

SISTEMA
MAPFRE



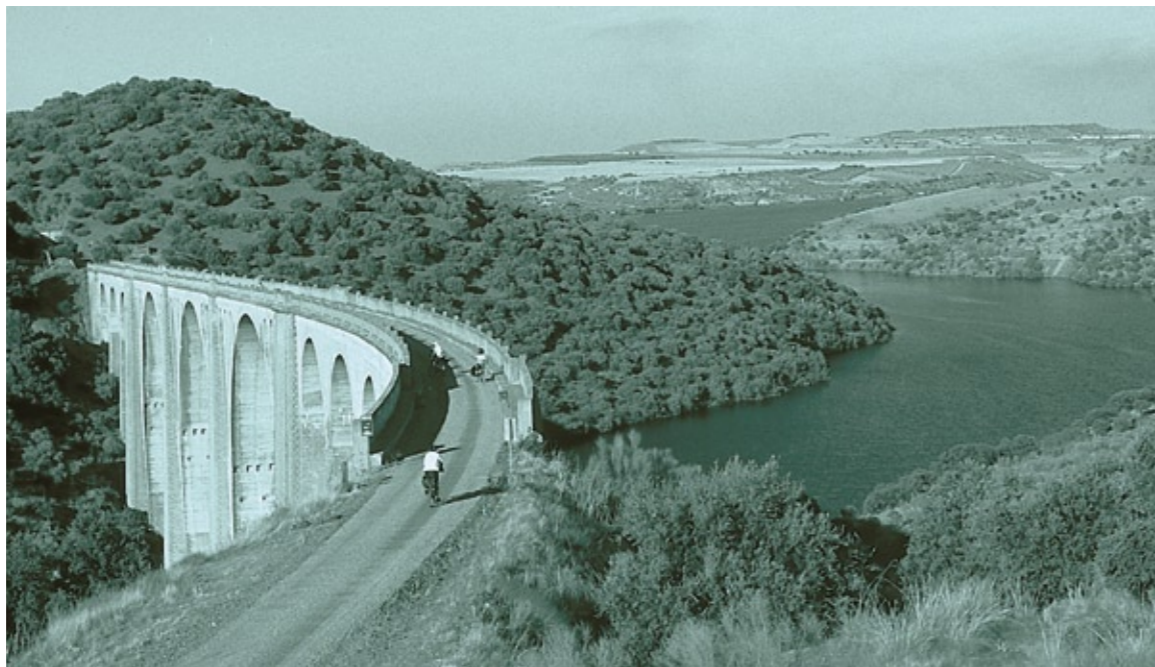
GENERAL INFORMATION

SISTEMA MAPFRE (hereinafter referred to as 'MAPFRE' or 'SISTEMA MAPFRE') is an independent Spanish business group, which conducts insurance, reinsurance, financial, real estate and service activities in Spain and another 37 countries. These activities are carried out through a total of 240 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 103 joint-stock companies registered in Spain and 136 in other countries, and, after the wide-ranging reorganisation of foundational activities carried out in 2005, two 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 (192) are grouped under holding company CORPORACIÓN MAPFRE, whose shares are listed on the continuous market of the Madrid and Barcelona Stock Exchanges and are included in the international indices 'DOW JONES Stoxx Insurance' and 'FTSE Euromid'.

(*) The following pages contain information about the activities and results of SISTEMA MAPFRE, a business group of which CORPORACIÓN MAPFRE is a core part.



MAPFRE has established an important strategic alliance with 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 holding a majority stake 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 stakes held by CAJA MADRID in companies of SISTEMA MAPFRE (MAPFRE AMÉRICA and MAPFRE AMÉRICA VIDA), and by MAPFRE in companies of the CAJA MADRID Group (GESMADRID, CAJA MADRID PENSIONES and CAJA MADRID BOLSA).

