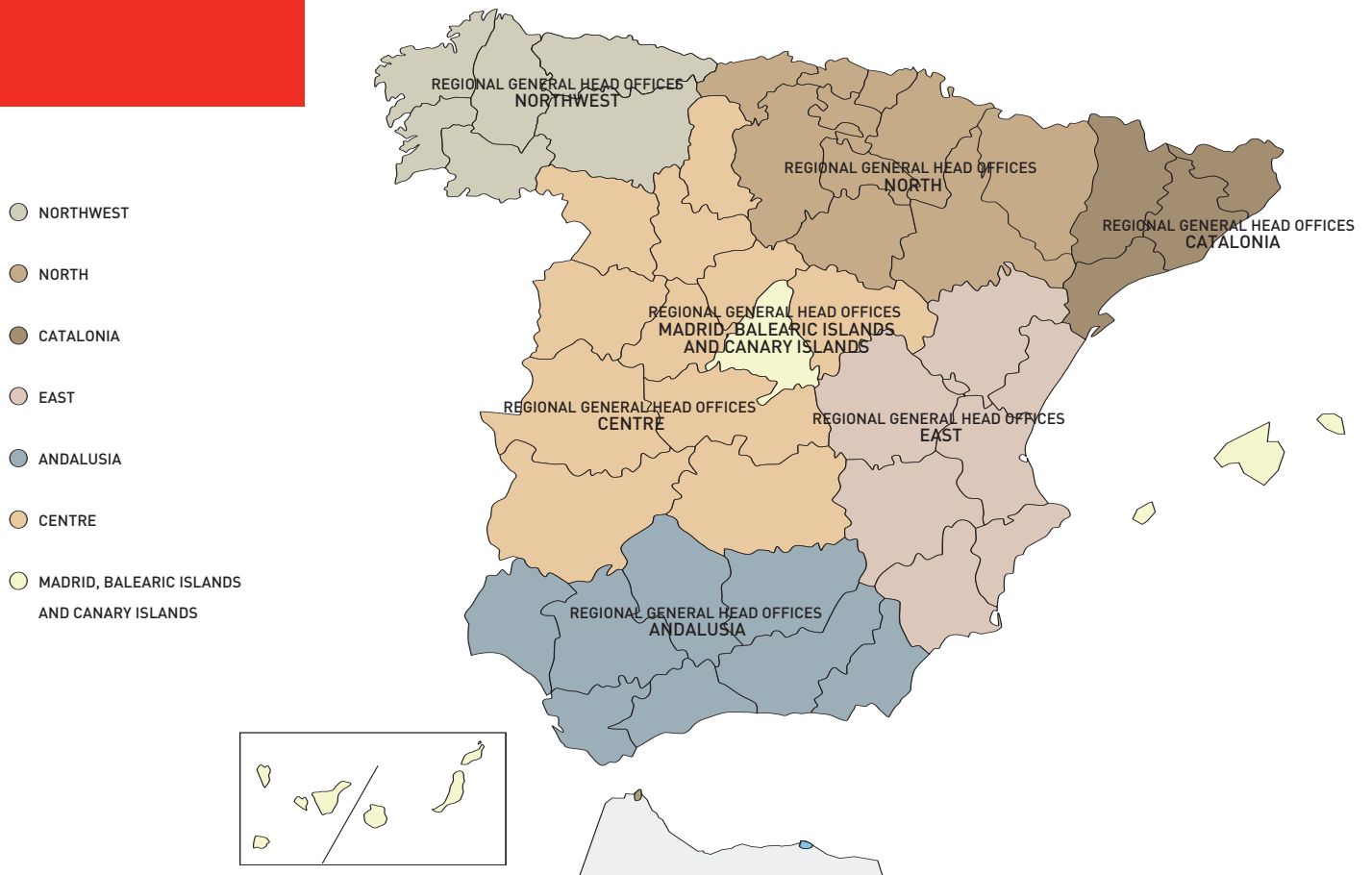
- 352 direct offices with their own manager and staff
- 2,289 delegations run by professional agents
- 147 offices in the MAPFRE FINISTERRE network
- 21,247 agents and associates

Distribution network in Spain 2004



All these offices are grouped under 40 sub-centres, which direct and co-ordinate the activities of the network in a given area, which normally coincides with one or several provinces, and which in turn are grouped under seven regional head offices (Andalusia; Catalonia; the Centre; the East; Madrid, Balearic and Canary Islands; the Northwest; and the North).

MAPFRE Sub-centres



International presence

The companies of SISTEMA MAPFRE operate in a total of 38 countries in addition to Spain.

