

INSURANCE

INFORMATION RELATIVE TO:

HALF

SECOND

YEAR

2005

I. ISSUER IDENTIFICATION DATA

OFFICIAL NAME:

CORPORACION MAPFRE, S.A.

LEGAL ADDRESS:

Paseo de Recoletos, 25, 28004 MADRID

N.I.F.

A08055741

Persons assuming responsibility for the information contained herein, positions they hold with the company, and identification of the power and authority by virtue of which they represent the company:

Mr. Domingo Sugranyes Bickel
 Vice-Chairman and Chief Executive Officer of CORPORACION MAPFRE, S.A.
 Public deed nº 2845 signed before notary public Mr. José María Prada Guaita on 20 September 2001

SIGNATURE:

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(*) With regards to consolidated information, only the relevant balance sheet and profit and loss statements in accordance with applicable regulations need be filled in.

II. CHANGES IN THE COMPANIES THAT FORM THE CONSOLIDATED GROUP

A) CHANGES IN COMPANY NAME

- MUSINI, S.A. DE SEGUROS Y REASEGUROS changed its name to MAPFRE EMPRESAS, S.A. COMPAÑÍA DE SEGUROS Y REASEGUROS.
- UNIDAD MÓVIL DE DIAGNÓSTICOS, S.A. de C.V. changed its name to MAPFRE UNIDAD DE SERVICIOS, S.A. de C.V. (Mexico).
- ASSET DEFENSA LEGAL, S.A. de C.V. changed its name to MAPFRE DEFENSA LEGAL, S.A. de C.V. (Mexico).
- MAPFRE ASIAN INSURANCE CORPORATION changed its name to MAPFRE INSULAR INSURANCE CORPORATION (The Philippines).
- GESMUSINI S.G.I.I.C. SOCIEDAD UNIPERSONAL changed its name to GESMUSINI SERVICIOS, S.A. SOCIEDAD UNIPERSONAL.
- CENTRO MÉDICO DE CHEQUEOS MAPFRE VIDA, S.A. changed its name to HOSCLIMAP, S.A.

B) CHANGES IN CONSOLIDATION METHODS OR PROCEDURES

1. The following companies, which in the preceding year did not form part of the consolidation perimeter, were fully consolidated:
 - a) Due to acquisition:
 - ENKEN SERVICIOS DE PREVENCIÓN, S.L.
 - ENKEN ASISTENCIA SANITARIA, S.L.
 - ABRAXAS (United Kingdom).
 - MAPFRE NOSSA CAIXA VIDA E PREVIDENCIA, S.A. (Brazil).
 - CLINISAS (CLÍNICA CASTELLÓ), S.A.
 - b) Due to incorporation:
 - MAPFRE DOMINICANA, S.A. (Dominican Republic).
 - MAPFRE DOMINICANA DE SEGUROS, S.A. (Dominican Republic).
2. The following companies ceased to be subsidiaries or affiliates of the Group, due to the reasons indicated below:
 - a) Winding-up:
 - MAPFRE RE MANAGEMENT SERVICES U.K. COMPANY LIMITED (United Kingdom).
 - b) Sale to third parties:
 - COMPAÑÍA CANARIA DE CEMENTERIOS, S.A.
 - MAPFRE PROGRESS (Italy).
 - SANTA CATARINA SEGUROS E PREVIDENCIA, S.A. (Brazil).
 - MAPFRE LIFE FINANCIAL SERVICES CO. (Puerto Rico).
 - c) Absorption:
 - MAPFRE INDUSTRIAL, S.A., absorbed by MAPFRE EMPRESAS.
 - SERVEIS INTEGRALS PER A L'AUTONOMA, S.A., absorbed by MAPFRE QUAVITAE, S.A.

III. BASIS OF PRESENTATION AND VALUATION CRITERIA

The financial information contained herein was prepared in accordance with International Financial Reporting Standards (IFRS).

IV. NON-CONSOLIDATED BALANCE SHEET

Unit: thousand euros

<i>ASSETS</i>		CURRENT YEAR	PREVIOUS YEAR
A) SHAREHOLDERS, UNCALLED CAPITAL	0200		
I. Start-up expenses	0210	5,790	7,526
II. Intangible Assets	0220	498	537
III. Deferred expenses	0230	744	875
B) INTANG. ASSETS, START-UP AND DEF. EXPENSES	0240	7,032	8,938
I. Tangible Investments	0250	0	0
II. Financial Investments	0260	2,888	108,197
III. Investments in Group Companies and Affiliates	0270	1,455,549	1,169,156
IV. Deposits established for accepted reinsurance	0280	0	0
C) INVESTMENTS	0290	1,458,437	1,277,353
D) INVESTMENTS ON ACCOUNT OF LIFE POLICYHOLDERS ASSUMING INVESTMENT RISK	0310		
E) PARTICIPATION BY REINSURANCE IN TECH. RESERVES	0320	0	0
I. Receivables on direct insurance, reins. and coinsurance	0330	0	0
II. Tax, corporate and other credits	0340	43,053	52,074
III. Shareholders, called capital	0350	0	0
IV. Tangible Fixed Assets	0355	197	254
V. Cash and Banks	0360	82,602	114,095
VI. Treasury Stock in Special Status	0365	0	0
VII. Other Assets Net of Provisions	0366	13,809	6,083
VIII. Accruals	0370	14	15
F) RECEIVABLES, OTHER ASSETS AND ACCRUALS	0380	139,675	172,521
TOTAL ASSETS (A+B+C+D+E+F)	0390	1,605,144	1,458,812
<i>LIABILITIES</i>		CURRENT YEAR	PREVIOUS YEAR
I. Subscribed capital	0500	119,450	119,450
II. Reserves	0510	898,322	898,322
III. Treasury stock for capital decrease	0515	0	0
IV. Results from previous years	0520	116,547	88,193
V. Result for the year	0530	187,003	94,438
VI. Interim dividend paid during the year	0540	-40,613	-35,835
A) CAPITAL AND RESERVES	0550	1,280,709	1,164,568
B) DEFERRED INCOME	0590	118	115
C) SUBORDINATED LIABILITIES	0592		
D) TECHNICAL RESERVES	0595		
E) TECH. RES. (LIFE) WHEN RISK ASSUMED BY POLICYH.	0600		
F) PROVISIONS FOR RISKS AND EXPENSES	0610	6,621	6,621
G) DEPOSITS RECEIVED ON CEDED REINSURANCE	0620		
I. Bond and other stock issues	0630	275,000	275,000
II. Due to credit institutions	0635		
III. Debts on direct insurance, reins. and coinsurance	0640		
IV. Debts on trans. in preparation of insurance contracts	0645		
V. Debts on asset repurchase agreements	0646		
VI. Other liabilities	0650	34,894	4,661
VII. Accruals	0670	7,802	7,847
H) DEBTS AND ACCRUED LIABILITIES	0680	317,696	287,508
TOTAL LIABILITIES (A+B+C+D+E+F+G+H)	0690	1,605,144	1,458,812

