



MAPFRE in Latin America:
progress and growth
opportunities



CORPORACIÓN MAPFRE



London, 28 October 2005

MAPFRE in Latin America

Rationale and Goals

The insurance market in Latin America



 **MAPFRE** | AMÉRICA: Development of key figures

Strategy and outlook



Rationale and Goals

RATIONALE

- Cultural affinity with Latin America
- Markets with a high growth potential due to:
 - A growing political and economical stability
 - Low insurance penetration
 - The modernisation of the financial markets and of insurance legislation
 - The privatisation of the social insurance systems
- Greater geographical diversification
- To go along with Spanish companies in their expansion in Latin America
- Existing group presence in Latin America (MAPFRE RE, MAPFRE ASISTENCIA)

GOALS

- Growth
- Increasing contribution to consolidated results
- To promote the development of professional insurance markets



MAPFRE in Latin America

Rationale and Goals

The insurance market in Latin America



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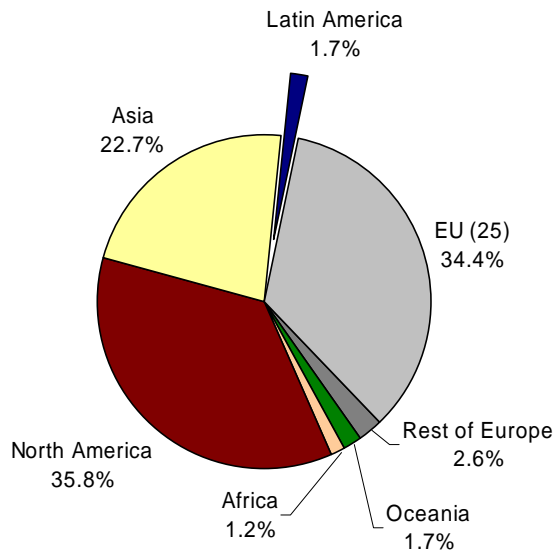


The Insurance Market in Latin America



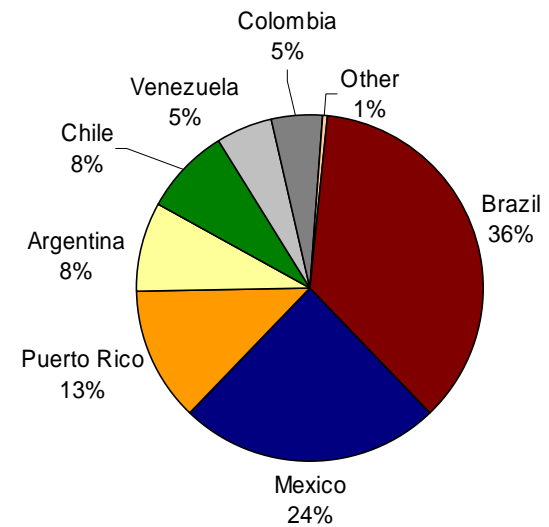
LATIN AMERICA WITHIN THE GLOBAL INSURANCE MARKET

SIZE



Overall premium volume in Latin America reached USD 55 billion in 2004

CONCENTRATION



7 countries concentrate the business with Brazil and Mexico accounting for 60% of premiums



(1) Source: own calculations using SIGMA and Fundación MAPFRE Estudios data. Figures as at December 2004



The Insurance Market in Latin America

LATIN AMERICA WITHIN THE GLOBAL INSURANCE MARKET

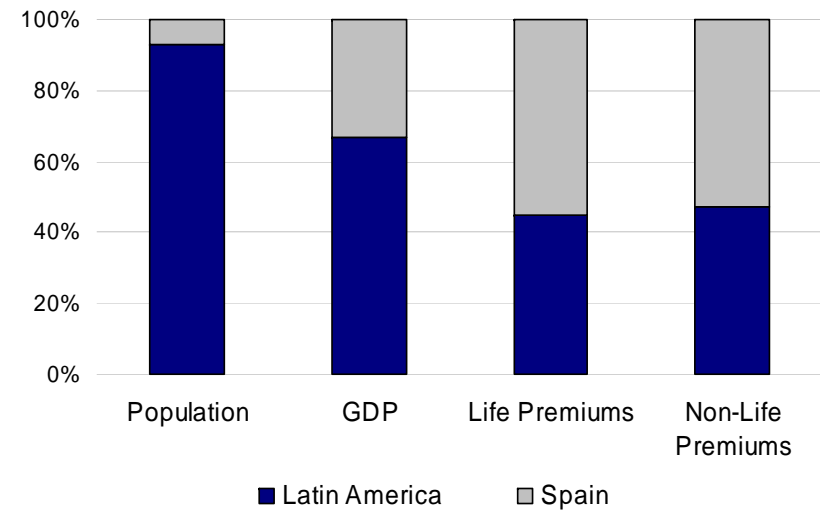
Latin America represents 8.6% of the world's population and its GDP 4.9% of global value creation...

...however, these ratios are much lower in the insurance industry: Latin America's share of world-wide premium income is 1.0% in Life insurance and 2.1% in Non-Life

Latin America as a whole has a premium volume smaller than Spain, despite a population 13x bigger and a GDP twice as large



	Population	GDP	Life Premiums	Non-Life Premiums
North America	5.1%	31.3%	28.4%	46.1%
Latin America	8.6%	4.9%	1.0%	2.1%
EU (25)	7.5%	31.2%	35.6%	32.7%
Spain	0.7%	2.4%	1.3%	2.3%



As a % of population, GDP, Life and Non-Life world-wide premiums, respectively



Growth Potential

Source: own calculations using SIGMA data. Aggregate figures for Latin America do not include Puerto Rico



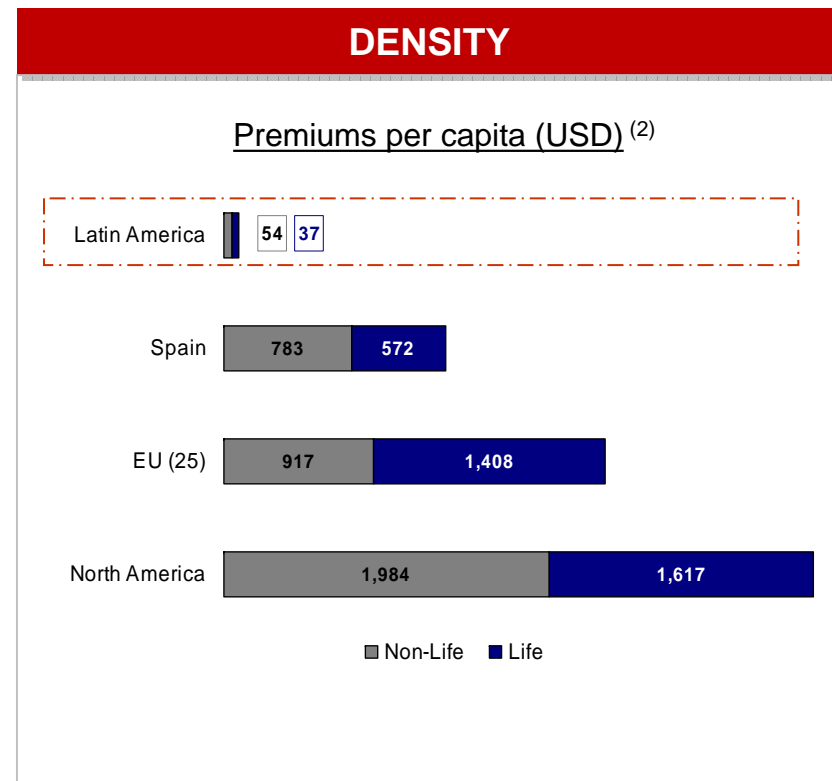
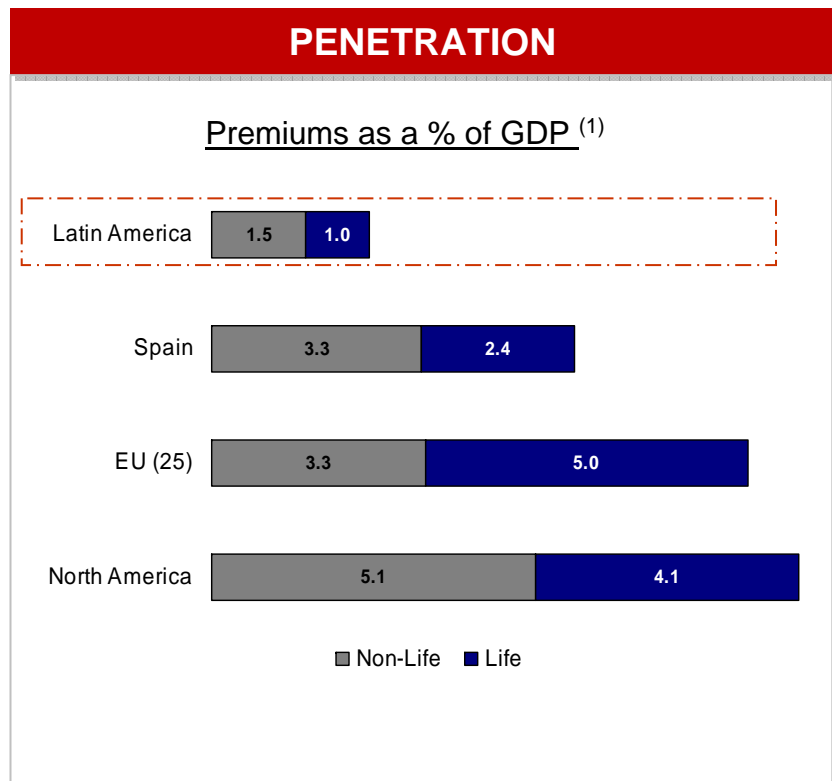
The Insurance Market in Latin America

