

CORPORATE GOVERNANCE REPORT

A OWNERSHIP STRUCTURE**A.1. SHAREHOLDERS' EQUITY**

Date of last change	Share Capital (€)	Number of Shares
06-03-2004	119,450,353.00	238,900,706

All shares belong to the same class.

A.2. SUBSTANTIAL HOLDINGS OF COMPANY SHARES ON THE DATE OF CLOSURE OF THE FINANCIAL YEAR, EXCLUDING DIRECTORS

Name or Corporate Name of Shareholder	Number of Shares Owned Directly	Number of Shares Owned Indirectly(*)	Total % of Share Capital
MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA	131,163,141	0	54,903

Most significant movements of shareholdings during the financial year

There were no significant movements of shareholdings during the financial year.

A.3. MEMBERS OF THE COMPANY'S BOARD OF DIRECTORS WHO HOLD COMPANY SHARES

Name or corporate name of the director	Date of first appointment	Date of last appointment	Number of shares owned directly	Number of shares owned indirectly (*)	Total % of share capital
CARLOS ÁLVAREZ JIMÉNEZ	27-06-1981	20-04-2002	10,992	0	0.005
DOMINGO SUGRANYES BICKEL	23-04-1988	06-03-2004	7,500	0	0.003
FRANCISCO RUIZ RISUEÑO	12-03-2003	29-03-2003	10	0	0.000
RICARDO BLANCO MARTÍNEZ	04-12-2002	04-12-2002	28,107	0	0.012
VÍCTOR BULTÓ MILLET	17-09-2003	06-03-2004	100	0	0.000
JUAN FERNÁNDEZ - LAYOS RUBIO	27-06-1981	20-04-2002	7,890	0	0.003
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	17-04-1999	29-03-2003	100	0	0.000
ANTONIO MIGUEL-ROMERO DE OLANO	17-04-1999	29-03-2003	396	0	0.000
Total % of the share capital held by the board of Directors					0.023

No members of the board of directors hold rights over company shares.

A.4. RELATIONSHIPS AMONG HOLDERS OF SUBSTANTIAL HOLDINGS

There are no family, commercial, contractual or corporate relationships among holders of substantial holdings, to the extent known by the company.

A.5. COMMERCIAL, CONTRACTUAL OR CORPORATE RELATIONSHIPS AMONG HOLDERS OF SUBSTANTIAL HOLDINGS AND THE COMPANY

Name or Corporate Name of related parties	Kind of relationship	Brief description
MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA	Corporate	THE COMPANY BELONGS TO THE CONSOLIDATED GROUP OF MAPFRE MUTUALIDAD

A.6. SHAREHOLDER AGREEMENTS OF WHICH NOTICE HAS BEEN GIVEN TO THE COMPANY

None.

Concerted actions among shareholders of which the company is aware

None.

A.7. PRIVATE INDIVIDUALS OR LEGAL PERSONS WHICH DO OR CAN EXERCISE CONTROL OVER THE COMPANY ACCORDING TO ARTICLE 4 OF THE SECURITIES MARKET ACT

Name or corporate name
MAPFRE MUTUALIDAD DE SEGUROS Y REASEGUROS A PRIMA FIJA
OBSERVATIONS

A.8. PORTFOLIO OF OWN SHARES

No own shares were held throughout the year.

A.9. AUTHORISATIONS GIVEN BY THE SHAREHOLDERS IN GENERAL MEETING TO THE BOARD OF DIRECTORS TO CARRY OUT ACQUISITIONS OR TRANSFERS OF OWN-SHARES DESCRIBED IN SECTION A.8.

The company has no own-shares, nor is there any authorisation in force from the General Meeting for the Board of Directors to carry out own-share transactions.

A.10. LEGAL AND BYLAW RESTRICTIONS ON THE RIGHT TO VOTE OR ON THE ACQUISITION OR TRANSFER OF HOLDINGS IN THE SHARE CAPITAL

There are no restrictions on the acquisition or transfer of holdings in the share capital. There are no restrictions on the right to vote because each share confers the right to one vote. However, in accordance with the corporate bylaws, to be able to attend a general meeting a minimum number of 1,500 shares are required to be recorded in the Share Register at least five days prior

to the date on which a general meeting is to be held. Shareholders who possess fewer shares may syndicate them so as to at least complete the said number and appoint a representative from amongst themselves.

B CORPORATE MANAGEMENT STRUCTURE

B.1. BOARD OF DIRECTORS

B.1.1. Maximum and minimum number of directors allowed under the bylaws

Maximum number of directors	20
Minimum number of directors	5

B.1.2. Members of the Board of Directors

Name or corporate name of the director	Representative	Office held on the Board	Date of first appointment	Date of last appointment	Election process
CARLOS ÁLVAREZ JIMÉNEZ		CHAIRMAN	27-06-1981	20-04-2002	GENERAL MEETING
DOMINGO SUGRANYES BICKEL		1 ST VICE-CHAIRMAN	23-04-1988	06-03-2004	GENERAL MEETING
FRANCISCO RUIZ RISUEÑO		2 ND VICE-CHAIRMAN	12-03-2003	29-03-2003	GENERAL MEETING
RICARDO BLANCO MARTÍNEZ		MANAGING DIRECTOR	04-12-2002	04-12-2002	GENERAL MEETING
VÍCTOR BULTÓ MILLET		DIRECTOR	17-09-2003	06-03-2004	GENERAL MEETING
JUAN FERNÁNDEZ-LAYOS RUBIO		DIRECTOR	27-06-1981	20-04-2002	GENERAL MEETING
RAFAEL GALARRAGA SOLORES		DIRECTOR	28-04-1984	06-03-2004	GENERAL MEETING
SANTIAGO GAYARRE BERMEJO		DIRECTOR	12-05-1989	26-02-2005	GENERAL MEETING
DIETER GÖBEL BRUCKNER		DIRECTOR	07-04-2000	06-03-2004	GENERAL MEETING
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ		DIRECTOR	17-04-1999	29-03-2003	GENERAL MEETING
LUIS ITURBE SANZ DE MADRID		DIRECTOR	06-03-2004	06-03-2004	GENERAL MEETING
MANUEL JESÚS LAGARES CALVO		DIRECTOR	17-04-1999	29-03-2003	GENERAL MEETING
JOSÉ MANUEL		DIRECTOR	28-05-1987	29-03-2003	GENERAL MEETING

MARTÍNEZ MARTÍNEZ					
ALBERTO MANZANO MARTOS		DIRECTOR	28-05-1987	29-03-2003	GENERAL MEETING
ANTONIO MIGUEL- ROMERO DE OLANO		DIRECTOR	17-04-1999	29-03-2003	GENERAL MEETING
FILOMENO MIRA CANDEL		DIRECTOR	27-06-1981	20-04-2002	GENERAL MEETING
ALFONSO REBUelta BADIAS		DIRECTOR	17-04-1999	29-03-2003	GENERAL MEETING
JOSÉ MANUEL GONZÁLEZ PORRO		SECRETARY AND DIRECTOR	17-04-1999	29-03-2003	GENERAL MEETING

Total Number of Directors	18
---------------------------	----

There were no resignations during the period from the board of directors.

B.1.3. Offices of the members of the Board of Directors

EXECUTIVE DIRECTORS

Name or corporate name of the director	Committee proposing the appointment	Office held within the corporate structure
DOMINGO SUGRANYES BICKEL	APPOINTMENTS AND REMUNERATION	1 st VICE-CHAIRMAN
RICARDO BLANCO MARTÍNEZ	APPOINTMENTS AND REMUNERATION	MANAGING DIRECTOR

EXTERNAL DIRECTORS REPRESENTING SHAREHOLDERS

Name or corporate name of the director	Committee proposing the appointment	Name or corporate name of the substantial shareholder represented or who has proposed the appointment
CARLOS ÁLVAREZ JIMÉNEZ	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
FRANCISCO RUIZ RISUEÑO	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
VÍCTOR BULTÓ MILLET	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
JUAN FERNÁNDEZ-LAYOS RUBIO	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
RAFAEL GALARRAGA SOLORES	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
SANTIAGO GAYARRE BERMEJO	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
ALBERTO MANZANO MARTOS	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
ANTONIO MIGUEL ROMERO	APPOINTMENTS AND	MAPFRE MUTUALIDAD

DE OLANO	REMUNERATION	
FILOMENO MIRA CANDEL	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
ALFONSO REBUELTA BADIAS	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD
JOSÉ MANUEL GONZÁLEZ PORRO	APPOINTMENTS AND REMUNERATION	MAPFRE MUTUALIDAD

INDEPENDENT EXTERNAL DIRECTORS

Name or corporate name of the director	Committee proposing the appointment	Profile
DIETER GÖBEL BRUCKNER	APPOINTMENTS AND REMUNERATION	HIGHER DIPLOMA IN INSURANCE (MUNICH). MEMBER OF THE MANAGING BOARD OF MUNICH RE UNTIL 2000
MANUEL JESÚS LAGARES CALVO	APPOINTMENTS AND REMUNERATION	DOCTOR OF ECONOMIC SCIENCE. PUBLIC FINANCE PROFESSOR AND STATE TAX INSPECTOR ON LEAVE
LUIS ITURBE SANZ DE MADRID	APPOINTMENTS AND REMUNERATION	BACHELOR OF LAWS. DIRECTOR OF THE MADRID STOCK EXCHANGE UNTIL 2003. BBVA EXECUTIVE UNTIL 2002.