In 14 of them, SISTEMA MAPFRE has companies which operate in Direct Insurance. The Assistance business, which is present directly in 37 countries, has the largest international presence. Lastly, there are representative offices for accepting reinsurance in 16 countries. In all these countries, SISTEMA MAPFRE had 1,024 offices and a total of 9,562 employees at the end of 2004.

By geographic area, the largest presence is on the American Continent (21 countries), followed by Europe (13), Asia (3) and Africa (1).



The largest international presence corresponds to Assistance activity, with direct presence in 37 countries



- ASSISTANCE
- REINSURANCE
- DIRECT INSURANCE

Ratings

In accordance with standard financial market practices, MAPFRE MUTUALIDAD, CORPORACIÓN MAPFRE and some other MAPFRE companies have been rated by various credit rating agencies, either due to legal requirements, or for other reasons beneficial to MAPFRE's debt issuance.

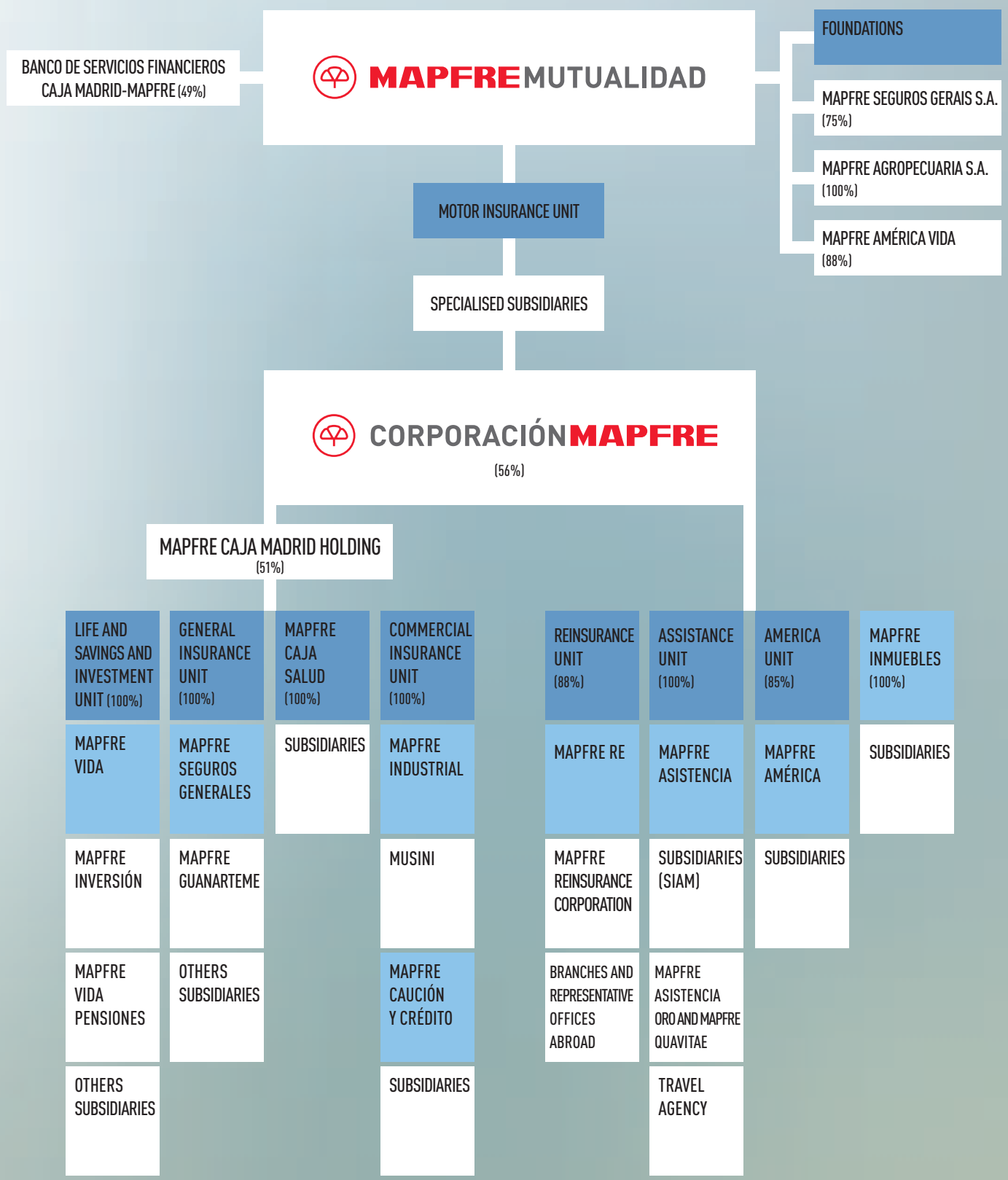
The following table reflects the grades or ratings assigned to the main companies of SISTEMA MAPFRE in accordance with the international scales used by said agencies. In addition, there are other ratings assigned to other subsidiaries, to which local scales are applied.