LATIN AMERICA WITHIN THE GLOBAL INSURANCE MARKET

On average, Latin America spends 1% of its GDP on Life insurance and 1.5% on Non-Life insurance, vs. a world average of 4.6% for Life and 3.4% for Non-Life



Growth Potential



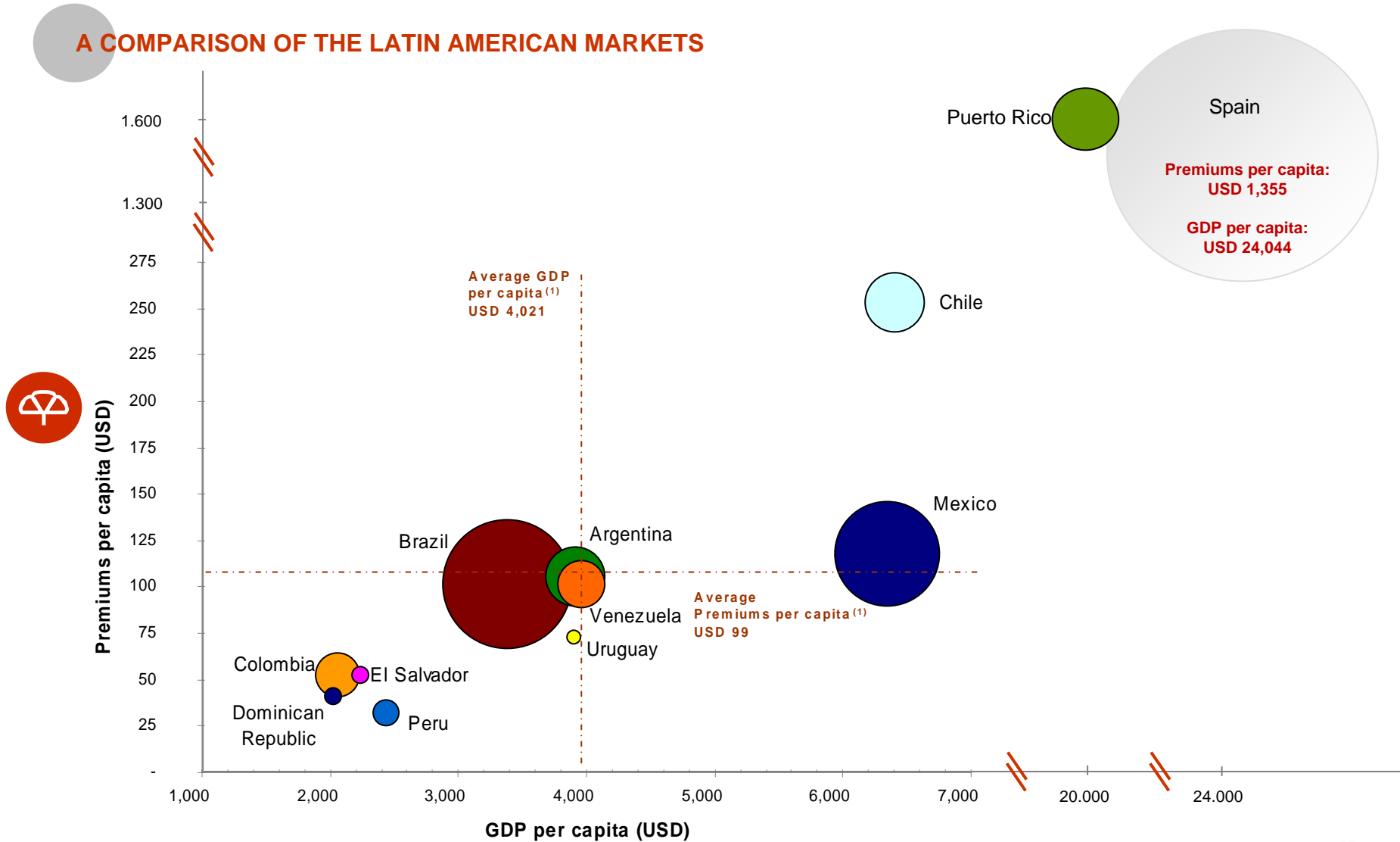
(1) Figures for Latin America do not include Puerto Rico, whose penetration is equal to 1.0% and 7.0% of GDP in Non-Life and Life insurance, respectively
 (2) Figures for Latin America do not include Puerto Rico, whose premiums per capita are equal to USD 1,409 and USD 202 in Non-Life and Life insurance, respectively