There are no directors other than those representing shareholders and independent ones.

During the period, the following changes in directors' details have arisen

Name or corporate name of the director	Date of change	Previous office	Present office
VÍCTOR BULTÓ MILLET	01-02-2005	Executive director	External director representing shareholder

B.1.4. QUALIFICATIONS OF DIRECTORS AND REGULATIONS OF THE BOARD

The classification of the directors made in the previous points is in line with the definitions contained in the Board Regulations.

B.1.5. POWERS DELEGATED TO THE MANAGING DIRECTOR

The Managing Director has no delegated powers, only limited authority.

B.1.6. MEMBERS OF THE BOARD WHO HOLD A MANAGERIAL OR BOARD POSITION IN OTHER COMPANIES THAT FORM PART OF THE GROUP OF THE LISTED COMPANY

Name or corporate name of the director	Corporate name of the group company	Office held
DOMINGO SUGRANYES BICKEL	MAPFRE AMÉRICA	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE ASISTENCIA	DIRECTOR
DOMINGO SUGRANYES	MAPFRE-CAJA MADRID	DIRECTOR

BICKEL	HOLDING	
DOMINGO SUGRANYES BICKEL	MAPFRE CAJA SALUD	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE GUANARTEME	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE INMUEBLES	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE RE	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE SEGUROS GENERALES	DIRECTOR
FRANCISCO RUIZ RISUEÑO	MAPFRE RE	DIRECTOR
FRANCISCO RUIZ RISUEÑO	MAPFRE VIDA	DIRECTOR
RICARDO BLANCO MARTÍNEZ	MAPFRE EMPRESAS	FIRST VICE-CHAIRMAN
RICARDO BLANCO MARTÍNEZ	MAPFRE RE	DIRECTOR
RICARDO BLANCO MARTÍNEZ	MAPFRE SEGUROS GENERALES	DIRECTOR
VÍCTOR BULTÓ MILLET	MAPFRE INVERSION	CHAIRMAN
VÍCTOR BULTÓ MILLET	MAPFRE INMUEBLES	DIRECTOR
VÍCTOR BULTÓ MILLET	MAPFRE VIDA	FIRST VICE-CHAIRMAN
VÍCTOR BULTÓ MILLET	MAPFRE VIDA PENSIONES	JOINT & SEVERAL ADMINISTRATOR
JUAN FERNÁNDEZ-LAYOS RUBIO	MAPFRE INMUEBLES	DIRECTOR
RAFAEL GALARRAGA SOLORES	MAPFRE CAJA SALUD	DIRECTOR
RAFAEL GALARRAGA SOLORES	MAPFRE INMUEBLES	DIRECTOR
RAFAEL GALARRAGA SOLORES	MAPFRE SEGUROS GERAIS	DIRECTOR
SANTIAGO GAYARRE BERMEJO	MAPFRE AMÉRICA	CHAIRMAN
SANTIAGO GAYARRE BERMEJO	MAPFRE-CAJA MADRID HOLDING	DIRECTOR
SANTIAGO GAYARRE BERMEJO	MAPFRE SEGUROS GERAIS	VICE-CHAIRMAN
SANTIAGO GAYARRE BERMEJO	MAPFRE VIDA	DIRECTOR
JOSÉ MANUEL GONZÁLEZ PORRO	MAPFRE INMUEBLES	DIRECTOR
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	MAPFRE VIDA	2 ND VICE-CHAIRMAN
MANUEL JESÚS LAGARES CALVO	MAPFRE VIDA	DIRECTOR
ALBERTO MANZANO MARTOS	MAPFRE-CAJA MADRID HOLDING	CHAIRMAN
ALBERTO MANZANO MARTOS	MAPFRE VIDA	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE ASISTENCIA	VICE-CHAIRMAN
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE-CAJA MADRID HOLDING	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE INMUEBLES	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE VIDA	DIRECTOR
FILOMENO MIRA CANDEL	MAPFRE-CAJA MADRID	DIRECTOR

	HOLDING	
FILOMENO MIRA CANDEL	MAPFRE EMPRESAS	CHAIRMAN
FILOMENO MIRA CANDEL	MAPFRE VIDA	DIRECTOR
ALFONSO REBUELTA BADIAS	MAPFRE AMÉRICA	DIRECTOR
ALFONSO REBUELTA BADIAS	MAPFRE EMPRESAS	2 ND VICE-CHAIRMAN

B.1.7. DIRECTORS WHO ARE MEMBERS OF THE BOARDS OF DIRECTORS OF LISTED COMPANIES THAT DO NOT BELONG TO THE GROUP

The company is not aware of any of its directors being members of the Boards of Directors of another listed company.

B.1.8. AGGREGATE REMUNERATION EARNED BY DIRECTORS DURING THE FINANCIAL YEAR

a) From the company that is the object of this report:

Kind of Remuneration	In thousand euros
Fixed remuneration	471
Variable remuneration	300
Allowances	138
Bylaw gratuity	0
Share options and/or other financial instruments	0
Other	308
Total:	1,217

Other benefits	In thousand euros
Advances	0
Loans given	0
Pension Funds & Schemes: Contributions	20
Pension Funds & Schemes: Liabilities	0
Life insurance premiums	1,929
Guarantees given by the company for the benefit of directors	0

b) Remuneration paid to the company's directors for having a seat on another board of directors and/or holding a senior executive position in group companies:

Kind of remuneration	In thousand euros
Fixed remuneration	20
Variable remuneration	137
Allowances	85
Bylaw gratuity	0
Share options and/or other financial instruments	0
Other	273
Total:	515

Other benefits	In thousand euros
Advances	0
Loans given	0
Pension Funds & Schemes: Contributions	0
Pension Funds & Schemes: Liabilities	0

Life insurance premiums	4
Guarantees given by the company for the benefit of directors	0

c) Total remuneration by type of director:

Type of director	By company	By group
Executive	800	0
External Representative	306	478
External Independent	109	37
Other Externals	0	0
Total:	1,215	515

d) As a percentage of the attributable profit of the controlling company:

Directors' total remuneration (in thousand euros)	1,730
Directors total remuneration/profit attributed to controlling company (expressed as %)	0.692

B.1.9. SENIOR EXECUTIVES WHO ARE NOT ALSO EXECUTIVE DIRECTORS AND TOTAL REMUNERATION EARNED BY THEM DURING THE FINANCIAL YEAR

None.

B.1.10. GUARANTEE OR PROTECTION CLAUSES TO COVER DISMISSAL OR CHANGES OF CONTROL IN FAVOUR OF THE SENIOR MANAGEMENT, INCLUDING EXECUTIVE DIRECTORS, OF THE COMPANY OR OF ITS GROUP

Number of beneficiaries	2
-------------------------	---

	Board of Directors	General Meeting
Body that authorises the clauses	X	

	Yes	No
Is the General Meeting informed of the clauses?	X	

B.1.11. PROCESS TO DETERMINE THE REMUNERATION FOR THE MEMBERS OF THE BOARD OF DIRECTORS

In accordance with the provisions of Article 17 of the corporate bylaws, the director's remuneration is as follows:

- In 2005, the directors' basic remuneration consisted of a fixed annual sum for belonging to the Board of Directors in the amount of 25,000 euros. This amount was increased by 35% for anyone who held an office on the Board of Directors or who chaired one of its delegated committees. No accumulation of increments was allowed for anyone who held more than one of the said offices. External directors who

were members of Committees and Delegated Committees were paid an additional allowance of 2,500 euros for attending meetings.

- Notwithstanding the foregoing, external directors also had a life insurance policy to cover death with an insured capital in 2005 of 150,253.03 euros and enjoyed certain benefits granted to personnel such as health insurance.
- Executive directors (both those who carried out executive functions in the company itself and those who did so in other companies within SISTEMA MAPFRE) were paid whatever remuneration had been agreed in their contracts such as fixed salary, performance-based variable incentives, life and disability insurance and other benefits generally provided for personnel of the company. In addition, they had the right to certain retirement pension supplements that were externalised through a life insurance policy. The aforementioned was in accordance with the remuneration policy laid down by SISTEMA MAPFRE for its Senior Management, whether or not they were directors.
- Executive directors were not, on the other hand, paid the remuneration given to external directors.
- The external directors' basic remuneration is approved by the General Meeting on a proposal submitted by the Board of Directors and following a report from the Appointments and Remuneration Committee. Executive directors' remuneration and attendance allowances for external members of the Committees and Delegated Committees are approved by the Board of Directors following a report from the said Committee.

