



**CORPORACIÓN MAPFRE**

**First half 2005 results**



**MAPFRE**



Madrid, 21 July 2005

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## Key facts

- During the first half of 2005, the business activities of CORPORACIÓN MAPFRE and its subsidiaries developed very favourably, confirming the trend observed in the first quarter of the year:
  - net profit grew 38.2% with respect to the same period of the previous year. Under the standards of the Spanish General Accounting Chart and of the Spanish Accounting Chart for Insurance Companies (“Plan General de Contabilidad” and “Plan Contable de Entidades Aseguradoras”, hereinafter referred to as “PGC/PCEA”), which have been applied until 2004 to prepare the information released to the market, the consolidated net result of CORPORACIÓN MAPFRE would have increased by 28.4%;
  - consolidated revenues increased by 13.4%.
- The development of the key figures of CORPORACIÓN MAPFRE and its main operating Units is shown in the following table:



	Total		Net		Combined ratio <sup>(1)</sup>	
	Revenues	% Var.	profit	% Var.	1H 05	1H 04
CORPORACIÓN MAPFRE	<b>4,937.4</b>	13.4%	<b>149.0</b>	38.2%	<b>93.8%</b>	93.0%
LIFE AND SAVINGS	<b>1,640.9</b>	9.4%	<b>57.9</b>	26.4%	<b>0.9%</b>	1.0%
GENERAL INSURANCE	<b>761.2</b>	17.0%	<b>42.7</b>	12.1%	<b>92.0%</b>	91.0%
COMMERCIAL INSUR.	<b>703.5</b>	8.2%	<b>42.6</b>	6.2%	<b>83.9%</b>	81.9%
HEALTH	<b>361.5</b>	9.9%	<b>5.1</b>	142.9%	<b>96.9%</b>	97.8%
AMERICA	<b>801.3</b>	11.2%	<b>33.0</b>	26.4%	<b>101.4%</b>	99.4%
RE	<b>738.9</b>	22.7%	<b>34.0</b>	25.5%	<b>90.3%</b>	90.0%
ASISTENCIA <sup>(1)</sup>	<b>165.1</b>	37.1%	<b>3.6</b>	24.1%	<b>93.2%</b>	91.7%

- The financial statements contained herein have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements for the first half of the previous fiscal year have likewise been restated under IFRS to facilitate the comparison.

1) The figures of the LIFE AND SAVINGS OPERATING UNIT correspond to the expense ratio

Million euros



# Key figures



	1H 05	1H 04	Var. %
Non-Life gross written and accepted premiums	<b>2,873.1</b>	2,530.9	13.5%
Life gross written and accepted premiums	<b>1,106.3</b>	1,131.7	-2.2%
Total gross written and accepted premiums	<b>3,979.4</b>	3,662.6	8.6%
Net income, group share	<b>149.0</b>	107.8	38.2%
Total assets	<b>26,884.4</b>	22,901.0	17.4%
Managed savings <sup>(1)</sup>	<b>23,988.4</b>	20,462.1	17.2%
Shareholders' equity	<b>2,086.5</b>	1,802.5	15.8%
Financial debt	<b>377.8</b>	299.6	26.1%
Market capitalisation	<b>2,955.2</b>	2,405.7	22.8%
Shares	<b>238,900,706</b>	238,900,706	---
Earnings per share	<b>0.62</b>	0.45	38.2%
Empleados	<b>14,291</b>	14,626	-2.3%
N/L Loss ratio <sup>(2)</sup>	<b>67.1%</b>	66.9%	
N/L Expense ratio <sup>(2)</sup>	<b>26.7%</b>	26.1%	
N/L Combined ratio <sup>(2)</sup>	<b>93.8%</b>	93.0%	

1) Includes: Life technical reserves, mutual and pension funds. It does not include funds managed by CAJA MADRID's asset management subsidiaries. Pension funds do not include defined benefit funds entered into through Life insurance contracts amounting to 704.3 million euros in 1H 2004

2) Ratios calculated as a percentage of net premiums earned

Million euros



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# CORPORACIÓN MAPFRE:

## Net consolidated revenues

	Premiums			Income from Investments			Other income			Total Revenues		
	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.
LIFE	<b>1,037.8</b>	1,068.8	-2.9%	<b>557.6</b>	387.5	43.9%	<b>45.5</b>	43.2	5.3%	<b>1,640.9</b>	1,499.5	9.4%
GENERAL INSURANCE	<b>670.4</b>	612.1	9.5%	<b>63.3</b>	21.9	189.0%	<b>27.5</b>	16.5	66.7%	<b>761.2</b>	650.5	17.0%
COMMERCIAL INSURANCE	<b>647.8</b>	602.1	7.6%	<b>35.5</b>	40.3	-11.9%	<b>20.3</b>	7.7	163.6%	<b>703.5</b>	650.2	8.2%
HEALTH	<b>356.2</b>	321.8	10.7%	<b>4.6</b>	4.0	15.0%	<b>0.7</b>	3.1	-77.4%	<b>361.5</b>	328.9	9.9%
MCMH (non consolidated)	---	---	---	<b>162.7</b>	56.7	186.9%	<b>0.3</b>	---	---	<b>163.0</b>	56.7	187.5%
Consolidation adjustments	<b>-12.3</b>	-1.9	---	<b>-159.9</b>	-66.8	---	<b>-41.7</b>	2.8	---	<b>-213.8</b>	-65.9	---
MAPFRE-CAJA MADRID	<b>2,699.9</b>	2,602.9	3.7%	<b>663.8</b>	443.7	49.6%	<b>52.6</b>	73.3	-28.2%	<b>3,416.3</b>	3,120.0	9.5%
AMÉRICA	<b>732.4</b>	658.6	11.2%	<b>55.6</b>	57.4	-3.1%	<b>13.3</b>	4.7	183.0%	<b>801.3</b>	720.7	11.2%
RE	<b>666.8</b>	561.9	18.7%	<b>71.0</b>	40.1	77.1%	<b>1.1</b>	0.3	---	<b>738.9</b>	602.3	22.7%
ASISTENCIA	<b>123.5</b>	84.1	46.8%	<b>4.0</b>	1.6	150.0%	<b>37.7</b>	34.7	8.6%	<b>165.1</b>	120.4	37.1%
INMUEBLES	---	---	---	<b>0.3</b>	0.4	-25.0%	<b>17.6</b>	26.2	-32.8%	<b>18.0</b>	26.6	-32.3%
QUAVITAE	---	---	---	---	---	---	<b>37.4</b>	---	---	<b>37.4</b>	---	---
OTHER COMPANIES	<b>6.1</b>	5.1	19.6%	<b>0.8</b>	0.4	100.0%	---	---	---	<b>6.9</b>	5.5	25.5%
CORP. MAPFRE (non-cons.)	---	---	---	<b>141.3</b>	42.5	---	<b>2.1</b>	0.6	---	<b>143.3</b>	43.0	---
CONS. ADJUSTMENTS	<b>-249.3</b>	-250.1	-0.3%	<b>-162.8</b>	-37.7	---	<b>22.3</b>	4.9	---	<b>-389.8</b>	-283.0	37.7%
<b>CORPORACIÓN MAPFRE</b>	<b>3,979.4</b>	3,662.6	8.6%	<b>773.9</b>	548.4	41.1%	<b>184.1</b>	144.7	27.2%	<b>4,937.4</b>	4,355.6	13.4%



Million euros



# CORPORACIÓN MAPFRE:

## Breakdown of premiums in Spain by distribution channel



	1H 05	1H 04	% Var.
<b>AGENTS CHANNEL</b>	<b>2,147.8</b>	<b>2,022.9</b>	<b>6.2%</b>
LIFE	563.6	554.1	1.7%
GENERAL INSURANCE	617.0	571.9	7.9%
COMMERCIAL INSURANCE	629.8	590.1	6.7%
HEALTH	337.4	306.8	10.0%
<b>CAJA MADRID BANK CHANNEL</b>	<b>564.4</b>	<b>581.9</b>	<b>-3.0%</b>
LIFE	474.2	514.7	-7.9%
GENERAL INSURANCE	53.4	40.2	32.8%
COMMERCIAL INSURANCE	18.0	12.0	50.0%
HEALTH	18.8	15.0	25.3%
Consolidation adjustments	-12.3	-1.9	---
<b>TOTAL PREMIUMS SPAIN</b>	<b>2,699.9</b>	<b>2,602.9</b>	<b>3.7%</b>