It is worth noting that in fiscal year 2004 STANDARD & POOR'S has affirmed its ratings assigned to the main companies of SISTEMA MAPFRE: MAPFRE MUTUALIDAD ('AA'), CORPORACIÓN MAPFRE ('AA-') and MAPFRE RE ('AA-'). A.M. BEST has also confirmed the ('A+') ratings assigned to MAPFRE MUTUALIDAD, MAPFRE RE and MAPFRE ASISTENCIA; and MOODY'S has affirmed its ('A1') rating assigned to MAPFRE ASISTENCIA.

These excellent ratings received by the SISTEMA MAPFRE companies reflect the rating agencies' confidence in their strong capitalisation, market leadership and operating results.

| COMPANY | Standard & Poor's | | A.M. Best | |
|---------------------------------------|---|--|---|--|
| | 2003 | 2004 | 2003 | 2004 |
| MAPFRE MUTUALIDAD | AA (Excellent) Stable outlook | AA (Excellent) Stable outlook | A+ (Superior) Positive outlook | A+ (Superior) Positive outlook |
| CORPORACIÓN MAPFRE | AA- (Excellent) Stable outlook (issuer credit rating) | AA- (Excellent) Stable outlook (issuer credit rating) | aa- Positive outlook (issuer credit rating) | aa- Positive outlook (issuer credit rating) |
| MAPFRE RE | AA- (Excellent) Stable outlook | AA- (Excellent) Stable outlook | A+ (Superior) Positive outlook | A+ (Superior) Positive outlook |
| MAPFRE REINSURANCE CORPORATION | -- | -- | A (Excellent) Stable outlook | A (Excellent) Stable outlook |
| MAPFRE PRAICO | -- | -- | A (Excellent) Stable outlook | A (Excellent) Stable outlook |
| MAPFRE TEPEYAC | -- | -- | A- (Excellent) Stable outlook | A- (Excellent) Stable outlook |

| COMPANY | MOODY'S | | A.M. Best | |
|--------------------------|----------------------|-----------------------------|---------------------------------|--|
| | 2003 | 2004 | 2003 | 2004 |
| MAPFRE ASISTENCIA | A1 Stable outlook | A1 Stable outlook | A+ (Superior) Stable outlook | A+ (Superior) Stable outlook |



Results of SISTEMA MAPFRE

CORPORACIÓN MAPFRE is a subsidiary of MAPFRE MUTUALIDAD, the leading Motor insurer in Spain, which owns 55.7% of its share capital.

Together with their respective subsidiaries they form SISTEMA MAPFRE, which in 2004 reached total revenues of € 10,577.2 million, a 14.4% increase over the previous year, and a net consolidated profit after taxes of € 549.6 million, a 23.1% increase. The consolidated profit and loss account of SISTEMA MAPFRE is shown in the following table:

| RESULTS OF SISTEMA MAPFRE | | | |
|---|---------------|---------------|--------------|
| | 2004 | 2003 | % Var. 04/03 |
| NON-LIFE TECHNICAL ACCOUNT | | | |
| Gross written and accepted premiums | 6,713.4 | 5,712.5 | 17.5% |
| Unearned premiums and claims reserve | -436.9 | -303.2 | 44.1% |
| Claims | -4,226.9 | -3,648.8 | 15.8% |
| Acquisition expenses | -1,012.9 | -854.7 | 18.5% |
| Other technical expenses | -352.7 | -374.6 | -5.8% |
| Result, ceded and retroceded reinsurance | -283.7 | -261.5 | 8.5% |
| Investment income and expenses | 233.6 | 291.5 | -19.9% |
| Result, Non-Life technical account | 633.9 | 561.1 | 13.0% |
| LIFE TECHNICAL ACCOUNT | | | |
| Gross written and accepted premiums | 2,205.4 | 1,876.7 | 17.5% |
| Unearned premiums and claims reserve | -25.8 | -1.6 | --- |
| Claims and variation in mathematical reserves | -2,490.7 | -2,117.7 | 17.6% |
| Acquisition expenses | -174.3 | -154.9 | 12.5% |
| Other technical expenses | -85.8 | -69.0 | 24.3% |
| Result, ceded and retroceded reinsurance | 5.1 | -4.9 | --- |
| Investment income and expenses | 671.0 | 580.5 | 15.6% |
| Result, Life technical account | 104.9 | 109.1 | -3.8% |
| Result of the technical account | 738.8 | 670.2 | 10.2% |
| NON TECHNICAL ACCOUNT | | | |
| Income and expenses from investments, own funds | 60.5 | 39.3 | 53.9% |
| Amortisation of goodwill | -31.9 | -29.5 | 8.1% |
| Other non-technical income and expenses | -26.3 | -58.5 | -55.0% |
| Extraordinary income | -1.8 | -15.6 | -88.5% |
| Result of the non-technical account | 0.6 | -64.2 | --- |
| Profit before tax and minority interests | 739.4 | 606.0 | 22.0% |
| Taxes | -189.8 | -159.6 | 18.9% |
| Profit after taxes | 549.6 | 446.4 | 23.1% |
| NON-LIFE RATIOS | | | |
| Gross Expense Ratio ¹ | 20.8% | 21.1% | |
| Gross Loss Ratio ¹ | 67.3% | 67.5% | |
| Combined Ratio ² | 91.5% | 92.6% | |

Figures in millions of euros

¹ as a % of premiums earned.

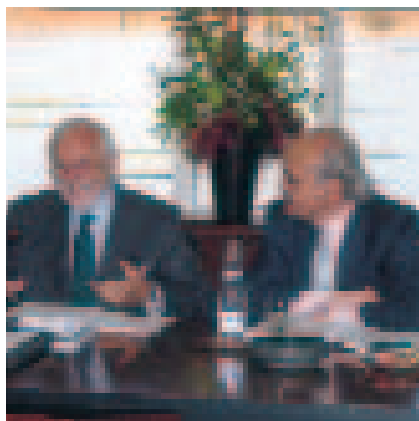
² as a % of net premiums earned.

Acknowledgements and mentions



Since the date of the previous annual report, 89 employees as well as the following senior managers, have concluded or are about to reach the end of their active working life:

- Mr. José Luis Quílez Roche, who joined MAPFRE in 1984, and has held the positions of General Manager of SDOMSA (Organisation and Mechanisation Services), IT Director of MAPFRE MUTUALIDAD, Chairman of MAPFRE SOFT and General Manager of MAPINFO (MAPFRE INFORMATICA, A.I.E.).
- Mr. Fausto Rodríguez del Coso, who joined MAPFRE in 1974, and has held, among others, the positions of General Manager of INMOBILIARIA MAPFRE (IMSA), General Manager of Promociones Urbanísticas, S.A. (PROURBASA) and Chairman of MAPFRE INMUEBLES.
- Mr. José Antonio Moreno Rodríguez, who joined MAPFRE in 1980, and has held, during the course of his employment career many different positions, among which: Deputy General Manager of MAPFRE MUTUALIDAD; General Manager of MAPFRE SEGUROS GENERALES; General Manager of BANCO MAPFRE; and Executive Vice-Chairman of MAPFRE AGROPECUARIA.
- Mr. Angel Luis Segura Bautista, who joined MAPFRE in 1966, and has held, among others, the positions of Director of Personnel of MAPFRE MUTUALIDAD and Director of Personnel Management of SISTEMA MAPFRE.
- Ms. M^a Jesús Fernández Antón, who joined MAPFRE in 1969. Her employment career has been fundamentally tied to MAPFRE VIDA, where she has successively held, among others, the positions of Director of Actuarial Services, Sub-General Manager, Deputy General Manager and Vice-Chairman.
- Mr. Juan Jesús Berlanga García, who joined MAPFRE in 1970, and has held, among others, the positions of Regional Manager of MAPFRE VIDA, Sales Manager of MAPFRE INDOSUEZ, Sales Manager of MAPFRE INVERSIÓN and Deputy General Manager of this same company.
- Mr. Jesús García Arranz, who joined in 1971 Grupo CIC, and subsequently MAPFRE. Among the many positions he has held during the course of his employment career those worthy of mention are General Manager of CENTRAL SEVILLANA DE CRÉDITO, General Manager of MAPFRE FINANZAS, and Manager of MAPFRE's sub central of Western Andalusia.