B.1.12. MEMBERS OF THE BOARD WHO ARE ALSO MEMBERS OF THE BOARD OF DIRECTORS OR MANAGERS OF ANY COMPANY THAT HAS A SUBSTANTIAL HOLDING IN THE LISTED COMPANY AND/OR IN ANY OF ITS GROUP COMPANIES

Name or corporate name of the director	Name or corporate name of the substantial shareholder	Office held
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	MAPFRE MUTUALIDAD	CHAIRMAN
FILOMENO MIRA CANDEL	MAPFRE MUTUALIDAD	1 ST VICE-CHAIRMAN
FRANCISCO RUIZ RISUEÑO	MAPFRE MUTUALIDAD	2 ND VICE-CHAIRMAN
ALBERTO MANZANO MARTOS	MAPFRE MUTUALIDAD	3 RD VICE-CHAIRMAN
VÍCTOR BULTÓ MILLET	MAPFRE MUTUALIDAD	MANAGER
JUAN FERNÁNDEZ-LAYOS RUBIO	MAPFRE MUTUALIDAD	DIRECTOR
RAFAEL GALARRAGA SOLORES	MAPFRE MUTUALIDAD	DIRECTOR
SANTIAGO GAYARRE BERMEJO	MAPFRE MUTUALIDAD	MANAGING DIRECTOR
LUIS HERNANDO DE LARRAMENDI	MAPFRE MUTUALIDAD	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE MUTUALIDAD	DIRECTOR
ALFONSO REBUELTA BADIAS	MAPFRE MUTUALIDAD	DIRECTOR
DOMINGO SUGRANYES BICKEL	MAPFRE MUTUALIDAD	DIRECTOR
JOSÉ MANUEL GONZÁLEZ	MAPFRE MUTUALIDAD	DEPUTY GENERAL

PORRO		SECRETARY
-------	--	-----------

RELEVANT LINKS, IF ANY, OTHER THAN AS REFERRED TO IN THE PREVIOUS PARAGRAPH, OF MEMBERS OF THE BOARD OF DIRECTORS WITH SUBSTANTIAL SHAREHOLDERS AND/OR WITH ORGANISATIONS BELONGING TO THEIR RESPECTIVE GROUPS

Name or corporate name of the director	Name or corporate name of the substantial shareholder	Description of the link
JOSÉ MANUEL MARTÍNEZ MARTÍNEZ	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
FILOMENO MIRA CANDEL	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
ALBERTO MANZANO MARTOS	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
VÍCTOR BULTÓ MILLET	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
RAFAEL GALARRAGA SOLORES	MAPFRE MUTUALIDAD	DIRECTOR OF MAPFRE MUTUALIDAD
SANTIAGO GAYARRE BERMEJO	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
JOSÉ MANUEL GONZÁLEZ PORRO	MAPFRE MUTUALIDAD	SENIOR MANAGER OF MAPFRE MUTUALIDAD
FRANCISCO RUIZ RISUEÑO	MAPFRE MUTUALIDAD	INDEPENDENT DIRECTOR MAPFRE MUTUALIDAD
JUAN FERNÁNDEZ-LAYOS RUBIO	MAPFRE MUTUALIDAD	INDEPENDENT DIRECTOR MAPFRE MUTUALIDAD
LUIS HERNANDO DE LARRAMENDI	MAPFRE MUTUALIDAD	INDEPENDENT DIRECTOR MAPFRE MUTUALIDAD
ANTONIO MIGUEL-ROMERO DE OLANO	MAPFRE MUTUALIDAD	INDEPENDENT DIRECTOR OF MAPFRE MUTUALIDAD
ALFONSO REBUELTA BADIAS	MAPFRE MUTUALIDAD	INDEPENDENT DIRECTOR MAPFRE MUTUALIDAD
DOMINGO SUGRANYES BICKEL	MAPFRE MUTUALIDAD	DIRECTOR OF MAPFRE MUTUALIDAD

B.1.13. CHANGES MADE DURING THE FINANCIAL YEAR TO THE REGULATIONS OF THE BOARD OF DIRECTORS

The Regulations of the Board of Directors presently in force were approved by the Board at its meeting held on 20 July 2005, following their adjustment to the new version of the Code of Good Governance of SISTEMA MAPFRE thereby formally taken on by the company on said date. The shareholders will be informed of the adoption of these regulations at the next general meeting. The said Regulations are available on the web page of the company at: www.mapfre.com, at the official register held by the National Securities Market Commission and they are recorded in the Madrid Companies Register.

B.1.14. DIRECTORS' APPOINTMENT, RE-ELECTION, EVALUATION AND REMOVAL PROCEDURES

Anyone who is offered the post of director of CORPORACIÓN MAPFRE or of any subsidiary company must submit a full and true Prior Statement relating to his/her pertinent personal, family, professional or business circumstances and special mention must be made of anything that might amount to a disqualification according to

law, the bylaws and the provisions of the Code of Good Governance or a conflict of interest. The said statement must be set out on the standard form model provided by SISTEMA MAPFRE for this purpose and, include an express acceptance of the regulations contained in the chapter of said Code relating to directors' rights and duties.

Before the Board of Directors can submit candidates to the General Meeting and before the latter can make a decision about directors appointments, the Company's Appointments and Remuneration Committee must first submit its proposals.

Proposals to re-elect directors are subject to a process that necessarily includes a report issued by the Appointments and Remuneration Committee. The report will evaluate the quality of the work undertaken and the dedication to the office during the preceding term of the director who it is proposed to re-elect.

In the event of the re-election of a director who holds an office (Chairman, Vice-Chairman or Secretary) on the Board, the said report shall include an evaluation of how such office has been undertaken to assist the Board to decide whether to continue with it.

If the Board of Directors should decide not to follow the Committee's proposals it must give reasons for its decision and they must be recorded in the Minutes.

B.1.15. REASONS WHY A DIRECTOR MUST RETIRE FROM OFFICE

According to the provisions contained in the Corporate Bylaws, all of the members of the Board of Directors must retire on reaching 70 years of age. The Executive Vice-Chairman, the Managing Director and the Board Secretary shall retire on reaching 65 years of age or, on such earlier date provided for in their contracts, but they may continue as a Board member without any executive functions.

The Directors must place all of their posts, both as director and those held on Committees and Delegated Committees, at the disposal of the Board of Directors and tender their resignations should the Board deem it to be necessary, in the following cases:

- When they cease to hold an executive position associated with their appointment as member of the said management bodies.
- Should they fall within any disqualification or prohibition laid down at law.
- If they are prosecuted for any alleged crime or become subject to disciplinary proceedings taken by any supervisory authority because of any serious or very serious offence.
- If they are seriously reprimanded by the Compliance Committee because of a breach of their duties as directors.
- If their remaining on the said management bodies might place the Company's interests at risk.
- If the reasons, for which they were appointed cease to apply provided they are expressly stated.

B.1.16. CHIEF EXECUTIVE OF THE COMPANY: DOES THAT OFFICE REST WITH THE CHAIRMAN OF THE BOARD?

Yes ☐

No ☒

B.1.17. REINFORCED MAJORITIES, OTHER THAN THE MAJORITIES AT LAW, REQUIRED FOR ANY KIND OF DECISION

None.

B.1.18. SPECIFIC REQUIREMENTS, OTHER THAN THOSE RELATING TO DIRECTORS, FOR THE APPOINTMENT OF THE CHAIRMAN.

The are no further requirements other than those relating to directors.

B.1.19. DOES THE CHAIRMAN HAVE A CASTING VOTE?

Yes ☒

No ☐

Matters over which there exists a casting vote
The Chairman has a casting vote in the event of a tie.

B.1.20. AGE LIMITS FOR DIRECTORS

Yes ☒

No ☐

Chairman's retirement age	70
Managing Director's retirement age	65
Director's retirement age	70

B.1.21. MAXIMUM TERM OF OFFICE FOR INDEPENDENT DIRECTORS

Yes ☐

No ☒

Maximum term of office in years	0
---------------------------------	---

B.1.22. FORMAL PROCEDURES ACCORDING TO WHICH A DIRECTOR CAN GIVE PROXIES TO THE BOARD

There are no formal procedures according to which a director can give proxies to the Board of Directors.