V. NON-CONSOLIDATED RESULTS

Unit: thousand euros

	CURRENT YEAR		PREVIOUS YEAR	
	Amount	%	Amount	%
I. Earned premiums, net of reinsurance (Non-Life)	0800	0		0
II. Earned premiums, net of reinsurance (Life)	0810	0		0
A) NET EARNED PREMIUMS (I+II)	0820	0		0
III. Claims incurred, net of reinsurance (Non-Life)	0830	0		0
IV. Claims incurred, net of reinsurance (Life)	0840	0		0
B) NET CLAIMS (III+IV)	0850	0		0
V. Variation in other technical reserves, net of reinsurance (Non-Life)	0852	0		0
VI. Variation in other technical reserves, net of reinsurance (Life)	0853	0		0
C) VARIATION IN OTHER NET TECHNICAL RESERVES (+/-V+/-VI)	0855	0		0
VII. Profit sharing and returns (Non-Life)	0860	0		0
VIII. Profit sharing and returns (Life)	0865	0		0
IX. Net operating expenses (Non-Life)	0870	0		0
X. Net operating expenses (Life)	0875	0		0
XI. Variation in the equalisation reserve (Non-Life)	0880	0		0
D) PROFIT SHARING & OTHER OPERATING EXPENSES (VII+VIII+IX+X+/-XI)	0890	0		0
XII. Other technical results (Non-Life)	0900	0		0
XIII. Other technical results (Life)	0910	0		0
E) TECHNICAL RESULTS (A-B+/-C-D+/-XII+/-XIII)	0920	0		0
XIV. Income from operating investments (Non-life)	0930	0		0
XV. Income from operating investments (Life)	0935	0		0
XVI. Expenses from operating investments (Non-Life)	0940	0		0
XVII. Expenses from operating investments (Life)	0945	0		0
XVIII. Unrealised capital gains and losses on investments (Life)	0950	0		0
F) TECHNICAL FINANCIAL RESULT (E+XIV+XV-XVI-XVII+/-XVIII)	0960	0		0
G) TECHNICAL RESULT (Non-Life) (I-III+/-V-VII-IX+/-XI+/-XII+XIV-XVI)	0965	0		0
H) TECHNICAL RESULT (Life) (II-IV+/-VI-VIII-X+/-XIII+XV-XVII+/-XVIII)	0966	0		0
XIX. Income from net assets' investments	0970	235,802		113,959
XX. Expenses from net assets' investments	0980	-20,971		-19,774
I) ORDINARY RESULT (F+XIX-XX)	1020	214,831		94,185
XXI. Other income	1025	1,809		1,975
XXII. Other expenses	1026	-9,937		-11,144
XXIII. Extraordinary Results	1030	1,583		-1,142
J) RESULT BEFORE TAXES (I+XXI-XXII+/-XXIII)	1040	208,286		83,874
XXIV. Corporate tax and others	1042	-21,283		10,564
K) RESULT FOR THE YEAR (J+/-XXIV)	1044	187,003		94,438

**IV. CONSOLIDATED BALANCE SHEET
(UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS)**

Unit: thousand euros			CURRENT YEAR	PREVIOUS YEAR
ASSETS				
I.	Consolidated goodwill	4000	595,959	502,840
II.	Other intangible assets	4010	54,904	41,147
A) INTANGIBLES ASSETS		4020	650,863	543,987
I.	Tangible investments	4030	377,712	304,305
II.	Real estate investments	4040	345,131	314,331
III.	Financial investments	4050	19,585,819	17,586,245
IV.	Equity-accounted investments	4060	104,344	78,283
V.	Deposits established for accepted reinsurance	4070	97,884	113,106
VI.	Other investments	4080	32,735	42,144
B) INVESTMENTS		4090	20,543,625	18,438,414
C) UNIT-LINKED INVESTMENTS		4100	299,704	361,141
D) REINSURERS' SHARE IN TECHNICAL RESERVES		4110	1,642,141	1,165,106
E) CREDITS ON DEFERRED TAXES		4120	736,290	580,464
I.	Credits on direct insurance, reinsurance and coinsurance	4130	1,455,030	1,132,600
II.	Corporate and other credits	4140	146,134	116,924
III.	Tax credits on current gains	4150	82,053	53,140
IV.	Shareholders, called capital	4160	0	0
V.	Fixed assets	4170	124,858	113,035
VI.	Cash and equivalents	4180	964,711	900,812
VII.	Accruals	4190	425,961	323,694
VIII.	Other assets	4200	349,595	89,257
IX.	Non-operating assets available for sale and assets pertaining to discontinued activities	4205	0	0
F) CREDITS, OTHER ASSETS AND ACCRUALS		4210	3,548,342	2,729,462
TOTAL ASSETS (A+B+C+D+E+F)		4230	27,420,965	23,818,574

LIABILITIES

I.	Capital	4240	119,450	119,450
II.	Other reserves	4250	1,652,124	1,516,416
III.	Retained earnings	4260	393,804	297,566
IV.	Other equity instruments	4265	0	0
V.	Less: own securities	4270	0	0
VI.	Translation differences	4280	58,847	-46,284
VII.	Other valuation adjustments	4290	0	0
VIII.	Reserves for revaluation of non-operating assets available for sale and assets pertaining to discontinued activities	4295	0	0
IX.	Less: interim dividend	4300	-40,613	-35,835
NET WORTH ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS ISSUED BY THE CONTROLLING COMPANY		4310	2,183,612	1,851,313
X. Minority interests		4320	977,678	860,816
A) EQUITY		4330	3,161,290	2,712,129
B) SUBORDINATED LIABILITIES		4340	0	0
C) TECHNICAL RESERVES		4350	20,127,487	17,462,705
D) UNIT-LINKED RESERVES		4360	299,704	361,141
E) OTHER RESERVES		4370	107,710	109,313
F) DEPOSITS RECEIVED ON CEDED INSURANCE		4380	144,686	147,630
G) DEBTS ON DEFERRED TAXES		4390	839,844	642,274
I.	Bonds and other tradeable securities	4400	313,579	315,952
II.	Due to credit institutions	4410	201,558	84,256
III.	Debts on direct insurance, reinsurance and coinsurance	4420	723,342	659,164
IV.	Other financial liabilities	4430	628,758	747,043
V.	Tax debts on current gains	4440	254,342	156,965
VI.	Accruals	4450	190,245	147,740
VII.	Other liabilities	4460	428,420	272,262
VIII.	Liabilities linked directly to non-operating assets available for sale and assets pertaining to discontinued activities	4465	0	0
H) DEBTS AND ACCRUED LIABILITIES		4470	2,740,244	2,383,382
TOTAL LIABILITIES AND NET WORTH (A+B+C+D+E+F+G+H)		4490	27,420,965	23,818,574