Tribute to Pedro Unzueta

- Mr. Eugenio Ramos González, who started his professional career with MAPFRE in 1972 during which he held the positions of National Manager of Adjusters, Manager of the Motor Area of MAPFRE AMÉRICA, General Manager of MAPFRE SEGUROS GENERALES of COLOMBIA, General Manager of PRAICO, and General Manager of MAPFRE PARAGUAY.
- Mr. Andrés Fernández Avilés, who joined in 1984 as General Manager of the Representative Office of MAPFRE RE in Mexico and has held this position until 31 January 2005.
- Mr. Rufino Garay joined LA CENTRO AMERICANA (El Salvador) in December 1972 as Director - General Manager and in 1999 was named Chairman.

Since the date of the publication of the previous annual report, the following have left or will leave the governing bodies of SISTEMA MAPFRE due to reaching the established age limit: Mr. Pedro Unzueta Uzcanga, member of the Board of Directors of MAPFRE MUTUALIDAD and CORPORACIÓN MAPFRE and of the Institutional Control Committee and Vice-Chairman of the Board of Directors of MAPFRE ASISTENCIA; Mr. Dewey Clark, member of the Board of Directors of MAPFRE REINSURANCE CORPORATION; and Mr. Angel Oso Cantero, member of the Board of Directors of MAPFRE CAJA SALUD. Likewise, the following have resigned for personal reasons from their positions: Mr. Pedro Guillén García, member of the Board of Directors of MAPFRE CAJA SALUD, and Mr. Miguel Márquez Osorio, member of the Board of Directors of MAPFRE AGROPECUARIA. Furthermore, due to the fact that directors appointed from non-management personnel are not eligible for re-election, Ms. María Teresa Mutiloa Lecumberri (MAPFRE MUTUALIDAD) will cease to hold her position.

The following have ceased representing the CAJA MADRID Group in SISTEMA MAPFRE companies: Ms. Elena Gil García (MAPFRE-CAJA MADRID HOLDING, MAPFRE AMÉRICA and MAPFRE AMÉRICA VIDA), Mr. Mariano Pérez Claver and Mr. Enrique de la Torre Martínez (MAPFRE VIDA), Mr. Javier Tello Bellosillo (MAPFRE-CAJA MADRID HOLDING), and Mr. Fernando Sobrini Aburto (MAPFRE CAUCIÓN Y CRÉDITO).

Mr. Pedro Guillén García (due to personal reasons) and Mr. Jesús Paylos González have resigned from their positions with FUNDACIÓN MAPFRE MEDICINA.

The following regional directors have also resigned for various reasons: Mr. Pedro Tartu San Millán (Castilla); Mr. Juan Palop Cardona, Mr. Ramón Bagó Aguilló, Mr. Enrique Bonmartí Boxá, Mr. Arcadi Garay Soler, Mr. Buenaventura González Guerrero, Mr. Rafael Lluís Gisbert and Mr. Luis Vinyes i Jorda (Cataluña); Mr. Fernando Rodríguez Lafuente (Center); Mr. David Alfonso Amaya, Ms. Pilar Blanco-Morales Limones, Mr. Alejandro Gomero Rodríguez, Mr. José María Hernández Aparicio, Mr. Francisco Vinagre Jara (Extremadura); Mr. José Calvo Cid (Galicia); Mr. José Antonio Ciganda Archanco, Mr. Manuel González García, Mr. Fernando Ceña Jodrá, Mr. Isaac Muga Caño, Mr. Miguel Angel Alustiza Zubire and Mr. Luis Bruno Cabeza (North center); and Mr. Pedro Unzueta Uzcanga, Mr. Jaime Laffitte Mesa, Mr. Juan Antonio Careaga Mugerza, Mr. Andrés Fernández del Cotero Muñoz and Mr. José María Camiña Borda (North).

MAPFRE would like to express its thanks to all the above for their contribution. It also wishes to express the thanks of SISTEMA MAPFRE to all directors, managers, employees, delegates, agents and colleagues who have made the excellent results obtained in 2004 possible through their commitment and success.

IN MEMORIAM

Since the preparation of the previous report, three MAPFRE employees have passed away as well as retired managers Mr. Arturo Fernández Pacheco and Mr. Mariano Pellús Ruiz, and regional director Mr. José Cobo Menéndez. MAPFRE wishes to express in this report its regret, condolences and solidarity with their respective families.

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This booklet contains the Consolidated Management Report and Consolidated Annual Accounts together with the Auditors' Report of CORPORACIÓN MAPFRE S.A., as well as miscellaneous additional information. The company will make the Individual Management Reports and Annual Accounts together with the corresponding Auditors' Report available to its shareholders and other interested parties.