Source: Own calculations using SIGMA and y Fundación MAPFRE Estudios data



The Insurance Market in Latin America

A COMPARISON OF THE LATIN AMERICAN MARKETS

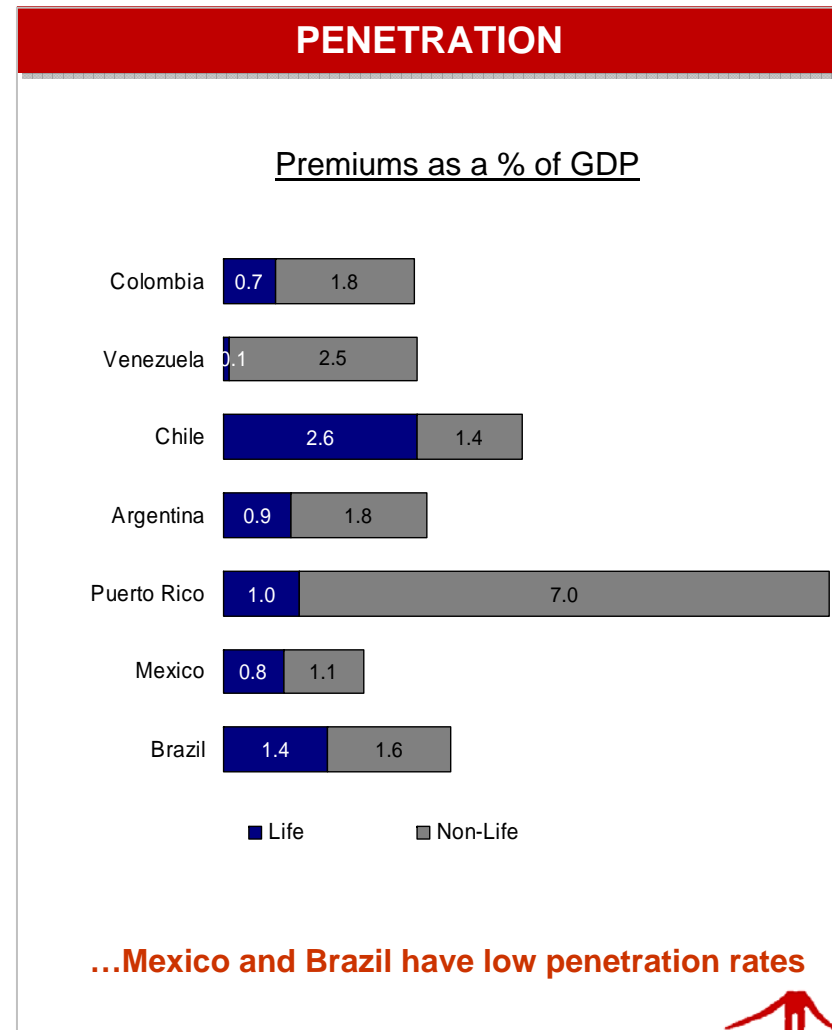
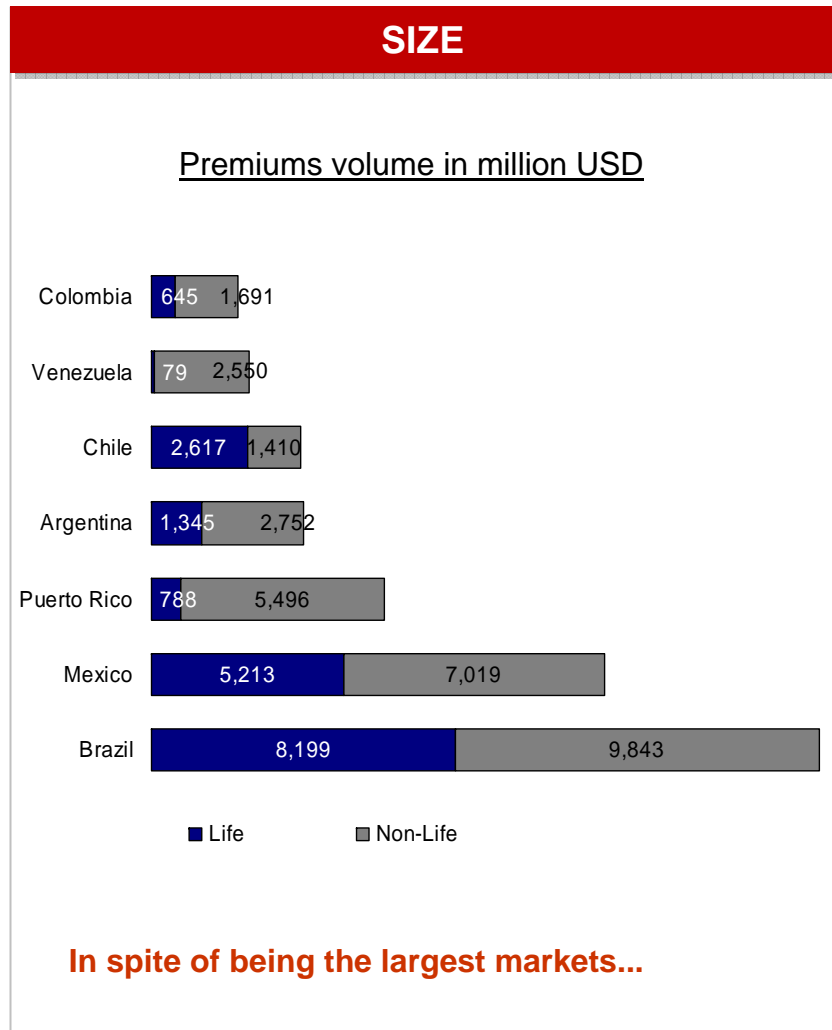


(1) Puerto Rico and Spain are not included in the average GDP and Premiums per capita figures
 Source: Own calculations using SIGMA and Fundación MAPFRE Estudios data



The Insurance Market in Latin America

A COMPARISON OF THE LATIN AMERICAN MARKETS



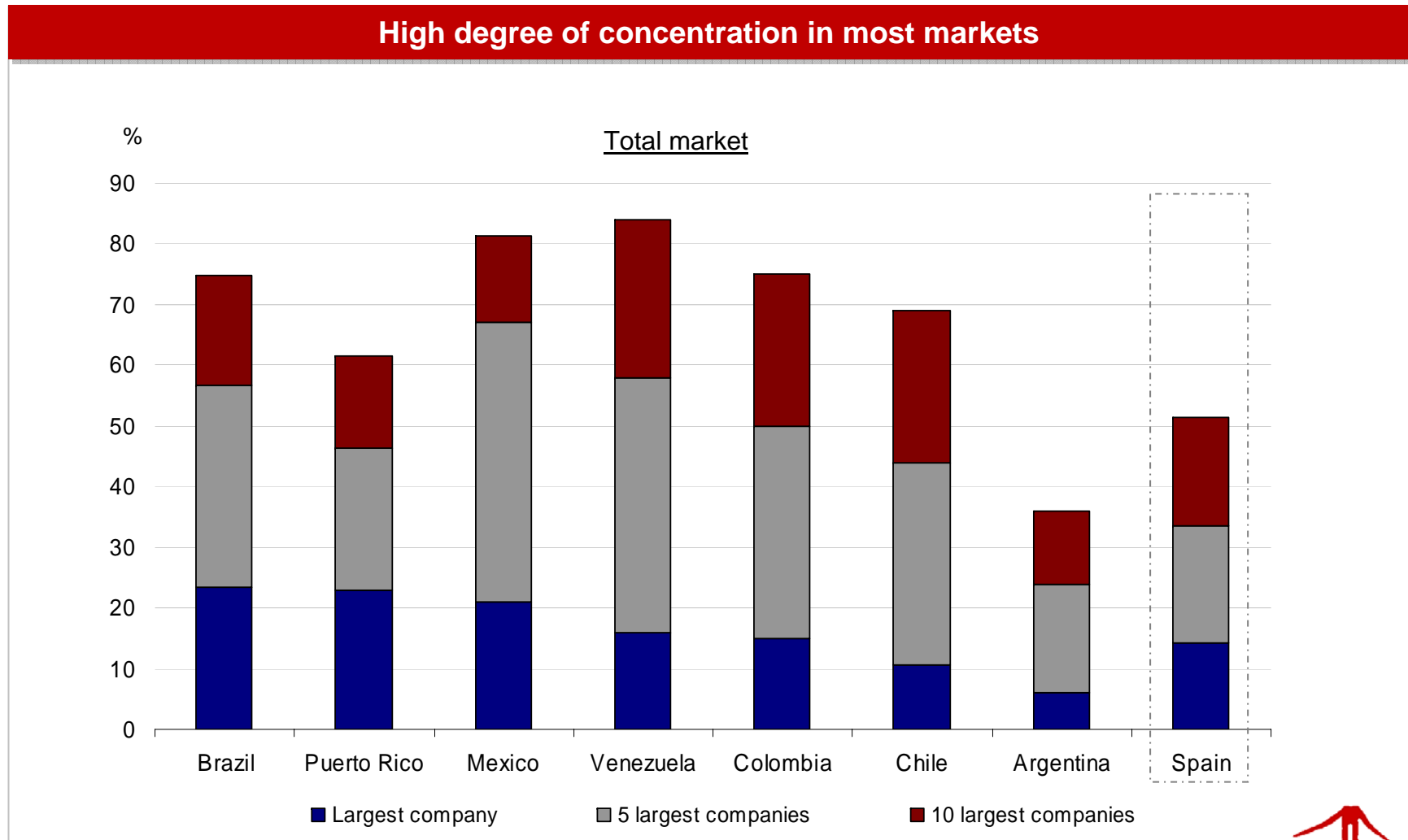
Source: Own calculations using SIGMA data



