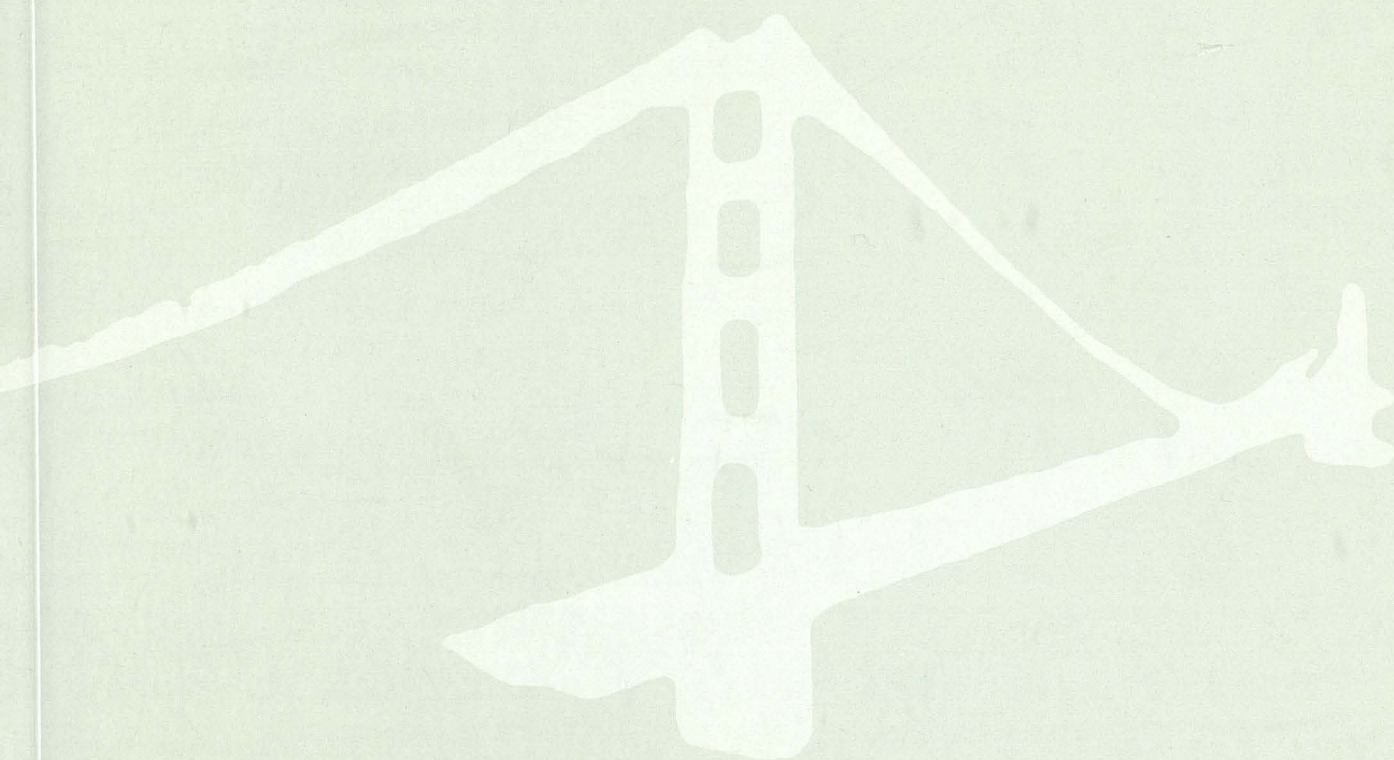


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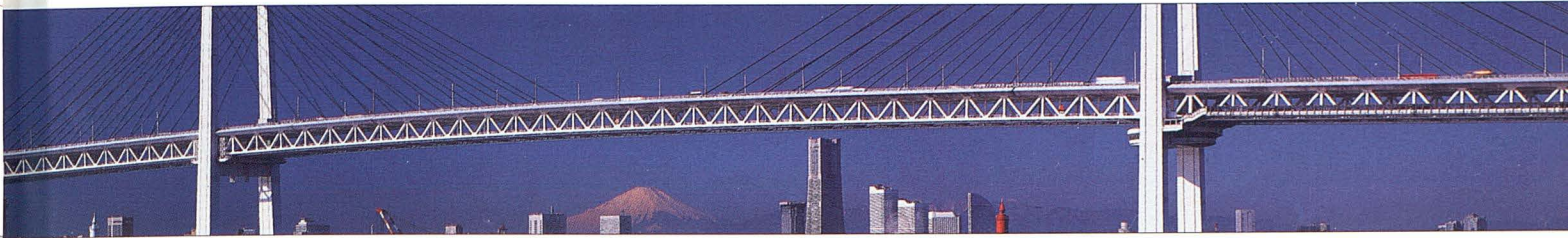