**V. CONSOLIDATED RESULTS
UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS**

Unit: thousand euros

CURRENT YEAR		PREVIOUS YEAR	
Amount	%	Amount	%

I. Earned premiums, net of reinsurance (Non-Life)	4500	3,938,910	67%	3,232,791	63%
II. Earned premiums, net of reinsurance (Life)	4510	1,930,339	33%	1,900,473	37%
A) NET EARNED PREMIUMS (I+II)	4520	5,869,249	100%	5,133,264	100%
III. Claims incurred, net of reinsurance (Non-Life)	4530	-2,677,772	-46%	-2,157,011	-42%
IV. Claims incurred, net of reinsurance (Life)	4540	-1,615,046	-28%	-1,745,175	-34%
B) NET CLAIMS INCURRED (III+IV)	4550	-4,292,818	-73%	-3,902,186	-76%
V. Variation in other technical reserves, net of reins. (Non-Life)	4560	-61,280	-1%	-28,833	-1%
VI. Variation in other technical reserves, net of reins. (Life)	4570	-782,575	-13%	-608,723	-12%
C) VARIATION IN OTHER NET TECH. RESERVES (+/-V+/-VI)	4580	-843,855	-14%	-637,556	-12%
VII. Profit sharing and returns (Non-Life)	4590	-2,603	0%	-2,920	0%
VIII. Profit sharing and returns (Life)	4600	-22,132	0%	-30,345	-1%
IX. Net operating expenses (Non-Life)	4610	-1,053,789	-18%	-842,834	-16%
X. Net operating expenses (Life)	4620	-141,974	-2%	-117,934	-2%
XI. Variation in other technical reserves (Non-Life)	4630	0	0%	0	0%
D) PROFIT SHARING & OPER. EXPENSES (VII+VIII+IX+X+/-XI)	4640	-1,220,498	-21%	-994,033	-19%
XII. Other technical results (Non-Life)	4650	-49,293	-1%	-42,763	-1%
XIII. Other technical results (Life)	4660	-10,654	0%	-14,819	0%
E) TECHNICAL RESULTS (A-B+/-C-D+/-XII+/-XIII)	4670	-547,869	-9%	-458,093	-9%
XIV. Income from operating investments (Non-Life)	4680	313,284	5%	204,777	4%
XV. Income from operating investments (Life)	4690	909,984	16%	913,307	18%
XVI. Expenses from operating investments (Non-Life)	4700	-57,067	-1%	-38,110	-1%
XVII. Expenses from operating investments (Life)	4710	-165,415	-3%	-205,388	-4%
XVIII. Unrealised capital gains and losses on investments (Life)	4720	25,639	0%	18,293	0%
F) TECHNICAL FINANCIAL RESULT (E+XIV+XV-XVI-XVII+XVIII)	4730	478,556	8%	434,786	8%
G) TECHNICAL RESULT (Non-Life)	4740	350,390	6%	325,097	6%
H) TECHNICAL RESULT (Life)	4750	128,166	2%	109,689	2%
XIX. Results from net assets investments	4760	21,537	0%	33,018	1%
XX. Translation results	4770	-1,911	0%	-6,406	0%
XXI. Results from subsidiaries and joint-ventures accounted for by the equity method	4780	1,680	0%	1,243	0%
XXII. Results from disposal or revaluation of non-operating assets available for sale and excluded from discontinued activities (net)	4790	0	0%	0	0%
XXIII. Other income	4800	74,986	1%	63,150	1%
XXIV. Other expenses	4810	-72,166	-1%	-65,641	-1%
XXV. Income from activities other than insurance	4820	328,685	6%	288,935	6%
XXVI. Expenses from activities other than insurance	4830	-283,426	-5%	-269,551	-5%
I) PROFIT/(LOSS) BEFORE TAXES FROM CONTINUED ACTIVITIES (F+/-XIX:XXVI)	4840	547,941	9%	479,534	9%
XXVII Corporate tax	4850	-154,119	-3%	-148,095	-3%
J) PROFIT/(LOSS) FROM CONTINUED ACTIVITIES (I+/-XXVII)	4860	393,822	7%	331,439	6%
XXVIII Result after taxes from discontinued activities	4870	0	---	0	---
K) PROFIT/(LOSS) FOR THE YEAR (J+/-XXVIII)	4880	393,822	7%	331,439	6%
XXIX. Minority interests	4890	-144,006	-2%	-122,062	-2%
= PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF EQUITY ISSUED BY THE CONTROLLING COMPANY	4900	249,816	4%	209,377	4%

VI. COMPARISON OF CONSOLIDATED BALANCE SHEET PREPARED UNDER IFRS AND SPANISH GAAP

Unit: thousand euros

ASSETS			OPENING OF	CLOSE OF
			FISCAL YEAR 2005 (IFRS)	FISCAL YEAR 2004 (SPANISH GAAP)
I.	Start-up expenses	5000		17,869
II.	Goodwill	5010	502,840	343,791
III.	Other intangible assets	5020	41,147	168,498
IV.	Deferred expenses	5030		9,530
A) INTANGIBLE ASSETS, START-UP AND DEFERRED EXPENSES		5040	543,987	539,688
I.	Tangible investments	5050	304,305	638,761
II.	Real estate investments	5060	314,331	
III.	Financial investments	5070	17,586,245	15,048,910
IV.	Equity-accounted investments	5080	78,283	261,816
V.	Own shares	5090		---
VI.	Deposits established for accepted reinsurance	5100	113,106	116,471
VII.	Other investments	5110	42,144	---
B) INVESTMENTS		5120	18,438,414	16,065,958
C) UNIT-LINKED INVESTMENTS		5130	361,141	361,141
D) REINSURERS' SHARE IN TECHNICAL RESERVES		5140	1,165,106	1,166,438
I.	Credits on direct insurance, reinsurance and coinsurance	5150	1,132,600	1,134,202
II.	Tax, corporate and other credits	5160	170,064	193,972
III.	Fixed assets	5170	113,035	81,357
IV.	Cash and equivalents	5180	900,812	856,370
V.	Other assets	5190	993,415	607,302
VI.	Non-operating assets available for sale and assets pertaining to discontinued activities	5195	---	---
F) CREDITS, OTHER ASSETS AND ACCRUALS		5200	3,309,926	2,873,203
TOTAL ASSETS (A+B+C+D+E+F)		5220	23,818,574	21,006,428
LIABILITIES AND EQUITY				
I.	Capital	5230	119,450	119,450
II.	Reserves	5240	1,767,698	1,404,788
Of which: equity adjustments due to the transition to IFRS (*)		5250	144,041	
III.	Other equity instruments	5255	--	--
IV.	Less: own securities	5260	--	--
V.	Valuation adjustments	5270	--	
VI.	Result for the period	5280		182,942
VII.	Less: interim dividend	5290	-35,835	-35,835
A) NET ASSETS UNDER NATIONAL ACCOUNTING STANDARDS/ NET ASSETS ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS ISSUED BY THE CONTROLLING COMPANY		5300	1,851,313	1,671,345
B) MINORITY INTERESTS		5310	860,816	731,408
TOTAL EQUITY UNDER IFRS (A + B)		5320	2,712,129	
C) NEGATIVE CONSOLIDATION DIFFERENCES		5330		3,055
D) DEFERRED INCOME		5340	0	13,394
E) SUBORDINATED LIABILITIES		5350	0	--
F) TECHNICAL RESERVES		5360	17,462,705	16,180,870
G) UNIT-LINKED RESERVES		5370	361,141	361,141
H) OTHER RESERVES		5380	109,313	111,510
I) DEPOSITS RECEIVED ON CEDED INSURANCE		5390	147,630	147,724
I.	Issuance of debt and other tradeable securities	5400	315,952	275,000
II.	Due to credit institutions	5410	84,256	78,049
III.	Due on direct insurance, reins. and coins. (brokers, policyholders)	5420	659,164	590,586
IV.	Other liabilities	5430	1,966,284	842,346
V.	Liabilities linked directly to non-operating assets available for sale and assets pertaining to discontinued activities	5435	--	--
J) DEBTS AND ACCRUALS		5440	3,025,656	1,785,981
TOTAL LIABILITIES AND EQUITY (A+B+C+D+E+F+H+I+J)		5460	23,818,574	21,006,428

(*) Line shown only for information purposes only. The amounts indicated must not be added in order to arrive at the "TOTAL NET ASSETS UNDER IFRS".

VII. BREAKDOWN OF EARNED PREMIUMS BY BRANCH OF BUSINESS

	NON-CONSOLIDATED		CONSOLIDATED	
	Curr. Year	Prev. Year	Curr. Year	Prev. Year
NON-LIFE BRANCHES (*)				
General Insurance - Direct Insurance Spain	2100		2,494,652	2,199,153
Direct Insurance abroad	2115		1,594,478	1,193,444
Reinsurance	2120		666,970	487,465
Assistance	2125		221,909	165,361
TOTAL PREMIUMS FOR THE YEAR Non-Life (direct and accepted)	2130		4,978,009	4,045,423
TOTAL PREMIUMS FOR THE YEAR Non-Life (ceded and retroceded)	2140		-1,039,099	-812,632
TOTAL NET EARNED PREMIUMS Non-Life	2145		3,938,910	3,232,791
TOTAL PREMIUMS FOR THE YEAR Life (direct and accepted)	2150		1,995,254	2,005,102
TOTAL PREMIUMS FOR THE YEAR Life (ceded and retroceded)	2185		-64,915	-104,629
TOTAL NET EARNED PREMIUMS Life	2190		1,930,339	1,900,473
TOTAL NET EARNED PREMIUMS	2200		5,869,249	5,133,264
Spain	2205		3,927,656	3,653,128
Foreign Subsidiaries: EU.	2210		277,235	220,245
O.E.C.D.	2215		420,526	402,902
Other Countries	2220		1,243,832	856,989

Thousand euros

(*) Direct insurance and accepted reinsurance premiums earned are included in the breakdown of Non-Life branches.