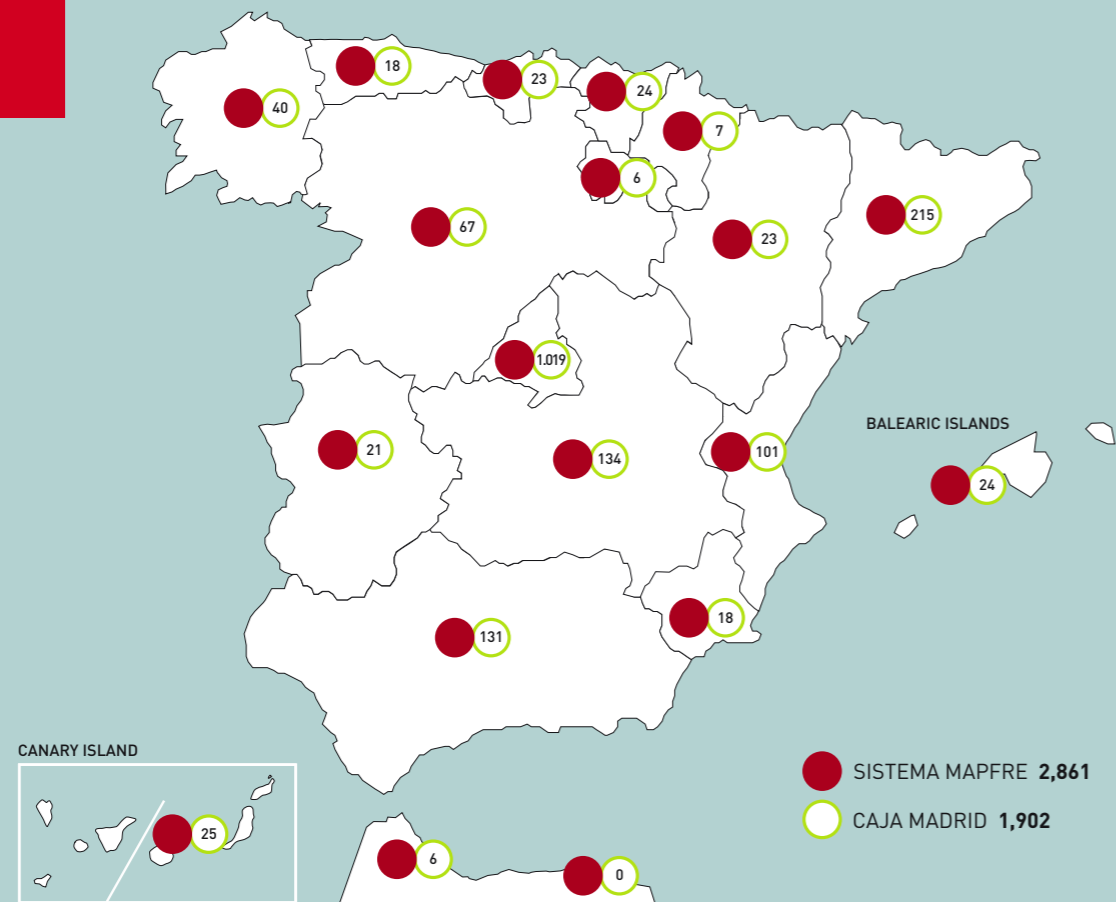
PRESENCE IN SPAIN

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 2005, the said network comprised: 404 direct offices; 2,457 delegations; and 22,330 agents and associates.