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MAPFRE

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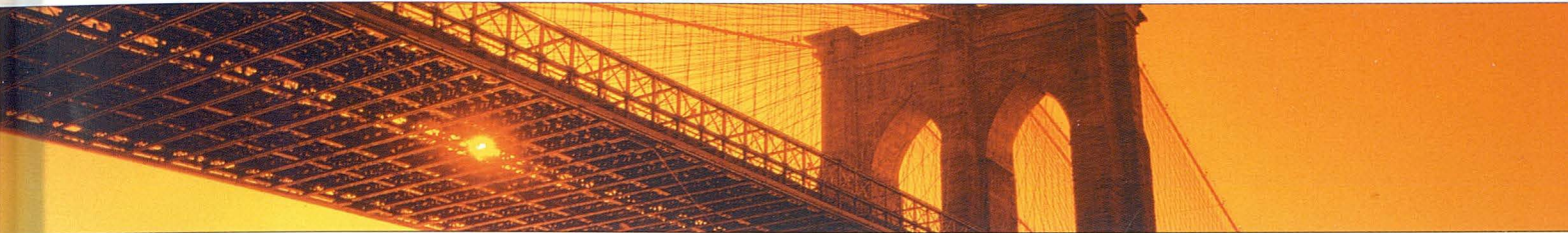
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Governing Bodies |



Board of Directors

Chairman and CEO
Mr. Andrés Jiménez

First Vice-Chairman
Mr. Lorenzo Garagorri (a)

Second Vice-Chairman
Mr. Matías Salvá

Managing Director
Mr. Juan Antonio Pardo (b)

Directors
Mr. Ángel Alonso
Mr. Ricardo Blanco
Mr. Primitivo de Vega
Mr. Donald J. Duello (Shelter Mutual Insurance Company)
Ms. María Luisa López (c)
Mr. Rolf Mehr (Vaudoise Assurances Holding)
Mr. George A. Prescott (Ecclesiastical Insurance Office)
Mr. Gregorio Robles
Mr. Agustín Rodríguez
Mr. Francisco Ruiz
Società Católica di Assicurazione
(Represented by Mr. Ezio Paolo Reggia)
Mr. Domingo Sugranyes

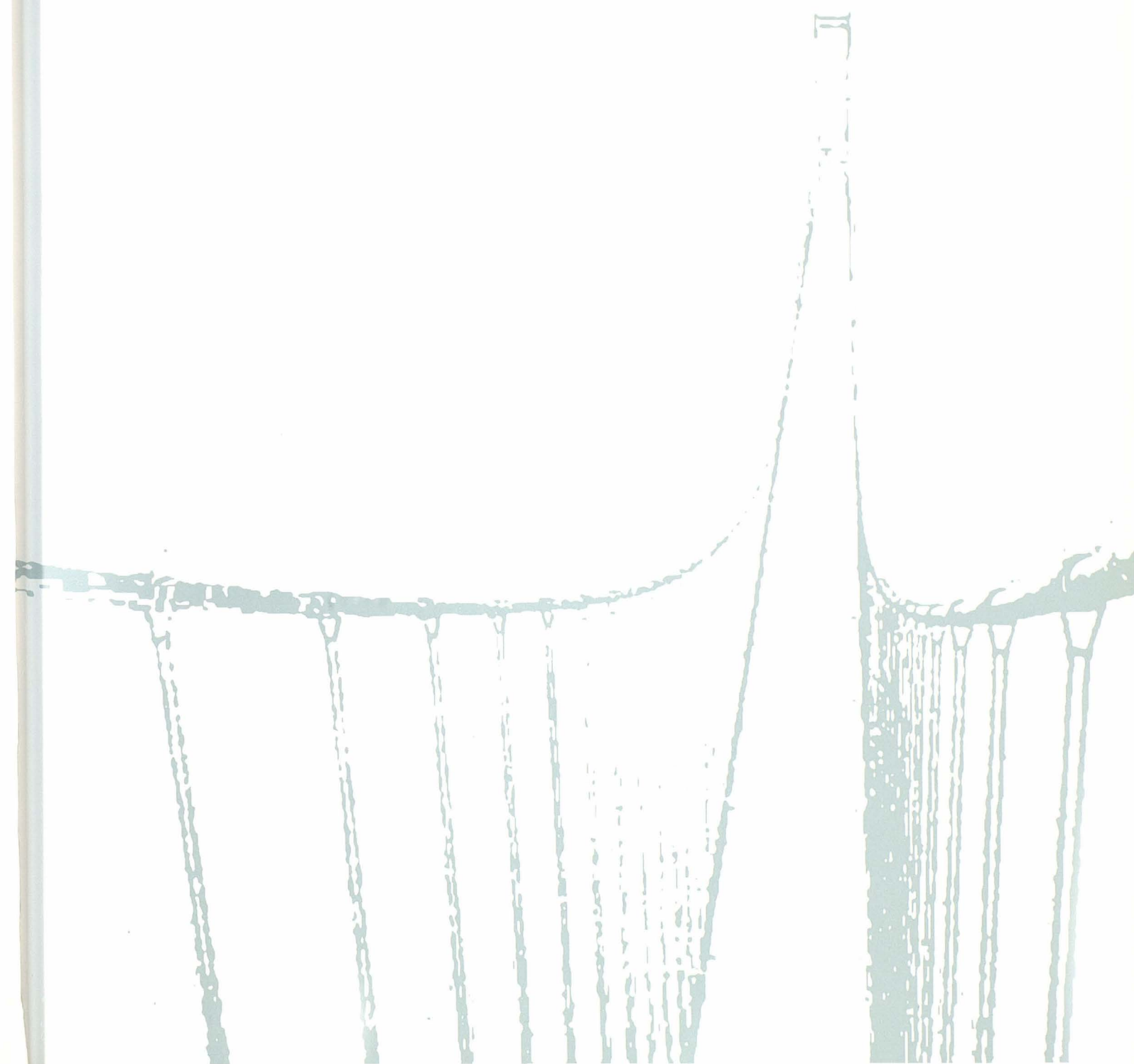
Director and General Manager
Mr. Pedro de Macedo (d)

Company Secretary
Mr. Claudio Ramos

Executive Committee	Compliance Committee
Chairman	
Member	
Second Vice-Chairman	Chairman
Member	
Member	
Member	
	Member
Member	Member
	Member
Member	
Member	
Secretary	

* Includes the appointments and re-appointments submitted to the General Meeting.
(a) Mr. Garagorri will cease to be First Vice-Chairman and Member of the Executive Committee with effect from 1st April 2004.
(b) Mr. Pardo will cease to be Managing Director and Member of the Executive Committee with effect from 1st April 2004.
(c) Position valid until 4th March 2004.
(d) The appointment of Mr. Macedo as Director and Member of the Executive Committee shall be effective as from 4th March 2004.