B.1.23. MEETINGS OF THE BOARD OF DIRECTORS HELD DURING THE FINANCIAL YEAR

Number of board meetings	7
Number of board meetings without the Chairman attending	0

Meetings held in the financial year by the different board committees

Number of meetings held by the Executive or Delegated Committee	1
Number of meetings held by the Audit Committee	5
Number of meetings held by the Appointments and Remuneration Committee	7
Number of meetings held by the Strategy and Investment Committee	---
Number of meetings held by the Compliance Committee	1

B.1.24. CERTIFICATION OF THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS SUBMITTED TO THE BOARD FOR APPROVAL

Yes ☒

No ☐

Persons who certified the individual and consolidated annual accounts of the company for submission to the board:

Name	Office
DOMINGO SUGRANYES BICKEL	1 st Vice-Chairman
JOSÉ MANUEL MURIES NAVARRO	General Manager Internal Audit
CARLOS BARAHONA TORRIJOS	Administration Director

B.1.25. PROCEDURES LAID DOWN BY THE BOARD OF DIRECTORS TO ENSURE THE INDIVIDUAL AND CONSOLIDATED ACCOUNTS IT FORMULATES ARE PRESENTED TO THE GENERAL MEETING WITHOUT RESERVATIONS IN THE AUDIT REPORT.

The company has never presented its accounts with any reservations included in the audit report.

The company has Internal Audit and Legal Departments that supervise the different aspects of the annual accounts and it has the CORPORACIÓN MAPFRE Audit Committee that was created in financial year 2000 as a board delegated committee with supervision authority in these matters.

According to the Code of Good Governance of SISTEMA MAPFRE, the Board of Directors must ensure the accounts are definitely formulated so as to ensure that there are no reservations by the External Auditors. However, if the Board should decide to uphold its opinion, it will give a public explanation of the content and scope of any disagreement.

B.1.26. MEASURES IN PLACE TO ENSURE THAT INFORMATION IS RELEASED TO THE SECURITIES MARKETS IN A FAIR AND UNBIASED MANNER

The Internal Conduct Regulations relating to listed securities issued by CORPORACIÓN MAPFRE set out the rules and procedures for the publication of relevant information by way of a release issued by a company officer, first of all to the Spanish Securities Market Commission and subsequently to the market, through the web page and any other means of communication deemed proper or that may be imposed by law.

B.1.27. IS THE BOARD SECRETARY A DIRECTOR?

Yes ☒

No ☐

B.1.28. PROCEDURES ESTABLISHED BY THE COMPANY TO ENSURE THE INDEPENDENCE OF THE AUDITOR, THE FINANCIAL ANALYSTS, THE INVESTMENT BANKS AND THE RATING AGENCIES.

In addition to what is provided by law, the company has decided to propose voluntary compliance with a number of general directives

that, clearly and precisely, aim to achieve and ensure the necessary independence of the external auditors as is set forth in the Code of Good Governance of SISTEMA MAPFRE, which establishes the following criteria for its Boards of Directors with regard to contacts with external auditors:

- The Board of Directors shall only contact the Company's External Auditors through the Audit Committee.
- The Board of Directors shall not employ any audit firm that charges or intends to charge SISTEMA MAPFRE total fees in excess of 5% of its total annual revenues.
- The Board of Directors shall state in the annual public documents the total fees paid by the Company and its consolidated Group to the audit firm for services other than the audit.

Without prejudice to the powers and functions of the Audit Committee as provided in the Bylaws and the Regulations of the Board of Directors of the company, the latter shall be informed, at least every six months, of all services provided by the external auditor and their corresponding fees.

Also, the Audit Committee shall, once a year, evaluate the Accounts Auditor, the scope of the audit, and the external auditor's independence taking into account whether the quality of the audit controls is adequate and if the services other than the audit that are provided do not impair the auditor's independence.

In accordance with the provisions of the Internal Code of Conduct relating to listed securities issued by CORPORACIÓN MAPFRE which sets out the procedures covering the publication of relevant information, financial analysts shall not be provided with any information that is not available to the public.

B.1.29. SERVICES OTHER THAN THE AUDIT PROVIDED BY THE EXTERNAL AUDITOR TO THE COMPANY OR ITS GROUP

	Company	Group	Total
Value of services other than the audit (thousand euros)	118	752	870
Value of services other than the audit / Total amount invoiced by the audit firm (%)	53.18	20.51	22.37

B.1.30. NUMBER OF YEARS THE PRESENT AUDIT FIRM HAS BEEN AUDITING THE ANNUAL ACCOUNTS OF THE COMPANY AND/OR ITS GROUP ON AN UNINTERRUPTED BASIS. PERCENTAGE THE NUMBER OF YEARS AUDITED BY THE PRESENT FIRM REPRESENTS OVER THE TOTAL NUMBER OF YEARS IN WHICH THE ANNUAL ACCOUNTS HAVE BEEN AUDITED

	Company	Group
Number of uninterrupted years	16	16

	Company	Group
Number of years audited by the present firm / Number of years the company has been audited (%)	100.000	100.000

B.1.31. SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY IN THE CAPITAL OF COMPANIES THAT HAVE THE SAME, SIMILAR OR COMPLEMENTARY KIND OF BUSINESS AS REFERRED TO IN THE CORPORATE OBJECTS, BOTH OF THE COMPANY AND OF ITS GROUP, NOTICE OF WHICH HAS BEEN GIVEN TO THE COMPANY

Name or corporate name of the director	Name of the object company	% holding	Office or function
RICARDO BLANCO MARTÍNEZ	AEGON	0.000	...
RICARDO BLANCO MARTÍNEZ	ING GROEP	0.000	...
JUAN FERNÁNDEZ-LAYOS RUBIO	AEGON	0.000	...
JUAN FERNÁNDEZ-LAYOS RUBIO	MUNCHENER	0.000	...
JUAN FERNÁNDEZ-LAYOS RUBIO	ALLIANZ	0.000	...
JUAN FERNÁNDEZ-LAYOS RUBIO	AXA	0.000	...
ALBERTO MANZANO MARTOS	BBVA	0.000	...
ALBERTO MANZANO MARTOS	ABN AMRO	0.000	...
ALBERTO MANZANO MARTOS	ING GROUP	0.000	...
ALBERTO MANZANO MARTOS	BSCH	0.000	...
ALBERTO MANZANO MARTOS	BANCO ESPAÑOL DE CREDITO	0.000	...
ALBERTO MANZANO MARTOS	BANCO POPULAR ESPAÑOL	0.000	...
DOMINGO SUGRANYES BICKEL	MUNCHENER RUCK	0.000	...
DOMINGO SUGRANYES BICKEL	AEGON NV	0.000	...
DOMINGO SUGRANYES BICKEL	AXA	0.000	...
DOMINGO SUGRANYES BICKEL	FORTIS	0.000	...
DOMINGO SUGRANYES BICKEL	ING	0.000	...

B.1.32. PROCEDURES TO ALLOW DIRECTORS TO OBTAIN EXTERNAL ADVICE

Yes ☒ X

No ☐

Description of the procedure

In accordance with the Code of Good Governance of SISTEMA MAPFRE and for the purpose of providing assistance in their functions, external directors may, at the company's cost, request advice from external legal, accounting, financial or other advisors. The request must necessarily relate to specific problems of a certain importance and complexity that arise in the exercise of their duties.

The decision to employ the same must be notified to the Company Chairman and it may be vetoed by the Board of Directors if it is shown:

a) That it is not necessary to properly carry out the functions entrusted with the external directors.

b) That the cost is not reasonable in view of the importance of the problem and of the assets and revenues of the company.

c) That the technical assistance requested may be reasonably provided by experts and technical personnel of the company.

B.1.33. PROCEDURES TO ALLOW THE DIRECTORS TO OBTAIN ANY INFORMATION NECESSARY FOR THE TIMELY PREPARATION OF MEETINGS

Yes ☒

No ☐

Description of the procedure

In general terms, any documents must be provided at least three full days in advance. Specifically, if any documents are sent for delivery on a Friday or the eve of a holiday, it must be ensured that delivery is made in the morning of that day, prior to 12:00 noon.

This matter is the object of specific consideration by the Board of Directors of the company at its annual self-assessment meeting, and it receives a report from the Compliance Committee which is, in turn, entrusted with overseeing the effectiveness of the procedure set down.