Million euros



# CORPORACIÓN MAPFRE:

## Consolidated income statement



	1H 05	1H 04	% Var.
<b>NON-LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	2,873.1	2,530.9	13.5%
Premiums earned, net of ceded and retroceded reinsurance	1,901.0	1,592.1	19.4%
Net claims incurred and variation in other technical provisions	-1,276.1	-1,064.7	19.9%
Operating expenses, net of reinsurance	-479.8	-391.7	22.5%
Other technical income and expenses	-27.4	-23.5	16.6%
<b>TECHNICAL RESULT</b>	<b>117.7</b>	<b>112.2</b>	<b>4.9%</b>
Net financial income	105.6	80.2	31.7%
Other non-technical income and expenses	16.3	-0.5	---
<b>Result of the Non-life business</b>	<b>239.6</b>	<b>191.9</b>	<b>24.9%</b>
<b>LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	1,106.3	1,131.7	-2.2%
Premiums earned, net of ceded and retroceded reinsurance	1,032.5	1,054.5	-2.1%
Net claims incurred and variation in other technical provisions	-1,375.6	-1,251.3	9.9%
Operating expenses, net of reinsurance	-73.5	-66.5	10.5%
Other technical income and expenses	-5.9	-3.9	51.3%
<b>TECHNICAL RESULT</b>	<b>-422.6</b>	<b>-267.2</b>	<b>58.2%</b>
Net financial income	481.5	308.3	56.2%
Unrealised gains and losses in unit-linked investments	12.0	7.7	55.8%
Other non-technical income and expenses	-4.6	-5.6	-17.9%
<b>Result of the Life business</b>	<b>66.4</b>	<b>43.2</b>	<b>53.7%</b>
<b>OTHER BUSINESS ACTIVITIES</b>			
Operating income	119.5	97.5	22.6%
Operating expenses	-109.4	-79.5	37.6%
Net financial income	13.1	-5.5	---
Results from minority shareholdings	3.8	3.1	22.6%
Other net income	0.4	0.0	---
<b>Result of the Other Business Activities</b>	<b>27.4</b>	<b>15.6</b>	<b>75.6%</b>
<b>Result before tax and minority shareholders</b>	<b>333.4</b>	<b>250.7</b>	<b>33.0%</b>
Taxes	-107.9	-78.8	36.9%
<b>Result after tax</b>	<b>225.5</b>	<b>171.9</b>	<b>31.2%</b>
Result attributable to minority shareholders	-76.5	-64.1	19.3%
<b>Result after tax and minority shareholders</b>	<b>149.0</b>	<b>107.8</b>	<b>38.2%</b>
Non-life loss ratio <sup>(1)</sup>	67.1%	66.9%	
Non-life expense ratio <sup>(1)</sup>	26.7%	26.1%	
Non-life combined ratio <sup>(1)</sup>	93.8%	93.0%	
Life expense ratio <sup>(2)</sup>	1.1%	1.2%	

- 1) Ratios calculated over net premiums earned
- 2) (Operating expenses, net of reinsurance + profit sharing and returns – other technical income + other technical expenses) / (average Life and unit-linked reserves + average mutual funds + average pension funds). Annualised ratios

Million euros





# CORPORACIÓN MAPFRE:

## Profit breakdown by units and companies – June 2005

	Net Result	Minority Interests	Consolidation adjustments	Contribution to consolidated result
LIFE	57.9	-28.4		29.5
GENERAL INSURANCE	42.7	-24.5	7.2	25.4
COMMERCIAL INSURANCE	42.6	-16.2	-9.6	16.8
HEALTH	5.1	-2.5		2.6
Consolidation adjustments				-1.8
MAPFRE-CAJA MADRID HOLDING				72.5
AMÉRICA	33.0	-4.2		28.8
RE	34.0	-5.2	8.6	37.4
ASISTENCIA	3.6			3.6
INMUEBLES	0.9			0.9
QUAVITAE	-0.9	0.5		-0.4
Other companies	4.5			4.5
Consolidation adjustments				1.7
<b>CORPORACIÓN MAPFRE</b>				<b>149.0</b>



Million euros



# CORPORACIÓN MAPFRE:

## Reconciliation of the consolidated profit under PGC/PCEA and IFRS

ITEM	Gross amount	Tax	Minority Shrhldrs.	Attributable result
<b>Result at 30/06/05 under PGC/PCEA</b>	<b>264.0</b>	<b>-82.5</b>	<b>-63.0</b>	<b>118.5</b>
Reversal of goodwill amortisation	15.8	-0.5	-6.4	8.9
Reversal of the appropriation to the equalisation reserve	27.8	-9.7	-4.9	13.2
Differences in the valuation of technical reserves	-144.8	50.6	46.2	-48.0
Differences in the valuation of investments	151.4	-52.7	-48.1	50.5
Derivatives (fair value, hedges)	6.4	-2.3	0.0	4.2
Amortisation of start-up expenses	2.8	-0.9	-0.4	1.5
Deferred taxes (timing diffs. and differences > 10 yrs.)		-1.1	0.5	-0.5
Deferred income	1.4	-0.5	-0.5	0.4
Other items	8.6	-8.4	0.0	0.3
<b>Result at 30/06/05 under IFRS</b>	<b>333.4</b>	<b>-107.9</b>	<b>-76.5</b>	<b>149.0</b>



Million euros



# CORPORACIÓN MAPFRE: Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY	Share capital	Reserves	Valuation adjusts.	Translation differences	Result	Minority interests	Total Equity
<b>Balance as at 31/03/05</b>	<b>119.5</b>	<b>1,903.0</b>	<b>195.7</b>	<b>-352.3</b>	<b>67.2</b>	<b>889.1</b>	<b>2,822.3</b>
Additions and deductions accounted for directly in equity <sup>(1)</sup>			14.7	69.3			84.0
Quarterly result					81.8	37.4	119.2
Other positive/negative items		-12.4				-0.4	-12.8
<b>Balance as at 30/06/05</b>	<b>119.5</b>	<b>1,890.6</b>	<b>210.4</b>	<b>-283.0</b>	<b>149.0</b>	<b>926.1</b>	<b>3,012.6</b>



1) Includes, net of tax, the results from: revaluation of tangible and intangible assets; changes in the fair value of investments available for sale; cash flow hedges; translation adjustments; other items.

Million euros



## Use of the April 2004 capital increase (rounded-up figures)

- As was announced in the capital increase, CORPORACIÓN MAPFRE has used the funds raised to fund new acquisitions and invest in organic growth in business segments in which it can leverage its competitive advantages:
  - The financing of the net investment in the acquisition of MUSINI, now MAPFRE EMPRESAS, through which MAPFRE more than doubled its market share in commercial insurance, in which it now is by far the market leader.
  - The capital increases at MAPFRE RE have supported the rapid growth in business volumes and profits of this unit.
  - The acquisition of NOSSA CAIXA (Brazil) by MAPFRE AMÉRICA will boost the growth of the business volumes, market share and results of the Group in Brazil.
  - The investments in MAPFRE ASISTENCIA and MAPFRE QUAVITAE allow MAPFRE to access on a significant scale new business lines with attractive growth and results perspectives, such as services for the Elderly.



- MUSINI	100
- MAPFRE RE	190
- MAPFRE QUAVITAE	30
- MAPFRE AMÉRICA	90
- MAPFRE ASISTENCIA	70
	<hr/>
	<b>480</b>

Million euros



## LIFE INSURANCE OPERATING UNIT

- Funds under management have recorded a comparatively larger increase in the first half of the year against the same period of the previous year, primarily because of a smaller volume of maturities of single-premium products in the bank channel and of the new transaction with SEPI.



- MAPFRE VIDA and its subsidiaries made a gross consolidated profit of €87.9 million, a 28.1% increase. The net consolidated profit was €57.9 million, a 26.4% increase over the same period of the previous year (13.1% under PGC/PGEA).

	1H 05	1H 04	% 05/04
Technical Reserves	<b>14,194.9</b>	12,233.0	16.0%
Investment Funds	<b>2,956.8</b>	2,468.0	19.8%
Pension Funds <sup>(1)</sup>	<b>1,091.5</b>	898.3	21.5%
<b>Third-party funds under management</b>	<b>18,243.2</b>	15,599.3	16.9%
Premiums written and accepted	<b>1,037.8</b>	1,068.8	-2.9%
Gross Result <sup>(2)</sup>	<b>87.9</b>	68.6	28.1%
Net Result	<b>57.9</b>	45.8	26.4%
Equity	<b>512.8</b>	464.7	10.4%
Expense Ratio <sup>(3)</sup>	<b>0.9%</b>	1.0%	---

- Pension funds do not include defined benefit funds entered into a Life insurance contract amounting to 704.3 million euros in 1H 2004
- Before taxes and minority interest
- (acquisition expenses + variation in deferred acquisition expenses + administration expenses) / (average technical reserves + average mutual funds + average pension funds). Annualised ratios

Million euros



## LIFE INSURANCE OPERATING UNIT: Premiums breakdown

- Premiums growth rate improved with respect to the first quarter of the year, thanks to:
  - the winning of a comparatively larger volume of retail savings in single premium products, particularly in the agents channel;
  - sustained growth in Life – Risk products;
  - a new group savings transaction of €148.6 million with SEPI.



- Nonetheless, Life – Savings premiums decrease over the same period of the previous year, due to the significant volume of renewals recorded in the bank channel in the first quarter of the previous year, which were not repeated this year.

	1H 05	1H 04	% 05/04
<b>Regular Premiums</b>	<b>218.5</b>	206.8	5.7%
- Agents channel	<b>194.8</b>	195.0	-0.1%
- Bank channel	<b>23.7</b>	11.8	100.8%
<b>Single Premiums</b>	<b>551.3</b>	644.2	-14.4%
- Agents channel	<b>178.5</b>	207.1	-13.8%
- Bank channel	<b>359.3</b>	431.6	-16.8%
- MUSINI VIDA	<b>13.5</b>	5.5	145.5%
<b>Life premiums - Savings</b>	<b>769.8</b>	851.0	-9.5%
<b>Externalisation</b>	<b>148.6</b>	113.6	30.8%
- Agents channel	<b>59.0</b>	45.1	30.8%
- Bank channel	<b>42.8</b>	32.7	30.9%
- MUSINI VIDA	<b>46.8</b>	35.8	30.7%
<b>Sub-total</b>	<b>918.4</b>	964.6	-4.8%
<b>Life Premiums - Risk</b>	<b>119.4</b>	104.2	14.6%
- Agents channel	<b>65.9</b>	62.9	4.8%
- Bank channel	<b>48.4</b>	38.6	25.4%
- MUSINI VIDA	<b>5.1</b>	2.7	88.9%
<b>TOTAL PREMIUMS</b>	<b>1,037.8</b>	1,068.8	-2.9%
- Agents channel	498.2	510.1	-2.3%
- Bank channel	474.2	514.7	-7.9%
- MUSINI VIDA	65.4	44.0	48.6%