Consolidated Directors' Report 2003



Consolidated Director's Report |

REINSURANCE IN 2003

At the end of 2003, the reinsurance market looked likely to continue and consolidate the main positive aspects which characterised the preceding year.

In general terms, business conditions are still at the satisfactory levels achieved in 2002. The technical results of reinsurance operations have continued their positive development, confirming the prospects of recovery in relation to previous years. The change in trends occurring in 2002 and the stability shown by the market in 2003 are the basis for maintaining these expectations for 2004.

A few major natural catastrophes occurred in 2003 such as Hurricane Isabel and the tornados in the United States, floods in the South West of France, the heat wave in Europe and finally the Bam earthquake in Iran, the effects of which however did not weigh heavily on the accounts of reinsurance companies.

Interest rates have continued at some of the lowest rates of the last few decades and stock markets have maintained a bullish trend which has allowed good profits to be made on sales. The Single European Currency has continued to appreciate against the US Dollar and other currencies, which has restricted business growth in markets tied to those currencies.

The rating agencies kept up their pressure on the reinsurance sector in 2003, which they continue to view with considerable caution, mainly due to the inability of a few companies to generate sufficient profits to give their shareholders a good return and increase their capital and reserves, even in an environment of positive technical results. Grading adjustments over the last two years have been so significant that only one-off adjustments can be expected in 2004. Insurance companies have continued to base their reinsurance placement decisions on the financial strength rating of the reinsurance companies.

The inadequate results posted by some reinsurance companies are for the most part due to upward adjustments in their claims reserves, although in 2003 these updates have not had such a great impact on the profit and loss account. However, reserve adjustments will continue to be made in the future, especially within companies whose portfolios have a large component of third party liability risks.

These circumstances are producing a redistribution of reinsurance market shares, determining the loss of influence of some reinsurance companies and the rise of others which, for one reason or another, have been able to maintain adequate levels of results and solvency rating.



MAPFRE RE ended 2003 satisfactorily both in terms of increasing its turnover and profits as well as the high rating that the market placed on its solvency. Without the dead weight of stock market capital losses and with an adequate level of reserves, it has managed to grasp the development opportunities offered by a much more stable market, with sound expectations of positive technical results and in which the improvement in its financial strength rating has made it stand out favourably.

Balance sheet

- › Consolidated **capital and reserves** came to 325.6 million Euros, an increase of 22.0% over last year, mainly due to the increase in capital carried out in this year to the value of 60 million Euros.
- › Net **technical provisions** amounted to 644.4 million Euros, 19.1% higher than last year, and represent 111.2% of retained premiums.
- › **Investments** totalled 973.2 million Euros, which breaks down into 76.5 million Euros of investments in fixed assets, 886.3 million Euros of financial investments and 10.3 million Euros of investment in Group companies.
- › **Cash and other liquid assets** come to 17.1 million Euros.
- › **Total consolidated assets** amount to 1,429.6 million Euros compared with 1,276.7 million last year.

Profit and Loss Account

- › **Consolidated premiums** amounted to 866.4 million Euros, an increase of 14.0% over those secured last year. **Net premiums** retained rose to 579.6 million Euros, a 21.8% increase compared to last year.
- › The **combined ratio** was 94.1%, significantly lower than the previous year when it was 96.9%.
- › The **claims ratio** came to 63.5%, slightly higher than the 63.4% recorded in the previous year.
- › **Commission and other acquisition costs** were 25.6% and **management costs** 5%, both lower than the 27.4% and 6.1% recorded in the previous year.

- › The **net operating result** showed a profit of 7.0 million Euros compared to a deficit of 8.2 million Euros last year.
- › **Net financial income** was 34.3 million Euros, lower than the 38.6 million Euros recorded last year.
- › **The profit and loss account** shows a profit of 41.6 million Euros before tax and minority interests and a **profit** of 29.1 million Euros after tax and minority interests.

PRINCIPAL ACTIVITIES

The creation of the new unit "Unidad de Empresas" (Industrial) of the SISTEMA MAPFRE was an extraordinary development opportunity for ITSEMAP. For this, at its meeting of 16th June 2003, the Board of Directors agreed the sale of 60% of the shares of the said company to MAPFRE INDUSTRIAL, the remaining 40% being retained by MAPFRE RE, which will continue its service policy in collaboration with ITSEMAP.

The rating agency Standard and Poor's increased its rating for MAPFRE RE from A+ to AA -, with a "stable" outlook, which is one of the rare upgrades given by that agency over the last two years. For its part, AM Best renewed its A+ (Superior) rating, upgrading the outlook from "stable" to "positive".