B.1.34. LIABILITY INSURANCE PROVIDED FOR COMPANY DIRECTORS

Yes ☒

No ☐

B.2. COMMITTEES OF THE BOARD OF DIRECTORS

B.2.1. List

Name	No. of members	Functions
EXECUTIVE COMMITTEE	11	COORDINATE AND SUPERVISE THE COMPANY AND ITS SUBSIDIARIES IN OPERATIONAL AND MANAGEMENT MATTERS
AUDIT COMMITTEE	7	VERIFY FINANCIAL INFORMATION, PROPOSE APPOINTMENT OF EXTERNAL AUDITOR AND SUPERVISE INTERNAL AUDIT
APPOINTMENTS AND REMUNERATION COMMITTEE	7	COORDINATE APPOINTMENTS AND REMUNERATION POLICY OF SENIOR REPRESENTATIVE AND MANAGEMENT OFFICERS OF CORPORACIÓN MAPFRE
COMPLIANCE COMMITTEE	5	SUPERVISE THE CORRECT APPLICATION OF THE RULES OF GOOD

		GOVERNANCE THAT APPLY WITHIN THE COMPANY
--	--	---

B.2.2. List of all the committees of the board of directors and of their members

EXECUTIVE COMMITTEE

Name	Office held
DOMINGO SUGRANYES BICKEL	CHAIRMAN
CARLOS ÁLVAREZ JIMÉNEZ	DIRECTOR
FRANCISCO RUIZ RISUEÑO	DIRECTOR
RICARDO BLANCO MARTÍNEZ	DIRECTOR
VÍCTOR BULTÓ MILLET	DIRECTOR
SANTIAGO GAYARRE BERMEJO	DIRECTOR
ALBERTO MANZANO MARTOS	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	DIRECTOR
FILOMENO MIRA CANDEL	DIRECTOR
ALFONSO REBUELTA BADIAS	DIRECTOR
JOSÉ MANUEL GONZÁLEZ PORRO	SECRETARY AND DIRECTOR

AUDIT COMMITTEE

Name	Office held
MANUEL JESÚS LAGARES CALVO	CHAIRMAN
CARLOS ÁLVAREZ JIMÉNEZ	DIRECTOR
FRANCISCO RUIZ RISUEÑO	DIRECTOR
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	DIRECTOR
ANTONIO MIGUEL-ROMERO DE OLANO	DIRECTOR
ALFONSO REBUELTA BADIAS	DIRECTOR
JOSÉ MANUEL GONZÁLEZ PORRO	SECRETARY AND DIRECTOR

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Office held
DOMINGO SUGRANYES BICKEL	CHAIRMAN
CARLOS ÁLVAREZ JIMÉNEZ	DIRECTOR
FRANCISCO RUIZ RISUEÑO	DIRECTOR
JUAN FERNÁNDEZ-LAYOS RUBIO	DIRECTOR
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	DIRECTOR
ALFONSO REBUELTA BADIAS	DIRECTOR
JOSÉ MANUEL GONZÁLEZ PORRO	SECRETARY AND DIRECTOR

COMPLIANCE COMMITTEE

Name	Office held
FRANCISCO RUIZ RISUEÑO	CHAIRMAN
LUIS HERNANDO DE LARRAMENDI MARTÍNEZ	DIRECTOR
LUIS ITURBE SANZ DE MADRID	DIRECTOR
MANUEL JESÚS LAGARES CALVO	DIRECTOR
ALFONSO REBUELTA BADIAS	DIRECTOR

B.2.3. ORGANISATION, OPERATIONAL REGULATIONS AND DUTIES THAT REST WITH EACH COMMITTEE OF THE BOARD

- **Executive Committee**

This is a body, subject to reporting to the Board of Directors, entrusted with the high-level coordination and supervision of the activities of the company and of its subsidiaries in operational and management matters, the drafting and execution of specific plans for the proper development of the company and to adopt or authorise decisions within such limits as may be determined by the Board of Directors.

The Executive Committee is comprised of a maximum of twelve members who all belong to the Board of Directors; the majority of the members will be appointed from among those who have executive functions in CORPORACIÓN MAPFRE itself or in another main company of SISTEMA MAPFRE. Its Second Vice-Chairman and Secretary are *ex officio* those of the said Board.

- **Audit Committee**

The Audit Committee is comprised of a minimum of three and a maximum of seven members, who are in the main non-executive directors. The Chairman of the Committee is appointed from among the non-executive directors. Their term of office is for a maximum period of four years, and they may be re-elected following the expiry of one year after their ceasing to hold office. The Committee Secretary is the Secretary of the Board of Directors.

The Committee has the following powers:

a) To verify that the Annual Accounts, and the half-yearly and quarterly and other economic information that is required to be sent to regulatory or supervisory bodies is accurate, complete and sufficient; that it has been drawn up in accordance with the applicable accounting regulations and practice laid down internally by the General Secretary of SISTEMA MAPFRE, and that it is provided on a timely basis and with the relevant content.

b) To make proposals to the Board of Directors for submission to the Shareholders in General Meeting regarding the appointment of the External Auditor of the company, and to be given information on action taken by the same and about any matter or circumstance that might affect the auditor's independence.

c) To supervise action taken by the Internal Audit Department. In such connection, it shall be provided with unrestricted access to all information regarding its action plans, the outcome of its work and the follow-up of any recommendations and suggestions made by the external and internal auditors.

d) To require information about the financial information and internal control process of the company, and to make observations or recommendations as deemed necessary for the purpose of improving the same.

e) To inform the Shareholders in General Meeting about any matter within their powers.

- **Appointments and Remuneration Committee**

It is the delegated committee of the Board of Directors for the coordinated development of appointments and remuneration policy that should be applicable to Senior Representative and Management Officers of CORPORACIÓN MAPFRE, without prejudice to any legal and bylaws powers that may rest with the representative and management bodies of CORPORACIÓN MAPFRE itself.

In general, the Committee shall ensure the transparency of any criteria laid down to set Senior Officer's remuneration.

The Appointments and Remuneration Committee shall be comprised of a maximum of seven members, mainly non-executive members.

- **Compliance Committee**

This is a delegated body of the Board of Directors that supervises the proper application of the good governance regulations that apply within the company.

These functions are performed without any prejudice to the powers granted by the law and the bylaws to the representative bodies and the management of CORPORACIÓN MAPFRE itself.

It oversees the application of the good governance regulations in force at any time and it may, if pertinent, propose measures needed to improve or update the said regulations.

The Compliance Committee is comprised of a maximum of five members, all of whom are non-executive directors. Its Chairman is, *ex officio*, the 2nd Vice-Chairman of the Board of Directors.

The Committee may appoint a minutes secretary, elected from among the staff of the Legal Affairs Department of SISTEMA MAPFRE.

B.2.4. POWERS GRANTED TO EACH COMMITTEE IN ORDER TO PROVIDE ADVICE, BE CONSULTED AND, IF PERTINENT, DELEGATE ITS POWERS

Name of Committee	Brief description
EXECUTIVE COMMITTEE	COORDINATION AND SUPERVISION OF THE COMPANY AND OF ITS SUBSIDIARIES IN OPERATIONAL AND MANAGEMENT AFFAIRS
AUDIT COMMITTEE	VERIFY THE FINANCIAL INFORMATION, PROPOSE THE APPOINTMENT OF THE EXTERNAL AUDITOR AND SUPERVISE INTERNAL AUDIT
APPOINTMENTS AND REMUNERATION COMMITTEE	COORDINATED DEVELOPMENT OF THE POLICY FOR THE APPOINTMENT AND REMUNERATION OF SENIOR REPRESENTATIVE AND MANAGEMENT OFFICERS OF CORPORACIÓN MAPFRE
COMPLIANCE COMMITTEE	SUPERVISE THE CORRECT APPLICATION OF THE RULES OF GOOD GOVERNANCE THAT APPLY WITHIN THE COMPANY.

B.2.5. REGULATIONS OF THE COMMITTEES OF THE BOARD OF DIRECTORS; ANNUAL REPORT ON THE ACTIVITIES OF EACH COMMITTEE

The basic functions, competence, composition, frequency of meetings and decision-making of the delegated bodies of the Board of Directors are regulated by the Code of Good Governance of SISTEMA MAPFRE and the Regulations of the Board of Directors, whose most recent version was approved on 20 July 2005 for the purpose of adapting them to the changes introduced into the Code of Good Governance of SISTEMA MAPFRE approved by the company on the same date. The said Regulations are available on the company's web page www.mapfre.com, at the official registries of the Spanish National Securities Market Commission and they are recorded in the Madrid Companies Register.

The Audit Committee, on the occasion of the call for the ordinary general meeting, releases to the public a report on its activities during the financial year.

B.2.6. EXECUTIVE COMMITTEE: EXTENT OF ITS DELEGATED AUTHORITY AND AUTONOMY IN THE EXERCISE OF ITS DUTIES TO MAKE DECISIONS RELATING TO THE ADMINISTRATION AND MANAGEMENT OF THE COMPANY.

In connection with the exercise of its duties, the Executive Committee has standing authority, on the matters summarised as follows:

- All representative authority resting with the Board, save: any authority that cannot be delegated, the authority to represent the company before the Directorate General of Insurance or any other official body in matters relating to inspections or that might lead to serious fines being imposed on the company.
- All of the Board's management powers except the following: any powers that cannot be delegated, as well as the powers to formulate the annual accounts, to transfer the company address within the locality, to call general meetings, to fill vacancies on the Board, appoint and set the regulations governing the activities of the Executive Committee, the Managing Director and the General Manager, appoint and dismiss senior management officers and to approve institutional agreements with any foundation promoted by MAPFRE and other companies of SISTEMA MAPFRE.
- The following disposal powers: to acquire, transfer, encumber and to do anything else under any ownership form of title relating to chattels and real property, to incorporate new companies or to take a holding therein, to charge or remove a charge on or from property backing technical provisions, any kind of transaction with commercial paper, negotiable instruments, credit or overdraft bank accounts, the grant of loans and credits and to obtain securities, guarantees, discount lines, etc.
- Special powers relating to the grant and revocation of powers of attorney.