The Insurance Market in Latin America



A COMPARISON OF THE LATIN AMERICAN MARKETS



Source: Fundación MAPFRE Estudios, ICEA



MAPFRE in Latin America

Rationale and Goals

The insurance market in Latin America



 **MAPFRE** | AMÉRICA: Development of key figures

Strategy and outlook



MAPFRE AMÉRICA – Development of key figures

GEOGRAPHICAL PRESENCE

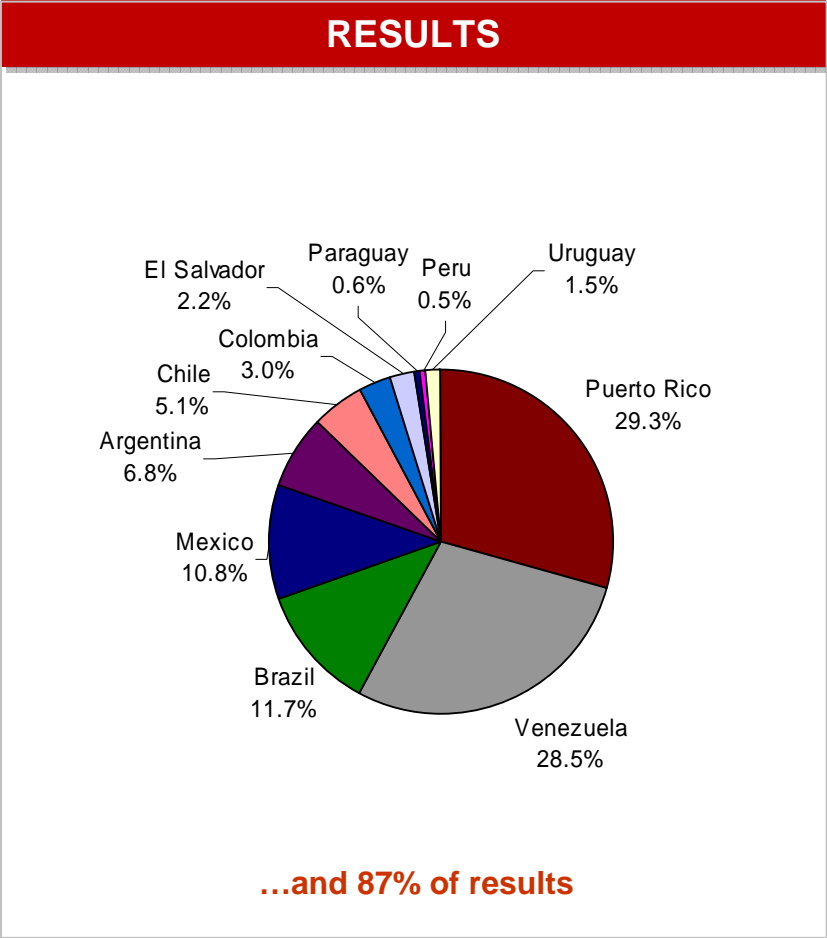
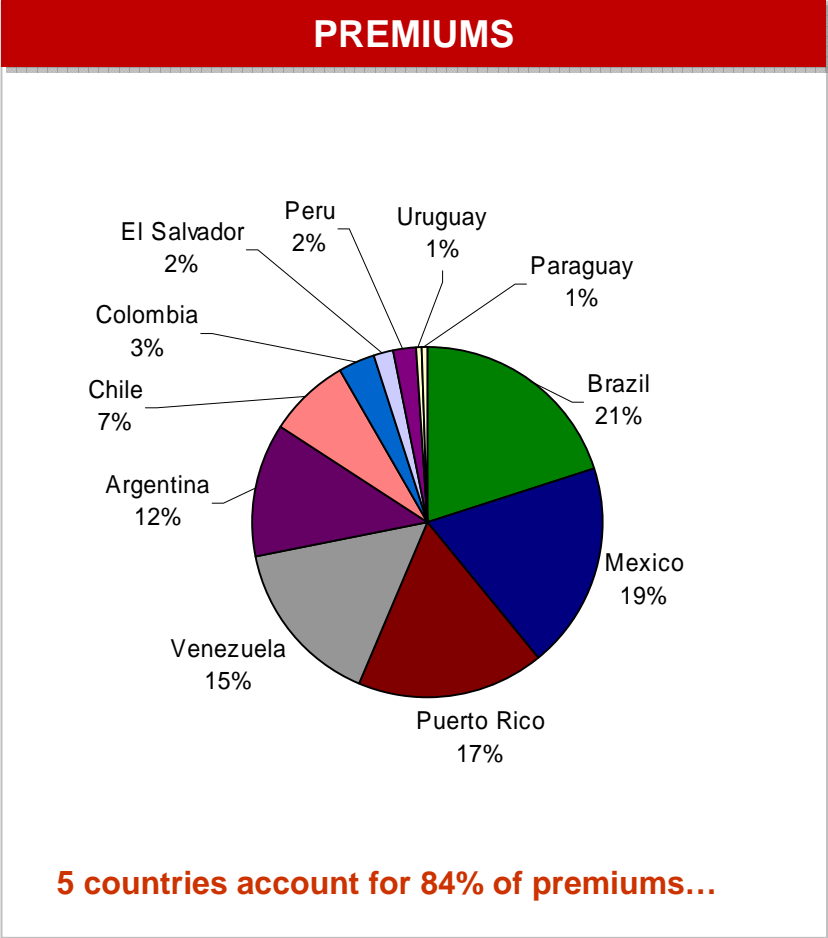
- 1984** Acquisition of a minority shareholding in MAPFRE SEGUROS GENERALES DE COLOMBIA
- 1986** Acquisition of MAPFRE ACONCAGUA (Argentina) and incorporation of MAPFRE PARAGUAY and Euroamérica (Chile)
- 1989** Acquisition of SEGUROS TEPEYAC (Mexico) and GRUPO PRAICO (Puerto Rico)
- 1992** Acquisition of VERA CRUZ SEGURADORA (Brazil)
- 1994** Acquisition of MAPFRE URUGUAY
- 1997** Acquisition of SEGUROS LA SEGURIDAD (Venezuela) and EL SOL NACIONAL (Peru)
- 1999** Acquisition of LA CENTRO AMERICANA (El Salvador)
- 2003** Acquisition of CANADA LIFE INSURANCE COMPANY (Puerto Rico)
- 2005** Incorporation of MAPFRE DOMINICANA (Dominican Republic)
Acquisition of a shareholding in NOSSA CAIXA SEGUROS E PREVIDENCIA (Brazil)