Million euros



# LIFE INSURANCE OPERATING UNIT: Breakdown of funds under management

	1H 05	1H 04	% 05/04
Regular premiums insurance	4,391.1	3,760.8	16.8%
- Agents channel	4,054.2	3,469.5	16.9%
- Bank channel	336.9	291.3	15.7%
Single premiums insurance	8,288.8	6,965.0	19.0%
- Agents channel	3,487.6	2,917.7	19.5%
- Bank channel	4,801.2	4,047.3	18.6%
Life insurance - Risk	138.5	110.2	25.7%
- Agents channel	33.1	30.4	8.9%
- Bank channel	105.4	79.8	32.1%
MUSINI VIDA	1,147.7	1,164.0	-1.4%
Total mathematical reserves	13,966.2	12,000.0	16.4%
Other reserves	228.8	233.0	-1.8%
<b>TECHNICAL RESERVES</b>	<b>14,194.9</b>	<b>12,233.0</b>	<b>16.0%</b>
MUTUAL FUNDS	2,956.8	2,468.0	19.8%
PENSION FUNDS <sup>(1)</sup>	1,091.5	898.3	21.5%
- Individual system	980.7	810.4	21.0%
- Employers' system	110.8	87.9	26.1%
<b>THIRD-PARTY FUNDS UNDER MANAGEMENT</b>	<b>18,243.2</b>	<b>15,599.3</b>	<b>16.9%</b>
SHAREHOLDERS' EQUITY	512.8	464.7	10.4%
<b>TOTAL FUNDS UNDER MANAGEMENT</b>	<b>18,756.0</b>	<b>16,064.0</b>	<b>16.8%</b>
MUSINI S.A.:	579.1	592.4	-2.2%
- Technical reserves	514.0	488.1	5.3%
- Mutual funds	0.0	31.3	---
- Pension funds	65.1	73.0	-10.8%
<b>TOTAL FUNDS UNDER MANAGEMENT, LIFE AND SAVING BUSINESS</b>	<b>19,335.1</b>	<b>16,656.4</b>	<b>16.1%</b>



1) Pension funds figures do not include defined benefit funds entered into through a Life insurance contract amounting to €704.3 million in 1H 2004



# MAPFRE VIDA:

## Half-yearly variation in funds under management (1)

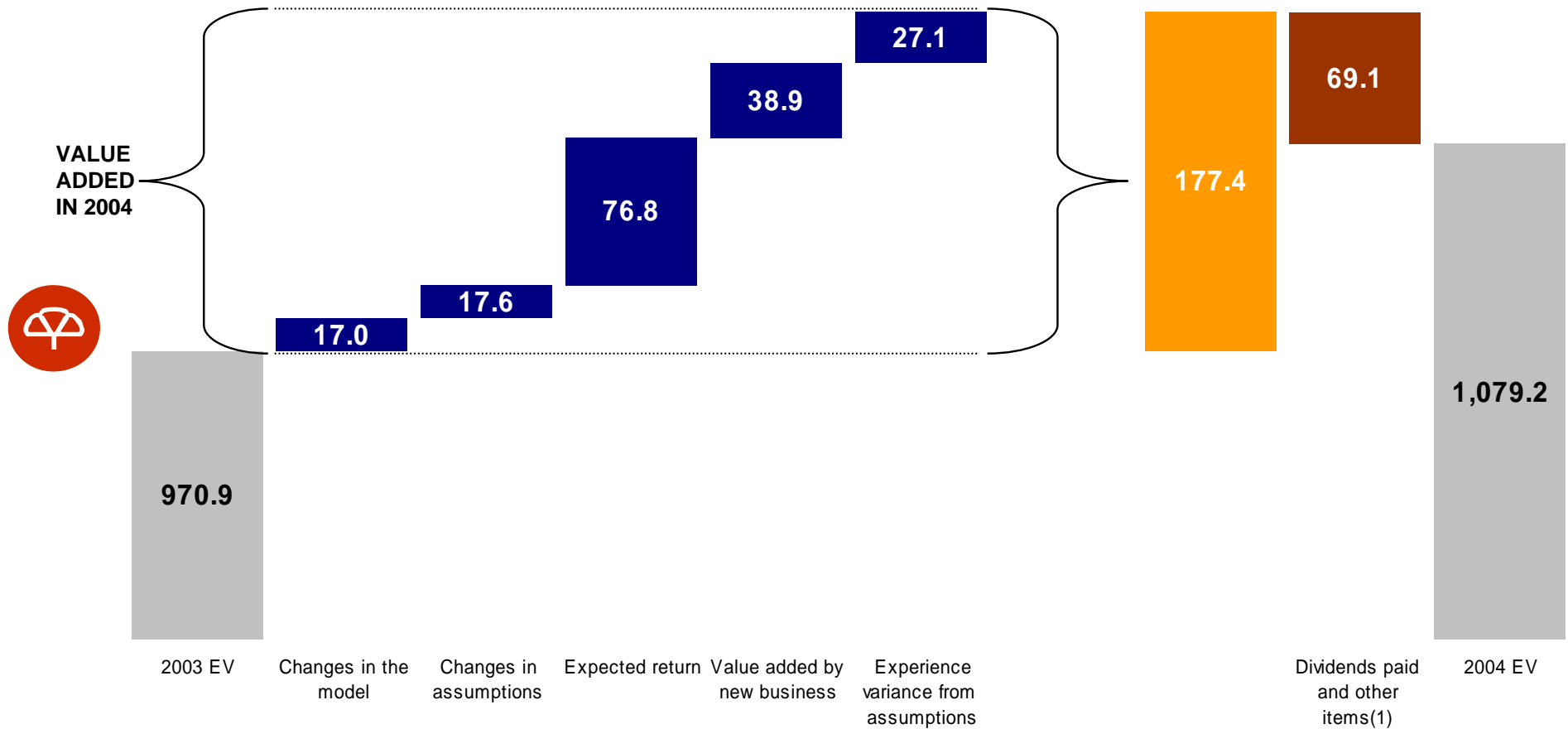
	January - June	
	2005	2004
Life insurance technical reserves	<b>1,123.0</b>	352.9
- Changes in the balance	<b>454.9</b>	333.6
- IFRS adjustments	<b>668.1</b>	19.3
Mutual funds	<b>276.7</b>	125.5
- Net sales	<b>19.6</b>	24.3
- Change in the value of assets	<b>257.2</b>	101.2
Pension funds	<b>53.4</b>	43.9
- Net sales	<b>13.8</b>	31.3
- Change in the value of assets	<b>39.6</b>	12.6
<b>Total variation in funds under management</b>	<b>1,453.2</b>	522.3

1) Excluding shareholders' equity





# MAPFRE VIDA: Embedded Value Earnings



1) "Other" items include the donation to the MAPFRE VIDA Foundation

Million euros



# MAPFRE VIDA: Embedded value<sup>(1)</sup>

	<b>2004</b>	<b>2003</b>	<b>% 04/03</b>
VIF <sup>(2)</sup>	647.2	569.7	13.6%
- Life Insurance <sup>(3)</sup>	459.1	410.9	11.7%
- Mutual funds	108.1	100.1	8.0%
- Pension funds	80.0	58.7	36.3%
Adjusted net asset value	432.0	401.2	7.7%
<b>Embedded Value</b>	<b>1,079.2</b>	<b>970.9</b>	<b>11.2%</b>
RoEV <sup>(4)</sup>	18.3%	12.6%	
Memo: discount rate	7.19%	8.00%	



- 1) Embedded value calculated by Consultora MAPFRE VIDA and certified by Watson Wyatt. The certification letter is shown in the Appendix
- 2) VIF = value of in-force
- 3) Includes the in-force values of the Life and accidental death insurance businesses
- 4) Return on Embedded Value = Embedded value earnings in 2004 / embedded value as at close of the previous year

Million euros



# MAPFRE VIDA: IFRS adjustments and reconciliation to adjusted net assets

<b>Consolidated net assets for MAPFRE VIDA as at 31/12/04 (IFRS)</b>	<b>506.3</b>
Net shadow accounting adjustments	-55.0
Other adjustments	-11.0
<b>Consolidated net assets for MAPFRE VIDA as at 31/12/04 (PGC)</b>	<b>440.3</b>
Unrealised gains	35.0
Donations and dividends	-20.3
Goodwill	-17.9
Acquisition costs net of taxes	-5.7
Other	0.6
<b>Adjusted consolidated net assets for MAPFRE VIDA as at 31/12/04<sup>(1)</sup></b>	<b>432.0</b>



1) Amount used in embedded value calculations.