B.2.7. COMPOSITION OF THE EXECUTIVE COMMITTEE: DOES IT BEAR ANY RELATIONSHIP TO SEATS HELD ON THE BOARD BY DIFFERENT DIRECTORS DEPENDING ON THEIR STATUS?

Yes ☐ No ☒

The Executive Committee is composed of external directors representing shareholders (majority) and executive directors.

B.2.8 APPOINTMENTS AND REMUNERATION COMMITTEE: ARE ALL OF ITS MEMBERS EXTERNAL DIRECTORS?

Yes ☐ No ☒

C. RELATED TRANSACTIONS

C.1. DETAILS OF ALL RELEVANT TRANSACTIONS THAT MIGHT INVOLVE A TRANSFER OF RESOURCES OR LIABILITIES BETWEEN THE COMPANY OR ANY OF ITS GROUP COMPANIES, AND THE COMPANY'S SUBSTANTIAL SHAREHOLDERS

There were no such transactions.

C.2. DETAILS OF ALL RELEVANT TRANSACTIONS THAT MIGHT INVOLVE A TRANSFER OF RESOURCES OR LIABILITIES BETWEEN THE COMPANY OR ANY OF ITS GROUP COMPANIES, AND THE ADMINISTRATORS OR MANAGERS OF THE COMPANY

There were no such transactions.

C.3. DETAILS OF RELEVANT TRANSACTIONS CARRIED OUT BY THE COMPANY WITH OTHER COMPANIES BELONGING TO THE SAME GROUP, PROVIDED ALWAYS THEY WERE NOT ELIMINATED DURING THE PROCESS OF THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND THEY DO NOT FORM PART OF THE USUAL BUSINESS OF THE COMPANY AS FAR AS THE OBJECT AND CONDITIONS OF THE TRANSACTION ARE CONCERNED.

None.

C.4. CONFLICTS OF INTEREST INVOLVING THE COMPANY'S DIRECTORS, IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE 127 OF THE LIMITED LIABILITY COMPANIES ACT

There are no such conflicts of interest.

C.5. MECHANISMS IN PLACE TO DETECT AND SETTLE POTENTIAL CONFLICTS OF INTEREST BETWEEN THE COMPANY AND/OR ITS GROUP, AND ITS DIRECTORS, MANAGERS OR SUBSTANTIAL SHAREHOLDERS.

All directors and managers must make a Prior Declaration dealing with these matters when they are appointed. Furthermore, they must update it periodically and whenever a potential conflict arises.

Likewise, the Code of Good Governance of SISTEMA MAPFRE and the Internal Code of Conduct make provision for special duties involving conflict of interest situations.

The Board of Directors has the final decision on these matters following an examination made by the Appointments and Remuneration Committee of the company or the Audit and Institutional Control Committee of SISTEMA MAPFRE, as relevant. There is a special procedure covering passing resolutions on matters where there is a potential conflict of interest involving a director. The director in question must abstain from attending and taking part in these decisions.

D RISK CONTROL SYSTEMS

D.1. GENERAL DESCRIPTION OF THE RISK POLICY OF THE COMPANY AND OF ITS GROUP

In keeping with present management trends for insurance and financial institutions and the new solvency regulations that are due to be implemented in the near future, MAPFRE has continued to develop a Risk Management System (hereinafter RMS) for which the most representative aims are as follows:

- To have a suitable tool to identify and assess the risks that arise in the procedures, processes, and transactions carried out by SISTEMA MAPFRE, in each one of its companies and at a consolidated level.
- To improve the internal monitoring and business management processes of the Operating Units, by way of continuous assessment of the controls that have been implemented.
- To be aware at all times of the global risk exposure, and of the tolerance levels available on the minimum required solvency levels.
- To provide criteria for the efficient distribution of capital amongst the Operating Units, based on the principle of profitability versus risk, which increases value creation for the members and shareholders of the entities of SISTEMA MAPFRE.

The methodology for the implementation of the RMS is based on the following stages:

- a) Identification of the types of risk and prioritisation of tasks.
- b) Drawing up of an Operational Risk management model (risk map).
- c) Implementation of a risk-quantification model based on standard factors and estimation of optimum economic capital in all the units of SISTEMA MAPFRE, on the basis of a methodology similar to that used by the rating agencies. The model quantifies the insurance and financial risks (interest rate, market, liquidity, and credit), and determines the optimum capital and the risk-adjusted return on capital (RAROC methodology).
- d) Introduction of “own” stochastic models for the quantification of risks and the estimation of economic capital in the most representative units of SISTEMA MAPFRE in order to finally obtain a capital model for the whole of SISTEMA MAPFRE.

The RMS is based on an integrated management of risks for each and every one of the business processes of the entity, as well as the adjustment of the level of risk to the strategic objectives laid down by Management. Four areas or categories of risk are defined, which include the various risk items, as described below:

- Operational risks: this covers 22 types of risks grouped under the following risk areas: actuarial, legal, technology, staff, associates, procedures, information, fraud, market, and material assets.

- Financial risks: includes interest rate, liquidity, exchange rate, investment, and credit risks.
- Insurance activity risks: this groups together, separately for Life and Non-Life, the risks of premium insufficiency, the sufficiency of technical provisions and re-insurance risk.
- Strategic and corporate governance risks: includes corporate ethics and good governance, organisational structure, alliances, Mergers and Acquisitions, regulatory, and finally, market and competition risks.

The RMS is a project which is currently at the implementation stage, with a defined schedule of tasks that extends into 2008, in which year it is expected that the new solvency rules for insurance entities will be published (Solvency II). Throughout 2005, activities were carried out as scheduled, and the following deserve to be mentioned:

- Implementation of the operational risk model (risk map) in all SISTEMA MAPFRE entities.
- Creation of the Risk Management Department of SISTEMA MAPFRE, within the framework of the Financial and Management Control Department, and appointment of risk co-ordinators in the Units.
- Quarterly calculation of the risks and economic capital model by standard factors.
- Completion of the internal MAPFRE RE risk and economic capital calculation model. Approval and simplification of the model with a view to implementing it in direct insurance companies (MAPFRE EMPRESAS at the start of 2006).

D.2. CONTROL SYSTEMS THAT HAVE BEEN ESTABLISHED TO ASSESS, MITIGATE, OR REDUCE THE MAIN RISKS OF THE COMPANY AND OF ITS GROUP

The identification, evaluation, and quantification of Operational Risks is carried out by way of the Riskm@p software application, developed at MAPFRE, which is used to draw up Risk Maps for the entities.

Riskm@p is based on a dynamic analysis by processes, such that the heads of each area or department periodically identify and assess the potential risks affecting each one of the following processes:

- Product development
- Issuance
- Claims / Payments
- Administrative management
- Commercial activities
- Human resources
- Fees
- Co-insurance/Re-insurance
- Technical reserves
- Investments
- Information technology
- Customer care

With regard to financial investments, the guideline for mitigating exposure to this kind of risks has been based on a prudent investment policy, which concentrates the majority

of the securities portfolio into fixed-income instruments. Likewise, and with regard to life and savings insurance, the investments policy that has been applied in preference over others consists in matching the profitability and maturity of investments with the liabilities undertaken in insurance contracts, with the aim of mitigating exposure to risk. Notwithstanding the foregoing and for the purposes of the classification of investments in accordance with IFRS, fixed-income instruments are assigned preferentially to the available for sale portfolio, in order to be in a position to sell such securities, should that be needed on a date prior to maturity. Thus, at the close of 2005, MAPFRE's fixed-income investments represented approximately 91 per cent of total financial investments, with the remainder principally made up of investments in equities and mutual funds.

Likewise, it is MAPFRE's policy for its investment portfolio to be denominated mainly in euros and U.S. dollars. This policy extends to the subsidiaries of the America Operating Unit, which, in accordance with applicable regulations for each country and the expected economic environment, diversify their investments across assets denominated in local currencies and in dollars in order to be protected against possible devaluations. Thus, at the close of 2005, MAPFRE's investments in fixed-income securities denominated in euros and dollars represented approximately 95.6 per cent of total investments, with the remainder being principally investments denominated in Latin American currencies.

With regard to the credit risk, MAPFRE's policy has been based on prudence (the solvency of the issuer) and on the diversification of fixed-income investments. Thus, the reference fixed-income portfolio at the close of 2005 consisted in 60 per cent of public debt, agencies, and supra-national entities, and 40 per cent of bonds issued by corporates with a high credit rating. Thus, at the close of 2005, approximately 97.5 per cent of the portfolio of fixed-income instruments was rated "A" or higher by Standard & Poor's.