MAPFRE AMÉRICA – Development of key figures



BREAKDOWN BY COUNTRY OF MAPFRE AMÉRICA'S KEY CONSOLIDATED FIGURES

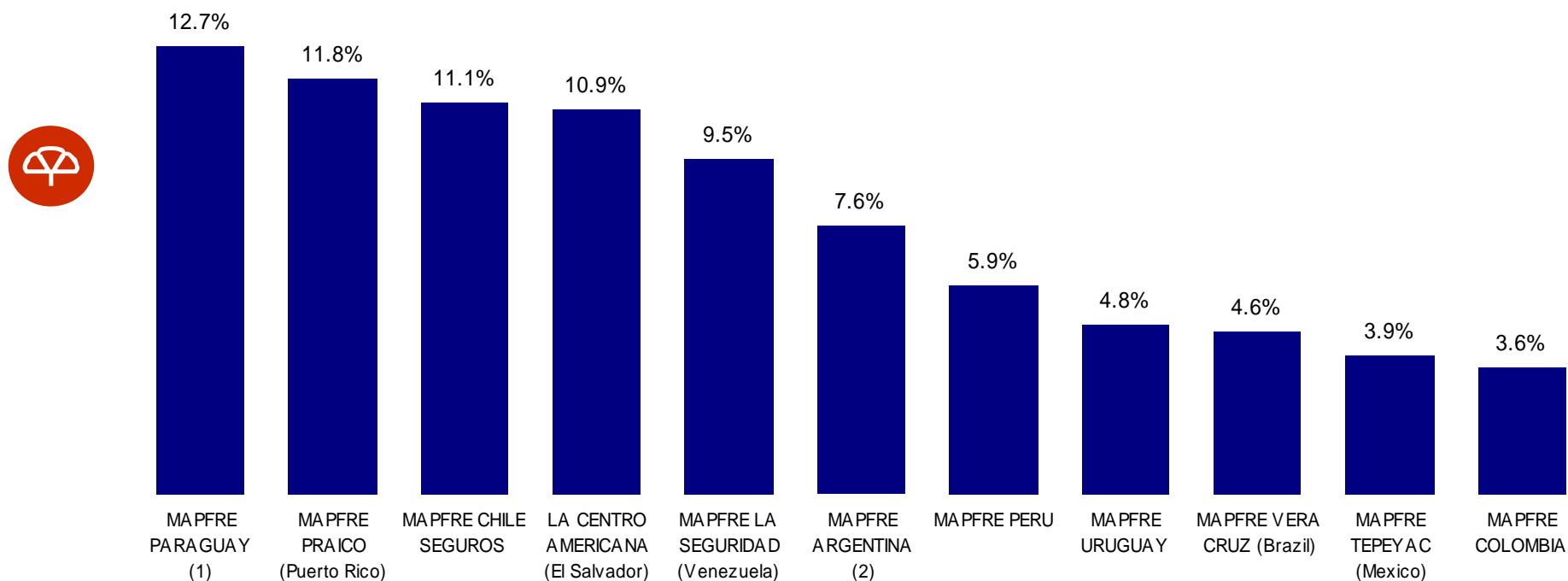


Figures as of December 2004



MAPFRE AMÉRICA – Development of key figures

2004 NON-LIFE MARKET SHARES BY COUNTRY



1) Total Market Share (Life and Non-Life)

2) Figures for MAPFRE ARGENTINA are as of June 2004, being this the end of fiscal year in that country.

Source: Fundación MAPFRE Estudios



MAPFRE AMÉRICA – Development of key figures

RANKING OF INSURANCE GROUPS OPERATING IN LATIN AMERICA BY PREMIUMS VOLUME - 2004

Total Life and Non-Life

	Premiums (mn €)	Market Share	Ranking 2003
1 BRADESCO	2,418	6.4%	2
2 ING ⁽¹⁾	2,097	5.5%	1
3 METLIFE	1,685	4.5%	3
4 Grupo Nacional Provincial	1,644	4.3%	4
5 AIG	1,617	4.3%	5
6 MAPFRE	1,458	3.9%	6
7 ITAÚ	1,303	3.4%	8
8 TRIPLE-S	1,104	2.9%	7
9 ZURICH	786	2.1%	10
10 SUL AMERICA	778	2.1%	11

Non-Life

	Premiums (€ mn)	Market Share	Ranking 2003
1 ING ⁽¹⁾	1,591	7.3%	1
2 MAPFRE	1,227	5.7%	2
3 Grupo Nacional Provincial	1,201	5.5%	4
4 AIG	1,114	5.1%	3
5 BRADESCO	830	3.8%	5
6 LIBERTY Mutual	706	3.3%	9
7 SUL AMERICA	705	3.2%	8
8 ZURICH	600	2.8%	7
9 Porto Seguros	600	2.8%	11
10 ALLIANZ	596	2.7%	6



1) Latin American figures published in ING's 2004 annual report, do not include premiums for €778 million corresponding to its 49% shareholding in Sul América
Source: Fundación MAPFRE Estudios; the figures correspond to the countries in which MAPFRE operates in direct insurance.



MAPFRE AMÉRICA – Development of key figures

RANKING OF INSURANCE GROUPS OPERATING IN LATIN AMERICA BY PREMIUMS VOLUME - 2004

Multinational insurance groups

	Country	Premiums (mn €)	Market share	
1	ING ⁽¹⁾	Netherlands	2,097	5.5%
2	METLIFE	USA	1,685	4.5%
3	AIG	USA	1,617	4.3%
4	MAPFRE	Spain	1,458	3.9%
5	ZURICH	Switzerland	786	2.1%
6	ALLIANZ	Germany	758	2.0%
7	LIBERTY MUTUAL	USA	740	2.0%
8	GENERALI	Italy	604	1.6%
9	HSBC	UK	541	1.4%
10	AMRO AMRO	Netherlands	504	1.3%

Local insurance groups

	País	Premiums (mn €)	Market share	
1	BRADESCO	Brazil	2,418	6.4%
2	GRUPO NACIONAL PROVINCIAL	Mexico	1,644	4.3%
3	ITAÚ	Brazil	1,303	3.4%
4	TRIPLE-S	Puerto Rico	1,104	2.9%
5	SUL AMERICA	Brazil	778	2.1%
6	PORTO SEGUROS	Brazil	639	1.7%
7	INBURSA	Mexico	634	1.7%
8	BANAMEX AEGON	Mexico	569	1.5%
9	HUMANA	Mexico	393	1.0%
10	ALIANCA DO BRASIL	Brazil	316	0.8%



1) Latin American figures published in ING's 2004 annual report, do not include premiums for €778 million corresponding to its 49% shareholding in Sul América
Source: Fundación MAPFRE Estudios; the figures correspond to the countries in which MAPFRE operates in direct insurance.



MAPFRE AMÉRICA – Development of key figures

BUSINESS DEVELOPMENT

What we have done ...

- Significant investments in IT and management information systems
- Continuous pruning of loss making portfolios
- Improvement in claims handling
- Control and reduction of expenses
- Creation of a tied distribution network of offices and agents
- Improvement in the quality of customer service
- Staff training

... and where we are now

- Quality management teams
- Information and control (analysis by cover, product and profitability)
- Strict technical underwriting
- Greater transfer of technology and operating processes among countries
- Growing and more stable results
- The tied distribution network has tripled over the last five years. In 2008 it will have multiplied by 5



We have laid the grounds for an acceleration of growth



MAPFRE AMÉRICA – Development of key figures

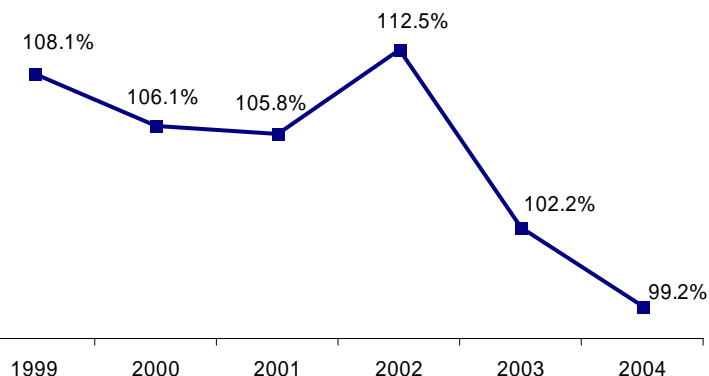
MAPFRE AMÉRICA in FIGURES

Premiums and Policyholders

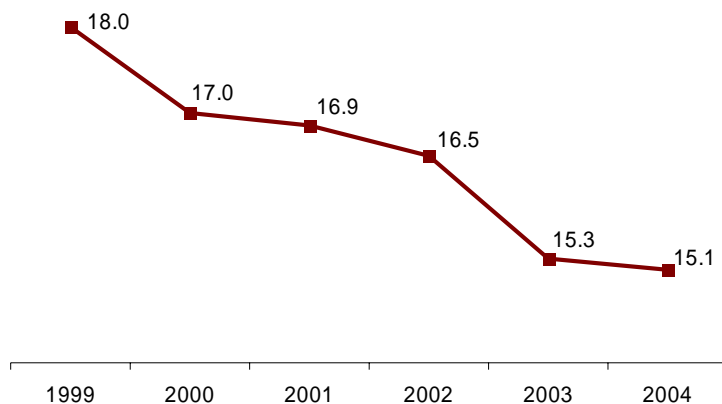
€1.3 billion in premiums
 10,548,294 policyholders
 2,879,718 policies
 25,284 agents