Million euros



# MAPFRE VIDA:

## Value added by new business<sup>(1)</sup>

	PVNBI <sup>(2)</sup>		VNB <sup>(3)</sup>		VNB/PVNBI	
	2004	2003	2004	2003	2004	2003
Life insurance:	<b>1,505.4</b>	1,278.7	<b>24.7</b>	22.6	<b>1.6%</b>	1.8%
- Agents channel	<b>748.2</b>	497.1	<b>6.9</b>	6.0	<b>0.9%</b>	1.2%
- Bank channel	<b>757.2</b>	781.6	<b>17.8</b>	16.6	<b>2.4%</b>	2.1%
Mutual Funds	<b>495.4</b>	460.3	<b>8.0</b>	7.5	<b>1.6%</b>	1.6%
Pension Funds	<b>339.6</b>	314.1	<b>6.2</b>	5.8	<b>1.8%</b>	1.8%
<b>TOTAL</b>	<b>2,340.4</b>	2,053.1	<b>38.9</b>	35.9	<b>1.7%</b>	1.7%



- 1) Value added by new business, calculated at year-end as the value added by new business at the point of sale, adjusted for the discount rate and the cost of holding the solvency margin during the first year. For Life insurance, new business is defined as single, extraordinary and regular premiums from policies written in the year, as well as extraordinary contributions to existing policies. For the Mutual Funds business, new business is defined as new contributions. For the Pension Funds business, new business is defined as single, extraordinary and regular contributions from new participants, as well as extraordinary contributions from existing participants
- 2) Present Value of New Business Income. It corresponds to: in the case of Life insurance, the present value of received and expected premiums from new business; in the case of Mutual Funds, to contributions received in the year; and in the case of Pension Funds, to received and expected contributions from new business
- 3) Value of new business

Million euros



# MAPFRE VIDA: Sensitivity analysis

**Value of in-force under the reference scenario** **647.2**

<b>Impact of:</b>	<b>Impact</b>	<b>VIF</b>
- Calculation at a 6.19% discount rate	+ 73.0	720.2
- Calculation at an 8.19% discount rate	- 64.6	582.6
- A 10% reduction in expenses	+ 18.0	665.2
- A 10% reduction in the lapse rate	+ 43.2	690.4
- A 10% reduction in mortality	+ 22.5	669.7



Million euros



# MAPFRE VIDA: Assumptions

	2004	2003
● <b>Discount rate</b>	Spanish 10-year Government bond yield (3.69%) + risk premium (3.5%) = 7.19%	8%
● <b>Financial returns</b>		
– Reinvestment rates		
• Government bonds	3.69%	4.30%
• Corporate bonds	4.69%	5.30%
• Shares	6.19%	6.80%
• Real estate	6.19%	6.80%
• Cash	2.69%	3.30%
– Existing assets	Book returns until maturity	Book returns until maturity
● <b>Maintenance expenses</b>	– Based on internal analyses – Expressed in euros per policy – Indexed to a 2.5% inflation	– Based on internal analyses – Expressed in euros per policy – Indexed to a 2.5% inflation
● <b>Fees</b>	In line with the present fee structure	In line with the present fee structure
● <b>Mortality, disability, lapses and turnovers</b>	Tables based on the company's own experience	Tables based on the company's own experience
● <b>Cost of the solvency margin</b>		
– Solvency margin	100% of the minimum legal requirement	100% of the minimum legal requirement
– Yield on investments backing the solvency margin	3.69%	4.30%
● <b>Tax rate</b>	35%	35%



## MAPFRE VIDA: Differences with EEV<sup>(1)</sup>

- The following EEVP were adopted in the calculation of the 2004 Embedded Value of MAPFRE VIDA and its subsidiaries:
  - Principle G 9.11: income and expenses were assigned to the businesses that generated them, leading to their reassignment between the Life insurance and the Mutual and Pension funds businesses.
  - Principle G 10.7: the discount rate has been determined as the risk-free rate plus a risk margin on fixed income that represents an approximation to the average risk margin used by other European insurers.
  - Principle 12: the requirements of this principle have been met partially: a breakdown of the sensitivity to some of the key variables for the calculation of the Embedded Value has been provided; and the degree of detail on value added by new business has been expanded.
  
- In all remaining aspects, the 2004 Embedded Value of MAPFRE VIDA and its subsidiaries has been calculated in accordance with traditional principles.




1) European Embedded Value, or EEV, is the embedded value calculated in accordance with the European Embedded Value Principles or EEVP. Such principles were agreed upon by the CFOs of 19 multinational European insurers belonging to the “CFO Forum” in order to increase the comparability and transparency of the embedded value calculations carried out by insurance companies. The companies that are signatories to the EEVP have undertaken to adopt them from the 2005 embedded value figures



# MAPFRE VIDA:

## Glossary

- An **embedded value** is an actuarial estimate of the economic value of the life insurance, accidental death insurance, pensions and mutual fund businesses, excluding any value attributable to future new business;
- The embedded value is defined as the sum of shareholders' **net assets**, considering assets at market value, and the **value of in-force business** (VIF);
- The value of in-force business (VIF) is determined as the present value of future statutory profits which are expected to be generated from the existing business in force at the valuation date, after corporate tax and after deducting the cost of holding a solvency margin equal to 100% of the minimum legal requirement;
- **Embedded value earnings** are defined as the change in embedded value during the year, including dividends paid and excluding capital injections, and provide a measure of the economic performance during the year;
-  **Changes in the model**, differences between the financial model used to calculate the embedded value as at 31 December 2004 and that used to calculate the embedded value as at 31 December 2003;
- **Changes in assumptions**, changes in the future experience assumed in the calculation of the value of in-force business, including economic, expense, lapse, and mortality assumptions;
- **Expected return** on the beginning of the year embedded value, comprised of the actual investment return after tax, on the beginning of the year adjusted net assets less solvency margin, plus the return, at the discount rate, on the beginning of the year value of the in-force business and solvency margin;
- **Value added by new business** is the embedded value added by new business in 2003 and 2004 at year-end, after new business first year strain, allowing for the initial solvency margin requirement and using end-of-year assumptions;
- **Experience variance** from assumptions are the deviations arising from the variance between the actual experience during the year and the assumed experience used to calculate the beginning-of-the-year embedded value.





# GENERAL INSURANCE OPERATING UNIT

- Net profit growth reflects:
  - larger business volumes;
  - a slight increase in the expense ratio, due to lower commissions received from reinsurers as a consequence of the higher retention level;
  - larger financial income;
  - a larger tax rate because of a reduction in the amount of pre-paid taxes.



- The low 3.4% increase in Burial insurance is due to the fact that in this line of business annual policies' cancellations concentrate in the first quarter of the year.
- On the other hand, the 32.8% increase in premiums written through CAJA MADRID must be noted, which was due in part to the successful launch of the “Hipoteca Protegida” (Protected Mortgage) product that covers for a period of five years the payment of a mortgage loan's installments should the borrower become unemployed or temporarily disabled.

	1H 05	1H 04	%05/04
Premiums written and accepted	<b>670.4</b>	612.1	9.5%
- Burial	<b>199.2</b>	192.6	3.4%
- Other business lines	<b>471.2</b>	419.5	12.3%
Gross Result <sup>(1)</sup>	<b>66.6</b>	56.7	17.5%
Net result	<b>42.7</b>	38.1	12.1%
Equity	<b>290.6</b>	263.5	10.3%
Loss Ratio, Non-Life <sup>(2)</sup>	<b>64.7%</b>	64.8%	
Expense Ratio, Non-Life <sup>(2)</sup>	<b>27.3%</b>	26.2%	
Combined Ratio, Non-Life <sup>(2)</sup>	<b>92.0%</b>	91.0%	

1) Before taxes and minority interest

2) Ratios as a % of net premiums earned

Million euros



## COMMERCIAL INSURANCE OPERATING UNIT

- Premiums growth reflects the winning of new business, which helped counter the impact of tariff competition.
- In the month of May, MUSINI was renamed as MAPFRE EMPRESAS. After its merger with MAPFRE INDUSTRIAL, expected before the close of 2005, MAPFRE EMPRESAS will be the only insurance company within SISTEMA MAPFRE in Spain specialised in covering industrial risks.
- International rating agencies AM Best and Standard & Poor's assigned their 'A/Stable outlook' and 'AA/stable outlook' ratings, respectively, to MAPFRE EMPRESAS. These ratings are among the highest of any commercial insurance company in Europe and will undoubtedly contribute to the business growth of the COMMERCIAL INSURANCE UNIT, especially abroad.



	1H 05	1H 04 <sup>(1)</sup>	% 05/04
Premiums written and accepted	<b>647.8</b>	602.1	7.6%
Gross result <sup>(2)</sup>	<b>65.0</b>	59.5	9.2%
Net result	<b>42.6</b>	40.1	6.2%
Equity	<b>257.6</b>	209.1	23.2%
Loss Ratio, Non-Life <sup>(3)</sup>	<b>70.0%</b>	71.1%	
Expense Ratio, Non-Life <sup>(3) (4)</sup>	<b>13.9%</b>	10.8%	
Combined Ratio, Non-Life <sup>(3)</sup>	<b>83.9%</b>	81.9%	

- 1) Figures for the first half of 2004 are shown on an aggregated basis to facilitate the comparison
- 2) Before taxes and minority interest
- 3) Ratios as a % of net premiums earned
- 4) Given the importance of services activities for MAPFRE CAUCIÓN y CRÉDITO, the net income from other activities of this subsidiary is added to the numerator of the expense ratio

Million euros



## COMMERCIAL INSURANCE OPERATING UNIT: Industrial Business<sup>(1)</sup>

- In the first half of the year, premiums grew 10.9% in the SME business and 7.1% in the Large Risks business.
- Although the large claims incurred in the first half of the year, among which the fire at the Windsor Building in Madrid stands out, have had a limited impact of the claims ratio because of the large share taken up by reinsurers, they have raised the expense ratio due to the adjustment in the cost of protections.



	1H 05	1H 04 <sup>(2)</sup>	% 05/04
Premiums written and accepted	<b>576.6</b>	533.8	8.0%
- of which Life	<b>34.8</b>	39.8	-12.6%
Gross result <sup>(3)</sup>	<b>59.8</b>	53.2	12.4%
Net result	<b>40.2</b>	36.0	11.7%
Equity	<b>240.1</b>	205.2	17.0%
Loss Ratio, Non-Life <sup>(4)</sup>	<b>68.8%</b>	69.9%	
Expense Ratio, Non-Life <sup>(4)</sup>	<b>16.7%</b>	13.4%	
Combined Ratio, Non-Life <sup>(4)</sup>	<b>85.5%</b>	83.3%	

- 1) Includes MAPFRE EMPRESAS and MAPFRE INDUSTRIAL
- 2) Figures for the first half of 2004 are shown on an aggregated basis to facilitate the comparison
- 3) Before taxes and minority interest
- 4) Ratios as a % of net premiums earned

Million euros



## COMMERCIAL INSURANCE OPERATING UNIT: MAPFRE CAUCIÓN Y CRÉDITO

- MAPFRE CAUCIÓN Y CRÉDITO'S business volumes only grew 4.2%, due to strong competition in credit insurance.
- The variation in the expense ratio reflects larger commissions received from reinsurers.