VIII. AVERAGE NUMBER OF EMPLOYEES DURING THE PERIOD

		NON-CONSOLIDATED		CONSOLIDATED	
		Curr. Year	Prev. Year	Curr. Year	Prev. Year
TOTAL PERSONS EMPLOYED	3000	34	37	18,317	14,784

IX. BUSINESS DEVELOPMENT

◆ OPERATING REVENUES AND FUNDS UNDER MANAGEMENT

Direct insurance and accepted reinsurance premiums written by CORPORACIÓN MAPFRE and its subsidiaries were €7,260.3 million in 2005, a 13.2% increase. Total operating revenues from insurance and pensions activities reached €9,344.3 million, including €295.7 million of new gross contributions to pension funds. The breakdown of these revenues by business line is shown in the following table:

	2005	2004	% Var. 05/04
Companies operating primarily in Spain	5,884.9	5,577.8	5.5%
- Gross written and accepted premiums	4,508.6	4,256.9	5.9%
- Income from investments	1,110.8	1,070.3	3.8%
- Other income	265.5	250.6	5.9%
Companies operating primarily abroad	3,178.3	2,467.5	28.8%
- Gross written and accepted premiums	2,751.7	2,157.6	27.5%
- Income from investments	297.2	217.3	36.8%
- Other income	129.4	92.6	39.7%
Holding company (non-consolidated)	241.6	118.7	103.5%
CUMULATIVE REVENUES SUBTOTAL	9,304.8	8,164.0	14.0%
Consolidation adjustments	-256.2	-127.6	100.8%
CONSOLIDATED REVENUES SUBTOTAL	9,048.6	8,036.4	12.6%
Gross contributions to pension funds	295.7	290.6	1.8%
TOTAL REVENUES FROM OPERATIONS	9,344.3	8,327.0	12.2%

Figures in million euros

Total consolidated revenues grew 12.6% over the previous year. This positive development was characterised by the following factors:

- Organic growth in premiums volumes across most markets and business lines in which the Group operates.
- Appreciation of the US dollar and of some Latin American currencies against the euro in 2005, which reversed the trend observed in previous years.

The following table shows the evolution of funds under management in Life insurance and Savings products:

	2005	2004	% Var. 05/04
Technical reserves - Life insurance	14,867.8	13,594.9	9.4%
Pension funds ⁽¹⁾	1,287.4	1,103.2	16.7%
Mutual funds	3,097.1	2,680.1	15.6%
TOTAL	19,252.3	17,378.2	10.8%

Figures in million euros

⁽¹⁾ Figures do not include defined benefit plans amounting to €733.7 million in 2004.

The 10.8% growth in funds under management obtained in 2005 reflects primarily the following factors:

- The winning of a larger amount of savings in mutual funds, especially guaranteed types;
- A smaller volume of maturities of single premium products in the banking channel;
- New externalisation transactions.

€505.1 million of the total increase in Life insurance technical reserves came from the rise in the market value of investments.

Spain

Gross direct insurance and accepted reinsurance premiums written by the companies that operate primarily in Spain reached €4,508.6 million, to which €295.7 million of new gross contributions to pension funds must be added, with the following breakdown:

	2005	2004	% Var.
LIFE INSURANCE OPERATING UNIT	1,915.3	1,844.8	3.8%
GENERAL INSURANCE OPERATING UNIT	1,140.2	1,021.1	11.7%
COMMERCIAL INSURANCE OPERATING UNIT	1,101.5	1,080.6	1.9%
- Industrial business	980.9	962.6	1.9%
- Credit and Surety business	120.6	118.0	2.2%
MAPFRE CAJA SALUD	353.3	316.8	11.5%
Consolidation adjustments	-1.7	-6.4	---
TOTAL PREMIUMS	4,508.6	4,256.9	5.9%
Gross contributions to pension funds	295.7	290.6	1.8%

Figures in million euros

The increase in the volume of premiums in the Life Insurance Operating Unit was characterised by sustained growth in Life – Risk products, a slightly lower volume of issuance in Life – Savings products and new externalisation transactions.

Business growth in the General Insurance Operating Unit came primarily from Multi-peril lines, which grew in excess of 14%. In 2005, there were over 2.1 million homes insured and more than 4 million outstanding policies.

The larger volume of premiums obtained by the Commercial Insurance Operating Unit reflects the winning of new business and the expansion of its activities abroad, which helped counter the impact of lower rates caused by strong competition in this market segment, as well as the transfer of the Life and Accidents insurance portfolios to other operating units. Premiums grew 14.1% in the SME business and 6.4% in large risks, while MAPFRE CAUCIÓN Y CRÉDITO's business volumes only increased 2.2% due to intense competitive pressure in Credit insurance.

Lastly, MAPFRE CAJA SALUD, which operates in a highly specialised business line, recorded an 11.5% increase in its premiums, which came primarily from the Health Assistance business line.

The following table shows a breakdown of written and accepted premiums by line of business in 2005 and 2004, together with the corresponding market shares (provisional in the case of 2005):

	2005	2004	% Var. 05/04	Market shares	
				2005	2004
Motor	143.9	145.5	-1.1%	1.2%	1.3%
Health	353.3	316.8	11.5%	7.9%	7.7%
Other - Non-Life	2,090.1	1,888.3	10.7%	16.8%	16.7%
Consolidation adjustments	-1.7	-6.3			
TOTAL NON-LIFE	2,585.6	2,344.3	10.3%	8.9%	8.7%
Life Risk	252.2	237.8	6.0%		
Life Savings	1,522.2	1,561.4	-2.5%		
Life Externalisations	148.6	113.5	30.9%		
Consolidation adjustments	--	-0.1			
TOTAL LIFE	1,923.0	1,912.6	0.5%	9.0%	9.9%
TOTAL	4,508.6	4,256.9	5.9%	9.0%	9.2%

Figures in million euros

The breakdown of premiums written through the agents channel and the CAJA MADRID bank channel was as follows:

	2005	2004	% Var.
AGENTS CHANNEL	3,518.0	3,327.3	5.7%
LIFE	1,073.0	1,034.3	3.7%
GENERAL INSURANCE	1,033.3	942.4	9.6%
COMMERCIAL INSURANCE	1,076.7	1,048.6	2.7%
HEALTH	335.0	302.0	10.9%
CAJA MADRID BANK CHANNEL	992.3	936.0	6.0%
LIFE	842.3	810.5	3.9%
GENERAL INSURANCE	106.9	78.7	35.8%
COMMERCIAL INSURANCE	24.8	32.0	-22.5%
HEALTH	18.3	14.8	23.6%
Consolidation adjustments	-1.7	-6.4	---
TOTAL PREMIUMS	4,508.6	4,256.9	5.9%

Million euros

The total income from investments for the companies that operate primarily in Spain was €1,110.8 million, a 3.8% increase. Of these, €986.5 million came from interest income, dividends and equivalents, against €905.4 million in 2004.

The remaining revenues (Other income), which grew 5.9% in 2005, were contributed mainly by companies that operate in business lines other than insurance, among which the following must be mentioned:

- the stockbroking and mutual and pension funds management subsidiaries of MAPFRE VIDA grouped under MAPFRE INVERSIÓN, whose revenues increased 8.4% over the previous year to €97.8 million;
- MAPFRE INMUEBLES, whose recorded revenues decreased 40.2%, due to the delivery of comparatively fewer homes than in the previous year;
- MAPFRE QUAVITAE, whose revenues grew 28%. In 2005, this company completed the integration of its operations with those of MAPFRE ASISTENCIA and opened three new nursing homes in Oviedo, San Sebastián and Santiago de Compostela.