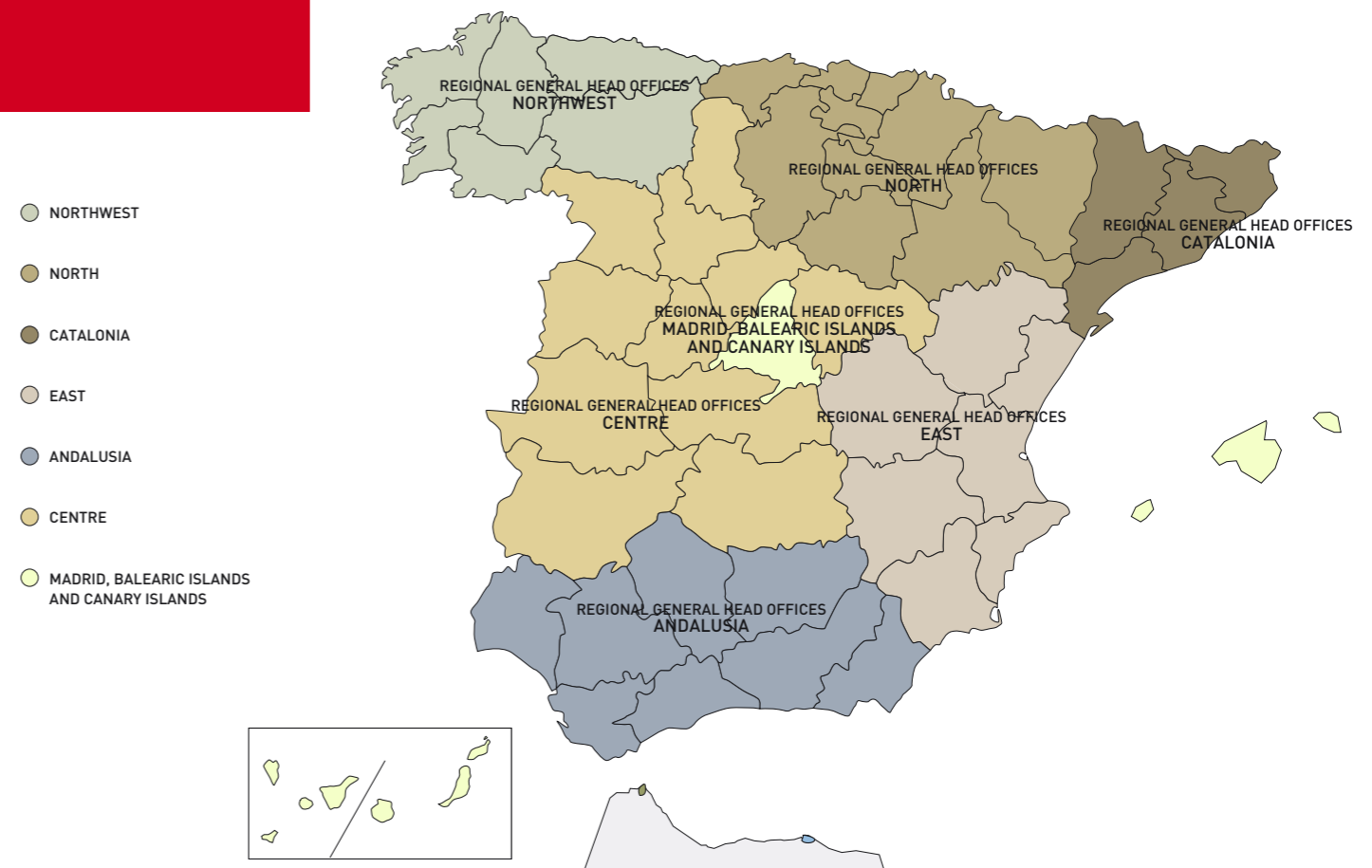
All these offices are grouped under forty sub-centres that are the bodies which direct and co-ordinate the activities of the Network in a given area, which normally coincides with one or more provinces. In turn, sub-centres are grouped under seven Regional General Head Offices (Andalusia; Catalonia; the Centre; the East; Madrid, Balearic and Canary Islands; the Northwest; and the North).

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Distribution network in Spain in 2005