	1H 05	1H 04	% 05/04
Premiums written and accepted	<b>71.2</b>	68.3	4.2%
Gross result <sup>(1)</sup>	<b>7.4</b>	6.3	17.5%
Net result	<b>4.6</b>	4.1	12.2%
Equity	<b>31.8</b>	23.7	34.2%
Loss Ratio, Non-Life <sup>(2)</sup>	<b>85.4%</b>	84.4%	
Expense Ratio, Non-Life <sup>(2)</sup>	<b>-3.8%</b>	4.8%	
Net Other Income, Non-Life <sup>(3)</sup>	<b>-18.2%</b>	-22.4%	
Combined Ratio, Non-Life <sup>(2)</sup>	<b>63.4%</b>	66.8%	



- 1) Before taxes and minority interest
- 2) Ratios as a % of net premiums earned
- 3) Given the importance of services activities for MAPFRE CAUCIÓN y CRÉDITO, the ratio of net income from other activities as a percentage of net premiums earned is added

Million euros



# MAPFRE CAJA SALUD

- The substantial increase in net profit is the result of:
  - premium growth, which exceeded the level achieved by the market as a whole (+9.7%) and came primarily from retail customers and the Health Assistance business line;
  - a lower claims ratio, as a consequence of the adoption of new risk selection tools and of the contention of medical expenses;
  - larger financial income.



- The net profit also includes the impact of early amortisations of goodwill of €3 million in the first half of 2004 and of €0.5 million in the first half of 2005. Excluding these amounts, the net profit would have grown 9.8%.
- In the first half, a new medical centre was opened in Palma de Mallorca.

	1H 05	1H 04	% 05/04
Premiums written and accepted	<b>356.2</b>	321.8	10.7%
- Agents network <sup>(1)</sup>	<b>337.4</b>	306.8	10.0%
- Bank network	<b>18.8</b>	15.0	25.3%
Gross result <sup>(2)</sup>	<b>8.3</b>	3.2	159.4%
Net result	<b>5.1</b>	2.1	142.9%
Equity	<b>100.3</b>	93.3	7.5%
Loss Ratio, Non-Life <sup>(3)</sup>	<b>81.0%</b>	82.1%	
Expense Ratio, Non-Life <sup>(3)</sup>	<b>15.9%</b>	15.7%	
Combined Ratio, Non-Life <sup>(3)</sup>	<b>96.9%</b>	97.8%	

1) Including brokers

2) Before taxes and minority interest

3) Ratios as a % of net premiums earned

Million euros



# MAPFRE AMÉRICA

- The result of MAPFRE AMÉRICA reflects the following factors:

- sustained premiums growth, which was particularly strong in Argentina, Brazil and Venezuela;
- a higher loss ratio, due to decreasing rates in some countries;
- the expansion of the distribution network, which caused only a slight increase in the expense ratio;
- larger financial income, primarily due to rising interest rates in the region.



- In the first six months of the year, 183 new offices have been opened, 45 of which are direct.

	1H 05	1H 04	% 05/04
Premiums written and accepted	<b>732.4</b>	658.6	11.2%
Gross result <sup>(1)</sup>	<b>44.6</b>	34.3	30.0%
Net result	<b>33.0</b>	26.1	26.4%
Equity	<b>704.4</b>	535.9	31.4%
Loss Ratio, Non-Life <sup>(2)</sup>	<b>68.8%</b>	67.2%	
Expense Ratio, Non-Life <sup>(2)</sup>	<b>32.6%</b>	32.2%	
Combined Ratio, Non-Life <sup>(2)</sup>	<b>101.4%</b>	99.4%	

1) Before taxes and minority interest

2) Ratios as a % of net premiums earned

Million euros



# MAPFRE AMÉRICA:

## Premiums and results by country



COMPANY	PREMIUMS				RESULTS <sup>(1)</sup>			
	1H 05	1H 04	% 05/04	Local Currency % 05/04	1H 05	1H 04	% 05/04	Local Currency % 05/04
PUERTO RICO	<b>118.5</b>	108.0	9.7%	8.7%	<b>13.7</b>	11.0	24.5%	39.1%
VENEZUELA	<b>121.3</b>	97.6	24.3%	42.0%	<b>12.6</b>	13.0	-3.1%	10.4%
MEXICO	<b>118.1</b>	139.5	-15.3%	-13.5%	<b>11.6</b>	4.7	146.8%	150.4%
BRAZIL	<b>167.5</b>	129.2	29.6%	14.9%	<b>5.6</b>	3.8	47.4%	33.0%
ARGENTINA	<b>89.9</b>	76.6	17.4%	22.7%	<b>3.6</b>	3.4	5.9%	10.3%
CHILE	<b>52.1</b>	51.5	1.2%	-3.6%	<b>1.3</b>	2.0	-35.0%	-37.4%
EL SALVADOR	<b>15.0</b>	14.9	0.7%	5.0%	<b>1.3</b>	1.0	30.0%	27.2%
COLOMBIA	<b>27.0</b>	21.3	26.8%	15.2%	<b>1.1</b>	1.2	-8.3%	-21.0%
PARAGUAY	<b>4.0</b>	3.8	5.3%	15.9%	<b>0.1</b>	0.2	-50.0%	-27.9%
PERU	<b>14.7</b>	11.8	24.6%	22.4%	<b>-0.2</b>	0.3	---	---
URUGUAY	<b>4.5</b>	4.4	2.3%	-2.0%	<b>-0.3</b>	0.0	---	---

1) Gross result before amortisation of goodwill and portfolio acquisition costs, taxes and minority interests under PGC/PGEA standards

Million euros



## MAPFRE AMÉRICA: Key facts of the first half of 2005 by country

- Significant increases were recorded in the profits of the following subsidiaries:
  - MAPFRE TEPEYAC (Mexico), due to the improvement in its technical result, which is related in part with the cancellation of Motor insurance contracts in 2004, and to larger financial income;
  - MAPFRE VERA CRUZ (Brazil), thanks to sustained growth across most business lines, due primarily to the expansion of the distribution network, and to the decrease of the loss ratio in the Motor business, which was helped by the introduction of a new tariff that is segmented by area and type of vehicle





# MAPFRE RE

- Result growth reflects:
  - the winning of new business from ceding companies outside SISTEMA MAPFRE;
  - a stable combined ratio, in spite of a slight increase in the loss ratio caused by the large claims incurred in the first half of the year;
  - larger financial income.



- The tax rate has gone up due to the transfer of subsidiary MAPLUX to MAPFRE SEGUROS GENERALES.
- The amount of the claims caused by hurricane “Dennis”, which hit the southern coast of the United States after the close of the first half, is expected to range between €4 and 8 million. These claims should be viewed as normal in relation to current business volumes, therefore MAPFRE RE and its North American subsidiary MAPFRE REINSURANCE CORP. maintain their profit estimates for the year.

	1H 05	1H 04	% 05/04
Premiums written and accepted	<b>666.8</b>	561.9	18.7%
- of which Life	<b>52.4</b>	35.9	46.0%
Gross result <sup>(1)</sup>	<b>58.7</b>	43.4	35.3%
Net result	<b>34.0</b>	27.1	25.5%
Equity	<b>652.1</b>	537.9	21.2%
Loss Ratio, Non-Life <sup>(2)</sup>	<b>59.3%</b>	58.5%	
Expense Ratio, Non-Life <sup>(2)</sup>	<b>31.0%</b>	31.5%	
Combined Ratio, Non-Life <sup>(2)</sup>	<b>90.3%</b>	90.0%	

- 1) Before taxes and minority interest  
 2) Ratios as a % of net premiums earned

Million euros



# MAPFRE ASISTENCIA

- The increase in net profit reflects:
  - premiums growth, particularly in the Pecuniary Losses business line (€38.6 million against €11.4 million in the same period of the previous year). It is also worth noting the growth of the Assistance business in North America and of travel insurance in Spain, Africa and the Middle East;
  - the increase in the expense ratio, which is due to: the growth of the Pecuniary Losses business line, which is characterised by higher acquisition costs than the other lines, that are compensated by comparatively lower loss levels; and by the expansion of the distribution network and of the services related with the new business lines in Europe;
  - a decrease in the tax rate, due to the use of tax credits and to comparatively faster profit growth in subsidiaries with lower tax rates.



	1H 05	1H 04	% 05/04
Total Income	<b>165.1</b>	120.4	37.1%
- Premiums written and accepted	<b>123.5</b>	84.1	46.8%
- Other income	<b>41.6</b>	36.3	14.6%
Gross result <sup>(1)</sup>	<b>4.3</b>	4.1	4.9%
Net result	<b>3.6</b>	2.9	24.1%
Equity	<b>82.7</b>	65.4	26.5%
Loss Ratio, Non-Life <sup>(2)</sup>	<b>73.9%</b>	73.7%	
Expense Ratio, Non-Life <sup>(2)</sup>	<b>19.3%</b>	18.0%	
Combined Ratio, Non-Life <sup>(2)</sup>	<b>93.2%</b>	91.7%	

- 1) Before taxes and minority interest  
 2) Ratios as a % of net premiums earned

Million euros



## MAPFRE ASISTENCIA: [www.viajesmapfre.com](http://www.viajesmapfre.com)

- In May, the new [www.viajesmapfre.com](http://www.viajesmapfre.com) portal was launched, which allows to buy in real time holiday packages, hotels, plane tickets and car rentals, among others.
- The Corporate Travel and Conference, Conventions and Incentives (CC&I) business lines will be added in the near future. On-line services are backed by a highly qualified and specialised after-sale call centre.