International

Premiums written and accepted by the Units and Companies that operate primarily abroad evolved as follows:

	2005	2004	% Var. 05/04
MAPFRE AMERICA	1,655.0	1,289.1	28.4%
- Argentina	195.2	161.7	20.7%
- Brazil	434.6	259.4	67.5%
- Chile	133.6	95.2	40.3%
- Colombia	55.2	41.8	32.1%
- El Salvador	28.4	28.1	1.1%
- Mexico	250.8	242.5	3.4%
- Paraguay	8.6	7.3	17.8%
- Peru	27.1	22.6	19.9%
- Puerto Rico	254.3	223.8	13.6%
- Dominican Republic	1.8	---	---
- Uruguay	10.0	8.1	23.5%
- Venezuela	255.4	198.6	28.6%
MAPFRE INSULAR (The Philippines)	12.9	10.0	29.0%
SUBTOTAL DIRECT INSURANCE	1,667.9	1,299.1	28.4%
ACCEPTED REINSURANCE	1,337.4	1,132.6	18.1%
ASSISTANCE	254.8	191.2	33.3%
TOTAL CUMULATIVE PREMIUMS	3,260.1	2,622.9	24.3%
Intra-group transactions eliminated upon consolidation	-508.4	-465.3	9.3%
TOTAL CONSOLIDATED PREMIUMS	2,751.7	2,157.6	27.5%

Figures in million euros

The breakdown by business line of direct insurance premiums written is shown in the following table:

	2005	2004	% Var. 05/04
Motor	749.4	617.2	21.4%
Health and accidents	263.1	185.6	41.8%
Other lines of business	655.4	496.3	32.1%
TOTAL	1,667.9	1,299.1	28.4%

Figures in million euros

The direct insurance subsidiaries of MAPFRE AMÉRICA wrote in 2005 premiums amounting to €1,655 million, a 28.4% increase over the previous year. It is worth noting the growth achieved by the subsidiaries operating in Brazil (67.5%), Chile (40.3%), Colombia (32.1%) and Venezuela (28.6%), while increases in excess of 10% were recorded in nearly all other countries.

MAPFRE is one of the leading Non-Life insurance groups in Latin America, where it ranked second in 2004 with a share of approximately 6.1% of the premiums of the countries and territories in which it operates. The following table shows the growth rates of direct insurance premiums in local currency achieved in the various countries, together with the corresponding market shares:

	2005	MARKET SHARE NON-LIFE⁽¹⁾
Argentina	19.7%	8.0%
Brazil	35.5%	5.2%
Chile	23.9%	11.0%
Colombia	15.8%	4.2%
El Salvador	0.3%	14.1%
Mexico	-1.1%	3.6%
Paraguay	19.4%	12.7%
Perú	15.6%	6.3%
Puerto Rico	12.5%	11.6%
Uruguay	4.2%	5.7%
Venezuela ⁽²⁾	41.1%	9.5%

⁽¹⁾ Figures as per the latest data available for each market, except in the case of Paraguay, Puerto Rico and Venezuela whose market shares are as of the close of 2004.

⁽²⁾ Total market share (Life + Non-Life).

The volume of premiums of MAPFRE INSULAR (The Philippines) grew 29% in euros and 25.2% in local currency.

In the accepted reinsurance business, MAPFRE RE and its subsidiaries recorded a consolidated volume of premiums of €1,337.4 million in 2005 (€1,132.6 million in 2004), an 18.1% increase. Retained premiums were €913.5 million, equivalent to a 68.3% retention rate (68.2% in 2004). By geographical areas, 39% of premiums accepted in 2005 came from Spain, 25% from the rest of Europe, 21% from Latin America, 8% from North America and the remaining 7% from other countries. Within these figures, MAPFRE REINSURANCE CORPORATION (U.S.A.) booked a volume of premiums of €83.8 million, against €87.3 million in 2004.

The total revenues (premiums and revenues from the sale of services) of MAPFRE ASISTENCIA and its subsidiaries reached €364 million, a 34.3% increase over the previous year. Their breakdown by geographical areas was as follows: Spain, 20%; Latin America, 22%; other European countries, 40%; United States, 10%; and 8% from other areas.

The total income from investments for the companies that operate primarily abroad was €297.2 million, a 36.8% increase. Of these, €218.5 million came from interest income, dividends and equivalents, against €154.6 million in 2004.

◆ MANAGEMENT RATIOS

The consolidated Non-Life combined ratio of CORPORACIÓN MAPFRE was 97.6% in 2005, against 95.1% the previous year. The increase recorded was caused primarily by a series of large claims incurred in the year, among which hurricanes *Katrina* and *Wilma* stand out. In the Life insurance business, the ratio of expenses as a percentage of funds under management remained stable.

The evolution of the main management ratios for the insurance subsidiaries of CORPORACIÓN MAPFRE is shown in the following table:

COMPANY	EXPENSE RATIO ⁽¹⁾		LOSS RATIO ⁽²⁾		COMBINED RATIO ⁽³⁾	
	2005	2004	2005	2004	2005	2004
Companies operating primarily in Spain						
GENERAL INSURANCE OP. UNIT	27.3%	28.1%	64.7%	64.5%	92.0%	92.6%
MAPRE EMPRESAS	13.1%	12.5%	78.0%	76.0%	91.1%	88.5%
MAPFRE CAUCIÓN Y CRÉDITO ⁽⁴⁾	0.1%	-6.2%	78.7%	74.7%	78.8%	68.5%
MAPFRE CAJA SALUD	15.7%	16.1%	81.2%	82.5%	96.9%	98.6%
MAPFRE-CAJA MADRID HOLDING	21.1%	21.9%	71.2%	70.8%	92.3%	92.7%
Companies operating primarily abroad						
MAPFRE AMERICA	34.8%	34.1%	68.2%	67.1%	103.0%	101.2%
MAPFRE RE	32.1%	33.2%	67.6%	58.5%	99.7%	91.7%
MAPFRE ASISTENCIA	25.3%	21.0%	71.1%	73.7%	96.4%	94.7%
CORPORACION MAPFRE (Consolidated)	28.1%	27.5%	69.5%	67.6%	97.6%	95.1%
MAPFRE VIDA ⁽⁵⁾	0.9%	0.9%				

⁽¹⁾ (Net operating expenses – other technical income + other technical expenses) / Net premiums earned. Figures corresponding to the Non-Life insurance account.

⁽²⁾ (Net claims incurred + variation of other technical reserves) / Net premiums earned. Figures corresponding to the Non-Life insurance account.

⁽³⁾ Combined ratio = Expense ratio + Loss ratio. Figures corresponding to the Non-Life insurance account.

⁽⁴⁾ Given the importance of services activities for MAPFRE CAUCIÓN y CRÉDITO, the net income from other activities is added to the numerator of the expense ratio of this subsidiary.

⁽⁵⁾ Net operating expenses / average third-party funds under management.

◆ RESULTS

The consolidated profit after tax was €393.8 million (€331.5 million in 2004), an 18.8% increase. The net consolidated profit after tax and minority shareholders grew 19.3% to €249.8 million. Earnings per share reached €1.05, against €0.93 the previous year (adjusted for the effects of the capital increase carried out in 2004).

In general terms, most Units and Subsidiaries of CORPORACIÓN MAPFRE increased considerably their profits with respect to fiscal year 2004. Among them, the increase recorded by MAPFRE AMÉRICA stands out. Larger catastrophe claims negatively affected the result of MAPFRE RE, which, nevertheless, made a net profit of €32.3 million on the back of significant results growth in the non-catastrophe business.