At its meeting on 3rd December 2003, the Board of Directors approved an increase in capital with share premium in the total sum of 150 million Euros to strengthen the capital and reserves of MAPFRE RE and its subsidiary MAPFRE REINSURANCE CORPORATION in order to support the proposed growth of the businesses scheduled for 2004. Subscription for the new shares will take place in the first four months of 2004.

The building which housed the representative office of MAPFRE RE in Argentina was sold at the end of 2003 to the Spanish State for its diplomatic service. The said office has been transferred to a new representative building in the capital.

The respective United States authorities have approved the transfer of the registered office of MAPFRE REINSURANCE CORPORATION from California to New Jersey, where its head office is also located. The installation of the company's SAP accounting administration computer module has also been completed.

2003 saw the production of an ambitious detailed business plan reaching into 2006. This instrument was produced with the co-operation of the whole of the company's management team, including Central Services and outside Management Centres over several months, and has been approved by the Board of Directors. It defines the framework of the company's plans and objectives for the period 2004 to 2006 and will be the reference for MAPFRE RE's activities during those years.

The company has continued with the installation of new IT tools, both internally developed and acquired from third parties, in order to facilitate better management of the business.

MAPFRE RE has continued to provide various services to its customers, directly and through ITSEMAP, such as risk inspection and training courses. Of the latter, 16 have been held in 11 countries attended by 399 professionals.

TREBOL, MAPFRE RE's quarterly publication, has been redesigned and given a more attractive appearance. Although its content has not changed significantly, topics will be treated more schematically and flexible.

PROSPECTS

In 2004, the reinsurance companies will continue to need a positive technical result to enable them to give shareholders a good return on their investment and re-establish their reserves, which leads us to hope that the stability of current conditions will be maintained. We also expect to see the consolidation of the Bermuda market which emerged after September 11th 2001, which will tend to win market share with balanced results.

MAPFRE RE's consolidated forecast for 2004 anticipates gross premium income of 1,130.0 million Euros, net premiums in excess of 770.0 million Euros and a pre-tax profit of approximately 60 million Euros. The shareholders equity will be in the region of 500 million Euros. These targets are supported by a prudent underwriting policy geared towards offering shareholders an adequate return on their investment. The subsidiary MAPFRE REINSURANCE CORPORACIÓN (USA) is expected to make a significant contribution to achieving these targets in line with the market in which it is operating.

Proposed Resolutions I



CORPORATE MANAGEMENT

- › Approval of the individual and consolidated annual accounts for financial year 2003.
- › Approval of the management of the Board of Directors during financial year 2003.
- › Approval of the following proposed distribution of net disposable profit.

DISTRIBUTION OF PROFITS

BASIS OF DISTRIBUTION		DISTRIBUTION	
	euros		euros
Profit for the year	20,388,757.84	Legal reserve	2,038,875.78
Profit from previous years	17,090,274.43	Dividend	17,454,084.57
		Balance pending application	17,736,071.92
TOTAL	37,479,032.27	Donation to MAPFRE Foundations	250,000.00
		TOTAL	37,479,032.27

GOVERNING BODIES

The following Directors: D. Gregorio Robles, D. Agustín Rodríguez, D. Francisco Ruiz and D. Matías Salvá have come to the end of their period of office. It is proposed that they be reappointed for a further period of four years. Director Mrs. María Luisa López has also come to the end of her period of office and she is thanked for her loyal service. It is proposed to appoint D. Pedro de Macedo as a Director of the company for a period of four years.

OTHER PROPOSED RESOLUTIONS

- › To extend the appointment of Ernst & Young S.L. as external auditors for a period of one year.
- › To make a donation of 250,000.00 Euros to the FUNDACIÓN MAPFRE ESTUDIOS in accordance with the proposed distribution of profits for the year.
- › To authorise the Board of Directors to increase the share capital on one or more occasions over the next five years up to a maximum of 69,368,797.65 Euros, equivalent to 50% of the current share capital, in accordance with the provisions of Article 153 of the Share Companies Act (Ley de Sociedades Anónimas).
- › Delegation of authority to execute and convert the resolutions adopted by the General Meeting to a notarised deed.
- › Vote of thanks to all staff for their loyal service over the last year.

Economic and Statistical Information



Economic Information I

BALANCE SHEET SUMMARY

ASSETS	2003	2002	2001	LIABILITIES	2003	2002	2001
Intangible assets and preliminary expenses	4.2	4.5	5.4	Capital and reserves	296.5	244.3	269.1
Investments	973.2	774.2	767.9	Net profit for the year	29.1	22.7	0.8
Reinsurance share of technical reserves	245.3	258.3	259.7	External shareholders	0.1	0.1	0.3
Accounts receivable	121.8	125.5	123.6	Income to be spread over several years	0.9	0.7	0.0
Other assets	19.1	63.8	76.4	Technical reserves	889.7	799.3	822.5
Prior period adjustments	66.0	50.4	45.0	Provisions for liabilities and charges	2.7	1.6	0.8
				Deposits received from ceded reinsurance	89.4	80.9	59.9
				Other liabilities	95.2	107.8	110.4
				Prior period adjustments	26.0	19.3	14.2
TOTAL ASSETS	1,429.6	1,276.7	1,278.0	TOTAL LIABILITIES	1,429.6	1,276.7	1,278.0