Section I Key facts

Section II Analysis of results

**Appendix**

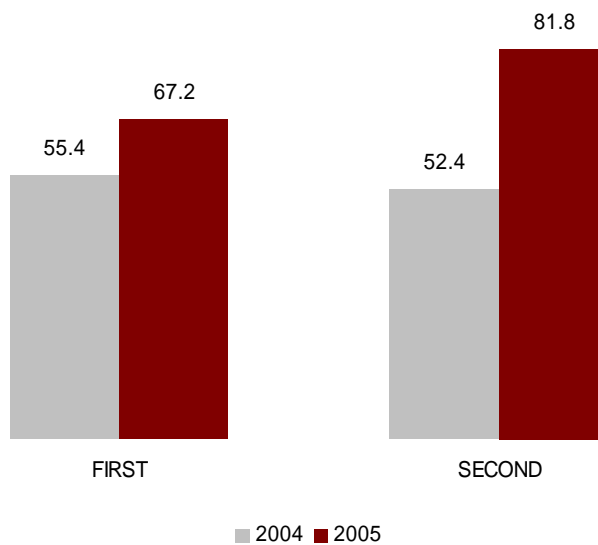
Calendar and contacts



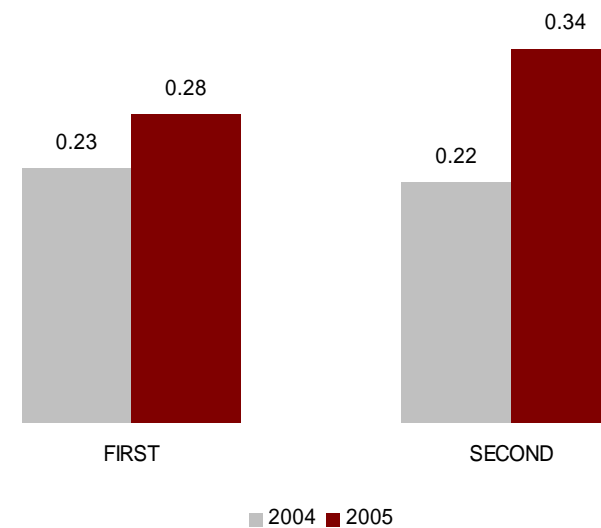
# CORPORACIÓN MAPFRE: Consolidated quarterly results



### Net Result by Quarter <sup>(1)</sup>



### Quarterly EPS (euros)



1) Million euros



# CORPORACIÓN MAPFRE:

## Profit breakdown by units and companies – June 2004

	Net Result	Minority Interests	Consolidation adjustments	Contribution to consolidated result
LIFE	45.8	-22.5		23.3
GENERAL INSURANCE	38.1	-18.7		19.4
COMMERCIAL INSURANCE	40.1	-14.4	-10.6	15.1
HEALTH	2.1	-1.0		1.1
Consolidation adjustments				-1.0
MAPFRE-CAJA MADRID HOLDING				57.8
AMÉRICA	26.1	-3.9		22.2
RE	27.1	-3.3		23.8
ASISTENCIA	2.9			2.9
INMUEBLES	3.6			3.6
Other companies	3.7			3.7
Consolidation adjustments				-6.3
<b>CORPORACIÓN MAPFRE</b>				<b>107.8</b>



Million euros



# CORPORACIÓN MAPFRE:

## Reconciliation of the consolidated profit under PGC/PCEA and IFRS – June 2004

ITEM	Gross amount	Tax	Minority Shrhldrs.	Attributable result
<b>Result at 30/06/04 under PGC/PCEA</b>	<b>207.8</b>	<b>-62.8</b>	<b>-52.7</b>	<b>92.3</b>
Reversal of goodwill amortisation	15.7	-0.7	-6.3	8.8
Reversal of the appropriation to the equalisation reserve	24.0	-8.2	-4.4	11.4
Differences in the valuation of technical reserves	2.9	-1.0	-0.9	1.0
Differences in the valuation of investments	-2.3	0.8	0.7	-0.8
Derivatives (fair value, hedges)	-4.0	1.4	0.0	-2.6
Amortisation of start-up expenses	0.4	0.0	-0.3	0.1
Deferred taxes (timing diffs. and differences > 10 yrs.)	-0.4	-0.2	0.0	-0.5
Deferred income	0.5	-0.1	0.1	0.3
Other items	6.2	-8.1	-0.4	-2.2
<b>Result at 30/06/04 under IFRS</b>	<b>250.7</b>	<b>-78.8</b>	<b>-64.1</b>	<b>107.8</b>



Million euros



# CORPORACIÓN MAPFRE:

## Expense and loss ratios by unit and company

COMPANY	EXPENSE RATIO <sup>(1)</sup>		LOSS RATIO <sup>(2)</sup>		COMBINED RATIO <sup>(3)</sup>	
	1H 05	1H 04	1H 05	1H 04	1H 05	1H 04
GENERAL INSURANCE OP. UNIT	<b>27.3%</b>	26.2%	<b>64.7%</b>	64.8%	<b>92.0%</b>	91.0%
MAP. EMPRESAS + MAP. INDUSTRIAL	<b>16.7%</b>	13.4%	<b>68.8%</b>	69.9%	<b>85.5%</b>	83.3%
MAPFRE CAUCIÓN Y CRÉDITO <sup>(4)</sup>	<b>-22.0%</b>	-17.6%	<b>85.4%</b>	84.4%	<b>63.4%</b>	66.8%
MAPFRE CAJA SALUD	<b>15.9%</b>	15.7%	<b>81.0%</b>	82.1%	<b>96.9%</b>	97.8%
MAPFRE-CAJA MADRID HOLDING	<b>21.7%</b>	20.7%	<b>68.9%</b>	69.3%	<b>90.6%</b>	90.0%
MAPFRE RE	<b>31.0%</b>	31.5%	<b>59.3%</b>	58.5%	<b>90.3%</b>	90.0%
MAPFRE ASISTENCIA	<b>19.3%</b>	18.0%	<b>73.9%</b>	73.7%	<b>93.2%</b>	91.7%
MAPFRE AMERICA	<b>32.6%</b>	32.2%	<b>68.8%</b>	67.2%	<b>101.4%</b>	99.4%
CORPORACION MAPFRE (Consolidated)	<b>26.7%</b>	26.1%	<b>67.1%</b>	66.9%	<b>93.8%</b>	93.0%
MAPFRE VIDA <sup>(5)</sup>	<b>0.9%</b>	1.0%				



- 1) (Operating expenses, net of reinsurance + profit sharing and returns – other technical income + other technical expenses) / Net premiums earned. Figures correspond to the Non-Life technical account.
- 2) (Net claims incurred + variation of other technical reserves)/Net premiums earned. Figures correspond to the Non-Life technical account.
- 3) Combined ratio = Expense ratio + Loss ratio. Figures correspond to the Non-Life technical 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) (Acquisition expenses + variation in deferred acquisition expenses + administration expenses) / (average technical reserves + average mutual funds + average pension funds). Annualised ratio





# CORPORACIÓN MAPFRE:

## Balance sheet

	1H 05	1H 04	% Var.
<b>ASSETS</b>			
Goodwill	519.1	488.3	6.3%
Fixed assets	461.4	336.7	37.0%
Investments	20,518.4	17,622.4	16.4%
Participation by reinsurance in technical reserves	1,329.6	1,110.5	19.7%
Other assets	4,055.9	3,343.1	21.3%
<b>TOTAL ASSETS</b>	<b>26,884.4</b>	<b>22,901.0</b>	<b>17.4%</b>
<b>LIABILITIES</b>			
Shareholders' Equity	2,086.5	1,802.5	15.8%
Minority interests	926.1	790.1	17.2%
Debt	377.8	299.6	26.1%
Technical reserves	19,875.0	16,991.5	17.0%
- Life insurance reserves	14,311.3	12,221.4	17.1%
- Other reserves	5,563.7	4,770.1	16.6%
Reserves for risks and expenses	175.2	154.7	13.3%
Other liabilities	3,443.8	2,862.6	20.3%
<b>TOTAL LIABILITIES</b>	<b>26,884.4</b>	<b>22,901.0</b>	<b>17.4%</b>



Million euros



# CORPORACIÓN MAPFRE:

## Consolidation adjustments in reserves and premiums

	Life insurance reserves			Other reserves			Technical Reserves			Written and accepted premiums		
	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.	1H 05	1H 04	% Var.
LIFE	<b>13,707.0</b>	11,657.0	17.6%	<b>487.9</b>	576.0	-15.3%	<b>14,194.9</b>	12,233.0	16.0%	<b>1,037.8</b>	1,068.8	-2.9%
GENERAL INSURANCE	<b>46.7</b>	44.3	5.4%	<b>1,150.7</b>	974.0	18.1%	<b>1,197.4</b>	1,018.2	17.6%	<b>670.4</b>	612.1	9.5%
COMMERCIAL INSURANCE	<b>462.2</b>	441.6	4.7%	<b>1,770.9</b>	1,426.6	24.1%	<b>2,233.2</b>	1,868.2	19.5%	<b>647.8</b>	602.1	7.6%
HEALTH	---	---	---	<b>237.5</b>	207.5	14.5%	<b>237.5</b>	207.5	14.5%	<b>356.2</b>	321.8	10.7%
AMÉRICA	<b>68.2</b>	48.8	39.8%	<b>1,021.8</b>	874.2	16.9%	<b>1,090.0</b>	923.0	18.1%	<b>732.4</b>	658.6	11.2%
RE	<b>95.9</b>	82.4	16.4%	<b>1,165.9</b>	913.1	27.7%	<b>1,261.8</b>	995.5	26.8%	<b>666.8</b>	561.9	18.7%
ASISTENCIA	---	---	---	<b>113.2</b>	62.1	82.3%	<b>113.2</b>	62.1	82.3%	<b>123.5</b>	84.1	46.8%
MAPFRE ASIAN	---	---	---	<b>8.8</b>	7.9	11.4%	<b>8.8</b>	7.9	11.4%	<b>6.1</b>	5.1	19.6%
Adjustments MAPFRE RE	---	---	---	<b>-393.1</b>	-271.3	44.9%	<b>-393.1</b>	-271.3	44.9%	<b>-261.6</b>	-252.0	3.8%
Other adjustments	<b>-68.7</b>	-52.6	30.6%	---	---	---	<b>-68.7</b>	-52.6	30.6%	---	---	---
<b>CORPORACIÓN MAPFRE</b>	<b>14,311.3</b>	12,221.4	17.1%	<b>5,563.7</b>	4,770.1	16.6%	<b>19,875.0</b>	16,991.5	17.0%	<b>3,979.4</b>	3,662.6	8.6%