Given MAPFRE's international orientation and its expansion into Latin-American markets, there does exist a permanent exposure to exchange-rate risk. This risk factor is mitigated in part by the diversification of businesses across different countries and the concentration of the most profitable operations with the highest capital requirements in countries where the currency is the U.S. dollar or whose national currency is strongly correlated with the dollar (e.g. the Mexican peso).

With regard to strategic and corporate governance risks, the Governing Bodies of MAPFRE approved in 2005 a revised version of the Code of Good Governance, which had been in force since 2000, with the aim of regulating the business culture and complying with the legal requirements on governance and transparency in management. The strict enforcement of the principles of Good Corporate Governance is considered in MAPFRE as the most effective method of mitigating these kinds of risks.

D.3. EVENTS IN WHICH ANY OF THE RISKS THAT AFFECT THE COMPANY AND/OR ITS GROUP HAVE ARISEN; CIRCUMSTANCES THAT HAVE GIVEN RISE TO THIS; EXTENT TO WHICH THE CONTROL SYSTEMS THAT HAVE BEEN ESTABLISHED HAVE WORKED.

The occurrence of a number of natural disasters in a short period of time is a component that is considered in the assessment of the insurance risk, particularly at MAPFRE RE and the companies of MAPFRE AMÉRICA which operate in areas that are prone to disasters (hurricanes and earthquakes).

The year 2005 was characterised by a high frequency and intensity of hurricanes in the Caribbean and the southern United States, the most significant being hurricanes Wilma and Katrina. Risk retention mechanisms, based on the acceptance of risk according to available economic capacity and the cession of the excess to other re-insurance markets, worked in accordance with the risk-retention scheme established for 2005. In

this manner, the cost of catastrophe claims retained in the year, which was significant, has not had an impact on the levels of solvency and on MAPFRE's future capacity to subscribe risks.

D.4. COMMITTEE OR GOVERNING BODY IN CHARGE OF SETTING UP AND SUPERVISING CONTROL MECHANISMS, AND DESCRIPTION OF WHAT THEIR FUNCTIONS ARE

The structure of SISTEMA MAPFRE is based on Units and Operating Companies which have a high degree of autonomy in their management. The Management Bodies (Executive Committee and Board of Directors) approve the lines of activity of the Units and Companies with regard to risk management, and they continuously supervise the Units' exposure to risks by way of indicators and ratios. Furthermore, there are general procedure instructions in order to mitigate the said exposure, such as maximum levels of investments in equities, or the credit rating of re-insurers.

The Risk Management Department of SISTEMA MAPFRE co-ordinates the processes for the implementation of capital models in the various Units, and is responsible for the application of a uniform methodology for the quantification of risks, in co-operation with the Risks Co-ordinator for each Unit.

In general terms, corporate decisions concerning the assumption or mitigation of risks conform to the following management set-up:

- The subscription of insurable risks, setting of tariffs, and contracting of re-insurance coverage are highly de-centralised at the Units.
- The investments of the companies that operate in Spain are managed centrally by the Investments Department of SISTEMA MAPFRE, which also supervises the investments of the subsidiaries of the America Unit that have their own Investments Committees.
- Those aspects related to operational risk are overseen centrally, although their implementation and monitoring is delegated to the Units.
- The management of strategic and corporate governance risks is highly centralised.

D.5. COMPLIANCE PROCESSES RELATING TO THE VARIOUS REGULATIONS AFFECTING YOUR COMPANY AND/OR ITS GROUP

See point 1 above.

E GENERAL MEETING

E.1. QUORUM NECESSARY FOR THE GENERAL MEETING AS PROVIDED FOR IN THE COMPANY BY-LAWS

The quorum necessary for the General Meeting as provided for in the Company By-laws is the same as provided for in the Companies Act.

E.2. RULES GOVERNING THE APPROVAL OF COMPANY RESOLUTIONS

There are no differences with the provisions governing the approval of company resolutions provided for in the Companies Act. Shareholders' rights with regard to general meetings are the same as those recognised in the Companies Act, with the

exception contained at section A.10 under the heading PROPERTY STRUCTURE of this Report.

E.3. RIGHTS OF SHAREHOLDERS WITH REGARD TO GENERAL MEETINGS WHICH ARE DIFFERENT FROM THOSE PROVIDED FOR BY THE COMPANIES ACT

There are no rights of shareholders with regard to general meetings which are different from those provided for by the Companies Act.

E.4. NO MEASURES OTHER THAN THOSE ESTABLISHED AT LAW HAVE BEEN ADOPTED IN ORDER TO ENCOURAGE SHAREHOLDER PARTICIPATION IN GENERAL MEETINGS

E.5. CHAIRMAN OF THE GENERAL MEETING: DOES HIS/HER POSITION COINCIDE WITH THE POSITION OF CHAIRMAN OF THE BOARD OF DIRECTORS? MEASURES IN PLACE TO ENSURE THE INDEPENDENCE AND PROPER FUNCTIONING OF THE GENERAL MEETING

YES ☒ NO ☐

Pursuant to Article 11 of the Company Bylaws, the Chairman of the General Meeting shall be the person holding the same position on the Board of Directors, or such person replacing him on a temporary basis pursuant to the provisions of the bylaws.

Thus far, no incident has arisen concerning the proper functioning of the general meeting.

E.6. AMENDMENTS INTRODUCED INTO THE RULES OF THE GENERAL MEETING DURING THE YEAR

The Rules of the General Meeting were approved by the General Meeting on 6 March 2004, and are available on the entity's website, www.mapfre.com, and in the public records of the Spanish National Securities Market Commission (CNMV) and at the Commercial Registry of Madrid.

E.7. ATTENDANCE INFORMATION FOR THE GENERAL MEETINGS HELD DURING THE YEAR TO WHICH THIS REPORT REFERS

Date of General Meeting	% physical attendance	% attendance by proxy	% distance voting	Total %
26-02-2005	0.050	65.770	0.000	66

E.8. RESOLUTIONS APPROVED AT THE GENERAL MEETINGS HELD DURING THE YEAR TO WHICH THIS REPORT REFERS AND THE PERCENTAGE OF VOTES WITH WHICH EACH RESOLUTION WAS APPROVED

At the Ordinary General Meeting, held on 26 February 2005, the following resolutions were unanimously approved:

- To approve the Annual Accounts, both individual and consolidated relating to fiscal year 2004.
- To approve the distribution of profits as proposed by the Board of Directors, and as a result, to distribute a total dividend of (0.27) euros gross per share for shares numbered from 1 to 238,900,706 both inclusive. Part of this dividend, in the amount of 0.15 euros gross per share was advanced under a resolution of the Board of Directors passed on 27 October 2004, and the remainder, up to the approved total, will be paid as from 14 March 2005.

- To approve the management of the Board of Directors during fiscal year 2004.
- To re-elect Santiago Gayarre Bermejo as a member of the Board of Directors for a further period of four years.
- To amend the first paragraph and the last sub-section of the second paragraph of Article 17 of the company by-laws.
- To set the fixed allowance for non-executive directors who are members of the Board of Directors in the amount of 25,000 euros gross, with effect as from 1 January 2005.
- To authorise the Board of Directors so that it may, for a period of five years following this agreement, increase the share capital on one or more occasions up to a maximum of 59,725,176 euros, equivalent to 50% of the current share capital.
- To file an application with the Stock Exchange to list shares issued by the company as a result of capital increases carried out by the Board of Directors in exercising its authority referred to in the preceding agreement.
- To renew the appointment of the firm Ernst & Young, S.L. as Auditors of the company's accounts.
- To delegate the widest possible powers to the Chairman of the Board of Directors, Mr. Carlos Álvarez Jiménez, to the Executive Vice-Chairman, Mr. Domingo Sugranyes Bickel, and to the Secretary of the Board, Mr. José Manuel González Porro, so that they may, individually, proceed to the execution of the foregoing resolutions and engross them in public format where this should be necessary, amending them to comply with the observations arising from their appraisal by the Commercial Registry which should be accepted in the view of the delegates.
- To thank all those involved in the management of the company for their loyal co-operation during the fiscal year.

E.9. NUMBER OF SHARES REQUIRED IN ORDER TO ATTEND THE GENERAL MEETING

Shareholders holding 1,500 shares and who have recorded their shares in the Share Register five days in advance of the date on which the Meeting is to be held are entitled to attend.

Shareholders holding a lower number of shares than the number indicated above may syndicate their shares until making up at least the said number, and they must appoint from amongst themselves a representative and communicate this to the Secretary of the Board of Directors of the Company five days in advance of the date on which the Meeting is to be held, by way of a letter signed by all the syndicated shareholders and the name and acceptance of the representative shareholder, who shall exercise the voting rights on behalf of all the syndicated shareholders.

E.10. POLICIES PURSUED BY THE COMPANY WITH REGARD TO PROXY VOTING AT THE GENERAL MEETING

The entity does not have a defined policy with regard to proxy voting at the general meeting.