Figures in million euros

Corporate Assets

	2003	2002	2001
Investments in fixed assets	76.5	52.6	65.8
Holdings in Group companies	10.3	12.0	14.4
Other financial investments	707.9	552.3	549.0
Deposits in respect of reinsurance accepted	178.4	157.3	138.7
TOTAL INVESTMENTS	973.1	774.2	767.9
Cash assets	17.0	62.1	73.6

Figures in million euros

COVER FOR TECHNICAL RESERVES

	2003	2002	2001
Technical reserves to be covered			
Non-life	754.6	682.7	640.4
Life	72.5	66.7	73.7
Suitable assets			
Non-life	942.5	889.6	841.1
Life	76.1	71.7	116.2
Excess (Deficit)			
Non-life	187.9	206.9	200.7
Life	3.6	5.0	42.5

Figures in million euros

SUMMARY OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Item	2003	2002	2001
Gross written premiums	866.3	760.1	687.9
Net written premiums	579.6	475.7	450.8
Net earned premiums	503.5	413.7	460.7
Claims incurred	(319.6)	(262.5)	(361.4)
Commission expenses	(148.2)	(130.4)	(120.6)
Technical profit/loss	35.7	20.8	(21.3)
Management expenses	(28.7)	(29.0)	(29.3)
Financial profit/loss	34.3	38.6	46.6
Extraordinary profit/loss	0.3	(0.2)	1.7
Profit/loss before tax and minority interests	41.6	30.2	(2.3)

Figures in million euros

RATIOS

Item	2003	2002	2001
% retention	66.9	62.6	65.5
% of reserves to net premiums	111.2	113.7	124.9
% of claims to net premiums earned	63.5	63.4	78.4
% of commission expenses to net premiums	25.6	27.4	26.8
% of management expenses to net premiums	5.0	6.1	6.5
% combined ratio	94.1	96.9	111.7

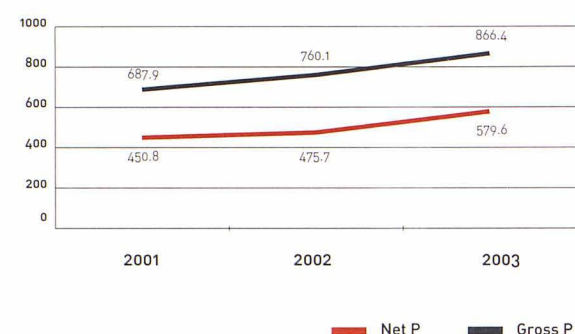
PERSONNEL

	2003	2002	2001
In Spain	131	137	131
Abroad	191	182	180
Total	322	319	311
MAPFRE RE	253	252	255
ITSEMAP	69	67	56

COMPOSITION OF THE PORTFOLIO

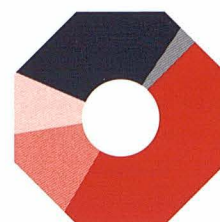
	2003	2002	2001
By type of business			
Proportional	76%	76%	77%
Non-Proportional	15%	13%	15%
Facultative	9%	11%	8%
By geographic area			
Spain	46%	42%	31%
Europe	28%	29%	27%
Latin-America	14%	18%	31%
USA and Canada	9%	9%	8%
Other	3%	2%	3%
By branch			
Property and Casualty	70%	70%	61%
Marine and Transport	6%	6%	8%
Motor and Third Party Liability	7%	8%	11%
Life and Personal Acc.	8%	8%	9%
Other	9%	8%	11%

CHANGES IN CONSOLIDATED PREMIUMS



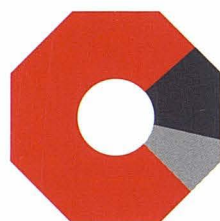
COMPOSITION OF THE PORTFOLIO BY GEOGRAPHIC AREA

- | 46% Spain
- | 14% Latin-America
- | 9% USA and Canada
- | 28% Europe
- | 3% Other



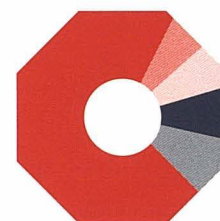
COMPOSITION OF THE PORTFOLIO BY TYPE OF BUSINESS

- | 76% Proportional
- | 15% Non-proportional
- | 9% Facultative



COMPOSITION OF THE PORTFOLIO BY BRANCH

- | 70% Property/Casualty
- | 6% Marine
- | 7% Motor & TPL
- | 8% Life & P.A.
- | 9% Other



Information on subsidiary companies |

MAPFRE REINSURANCE CORPORATION

Premiums written by this company amounted to 74.4 million Euros, an increase of 8.0% on those written last year. The profit before tax and minority interests came to 8.1 million Euros, an increase of 2.5% compared with last year. The company's Shareholders equity total 108.3 million Euros; it should be pointed out that the Shareholders equity was increased by 15 million US Dollars in February 2003.

	2003
Shareholders equity	108.3
Gross written premiums	74.4
Net written premiums	48.4
Net earned premiums	45.4
Pre-tax profit	8.1
Resultado antes de impuestos	8,1

These figures reflect this subsidiary's good progress, especially taking into account the depreciation of the US Dollar against the Euro. Net premiums written are lower than the capital and reserves which will enable this subsidiary to grow over the next few years with a high level of solvency.

INVERSIONES MAPFRE RE

This company has capital and reserves of 2.4 million Euros and returned a profit of 0.1 million Euros.

CAJA REASEGURADORA DE CHILE AND INVERSIONES IBÉRICAS, LTDA.

The pre-tax profit of both these companies came to 0.2 million Euros.