Figures as at December 2004

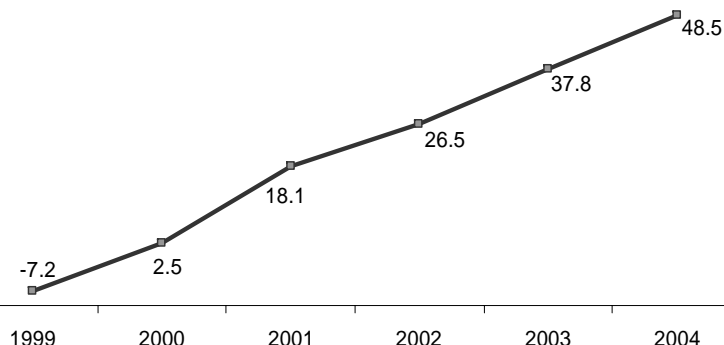
Combined Ratio ⁽¹⁾



Administration expenses (as a % of premiums)



Net Result (mn €)



ROE: --- 0.5% 3.5% 4.8% 7.3% 9.6%

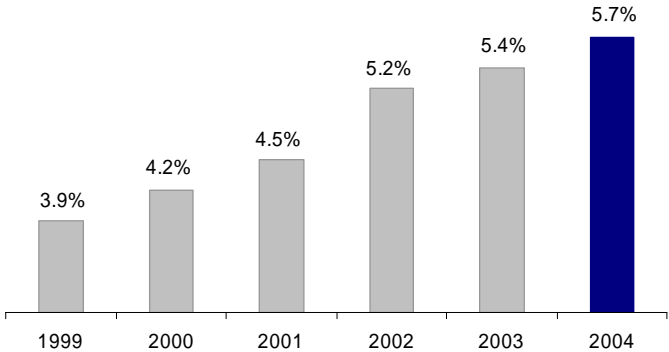
1) MAPFRE AMÉRICA aims at having a combined ratio as low as possible. However, this ratio may rise as long as the overall result (which includes the financial result) develops satisfactorily



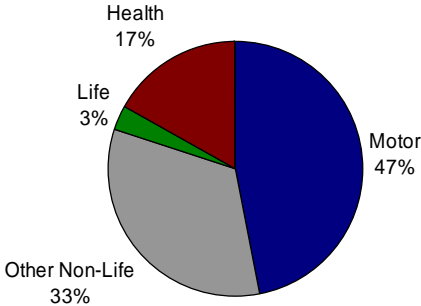
MAPFRE AMÉRICA – Development of key figures

MAPFRE AMÉRICA in FIGURES

Market share development (1)



A more diversified portfolio



1) The portfolio as at December 1999 broke down as follows: Motor, 59%; Other Non-Life, 24%; Health, 12%; and Life, 5%.

Contribution to consolidated results

- Nearly all subsidiaries are earning a profit
- Presently, MAPFRE AMÉRICA makes up approximately 20% of the consolidated result of CORPORACIÓN MAPFRE

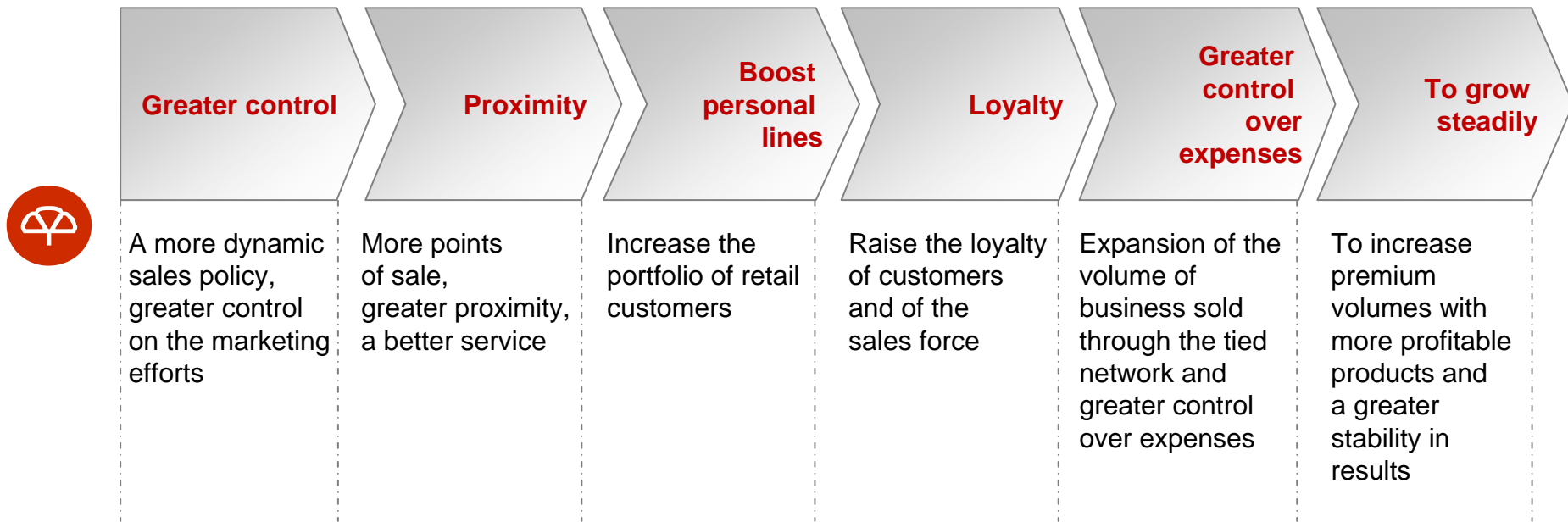
Dividends

- In 2004, for the first time ever, Latin American subsidiaries distributed dividends amounting to €19.5 million

1) Non-Life market shares corresponding to the countries in which MAPFRE operates. Source: Fundación MAPFRE Estudios



FOCUS ON THE DEVELOPMENT OF A TIED DISTRIBUTION NETWORK



Strengthen personal lines in order to achieve a more balanced portfolio



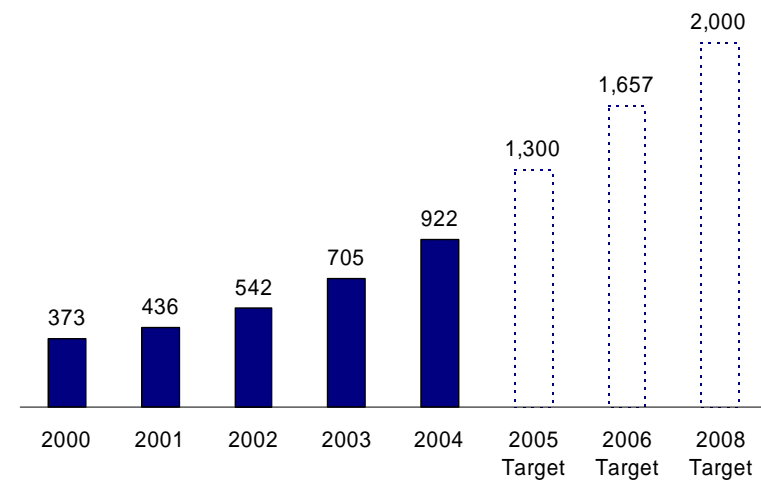
MAPFRE AMÉRICA – Development of key figures

FOCUS ON THE DEVELOPMENT OF A TIED DISTRIBUTION NETWORK

Distribution network in 2004 ...