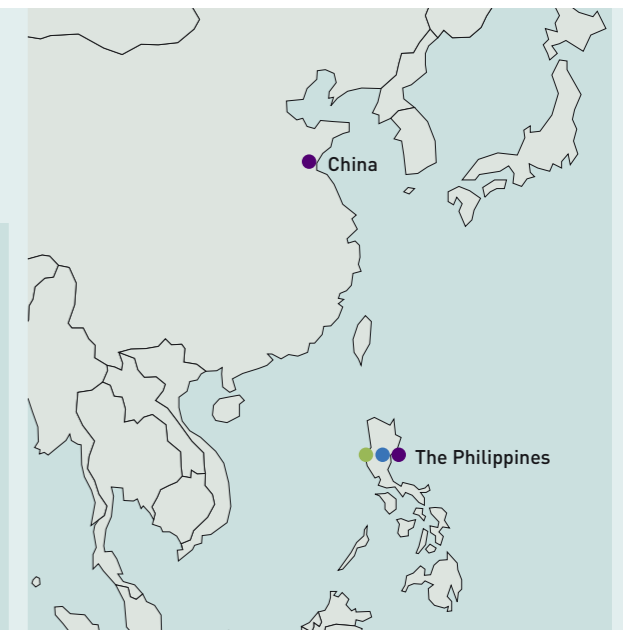
Regional General Head Offices in 2005



INTERNATIONAL PRESENCE

The companies of SISTEMA MAPFRE operate in a total of 37 countries aside from Spain. In 15 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. Overall, SISTEMA MAPFRE had 1,412 offices and a total of 10,555 employees in these countries at the end of 2005.

By geographic area, the largest presence is on the American Continent (21 countries), followed by Europe (12), Asia (3) and Africa (1).



- ASSISTANCE
- REINSURANCE
- DIRECT INSURANCE

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RATINGS

In accordance with standard financial market practices, MAPFRE MUTUALIDAD, CORPORACIÓN MAPFRE and some other companies of SISTEMA MAPFRE 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 according to local scales.

It is worth noting that in fiscal year 2005 STANDARD & POOR'S affirmed its ratings assigned to the main companies of SISTEMA MAPFRE: MAPFRE MUTUALIDAD ('AA'), CORPORACIÓN MAPFRE ('AA-') and MAPFRE RE ('AA-'); A.M. BEST likewise confirmed its ratings assigned to MAPFRE MUTUALIDAD, MAPFRE RE and MAPFRE ASISTENCIA ('A+'); and MOODY'S reaffirmed its rating assigned to MAPFRE ASISTENCIA ('A1'). In 2005, ratings were requested for the first time for MAPFRE EMPRESAS, which was assigned a 'AA' rating by STANDARD & POOR'S and an 'A' rating by A.M. BEST.

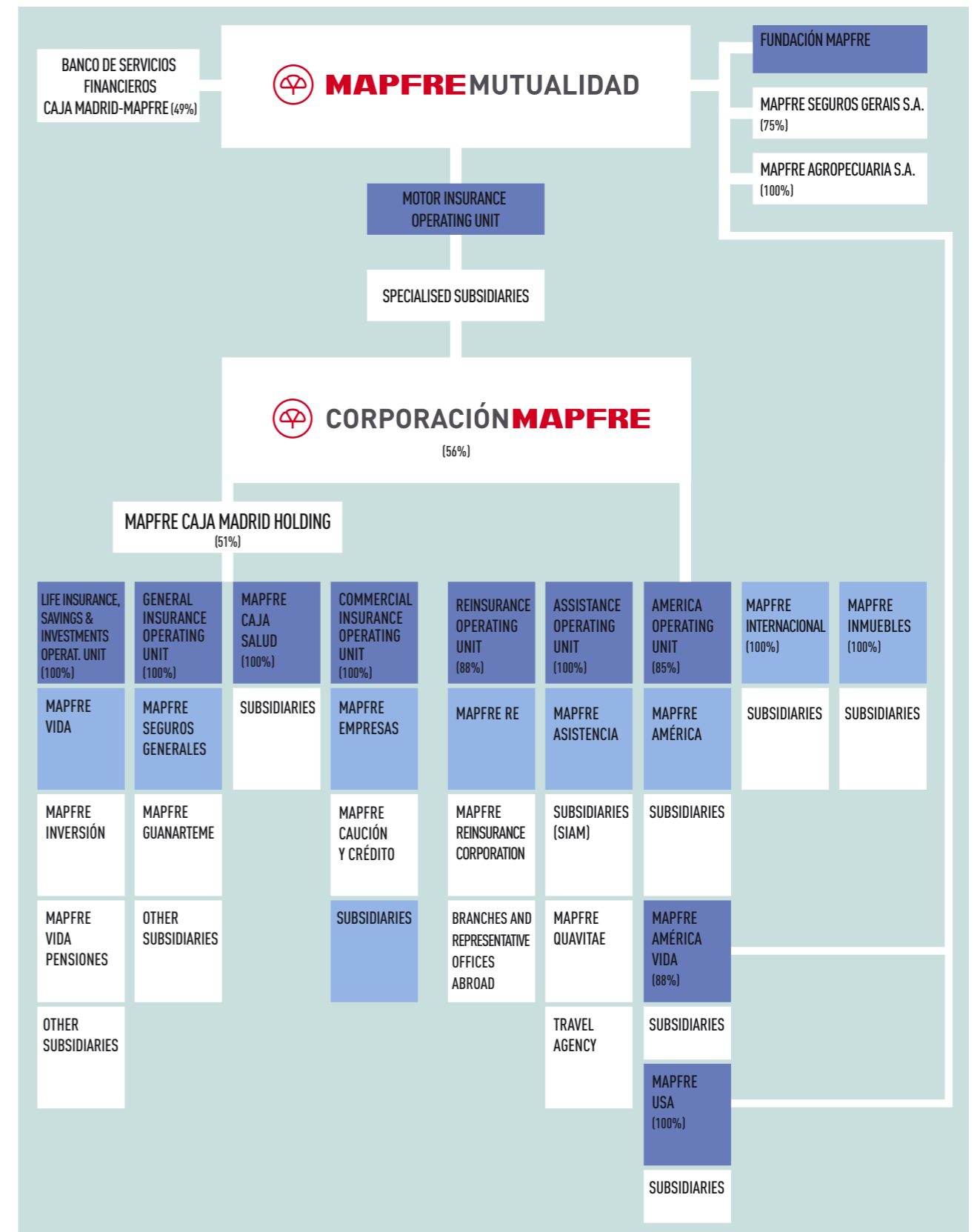
These excellent ratings received by the SISTEMA MAPFRE companies reflect the rating agencies' confidence in their strong capitalisation, market position and operating results.