	2003
Profit before tax and minority interests	0.2
Shareholders equity	70.5

COMPAGNIE INTERNATIONALE D'ASSURANCES ET DE REASSURANCES (C.I.A.R.)

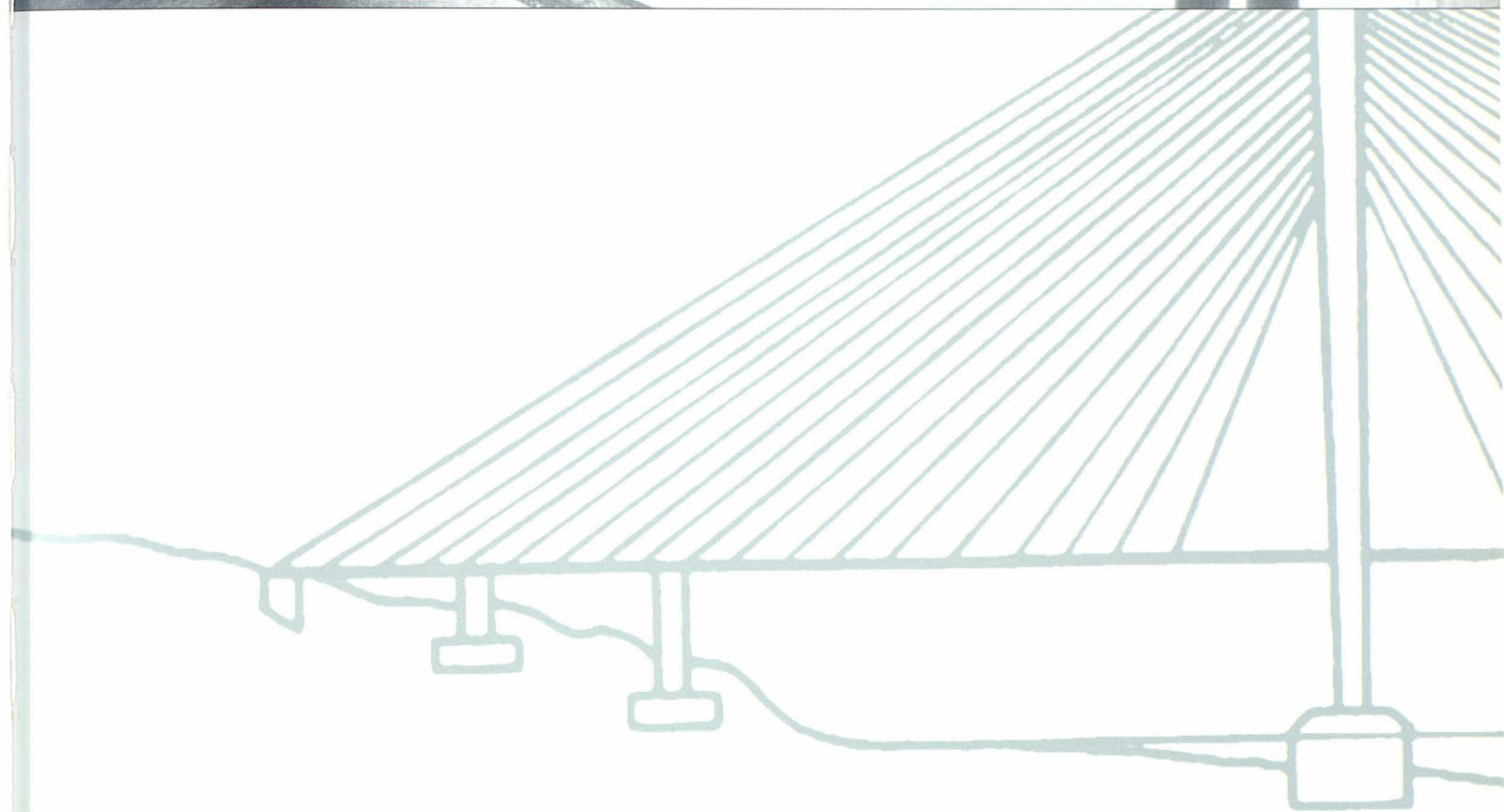
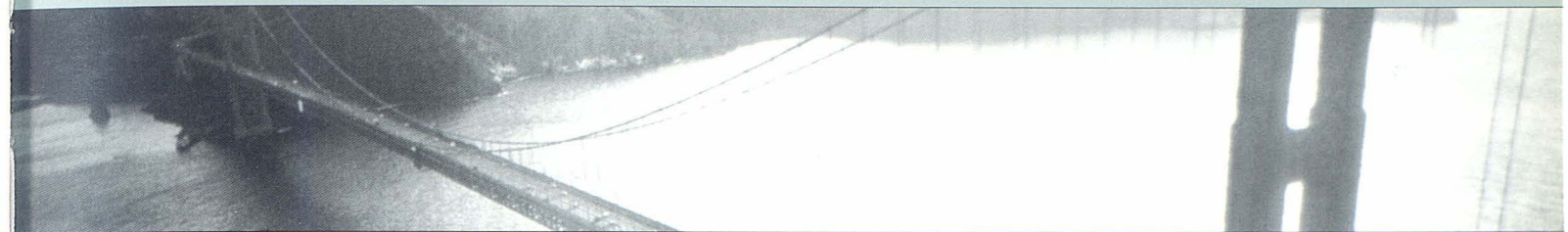
This company, which does not write reinsurance business, handles direct insurance transactions on a run off basis, has capital and reserves of 8.2 million Euros, has generated premiums of 0.1 million Euros and earned a profit before tax and minority interests of 0.3 million Euros.