Million euros



# CORPORACIÓN MAPFRE:

## Breakdown of equity by units and subsidiaries

	Equity					
	30/06/05		30/06/04		% Var.	
	Share of		Share of			
	Corp. Mapfre	Minority shrhldrs.	Corp. Mapfre	Minority shrhldrs.	Corp. Mapfre	Minority shrhldrs.
LIFE	261.2	251.6	236.6	228.1	10.4%	10.3%
GENERAL INSURANCE	148.2	142.4	134.4	129.1	10.3%	10.3%
COMMERCIAL INSURANCE	131.3	126.3	106.6	102.5	23.2%	23.2%
HEALTH	51.2	49.1	47.6	45.7	7.6%	7.4%
Consolidation adjustments/minority interest	162.6	155.5	127.8	122.0	27.2%	27.5%
<b>MAPFRE-CAJA MADRID</b>	<b>754.5</b>	<b>724.9</b>	<b>653.0</b>	<b>627.4</b>	<b>15.5%</b>	<b>15.5%</b>
AMÉRICA	615.8	88.6	455.1	80.8	35.3%	9.7%
RE	573.3	78.8	471.9	66.1	21.5%	19.2%
ASISTENCIA	82.7	---	65.4	---	26.5%	---
OTHER COMPANIES	83.9	18.6	64.2	---	30.7%	---
Consolidation adjustments/minority interest	-23.7	15.2	92.9	15.8	---	-3.8%
<b>CORPORACIÓN MAPFRE</b>	<b>2,086.5</b>	<b>926.1</b>	<b>1,802.5</b>	<b>790.1</b>	<b>15.8%</b>	<b>17.2%</b>



Million euros



# Watson Wyatt certification letter

18 July 2005

The Directors  
 Corporación Mapfre, S.A.  
 Carretera de Pozuelo de Alarcón a Majadahonda, S/N  
 Edificio 3  
 28220 Majadahonda (Madrid)

Dear Sirs,

## Review of the embedded value of the life insurance, accidental death, mutual fund and pension fund business of Mapfre Vida

At the request of Corporación Mapfre, S.A., Watson Wyatt Worldwide ("Watson Wyatt") has reviewed the calculation of the consolidated embedded value as at 31 December 2003 and as at 31 December 2004, of 100% of the life insurance, accidental death, mutual fund and pension fund business of Mapfre Vida, S.A. de Seguros y Reaseguros sobre la Vida Humana ("Mapfre Vida") and its subsidiaries, Mapfre Inversión Dos, S.G.I.I.C., S.A., Mapfre Vida Pensiones, E.G.F.P., S.A. de Seguros, S.A. and Musini Vida, S.A. de Seguros y Reaseguros, Sociedad Unipersonal, carried out by Consultora Actuarial y de Pensiones Mapfre Vida, S.A. ("Consultora Mapfre Vida").

In particular, we have reviewed the methodology and assumptions used to calculate the value of in-force business, checked the value of a sample of in-force policies within certain product lines, and carried out a high level review of the aggregate value of in-force business. The opinions stated in this letter are strictly limited to these issues.

Subject to the reliances and limitations set forth at the end of this letter, in our opinion the methodology used is appropriate, the assumptions are reasonable, and the results reviewed by us have been properly prepared.

We set out below the results of the calculations performed by Consultora Mapfre Vida.

### Embedded values as at 31 December 2003 and 31 December 2004

- 1 An embedded value is an actuarial estimate of the economic value of the life, accidental death, pensions and mutual fund business, excluding any value attributable to future new business.
- 2 The embedded value is defined as the sum of shareholders' net assets, considering assets at market value, and the value of in-force business. The value of in-force business is determined as the present value of future statutory profits which are expected to be generated from the existing business in force at the valuation date, after corporate tax and after deducting the cost of holding a solvency margin equal to 100% of the legal requirement.
- 3 Table 1 shows the consolidated embedded values of the life insurance, accidental death, mutual fund and pension fund business of Mapfre Vida and its subsidiaries, calculated using a discount rate of 8.0% for 2003 and 7.19% for 2004, and the assumptions set out in paragraph 9.

Table 1: Consolidated embedded value as at 31 December 2003 and 2004 (thousand euros)

	2003 at 8.0%	2004 at 7.19%
Adjusted net assets	401,182	431,994
Value of in-force business	569,754	647,246
<b>Embedded value</b>	<b>970,936</b>	<b>1,079,240</b>

- 4 The values shown in Table 1 assume taxation on future statutory profits of 35%, and are net of the cost of holding a level of solvency margin equal to 100% of the minimum legal requirement.
- 5 The adjusted net assets shown in Table 1 are equal to the consolidated statutory net assets of Mapfre Vida and its subsidiaries, adjusted by taking into account the market value of assets and by deducting unamortised acquisition expenses, goodwill, donations and dividends not considered in the statutory net assets, all after tax.
- 6 The value of in-force business was determined by discounting expected future statutory profits at a discount rate of 8.0% for 2003 and 7.19% for 2004. The risk discount rate for 2004 has been determined as the risk free rate plus a risk margin. The risk free rate assumed is the 10 year Spanish government bond yield as at 31 December 2004, equal to 3.69%. The risk margin assumed is 350 basis points. While we believe that this is reasonable, we do not make any judgement or representation that this rate is appropriate for any particular investor. The discount rate appropriate to any particular investor will depend on the investor's own particular requirements, tax position, and perception of the risks associated with the realisation of future profits.

### Embedded value earnings in 2004

- 7 Embedded value earnings are defined as the change in embedded value during the year, including dividends paid and excluding capital injections, and provide a measure of the economic performance during the year.
- 8 Table 2 shows the embedded value earnings of Mapfre Vida and its subsidiaries in 2004.

Table 2: Embedded value earnings in 2004 (thousand euros)

	2004
Change in embedded value	108,304
Dividends paid and donations	69,104
<b>Embedded value earnings</b>	<b>177,408</b>

### Assumptions

- 9 The principal assumptions used in the calculation of the embedded values are set out below:
  - New money pre-tax investment returns, before investment expenses, on government bonds have been assumed at 4.30% in the 2003 embedded value calculation and at 3.69% in the 2004 calculation. New money pre-tax investment returns on corporate bonds have been assumed to be 100 basis points higher, on equities and property 250 basis points higher, and on cash 100 basis points lower, than the government bond returns. Book investment returns on existing assets continue to apply until assets reach their maturity or are sold. The existing mix of assets backing the life technical reserves has been assumed to continue in the future.
  - The cost of solvency margin has been calculated assuming that the level of solvency margin held is equal to 100% of the minimum legal requirement, and that the assets backing the

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# Watson Wyatt certification letter



- solvency margin are government bonds earning pre-tax investment returns of 4.30% in the 2003 calculation and 3.69% in the 2004 calculation.
- To derive the expense assumptions used in the 2004 calculation, actual management expenses in 2004 assigned to the life insurance, accidental death, mutual fund and pension fund business, with the exception of non-recurrent expenses, have been fully allocated to different product lines and, within each line, between expenses related to the acquisition of new business and those related to the maintenance of in-force business. The expense assumptions used in the 2003 calculation were derived in the same manner, using 2003 actual management expenses.
  - Maintenance expenses, expressed in euros per policy, have been assumed to increase at 2.5% per annum in the 2003 and 2004 embedded value calculations.
  - Salesforce commissions have been assumed to continue in the future at the scales existing at each respective valuation date.
  - Life policyholder profit participation rates and product charges, as well as mutual fund and pension fund commission rates, have been assumed to continue in the future at the levels existing at each respective valuation date.
  - Mortality, lapse and other discontinuance assumptions have been based on internal studies of recent operating experience and, where appropriate, on industry experience.
  - It has been assumed that there will be no change in the methods and bases used to calculate technical reserves and surrender values, except for the future strengthening of the group and individual annuity and endowment mathematical reserves required to satisfy Spanish regulations.