	Direct ⁽¹⁾	Delegated ⁽²⁾	Total
BRAZIL	94	116	210
MEXICO	51	128	179
ARGENTINA	51	99	150
VENEZUELA	88	39	127
COLOMBIA	42	30	72
PUERTO RICO	26	32	58
URUGUAY	6	31	37
CHILE	20	14	34
PERU	17	5	22
PARAGUAY	9	11	20
EL SALVADOR	4	9	13
TOTAL	408	514	922

... and targets



New branches are being opened as planned

- (1) Direct Branches: they are responsible for achieving the sales targets in their catchment areas and act as sales and customer service points
- (2) Delegated Branches: they are managed by Delegated Agents and act as sales and customer service points. The remuneration of their staff, who operate on the basis of a representation contract with MAPFRE, comes solely from commissions for the sale of products and the conservation of the portfolio. They are supervised and supported by the Direct Branches



DIVERSITY OF DISTRIBUTION CHANNELS

Other channels

- Direct sales, the Internet, Telemarketing

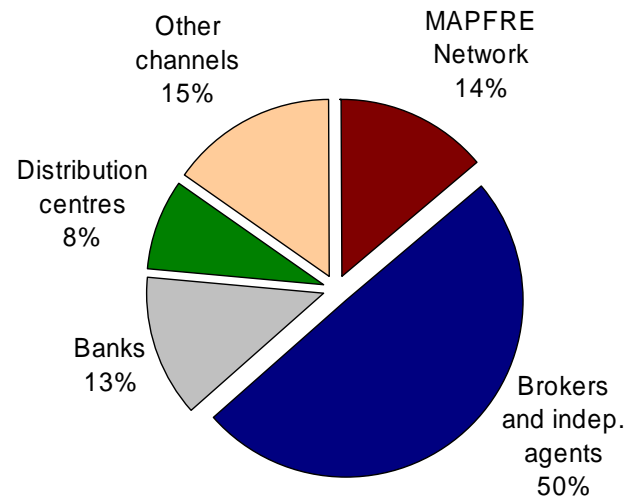
Distribution centres

- Includes department stores, supermarkets, etc.
- Year 2004 ended with a distribution agreement with the biggest department store in Brazil – Casas Bahía

Bank channel

- More solid and lasting bank agreements

New premium production as at December 2004



The Mapfre network

- Continuing with the project of opening new branches

Brokers

- Seeking and consolidating the relationship with brokers



A more balanced distribution



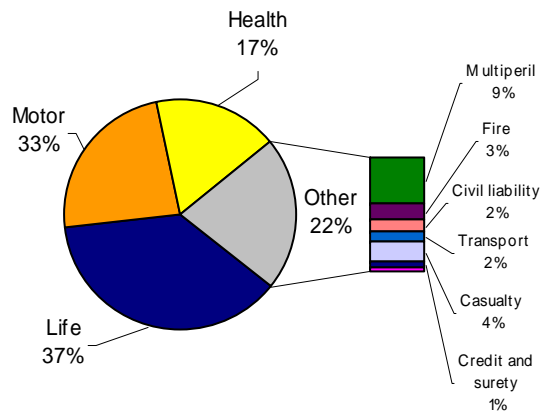
BRAZIL



Market highlights

- Brazil is the largest insurance market in Latin America, with a premiums volume of USD 18 billion. The Brazilian market grew 10.8% in 2004 (16% in Life and 6.9% in Non-Life)
- High acquisition expenses due to the compulsory sale of insurance through intermediaries and to market practice
- Monopoly of reinsurance (IRB)
- Growing weight of Life Insurance, particularly in savings/retirement lines

Market breakdown

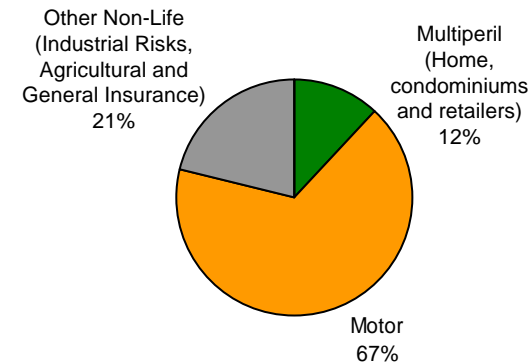


MAPFRE Vera Cruz

	sep-05	% Var. 05/04
Premiums (mn €)	288.3	53%
Result ⁽¹⁾ (mn €)	9.7	67%
Branches	284	41%
Employees	1,412	6%
Policyholders	5,074,820	---
Agents	7,881	---

(1) Before taxes and minority interests

Portfolio of MAPFRE Vera Cruz



MAPFRE AMÉRICA – Development of key figures

BRAZIL – WE ARE GAINING MARKET SHARE

Predominance of insurance companies associated with local financial conglomerates with extensive distribution networks and cross selling opportunities:
55% of premiums volume distributed through financial-insurance groups

Non-Life market shares - 2004 ⁽¹⁾

	%
1 BRADESCO SEGUROS	14.2
2 SUL AMÉRICA ⁽¹⁾	12.1
3 PORTO SEGURO	10.1
4 ITAÚ SEGUROS	9.4
5 UNIBANCO AIG SEGUROS	8.5
6 MAPFRE	4.6
7 REAL PREVIDÊNCIA E SEGUROS	4.2
8 SASSE CAIXA SEGUROS	4.0
9 AGF BRASIL SEGUROS	3.7
10 LIBERTY PAULISTA	2.8

In 2003, MAPFRE ranked 9th with a 3.6% share

Total market shares - 2004 ⁽¹⁾

	%
1 BRADESCO SEGUROS	23.4
2 ITAÚ SEGUROS	12.6
3 SUL AMÉRICA ⁽¹⁾	7.5
4 UNIBANCO AIG SEGUROS	7.0
5 PORTO SEGURO	6.1
6 SASSE CAIXA SEGUROS	4.5
7 REAL PREVIDÊNCIA E SEGUROS	4.4
8 MAPFRE	3.5
9 ALIANÇA DO BRASIL	3.1
10 HSBC	2.8

Mapfre ranks 1st among foreign companies not related to banks and 3rd among all companies not related to banks

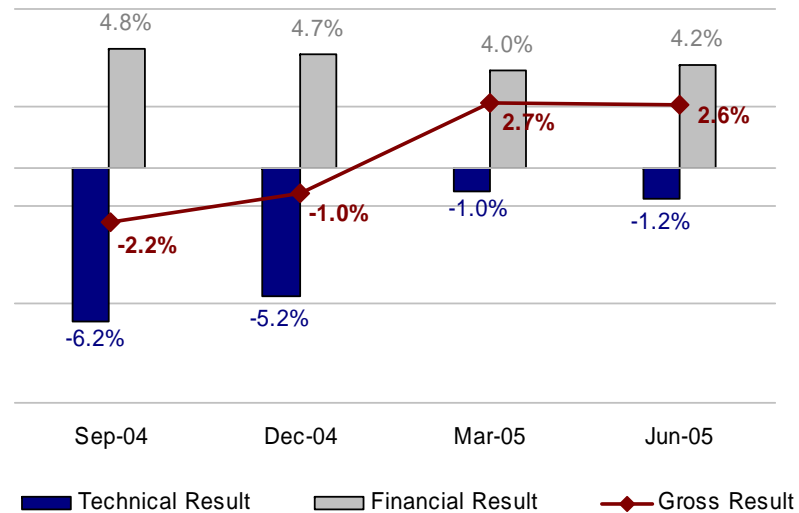
(1) ING has a 49% stake in SUL AMÉRICA
Figures as at December 2004. Source: Fundación MAPFRE Estudios



MAPFRE VERACRUZ (BRAZIL)

Specific measures

The adoption of a new tariff, based on a finer segmentation and on the claims experience, has translated into a dramatic improvement in the technical result of the Motor business