MAPLUX RE

The premiums accepted by this company amount to 2.2 million Euros and its Shareholders equity is 2.8 million Euros.

	2003
Shareholders equity	2.8
Gross written premiums	2.2
Pre-tax profit	0.0

Consolidated Annual Account and Auditors' Report



CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2003 AND 2002

ASSETS	2003	2002
A. UNCALLED SHARE CAPITAL	0	0
Of the dominant company	0	0
Of external shareholders of subsidiary companies	0	0
B. INTANGIBLE ASSETS, PRELIMINARY EXPENSES AND COSTS TO BE SPREAD OVER SEVERAL YEARS	4,218	4,492
I Preliminary expenses	822	506
1 Setting up costs	0	0
2 Preliminary expenses	0	0
3 Increase in capital expenses	822	506
II Intangible assets	3,396	3,986
1 Portfolio acquisition expenses		
2 Other intangible assets	1,269	1,148
3 Accrued depreciation (to be deducted)	(910)	(783)
4 Provisions (to be deducted)	0	0
5 Goodwill	3,037	3,621
Of fully or proportionally consolidated companies	2,980	3,531
Of companies consolidated by the equity method	57	90
III Costs to be spread over several years	0	0
1 Expenses due to commission paid in advance and acquisition expenses	0	0
2 Negative differences due to derivatives	0	0
3 Other expenses	0	0
C. INVESTMENTS	973,191	774,177
I Investments in tangible assets	76,542	52,562
1 Land and natural assets	4,079	4,014
2 Buildings and other constructions	78,512	53,541
3 Other investments in tangible assets	0	0
4 Advance payments and investments in tangible assets under construction	59	816
5 Accrued depreciation (to be deducted)	(5,911)	(5,508)
6 Provisions (to be deducted)	(197)	(301)
II.1 Financial investments in Group and affiliated companies	47	690
1 Holdings in Group companies	8	8
2 Disbursements pending (to be deducted)	0	0
3 Fixed interest securities in Group companies	0	0
4 Holdings in affiliated companies	39	11
5 Disbursements pending (to be deducted)	0	0
6 Fixed interest securities in affiliated companies	0	0
7 Other financial investments in Group companies	0	671
8 Other financial investments in affiliated companies	0	0
9 Provisions (to be deducted)	0	(0)
II.2 Financial investments in companies consolidated by the equity method	10,275	11,387
1 Shares and holdings in companies consolidated by the equity method	10,275	11,406
Group companies	949	1,813
Affiliated companies and holdings	9,326	9,593
2 Disbursements pending (to be deducted)		
3 Fixed interest securities in companies consolidated by the equity method		
4 Loans against companies consolidated by the equity method	0	0
Group companies	0	0
Affiliated companies and holdings	0	0
5 Provisions (to be deducted)	0	(19)
6 Own shares and bonds or of the dominant company		
III Other financial investments	707,944	552,265
1 Financial investments in capital	18,484	8,820
2 Disbursements pending (to be deducted)	0	0
3 Fixed interest securities	502,419	438,421
4 Indexed securities	10,236	11,037
5 Mortgage loans	0	0
6 Other loans and advances on policies	0	0
7 Holdings in investment funds	30,926	40,004
8 Deposits with credit institutions	135,478	45,685
9 Other financial investments	11,687	12,167
10 Provisions (to be deducted)	(1,286)	(3,869)
IV Deposits set up in respect of reinsurance accepted	178,383	157,273

	2003	2002
D. INVESTMENTS FOR THE BENEFIT OF LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK		
D. (bis) REINSURANCE SHARE OF TECHNICAL RESERVES	245,295	258,294
I Unearned premium reserve	110,625	88,492
II Life assurance reserve	1,539	1,688
Unearned premium reserve	1,539	1,688
Mathematical reserve	0	0
III Claims reserve	133,131	168,114
IV Other technical reserves	0	0
E. ACCOUNTS RECEIVABLE	121,824	125,534
I Accounts receivable in respect of direct insurance business	37	63
1 Policyholders	0	0
Group companies	0	0
Affiliated companies	0	0
Other	0	0
2 Provisions for premiums pending collection (to be deducted)	0	0
3 Intermediaries	37	63
Group companies	0	0
Affiliated companies	0	0
Other	37	63
4 Provisions (to be deducted)	0	0
II Accounts receivable in respect of reinsurance business	109,691	102,843
Group companies	20,514	6,306
Affiliated companies	0	0
Other	89,177	96,537
III Accounts receivable in respect of co-insurance business	0	0
Group companies	0	0
Affiliated companies	0	0
Other	0	0
IV Called share capital	0	0
Of the dominant company	0	0
Of external shareholders of subsidiary companies	0	0
V Tax, social security and other accounts receivable	13,964	24,663
VI Provisions (to be deducted)	(1,868)	(2,035)
F. OTHER ASSETS	19,047	63,830
I Tangible assets	1,858	1,723
1 Fixed assets	6,447	6,391
2 Accrued depreciation (to be deducted)	(4,589)	(4,668)
3 Provisions (to be deducted)	0	0
II Cash in bank, cheques and cash in hand	17,092	62,096
III Other assets	97	11
Group companies	97	9
Affiliated companies	0	0
Other	0	2
IV Provisions		
G. ACCRUALS	66,033	50,379
I Interest earned but not due	11,637	9,764
II Premiums earned but not written	0	0
III Other accruals and deferred income	136	222
IV Commission and other acquisition expenses	54,260	40,393
TOTAL ASSETS	1,429,608	1,276,706