The following table shows the sources and breakdown of results:

	2005	2004	% Var.05/04
INSURANCE ACTIVITIES	524.5	482.4	8.7%
Companies operating primarily in Spain	364.4	336.2	8.4%
Companies operating primarily abroad	160.1	146.2	9.5%
OTHER ACTIVITIES	41.0	33.6	22.0%
Holding & other companies and consolidation adjustments	-17.6	-36.4	-51.6%
Profit before tax and minority shareholders	547.9	479.6	14.2%
Taxes	-154.1	-148.1	4.1%
Profit after tax	393.8	331.5	18.8%
Result attributable to minority shareholders	-144.0	-122.1	17.9%
Profit after tax and minority shareholders	249.8	209.4	19.3%

Figures in million euros

The development of the results of the main Units and Companies with respect to the previous year is shown in the following table:

	Before tax and minority shareholders		After tax and minority shareholders	
	2005	2004	2005	2004
INSURANCE ACTIVITIES				
<u>Companies operating primarily in Spain</u>				
LIFE INSURANCE OPERATING UNIT	133.1	129.4	88.8	86.1
GENERAL INSURANCE OPERATING UNIT	111.6	108.1	69.7	70.5
COMMERCIAL INSURANCE OPERATING UNIT	103.9	92.1	71.4	63.1
MAPFRE CAJA SALUD	15.7	6.7	9.9	3.9
<u>Companies operating primarily abroad</u>				
MAPFRE AMÉRICA	91.6	70.4	105.7	55.5
MAPFRE RE	54.4	72.0	32.3	45.6
ASSISTANCE INSURANCE OPERATING UNIT	14.2	3.8	10.0	3.6
OTHER ACTIVITIES				
MAPFRE INMUEBLES	2.8	9.2	2.4	6.3
LIFE INSURANCE OP.UNIT (MAPFRE INVERSIÓN)	39.2	30.4	25.4	19.5
MAPFRE QUAVITAE	-1.0	-6.0	-1.2	-5.7
COMPANIES WITH A MINORITY SHAREHOLDING				
GESMADRID	5.7	5.2	3.7	3.4
CAJA MADRID PENSIONES	2.3	1.6	1.5	1.0
CAJA MADRID BOLSA	2.7	2.0	1.8	1.3

Figures in million euros

In 2005, a number of shareholdings and portfolios were transferred among various business units in order to complete the final structure of the Commercial Insurance Operating Unit:

- Transfer of MAPLUX from MAPFRE RE to MAPFRE SEGUROS GENERALES and rearrangement of the accepted reinsurance portfolios between MAPLUX and INDUSTRIAL RE, a subsidiary of MAPFRE EMPRESAS;
- Transfer of MAPFRE INDUSTRIAL from the GENERAL INSURANCE OPERATING UNIT to MAPFRE EMPRESAS;
- Transfer to MAPFRE EMPRESAS of MAPFRE CAUCION y CRÉDITO, previously a subsidiary of MAPFRE - CAJA MADRID HOLDING;
- Transfer to MAPFRE VIDA and MAPFRE SEGUROS GENERALES, respectively, of the Life and Accidents insurance portfolios of MUSINI.

All these movements have generated gains and losses in the Units involved that are broken down in the following table:

	<u>Increase / (decrease) in profit</u>	
	<u>Before tax and minority shareholders</u>	<u>Net</u>
MAPFRE EMPRESAS	24.7	17.6
MAPFRE SEGUROS GENERALES	-10.2	-7.2
MAPFRE RE	-8.6	-8.6
MAPFRE-CAJA MADRID HOLDING and other	-5.9	-1.8

These effects have been eliminated in the net consolidated profit of CORPORACIÓN MAPFRE

The net result of MAPFRE AMÉRICA includes income of €30.6 million from tax refunds within the fiscal group arising from the use of negative taxable amounts from previous years. Excluding this, it would have grown 35.3% over the previous year.

The contribution of the various Units and Companies to the net consolidated profit breaks down as follows:

	<u>Net Result</u>	<u>Minority interests</u>	<u>Consolidation adjustments</u>	<u>Contribution to consolidated result 2005</u>	<u>Contribution to consolidated result 2004</u>
INSURANCE ACTIVITIES					
LIFE AND SAVINGS	114.2	-56.1	---	58.1	53.8
GENERAL INSURANCE	69.7	-37.7	7.2	39.2	35.5
COMMERCIAL INSURANCE	71.4	-26.1	-17.6	27.7	30.2
MAPFRE CAJA SALUD	9.9	-5.0	---	4.9	1.9
Consolidation adjustments				3.6	-8.1
MAPFRE-CAJA MADRID HOLDING				133.5	113.3
OTHER ACTIVITIES					
MAPFRE INMUEBLES	2.4	---	---	2.4	6.3
MAPFRE QUAVITAE	-1.2	0.7	---	-0.5	-2.6
COMPANIES OPERATING PRIMARILY IN SPAIN	266.4	-124.2	-10.4	135.4	117.0
MAPFRE AMÉRICA	105.7	-13.3	---	92.4	47.1
MAPFRE RE	32.3	-5.0	8.6	35.9	40.4
ASSISTANCE OPERATING UNIT	10.0	---	-1.9	8.1	3.6
MAPFRE INSULAR	0.8	---	---	0.8	0.8
COMPANIES OPERATING PRIMARILY ABROAD	148.8	-18.3	6.7	137.2	91.9
Other companies and consolidation adjustments				-22.8	0.5
CORPORACIÓN MAPFRE				249.8	209.4

Figures in million euros

Under Spanish General Accounting Standards and Spanish Accounting Standards

for Insurance Companies (“Plan General de Contabilidad” and “Plan Contable de Entidades Aseguradoras”, hereinafter referred to as “PGC/PCEA”), the estimated net consolidated profit would have grown 33.2% over fiscal year 2004 to €243,6 million.

◆ INVESTMENTS AND LIQUID ASSETS

The book value of investments and liquid assets as of 31 December 2005 was €21,808 million, a 10.7% increase over the previous year. The following table shows its breakdown and percentage distribution:

	2005	% over total	2004	% over total
Risk-free investments	1,264.4	5.8%	1,261.9	6.4%
- Cash	964.7	4.4%	900.8	4.6%
- Unit-linked investments	299.7	1.4%	361.1	1.8%
Real Estate Investments	722.8	3.3%	618.6	3.1%
- Buildings for own use	377.7	1.7%	304.3	1.5%
- Other Real Estate investments	345.1	1.6%	314.3	1.6%
Financial investments	19,585.8	89.8%	17,586.2	89.3%
- Shares	448.5	2.1%	410.3	2.1%
- Fixed income	17,850.8	81.9%	15,747.5	79.9%
- Mutual funds	905.3	4.2%	794.6	4.0%
- Other financial investments	381.2	1.7%	633.8	3.2%
Other investments	235.0	1.1%	233.6	1.2%
- Investments in associated companies	104.4	0.5%	78.3	0.4%
- Accepted reinsurance deposits	97.9	0.4%	113.1	0.6%
- Other investments	32.7	0.1%	42.1	0.2%
TOTAL	21,808.0	100.0%	19,700.3	100.0%

Figures in million euros

The value of real estate investments shown in the previous table does not include unrealised gains, which amounted to €203.4 million at the close of the year according to independent surveyors.

SHAREHOLDERS' EQUITY AND RETURNS

The net consolidated equity reached €3,161.3 million, against €2,712.1 million at the close of 2004. Its year-on-year variation sums up the positive impact of the profits earned by the Units, the increase in the value of investments and hedging derivatives and the appreciation of the US dollar and of some Latin American currencies against the euro. Of the total equity amount referred to above, €977.7 million corresponded to minority shareholdings in subsidiaries and €2,183.6 million to the shareholders of CORPORACIÓN MAPFRE. Consolidated shareholders' equity was equal to €9.1 per share at the close of 2005 (€7.8 as of the end of 2004).

The return on equity (ROE), defined as the net consolidated profit after tax and minorities as a percentage of average shareholders' equity, was 12.4% (12.5% in 2004).