COMPANY	Standard & Poor's		A.M. Best	
	2005	2004	2005	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- Stable Outlook (issuer credit rating)	aa- Positive Outlook (issuer credit rating)
MAPFRE EMPRESAS	AA (Excellent) Stable Outlook	–	A (Excellent) Stable Outlook	–
MAPFRE RE	AA- (Excellent) Stable Outlook	AA- (Excellent) Stable Outlook	A+ (Superior) Positive Outlook	A+ (Superior) Positive Outlook
MAPFRE REINSURANCE CORPORATION	AA- (Excellent) Stable Outlook	AA- (Excellent) Stable Outlook	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	
	2005	2004	2005	2004
MAPFRE ASISTENCIA	A1 Stable Outlook	A1 Stable Outlook	A+ (Superior) Stable Outlook	A+ (Superior) Stable Outlook

CHART



RESULTS

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 from operations 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	6,736
Premiums earned, net of ceded and retroceded reinsurance	6,409	5,477
Net claims incurred and variation in other technical provisions	-4,712	-3,842
Operating expenses, net of reinsurance	-1,350	-1,106
Other technical income and expenses	-65	-91
TECHNICAL RESULT	282	438
Net financial and other non-technical income	402	264
Result of the Non-life business	684	702
LIFE INSURANCE AND REINSURANCE		
Gross written and accepted premiums	2,309	2,176
Premiums earned, net of ceded and retroceded reinsurance	2,176	2,078
Net claims incurred and variation in other technical provisions	-2,558	-2,467
Operating expenses, net of reinsurance	-269	-224
Other technical income and expenses	-10	-14
TECHNICAL RESULT	-661	-627
Net financial and other non-technical income	764	736
Unrealised gains and losses in unit-linked investments	26	18
Result of the Life business	128	127
OTHER BUSINESS ACTIVITIES		
Operating income	406	296
Operating expenses	-356	-275
Other income and expenses	9	-2
Result of the Other Business Activities	60	19
Result before tax and minority shareholders	872	847
Taxes	-234	-228
Result after tax	638	619
<i>Figures in million euros</i>		
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)	0.9%	0.9%

(1) Ratios calculated over net premiums earned.