#### Reliances and limitations

- 10 In carrying out our review we have relied without independent verification upon the accuracy and completeness of the data and information provided to us, both in written and oral form, by Consultora Mapre Vida and Mapfre Vida and its subsidiaries.
- 11 Reliance has been placed upon, but not limited to, information regarding historic annual reports and accounts, life insurance and mutual and pension fund product characteristics and charges, asset allocations by product line, asset values, expense analyses, salesforce commission scales, internal claim and discontinuance studies, levels of in-force premiums, number of policies, technical reserves, mutual and pension funds by product, terms of reinsurance agreements, and electronic policy data bases.
- 12 We have not attempted to assess the suitability, quality or value of the assets of Mapfre Vida and its subsidiaries or to provide any warranty as to the adequacy of the technical reserves. We have also not investigated any claims against Mapfre Vida or its subsidiaries other than those made by policyholders or fund participants under the normal terms of insurance, mutual fund or pension fund business. In particular, no account has been taken of liabilities in respect of pension entitlements, service contracts, leases and breaches of legislation, regulatory rules or guidance.
- 13 Assumptions are made about future experience, including economic and investment experience, tax, expenses, lapse rates, mortality and reinsurance. These assumptions have been made on the basis of reasonable estimates. However, actual future experience is likely to differ from these

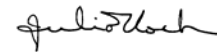
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assumptions, due to random fluctuations, changes in the operating environment and other factors. Such variations in experience could have a significant effect on the results and conclusions of this letter. No warranty is given by Watson Wyatt that the assumptions made in this letter will be reflected in actual experience.

- 14 The calculation carried out by Consultora Mapfre Vida does not consider possible financial implications arising from the introduction of new regulatory reporting requirements which may, for example, increase the level of capital support required to sustain the business or constrain the way in which the assets are invested.
- 15 The calculation carried out by Consultora Mapfre Vida is consistent with the traditionally accepted practice for calculating embedded values, which differs from a "fair value" or market consistent approach. In particular, traditional embedded value methodology does not assess the costs of financial options and guarantees but makes an implicit allowance for these risks, together with all other risks, through the discount rate used. In order to comply with the European Embedded Value Principles published by the CFO Forum it will be necessary to calculate the cost of financial options and guarantees explicitly using stochastic techniques and disclose this separately.

Yours sincerely



Julio Koch  
Practice Leader



Felipe Gómez Rojas  
Senior Consultant

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## Sales of CAJA MADRID products through the MAPFRE network

	1H 05	1H 04	% Var.
Mortgages	773	402	92%
Consumer loans	52	27	96%
Financing of real estate developments	199	110	81%
Other loans	109	46	138%
Car loans	67	59	14%
Leasing (assets other than vehicles)	28	13	105%
<b>Total assets operations</b>	<b>1,228</b>	657	87%
Deposits	120	68	77%
<b>Total business volume</b>	<b>1,348</b>	725	86%



Million euros



# SISTEMA MAPFRE:

## Consolidated income statement

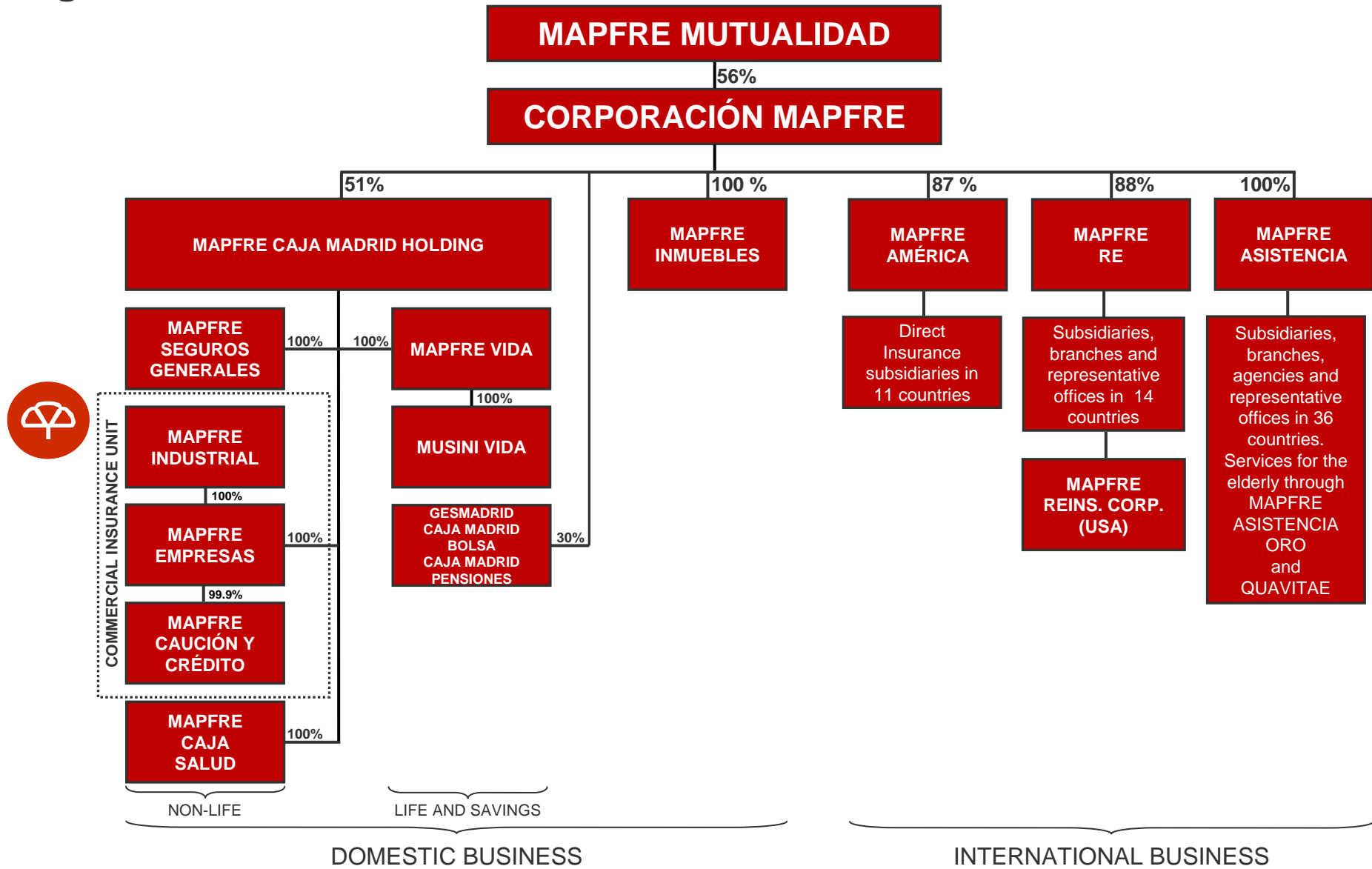
	1H 05	1H 04	% Var.
<b>NON-LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	4,170.2	3,736.9	11.6%
Premiums earned, net of ceded and retroceded reinsurance	3,055.2	2,664.0	14.7%
Net claims incurred and variation in other technical provisions	-2,159.9	-1,839.1	17.4%
Operating expenses, net of reinsurance	-625.6	-514.8	21.5%
Other technical income and expenses	-29.0	-43.5	-33.3%
TECHNICAL RESULT	240.7	266.6	-9.7%
Net financial and other non-technical income	174.4	106.7	63.4%
<b>Result of the Non-life business</b>	<b>415.1</b>	<b>373.3</b>	<b>11.2%</b>
<b>LIFE INSURANCE AND REINSURANCE</b>			
Gross written and accepted premiums	1,224.2	1,232.1	-0.6%
Premiums earned, net of ceded and retroceded reinsurance	1,133.8	1,149.0	-1.3%
Net claims incurred and variation in other technical provisions	-1,465.4	-1,317.9	11.2%
Operating expenses, net of reinsurance	-95.3	-105.9	-10.0%
Other technical income and expenses	-6.0	-4.0	50.0%
TECHNICAL RESULT	-432.9	-278.8	55.3%
Net financial and other non-technical income	489.2	314.2	55.7%
Unrealised gains and losses in unit-linked investments	12.0	7.7	55.8%
<b>Result of the Life business</b>	<b>68.3</b>	<b>43.1</b>	<b>58.5%</b>
<b>OTHER BUSINESS ACTIVITIES</b>			
Operating income	140.4	107.3	30.8%
Operating expenses	-126.6	-105.2	20.3%
Net financial income	13.6	12.2	11.5%
Results from minority shareholdings	3.8	3.1	22.6%
<b>Result of the Other Business Activities</b>	<b>31.2</b>	<b>17.4</b>	<b>79.3%</b>
<b>Result before tax and minority shareholders</b>	<b>514.6</b>	<b>433.8</b>	<b>18.6%</b>
Taxes	-148.2	-121.3	22.2%
<b>Result after tax</b>	<b>366.4</b>	<b>312.5</b>	<b>17.2%</b>
Non-life loss ratio <sup>(1)</sup>	70.7%	69.0%	
Non-life expense ratio <sup>(1)</sup>	21.4%	21.0%	
Non-life combined ratio <sup>(1)</sup>	92.1%	90.0%	
Life expense ratio <sup>(2)</sup>	1.3%	1.6%	

- 1) Ratios calculated over net premiums earned.
- 2) (Operating expenses, net of reinsurance + profit sharing and returns – other technical income + other technical expenses) / average Life and unit-linked reserves + average mutual funds + average pension funds. Annualised ratios

Million euros



# MAPFRE: Organisation chart





Section I Key facts


Section II Analysis of results

Appendix

**Calendar and contacts**



## Provisional calendar for the year 2005

- 09/02/05 Release of year 2004 results
- 09/02/05 Analysts' presentation, year 2004 results - Madrid
- 10/02/05 Analysts' presentation, year 2004 results - London
- 26/02/05 Annual General Meeting
- 27/04/05 Release of first quarter 2005 interim results
- 27/04/05 Analysts' presentation, first quarter 2005 interim results - Madrid
- 28/04/05 Analysts' presentation, first quarter 2005 interim results - London
-  21/07/05 Release of first half 2005 results
- 27/10/05 Analysts' presentation, third quarter 2005 interim results – Madrid
- 28/10/05 Analysts' presentation, third quarter 2005 interim results – London

Dates may be subject to changes



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