The following table shows the ROE of CORPORACIÓN MAPFRE and those of its main Units and Companies:

	2005			2004
	Average equity	Profit	ROE % (1)	ROE % (1)
CORPORACIÓN MAPFRE	2,017.5	249.8	12.4%	12.5%
MAPFRE - CAJA MADRID Holding	1,475.9	261.7	17.7%	17.1%
MAPFRE VIDA	576.3	114.2	19.8%	21.6%
MAPFRE SEGUROS GENERALES ⁽²⁾	299.7	69.7	23.2%	26.4%
MAPFRE EMPRESAS	275.1	65.5	23.8%	17.0%
MAPFRE CAUCIÓN Y CRÉDITO	34.0	7.9	23.3%	30.7%
MAPFRE CAJA SALUD	101.2	9.9	9.8%	4.2%
MAPFRE AMÉRICA	663.8	105.7	15.9%	10.7%
MAPFRE RE	579.8	32.3	5.6%	11.7%
MAPFRE ASISTENCIA	78.3	10.0	12.8%	5.6%

⁽¹⁾ Net result after taxes and minority interests/average shareholders' equity excluding minority interests. The equity of CORPORACIÓN MAPFRE in 2004 is weighted for the €500.5 million capital increase carried out in April.

⁽²⁾ Without MAPFRE INDUSTRIAL.

◆ ACQUISITIONS, PROJECTS AND DISPOSALS

Direct investments

The following are the most significant investment and disposal transactions concerning subsidiaries of the Group and affiliates that were carried out by CORPORACIÓN MAPFRE in 2005:

- A minority shareholding in MAPFRE AMÉRICA was acquired for a price of €26.1 million. Furthermore, €65.8 million were invested to subscribe for the share of CORPORACIÓN MAPFRE and buy shares not subscribed for by other shareholders in a capital increase carried out by this subsidiary to fund another capital increase in its subsidiary MAPFRE VERA CRUZ SEGURADORA (Brazil). As a consequence of these two transactions, CORPORACIÓN MAPFRE raised its shareholding in MAPFRE AMÉRICA to 87.46%, from 84.92% at the close of 2004.
- With a view to financing the expansion of the real estate business, a €47.9 million capital increase carried out by MAPFRE INMUEBLES was subscribed for and a €16.4 million loan at market terms was granted to one of its subsidiaries.
- MAPFRE - CAJA MADRID HOLDING repayed the €45.5 million loan granted to it by CORPORACIÓN MAPFRE in 2003 to finance the acquisition of MUSINI.
- A €44 million investment was made to subscribe for the part corresponding to CORPORACIÓN MAPFRE in the €50 million capital increase carried out by MAPFRE RE.
- MAPFRE ASISTENCIA carried out two capital increases: one of €6.8 million, to support the development of its business activities; and another of €10 million, to finance the acquisition of the British company ABRAXAS, which was complemented by a €5.1 million 5-year loan granted at market terms.
- CORPORACIÓN MAPFRE subscribed for its part in two capital increases carried out by MAPFRE QUAVITAE: €5.5 million in a €12 million increase aimed at strengthening the company's financial position and reducing its indebtedness; and €4.2 million in another €9 million increase used to finance the acquisition of MAPFRE ASISTENCIA ORO.
- Within the framework of an agreement between the MIDDLESEA GROUP and MAPFRE, CORPORACIÓN MAPFRE sold to insurer MIDDLESEA INSURANCE (Malta) its entire shareholding in PROGRESS ASSICURAZIONI (Italy), which was 39%, and raised its holding in the share capital of MIDDLESEA INSURANCE to 21%. Overall, this transaction has implied a net €5.2 million outlay for CORPORACIÓN MAPFRE.

- MAPFRE INTERNACIONAL S.A. has been created as the holding company in charge of the expansion of MAPFRE abroad (except in the Iberian Peninsula and in Latin America). The share capital of this new holding company is expected to reach €35 million after the contribution of the shareholdings in MAPFRE INSULAR and MIDDLESEA plc presently owned by CORPORACIÓN MAPFRE.

Overall, these transactions have implied a net €192.1 million investment, as shown in the following table (figures in € million):

Company	Investments	Loans	Total
MAPFRE AMÉRICA	91.9	---	91.9
MAPFRE INMUEBLES	47.9	16.4	64.3
MAPFRE-CAJA MADRID HOLDING	---	-45.5	-45.5
MAPFRE RE	43.9	---	43.9
MAPFRE ASISTENCIA	16.8	5.1	21.9
MAPFRE QUAVITAE	9.7	---	9.7
MIDDLESEA	5.2	---	5.2
OTHER	0.7	---	0.7
TOTAL	216.1	-24.0	192.1

Investments made by subsidiaries

- MAPFRE AMÉRICA has made the following investments:
 - It subscribed for two capital increases carried out by MAPFRE VERA CRUZ SEGURADORA (Brazil): one of €78.6 million aimed at financing the acquisition of a 51% shareholding in insurer NOSSA CAIXA VIDA E PREVIDENCIA (Brazil); and another of €5.5 million to support the growth in its business volumes.
 - It invested €3.8 million in a capital increase carried out by MAPFRE PERÚ.
 - It contributed €2.2 million to incorporate MAPFRE DOMINICANA.
- MAPFRE ASISTENCIA carried out two transactions:
 - It acquired for a price of GBP 10.5 million (approximately €16 million) the entire share capital of British company ABRAXAS, which distributes

Pecuniary Losses and Mechanical Breakdown Guarantee insurance through an extensive network of car dealers in the United Kingdom.

- It sold its subsidiary MAPFRE ASISTENCIA ORO to MAPFRE QUAVITAE.

Furthermore, it subscribed for capital increases carried out by several subsidiaries for a total investment of €9.5 million.

- MAPFRE CAJA SALUD was awarded healthcare centre CLINISAS, located in Madrid, in a privatisation process carried out by SEPI, for a price of €20.5 million. The company also acquired healthcare centre CLÍNICA SAN FRANCISCO JAVIER, located in Bilbao.
- As part of the process connected with the request of the license to operate in the U.S.A. as a reinsurer, MAPFRE RE set up a trust fund of USD 20 million (approximately €17 million) with the New York State Insurance Department.
- The COMMERCIAL INSURANCE OPERATING UNIT made the following investments:
 - MAPFRE INDUSTRIAL acquired for a price of €2.5 million the entire share capital of ENKEN SERVICIOS DE PREVENCIÓN and ENKEN ASISTENCIA SANITARIA. These companies specialise in risk prevention and health assistance services focussed on occupational health.
 - MAPFRE CAUCIÓN Y CRÉDITO acquired from minority shareholders a 25% stake in the share capital of holding company MAPFRE AMÉRICA CAUCIÓN Y CRÉDITO for a price of €5.5 million. Furthermore, the latter acquired from another minority shareholder a 22.1% stake in the share capital of its subsidiary COMPAÑÍA DE SEGUROS DE CRÉDITOS COMERCIALES (Colombia) for a price of €1.4 million.
- MAPFRE SEGUROS GENERALES invested €3 million in a capital increase carried out by its subsidiary GESTORA DE ACTIVOS FUNERARIOS GESMAP.
- Having obtained the relevant authorisations, MAPFRE ASIAN absorbed Philippine insurer Insular General Insurance Company (I-Gen), a Non-Life subsidiary of Insular Life insurance company, and changed its name to MAPFRE INSULAR. CORPORACIÓN MAPFRE holds a 75.2% stake in the share capital of the resulting company.

Internal corporate reorganisation transactions

In 2005, the following transactions were completed to align the shareholding structure with the operational organisation of the Group:

- The integration of the COMMERCIAL INSURANCE OPERATING UNIT into a single group of companies was completed through a series of transactions:
 - MAPFRE EMPRESAS (formerly MUSINI) acquired: two shareholdings of 99.9986% and 99.96%, respectively, in the share capital of MAPFRE INDUSTRIAL and MAPFRE SERVICIOS MARÍTIMOS from MAPFRE SEGUROS GENERALES; and a 99.9933% shareholding in MAPFRE CAUCIÓN Y CRÉDITO from MAPFRE - CAJA MADRID HOLDING.
 - The Life and Accidents insurance portfolios of MAPFRE EMPRESAS were transferred to MAPFRE VIDA and MAPFRE SEGUROS GENERALES, respectively.
 - Finally, MAPFRE EMPRESAS absorbed MAPFRE INDUSTRIAL.