(2) Ratios corresponding to MAPFRE VIDA.

ACKNOWLEDGEMENTS AND MENTIONS

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Since the date of the previous Annual Report, 82 employees of SISTEMA MAPFRE have concluded or are about to reach the end of their active working life, as well as the following senior managers:

- Mr. Francisco Bravo García, who joined MAPFRE in 1964 and held, in succession, the following positions: in MAPFRE RE, Head of Administration and General Financial Controller of the Reinsurance Operating Unit; in CORPORACIÓN MAPFRE, Head of Administration and Deputy General Manager; and in MAPFRE AMÉRICA, Deputy General Manager, Board Member and General Manager.
- Mr. Bernabé Gordo Pin, who joined MAPFRE in 1963 and held, in succession, the positions of: Head of the Accounting Department of MAPFRE MUTUALIDAD; Manager of the Accounting Services; Deputy General Manager; and Assistant General Manager.
- Mr. Ernesto Castaño del Rosal, who joined MAPFRE in 1965 and held, in succession, in MAPFRE MUTUALIDAD the positions of: Deputy Manager of Analysis and Programming; Deputy Manager of Information Technology Development; Manager of Organisation and Information Technology; and Head of Planning and Control.
- Mr. Miguel María Muñoz Medina, who joined MAPFRE in 1965 and held, in succession, the positions of: General Manager of MAPFRE AUTOMÓVILES R.E. (MARES); Assistant General Manager of MAPFRE MUTUALIDAD; Chairman of MAPFRE RENTING; and Chairman of the MAPFRE Road Safety Institute.
- Mr. Jesús Silva Santos, who joined MAPFRE in 1966 and held, among others, the following positions: in BANCO MAPFRE, Manager of the Madrid Main Branch and Deputy General Manager; and in MAPFRE MULTICENTRO DEL AUTOMÓVIL, Managing Director.
- Mr. Guillermo Villar Alba, who joined MAPFRE in 1965 and held in MAPFRE MUTUALIDAD, in succession, the positions of: Head of the Issuance and Claims Department; Manager of LÍNEA MAPFRE AUTOS; Assistant General Manager; and Manager of the Cancellations Handling and Control Department.
- Mr. Julián Rubio Moreno, who joined MAPFRE in 1968 and held, among others, the positions of: Manager of the Treasury Department of MAPFRE MUTUALIDAD; Manager of the Internal Auditing Services and Financial Controller of BANCO MAPFRE; and Head of Control of MAPFRE MUTUALIDAD.
- Mr. José María Ferrer Molina, who joined MAPFRE in 1974 and, having held several management positions in MAPFRE FINANZAS and BANCO MAPFRE, was Chairman of the Aragon Territorial Commission; and Manager of the Zaragoza-Huesca Sub-centre.
- Mr. Fernando de Otto Soler, who joined MAPFRE in 1984 and, among other responsibilities, held in MAPFRE SERVICIOS DE INFORMÁTICA the positions of Technical Manager and General Manager.
- Mr. Antonio Guardiola Lozano, who joined MAPFRE in 1987 and held, among other responsibilities, the positions of: Head of Insurance Studies of MAPFRE MUTUALIDAD; Manager of the Insurance Institute of FUNDACION MAPFRE ESTUDIOS; and Dean of the Faculty of Business and Insurance Sciences sponsored by the aforesaid Foundation.

- Mr. Juan Enrique Budinich, who joined in 1998 MAPFRE SEGUROS GENERALES (CHILE), a company in which he held the position of General Manager until February 2005.
- Mr. Carlos Buenacasa Santelmo, who joined MAPFRE in 1969 and held, among others, the positions of Deputy General Manager of the Administration Department and Assistant General Manager of MAPFRE VIDA.
- Mr. Mariano Moreno Gordo, who joined MAPFRE in 1963 and held in MAPFRE MUTUALIDAD the positions of: Head of the Issuance Department; Head of the Accounting Department; and Manager of the Accounting Services.