E.11. IS THE COMPANY AWARE OF THE INSTITUTIONAL INVESTORS' POLICY OF PARTICIPATING OR NOT IN THE DECISIONS OF THE GENERAL MEETING?

YES ☐ NO ☒

E.12. ADDRESS AND MEANS OF ACCESS TO THE CORPORATE GOVERNANCE MATERIAL ON THE COMPANY'S WEBSITE

Access is as follows: www.mapfre.com

General Information

Ø Sistema MAPFRE

Ø Shareholders and Investors.

F DEGREE OF COMPLIANCE WITH THE RECOMMENDATIONS OF CORPORATE GOVERNANCE

The Governance of CORPORACIÓN MAPFRE and of all its units and subsidiaries is regulated – in addition to the corporate by-laws of each company in particular – by the Code of Good Governance of SISTEMA MAPFRE, the first edition of which was approved by the Board of Directors of MAPFRE MUTUALIDAD – the parent company of SISTEMA MAPFRE – at its meeting held on 20 March 2000, and accepted by the Boards of Directors and by the directors and senior managers of all the entities of SISTEMA MAPFRE since then. On 20 July 2005 the Board of Directors of CORPORACIÓN MAPFRE accepted the new text of the Code of Good Governance of SISTEMA MAPFRE, approved on 29 June 2005, which updates and amends substantial aspects of the previous Code.

The said Code constitutes a mandatory frame of reference for all the entities of SISTEMA MAPFRE – to which CORPORACIÓN MAPFRE belongs – and its governing bodies. It contains a compilation of the RULES governing its management structure and the operational PRINCIPLES of the governing bodies of the entities that make it up, bearing in mind the progressive complexity of its corporate structure and the incomplete legal regulation of company groups, thereby ensuring its activities are co-ordinated and transparent.

The current version of the Code of Good Governance of SISTEMA MAPFRE has been drawn up by a Working Group, created for this purpose following the publication of the “Aldama Report” on 8 January 2003, of the Finance Act 44/2002 of 22 November and the Transparency Act 26/2003 of 17 July, made up of four of the main MAPFRE executives and by the Chairmen of the Compliance Committees of SISTEMA MAPFRE, all of whom are external directors, with the aim of carrying out a profound review and an update of the Code, bearing in mind both the said recommendations and provisions, as well as MAPFRE's own experience in the application of the Code, expressly seeking to increase the co-ordination of the activities of SISTEMA MAPFRE as a whole, as well as to simplify and facilitate decision-making processes.

In accordance with the said Code, it is possible to highlight compliance with the following corporate-governance recommendations:

* The Boards of Directors of the various companies undertake as their main non-delegable mission the general function of supervision, and they have an established catalogue of matters which they have the exclusive right to be informed about, whilst the ordinary management of the company is carried out by its Executive Committee.

The main supervisory and decision-making body of CORPORACIÓN MAPFRE, and the main supervisory body for all its subsidiaries, is the Board of Directors of CORPORACIÓN MAPFRE, whereas ordinary management is carried out by the

management and executive bodies of CORPORACIÓN MAPFRE, and by the relevant corporate bodies of the said subsidiaries.

* The Board of Directors of CORPORACIÓN MAPFRE is made up, at the close of 2005, of eighteen directors, of which sixteen are external (thirteen in representation of shareholder interests, and three independent directors), and the two remaining directors are the most senior executives of the entity.

At the Boards of Directors of the main subsidiaries, external directors are generally in the majority (in representation of shareholder interests and independent directors).

* The Chairman of CORPORACIÓN MAPFRE is an external director in representation of shareholder interests and does not have executive powers; the chief executive is the First Vice-Chairman, who is the Chairman of the Executive Committee. At the main subsidiary companies, the chairmen are usually the chief executives, although it is considered that there is no risk of an excessive concentration of power, given the eminently collegiate way in which the Boards and their Committees take their decisions.

* Both at CORPORACIÓN MAPFRE and at the Boards of the main companies of SISTEMA MAPFRE, the position of Second Vice-Chairman is held, as a rule, by an external director, who also holds the position of chairman of the Compliance Committee.

* At CORPORACIÓN MAPFRE, the position of Secretary of the Board is a position which entails membership of the Board, and it is endowed with the authority and suitable means in order to adequately comply with its function of ensuring the formal and material legality of the activities of the Board.

* There are Appointments and Remuneration, Audit, and Compliance Committees at both the parent company, MAPFRE MUTUALIDAD, and at CORPORACIÓN MAPFRE.

At the Appointments and Remuneration Committee of CORPORACIÓN MAPFRE, the only executive director who participates is the Executive Vice-Chairman, who is the chairman. The Audit Committee is chaired by an independent director, a professor of Public Finance and an expert in the matter, and none of the members are executive directors.

The Compliance Committee is made up exclusively of external directors and is chaired by the external Vice-Chairman.

* At the main subsidiaries of CORPORACIÓN MAPFRE, there is also a Compliance Committee which is in charge of ensuring the proper application of the rules of the Code of Good Governance at each entity.

* Directors receive in advance documents that have been specifically drawn up concerning the main points included on the agenda, and they have powers to obtain any information they consider to be necessary for the proper performance of their duties.

* The number of meetings of the Board and of the Committees and Delegated Committees varies according to the needs of each company, although in accordance with the Code of Good Governance of SISTEMA MAPFRE, in general terms, the main companies ought to hold, as a whole, at least eight meetings a year, taking into account both the meetings of the Board and the Executive Committee. The system governing the meetings of the Delegated Committees conforms to the needs arising from those matters which fall within their remit.

* The election and re-election of the members of the Board of Directors are carried out by way of a formal and transparent procedure, which includes the appropriate proposal from the Appointments and Remuneration Committee of SISTEMA MAPFRE or of

CORPORACIÓN MAPFRE itself, in accordance with the scope of the powers laid down for each one of them.

* The rights and duties of the directors are laid down in detail in the Code of Good Governance, which follows almost in its entirety in the lines of the reference regulation drawn up by the Spanish National Securities Market Commission and the rules in force governing the Securities Market and Companies.

Their remuneration is in compliance with the principle of moderation, and consists of a fixed assignment which is only paid to external directors. The external members of Committees and Delegated Committees also receive an allowance for attendance at meetings. In the annual report and in another section of this Report, information is supplied with regard to remuneration criteria, both for external and for executives directors, as well as total figures for remuneration received.

The age limit is set at 65 years for executive directors and 70 for external directors.

* The periodic information and the Annual Accounts are drawn up with the same criteria, and are verified by the Audit Committee.

The said Committee likewise receives regular information with regard to the relations with the External Auditors and sees all the reports and recommendations that they draw up. It likewise receives all reports issued by the Internal Auditing Services, and is informed of the degree of compliance with their recommendations.

In accordance with the provisions of the Code of Good Governance of SISTEMA MAPFRE, the Annual Accounts which are submitted to the Board of Directors to be drawn up are previously certified with regard to their accuracy and integrity by the chief executive of the company or of the consolidated group, as the case may be, by the corresponding Manager of the Internal Auditing Services, and by the manager who is responsible for the drawing-up of the said accounts.

* The remuneration accrued by the External Auditors and owed to them by the CORPORACIÓN MAPFRE Group in 2005 for the services corresponding to the auditing of the annual accounts amount to 3,037,551 euros, of which 3,017,631 correspond to the main auditor. The amount of 419,838 euros is also owed to the main auditor for services relating to the auditing of accounts, and 449,820 euros for other complementary services rendered, which figures are considered not to compromise the independence of the auditors.

* The External Auditors do not make any reservations or provisos with regard to the Annual Accounts of the entities of SISTEMA MAPFRE corresponding to 2005.

* CORPORACIÓN MAPFRE provides its shareholders and institutional investors with ample information with regard to its activities and results and those of its subsidiaries. CORPORACIÓN MAPFRE, in its condition as a listed company, carries out a wide range of communication activities with its shareholders, institutional investors, and market operators, as is set forth in the management report.

* In compliance with the rules laid down in the Code, the Compliance Committees of CORPORACIÓN MAPFRE and of its main subsidiaries regularly assess compliance with the Code in their respective companies, and submit the corresponding reports to their respective Boards of Directors and to the Audit Committee and the Institutional Control Committee of SISTEMA MAPFRE.

In all reports corresponding to the assessment of previous years, the level of compliance has been very positively rated, and the high level of ethical behaviour at the entities has been highlighted in all aspects assessed, along with the effective supervision and control task that has been carried out by the Boards of Directors, whilst

some areas where improvements could be made were pointed out, and recommendations were drawn up to this effect.

* Likewise, the Boards of Directors of CORPORACIÓN MAPFRE and of all the main subsidiaries have carried out during 2005 an assessment of the quality and efficiency of their work, by way of a detailed questionnaire completed by all members sufficiently in advance. The comments and suggestions made have been examined by each Board, and have been adopted the appropriate measures in order to improve the quality and effectiveness of meetings.