- MAPFRE RE transferred to MAPFRE SEGUROS GENERALES a 99.963% shareholding in MAPLUX REINSURANCE COMPANY LTD. (Luxembourg). Subsequently, MAPLUX transferred its Commercial and Credit & Surety portfolios to INDUSTRIAL RE, a subsidiary of MAPFRE EMPRESAS, which in turn transferred to it its Burial reinsurance portfolio.

These transactions were carried out at net asset value in accordance with Spanish accounting principles, with retroactive effect since 01/01/05.

Funding

The investments detailed above were paid for with available excess cash.

◆ **STAFF**

As of 31 December 2005, CORPORACION MAPFRE, its subsidiaries and affiliates had a payroll of 18,821 employees, compared to 15,023 employees the previous year. The increase with respect to the previous year is due primarily to the inclusion of the staff of MAPFRE QUAVITAE employed in the provision of services on behalf of the Public Administration (3,077 employees in 2005, against 2,319 at the close of the previous year). Excluding this effect, the net increase was equal to 721 new employees, mainly as a result of the hiring of staff in MAPFRE AMÉRICA and of reductions in Spain as a consequence of the unification of the MAPFRE NETWORK, which has implied the transfer to the payroll of MAPFRE MUTUALIDAD of staff previously employed by the subsidiaries of CORPORACIÓN MAPFRE.

The total staff figure breaks down between 8,756 employees in Spain and 10,065 in other countries, among which Brazil (2,001), Argentina (1,410), Mexico (1,379) and Venezuela (1,295) must be noted.

◆ **TARGETS**

As in previous years, CORPORACIÓN MAPFRE has defined as follows its targets for fiscal year 2006:

- Attain growth rates in Non-Life insurance higher than those obtained by the market of each country.
- Achieve increases in the volume of funds under management above those reached by the market of each country, both in Life insurance and in other savings products.
- Maintain a combined ratio equal to or lower than 97% in the Non-Life insurance and reinsurance business.
- Continue to improve expense ratios as a percentage of premiums (Non-Life insurance) and funds under management (Life insurance and savings).
- Increase earnings per share.

◆ RESULTS OF SISTEMA MAPFRE

CORPORACIÓN MAPFRE is a subsidiary of MAPFRE MUTUALIDAD, the leading Motor insurer in Spain, which owns 54.9% of its share capital. Together with their respective subsidiaries they form SISTEMA MAPFRE, which in 2005 reached total revenues of €12,484.9 million, a 13% increase over the previous year, and raised its consolidated profit after tax 3% to €638 million. The consolidated profit and loss account of SISTEMA MAPFRE is shown in the following table:

	2005	2004
NON-LIFE INSURANCE AND REINSURANCE		
Gross written and accepted premiums	7,801.1	6,736.0
Premiums earned, net of ceded and retroceded reinsurance	6,409.1	5,476.5
Net claims incurred and variation in other technical provisions	-4,712.5	-3,841.8
Operating expenses, net of reinsurance	-1,349.8	-1,105.9
Other technical income and expenses	-64.7	-90.7
TECHNICAL RESULT	282.1	438.1
Net financial and other non-technical income	401.8	263.5
Result of the Non-life business	683.9	701.6
LIFE INSURANCE AND REINSURANCE		
Gross written and accepted premiums	2,309.0	2,176.0
Premiums earned, net of ceded and retroceded reinsurance	2,176.1	2,077.9
Net claims incurred and variation in other technical provisions	-2,558.2	-2,467.2
Operating expenses, net of reinsurance	-269.2	-224.0
Other technical income and expenses	-9.7	-14.1
TECHNICAL RESULT	-661.0	-627.4
Net financial and other non-technical income	763.7	736.2
Unrealised gains and losses in unit-linked investments	25.6	18.3
Result of the Life business	128.3	127.1
OTHER BUSINESS ACTIVITIES		
Operating income	406.4	295.7
Operating expenses	-355.5	-275.3
Other income and expenses	8.9	-1.8
Result of the Other Business Activities	59.8	18.6
Result before tax and minority shareholders	872.0	847.3
Taxes	-234.0	-227.8
Result after tax	638.0	619.5
Non-life loss ratio ⁽¹⁾	73.5%	70.2%
Non-life expense ratio ⁽¹⁾	22.1%	21.8%
Non-life combined ratio ⁽¹⁾	95.6%	92.0%
Life expense ratio ⁽²⁾	1.6%	1.6%

⁽⁶⁾ Ratios calculated over net premiums earned.

⁽⁷⁾ Net operating expenses / average third-party funds under management.

Additional information

A presentation for analysts and investors, that complements and completes the information contained herein, is simultaneously being released (accessible at www.mapfre.com).

X. (1) ISSUANCE, PARTIAL OR COMPLETE REPAYMENT OF FINANCIAL BORROWINGS

No transactions of this nature were carried out in the period.

X. (2) SECURITIES ISSUED BY THIRD PARTIES AND GUARANTEED BY THE GROUP

No transactions of this nature were carried out in the period.

XI. DIVIDENDS DISTRIBUTED DURING THE PERIOD

		% based on nominal	Euros per Share	Amount (€ '000)
1. Ordinary Shares	3100	58	0.29	69,281
2. Preference Shares	3110	--	--	--
3. Redeemable Shares	3115	--	--	--
4. Non-voting Shares	3120	--	--	--

Further information on dividend payments (interim, supplementary, etc.)

The following dividends were paid in the fiscal year:

- Supplementary dividend, paid out of the results for fiscal year 2004, on 14 March 2005; shares numbered 1 to 238,900,706 collected € 0.12 gross per share.
- Interim dividend, paid out of the results for fiscal year 2005, on 18 November 2005; shares numbered 1 to 238,900,706 collected € 0.17 gross per share.

XIV. TRANSACTIONS WITH RELATED PARTIES

1. TRANSACTIONS CARRIED OUT WITH SIGNIFICANT SHAREHOLDERS OF THE COMPANY

Code	Description of the transaction	S/G ¹	Present/Previous ²	Amount (€ thousand)	Gain/Loss (€ thousand)	Short-term/Long-term	Related party
013	Operating lease contracts	Group of transactions	Present	-5,610		S-T	
013	Operating lease contracts	Group of transactions	Present	4,910		S-T	
020	Interest collected	Group of transactions	Present	10		S-T	
019	Interest paid	Group of transactions	Present	50		S-T	
009	Services provided	Group of transactions	Present	-119,160		S-T	
009	Services provided	Group of transactions	Present	43,340		S-T	
033	Other (specify)	Group of transactions	Present	58,780		S-T	

Other (033): Accepted and ceded reinsurance transactions.

2. TRANSACTIONS CARRIED OUT WITH MANAGERS OF THE COMPANY

Code	Description of the transaction	S/G	Present/Previous	Amount (€ thousand)	Gain/Loss (€ thousand)	Short-term/Long-term	Related party
026	Salaries	Group of transactions	Present	3,680		S-T	

¹ S = single transaction; G = Group of transactions.

² Present = transactions commenced and ended within the fiscal year; Previous = transactions commenced in previous fiscal years and not yet ended at the close of the fiscal year under consideration.

3. TRANSACTIONS CARRIED OUT AMONG STAFF, COMPANIES OR ENTITIES OF THE GROUP

Code	Description of the transaction	S/G	Present/Previous	Amount (€ thousand)	Gain/Loss (€ thousand)	Short-term/Long-term	Related party

4. TRANSACTIONS WITH OTHER RELATED PARTIES

Code	Description of the transaction	S/G	Present/Previous	Amount (€ thousand)	Gain/Loss (€ thousand)	Short-term/Long-term	Related party