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. Dieter Göbel Bruckner, member of the Board of Directors of CORPORACIÓN MAPFRE, as well as Mr. Luis Gómez de Pablo, Mr. Alejandro Lorca Corrons y Mr. César de Santiago Polo, members of the Board of Directors of MAPFRE ASISTENCIA. Likewise, Mr. Pedro Guillén García, member of the Board of Directors of MAPFRE MUTUALIDAD, resigned from his offices for personal reasons.

The following no longer represent the CAJA MADRID Group in SISTEMA MAPFRE companies: Mr. Mariano Pérez Claver (MAPFRE AMÉRICA and MAPFRE AMÉRICA VIDA); and Mr. Miguel Muñoz de las Cuevas (MAPFRE AMÉRICA).

As a consequence of the integration of the five MAPFRE Foundations that operate in Spain, the following have resigned from their offices as trustees of the aforementioned foundations: Mr. Miguel María Muñoz Medina and Mr. Juan Rodríguez Fidalgo (FUNDACIÓN MAPFRE); Mr. Álvaro Armada Barcaiztegui, Mr. Mariano Artés Gómez, Mr. Antonio Guardiola Lozano, Mr. Miguel Márquez Osorio, Mr. Francisco Martínez García and Mr. Miguel Ángel Martínez Martínez (FUNDACIÓN MAPFRE ESTUDIOS); Mr. Javier Alonso Santos, Mrs. Carmen Hernando de Laramendi and Mr. Esteban Tejera Montalvo (FUNDACIÓN MAPFRE MEDICINA); Mr. Sebastián Homet Duprá (FUNDACIÓN CULTURAL MAPFRE VIDA); Mr. Rafael Benjumea y Cabeza de Vaca, Mr. Gregorio Marañón y Bertrán de Lis and Mr. Alfonso Soriano y Benítez de Lugo (FUNDACIÓN MAPFRE TAVERA); and Mr. Ignacio de Medina Fernández de Córdoba (FUNDACIÓN MAPFRE ESTUDIOS y FUNDACIÓN MAPFRE TAVERA). Mr. Javier del Río Martín has resigned from the Board of Trustees of FUNDACIÓN MAPFRE GUANARTEME.

Finally, the following regional directors have resigned for various reasons: Mr. Rafael Soria García Escribano (Andalusia); Mr. José María Ferrer Molina (Aragon); Mr. José Manuel de la Riva Garriga (Castile); Mr. Pere Fornells Batllé, Mr. Francisco Guerrero Romero, Mr. Antonio Cudós Pedrol and Mr. Antonio López-Cerón Cerón (Catalonia); and Mr. Luciano Martínez Pérez (Galicia).

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 associates who have made the excellent results obtained in 2005 possible through their commitment and success.

IN MEMORIAM

After the formulation of the Annual Accounts of 2005, Mr. Primitivo de Vega Zamora, Chairman of MAPFRE ASISTENCIA, Member of the Board of Directors of MAPFRE MUTUALIDAD and Member of the Executive Committee of SISTEMA MAPFRE, passed away. Having joined MAPFRE in 1968, his colleagues had a deep affection for him and he was widely recognised for his human qualities, enthusiasm, commitment and success, which he showed in the various positions he held throughout his professional life in MAPFRE.

Since the preparation of the previous report, another seven MAPFRE employees have passed away, as well as: Mr. Pedro Elu Ortiz, a manager who retired in 2003 after having provided his valuable professional services to SISTEMA MAPFRE during twenty-nine years; regional director Mr. Juan Manuel Garicano Aznárez; and Mr. Manuel Suárez Sánchez, trustee of FUNDACIÓN MAPFRE GUANARTEME.

MAPFRE wishes to express in this report its sincere feeling of condolence with their respective families.

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MAPFRE contributes to the conservation of the environment. This booklet was printed through environmentally-friendly processes on ecological and chlorine-free paper.

This booklet contains the Consolidated Management Report and Consolidated Annual Accounts for fiscal year 2005 together with the Auditors' Report of CORPORACIÓN MAPFRE, as well as miscellaneous additional information. The company puts at the disposal of its shareholders and other interested parties the Individual Management Reports and Annual Accounts.

Green tracks' photographs were ceded by the Spanish Railway Foundation.