(1) Figures for the Motor business, as a % of written premiums

Targets

- Expense reduction to offset the impact of lower interest rates
- Achievement of a lower loss ratio (50% in theft); specific focus on the recovery of stolen vehicles and on fraud avoidance
- Significant expansion of the distribution network:

	Dec-04	Jun-05	Target 2005	Target 2008
Direct	94	100	110	153
Delegated	116	163	200	312
Total	210	263	310	465

- Multi-channel strategy, entering into commercial agreements with banks and other distribution channels (department stores, etc.)
 - Acquisition in May 2005 of a 51% shareholding in Nossa Caixa, through which Mapfre will have during a period of 20 years the exclusive right to distribute Life insurance through the network of Banco Nossa Caixa

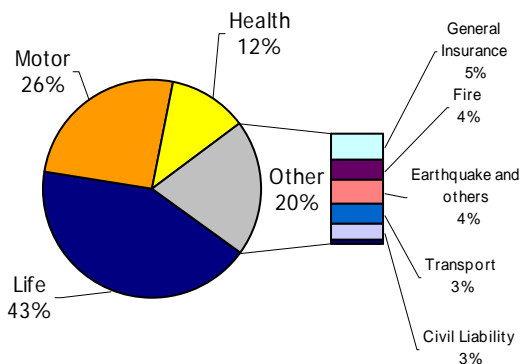


MEXICO

Market highlights

- Mexico is the second biggest market in Latin America, with a premium volume of USD 12.2 billion
- In 2004, the sector recovered the dynamism, which characterised it in previous years. The market grew 10.9% in 2004, mainly on the back of Life insurance

Market composition

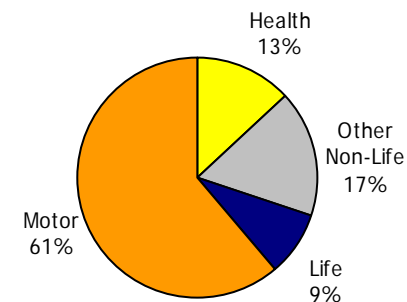


MAPFRE TEPEYAC

	sep-05	% Var. 04/03
Premiums ⁽¹⁾ (mn €)	180.3	-7%
Result ⁽²⁾ (mn €)	15.3	115%
Branches	243	46%
Employees	1,133	-6%
Policyholders	944,881	---
Agents	4,297	---

- (1) The decrease in premium volume is due to the cancellation of a Motor portfolio
- (2) Before taxes and minority interest

Portfolio of MAPFRE TEPEYAC



MAPFRE AMÉRICA – Development of key figures

MEXICO – MAIN INSURANCE GROUPS

At the close of 2004, the 5 largest Mexican companies concentrated 62% of the market
In Life insurance, concentration is high: the top 5 companies make up 75% of the total premiums volume

Non-Life market shares - 2004



1	ING Comercial América	22.9%
2	G.N.P.	21.4%
3	Inbursa	7.0%
4	Qualitas	4.8%
5	ABA Seguros	4.1%
6	Zurich	3.9%
7	MAPFRE TEPEYAC	3.9%
8	Metlife México	3.2%
9	ATLAS	2.6%
10	Bancomer	2.6%

Total market shares - 2004

1	G.N.P.	17.4%
2	Comercial América	16.0%
3	Metlife México	15.8%
4	Inbursa	6.7%
5	Banamex	6.0%
6	Monterrey New York Life	4.7%
7	Qualitas	2.9%
8	BBVA Bancomer	2.7%
9	MAPFRE TEPEYAC	2.6%
10	Zurich	2.6%



MAPFRE AMÉRICA – Development of key figures

MAPFRE TEPEYAC (MÉXICO)

Specific measures

- Significant efforts have been devoted to claims management in Motor insurance:
 - Clearing of the claims backlog
 - Theft detection and fraud avoidance
 - Management of salvaged vehicles
 - Improved management of suppliers

- In General Insurance:
 - Implementation of an effective management information system
 - Improvement of reinsurance terms and conditions
 - Launching of new products

Targets

- Significant expansion of the tied distribution network:

	Dec-04	Jun-05	Target 2005	Target 2008
Direct	51	74	65	128
Delegated	128	155	204	372
	179	229	269	500

- Development of complementary distribution channels:
 - E.g. agreement with Caja Madrid to sell Life insurance through “Su Casita”
 - Entering into new agreements with department stores

- To improve the technical result to offset the impact of lower interest rates
- To increase the share of the Life insurance market
- To achieve greater portfolio diversification



MAPFRE in Latin America

Rationale and Goals

The insurance market in Latin America

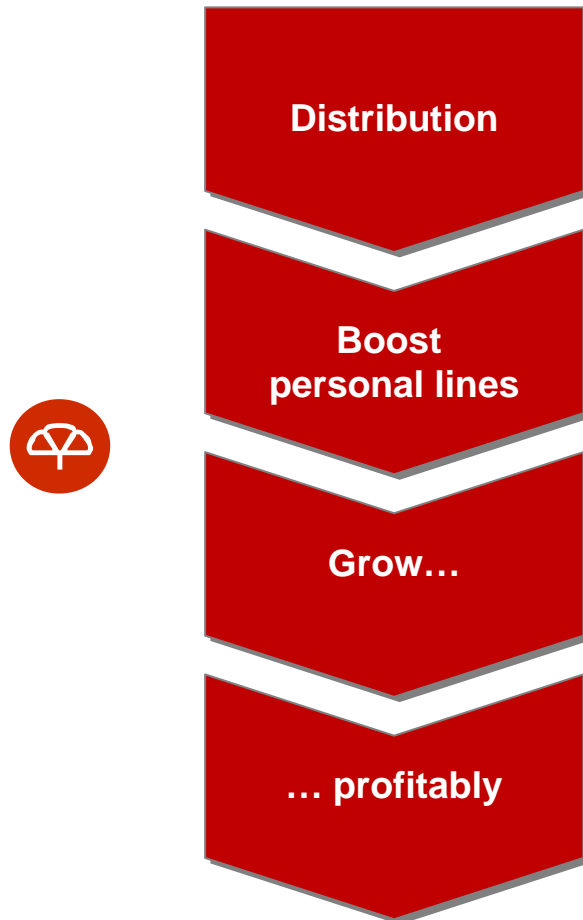


 **MAPFRE** | AMÉRICA: Development of key figures

Strategy and outlook



Strategy and Outlook



- To continue with the expansion of the tied distribution network and the development of complementary distribution channels (agreements with banks, department stores, etc.)
- To boost personal lines to gain greater control over marketing, raise customer loyalty and achieve growing and more stable results
- Focus on organic growth, on the back of the potential of these countries and of our scope for improvement
- Interest in acquisitions, particularly in countries with greater growth potential such as Mexico and Brazil
- To significantly improve profitability, progressively approaching the levels achieved in Spain



Disclaimer



This document is purely informative. Its content does not constitute, nor can it be interpreted as, an offer or an invitation to sell, exchange or buy, and it is not binding on the issuer in any way. The information about the plans of the Company, its evolution, its results and its dividends represents a simple forecast whose formulation does not represent a guarantee with respect to the future performance of the Company or the achievement of its targets or estimated results. The recipients of this information must be aware that the preparation of these forecasts is based on assumptions and estimates, which are subject to a high degree of uncertainty, and that, due to multiple factors, future results may differ materially from expected results. Among such factors, the following are worth highlighting: the evolution of the insurance market and of the economic environment in general in those countries where the Company operates; changes in the legal framework; changes in monetary policy; circumstances which may affect the competitiveness of insurance products and services; changes in the underlying tendencies on which the mortality and morbidity tables used in Life and Health insurance are based; frequency and severity of claims insured, with respect to reinsurance and general insurance, as well as to life insurance; variations in interest rates and exchange rates; risks associated with the use of derivative instruments; the impact of future acquisitions.

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