Figures in thousand euros

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2003 AND 2002

LIABILITIES	2003	2002
A. CAPITAL AND RESERVES	325,557	266,954
I Subscribed capital (or mutual fund)	138,738	116,832
II Share premium	105,783	67,695
III Revaluation reserves	0	0
IV Reserves	47,423	52,486
1 Legal reserve	10,230	8,736
2 Reserve for own shares	0	0
3 Statutory reserve	0	0
4 Voluntary reserve	0	0
5 Special reserve	0	0
6 Other reserves	9,556	4,324
7 Own shares for reduction in capital (to be deducted)	0	0
8 Reserves in consolidated companies	72,475	68,564
Reserves in fully consolidated companies	72,408	68,438
Reserves in companies consolidated by the equity method	67	126
9 Translation differences	(44,838)	(29,138)
Of fully consolidated companies	(44,838)	(29,040)
Of companies consolidated by the equity method	0	(98)
V Profit/loss brought forward pending application	17,090	17,462
1 Retained earnings	17,090	17,462
2 Loss from previous years (to be deducted)	0	0
3 Non-returnable shareholder contributions	0	0
VI Profit and loss attributable to the dominant company	29,054	22,655
1 Individual profit and loss	29,062	22,672
2 Profit and loss attributable to external shareholders	(8)	(17)
3 Interim dividend paid during the year (to be deducted)	(12,531)	(10,176)
A. (bis) EXTERNAL SHAREHOLDERS	127	126
A. (ter) INCOME TO BE SPREAD OVER SEVERAL YEARS	888	701
1 Positive differences in foreign currency	0	0
2 Positive differences in derivatives	0	0
3 Commission and other expenses in respect of reinsurance ceded	888	701
4 Deferred income from disposal of fixed interest securities	0	0
5 Deferred income from transactions between Group companies	0	0
6 Negative consolidation difference	0	0
Of fully consolidated companies	0	0
Of companies consolidated by the equity method	0	0
B. SUBORDINATED LIABILITIES		
C. TECHNICAL RESERVES	889,673	799,304
I Reserves for unearned premiums and unexpired risks	353,191	264,844
Direct insurance	54	67
Reinsurance accepted	353,137	264,777
II Life assurance reserves	68,542	62,325
1 Reserves for unearned premiums and unexpired risks	27,551	19,802
Direct insurance	0	0
Reinsurance accepted	27,551	19,802
2 Mathematical reserves	40,991	42,523
Direct insurance	0	0
Reinsurance accepted	40,991	42,523
III Claims reserve	425,217	454,117
Direct insurance	10,347	16,482
Reinsurance accepted	414,870	437,635
IV Reserves for dividends and premium refunds	0	0
V Claims equalisation reserve	42,723	18,018
VI Other technical reserves	0	0
Direct insurance	0	0
Reinsurance accepted	0	0

	2003	2002
D. TECHNICAL RESERVES FOR LIFE ASSURANCE POLICYHOLDERS WHO BEAR THE INVESTMENT RISK		
E. PROVISIONS FOR LIABILITIES AND CHARGES	2,736	1,576
I Provision for pension and similar obligations	908	730
II Provision for tax	161	81
III Provision for payment of claims settlement agreements	0	0
IV Other provisions	1,667	765
F. DEPOSITS RECEIVED ON REINSURANCE CEDED AND RETROCEDED	89,367	80,935
G. ACCOUNTS PAYABLE	95,243	107,816
I Accounts payable in respect of direct insurance business	383	217
Accounts payable to policyholders	0	0
Accounts payable to intermediaries	0	0
Subordinated accounts payable	383	217
II Accounts payable in respect of reinsurance business	87,430	101,602
III Accounts payable in respect of co-insurance business	0	0
IV Loans	0	0
V Accounts payable to credit institutions	0	692
1. Accounts payable on financial leases	0	0
2. Other accounts payable	0	692
VI Accounts payable in respect of insurance policy preparation	0	0
VII Accounts payable on temporary transfer of asset transactions	0	0
Group companies	0	0
Affiliated companies	0	0
Other	0	0
VIII Other accounts payable	7,430	5,305
Accounts payable to Group and affiliated companies	1,326	897
Group companies	1,326	897
Affiliated companies	0	0
Tax, social security and other accounts payable	6,104	4,408
H. ACCRUALS	26,017	19,294
TOTAL LIABILITIES	1,429,608	1,276,706

Figures in thousand euros

CONSOLIDATED PROFIT AND LOSS ACCOUNT AS AT 31ST DECEMBER 2003 AND 2002

I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE		2003	2002
I Premiums for the year net of reinsurance		481,140	394,146
a) Premiums earned	835,646		736,072
Direct insurance premiums net of cancellations	59		371
Earned premiums for reinsurance accepted	835,587		735,701
Change in outstanding premiums reserve	0		0
b) Premiums for reinsurance ceded	[286,367]		[283,520]
c) Change in reserve for unearned premiums and unexpired risks	[90,178]		[78,648]
Change in reserve for unearned premiums and unexpired risks, direct insurance	13		123
Change in reserve for unearned premiums and unexpired risks, reinsurance accepted	[90,191]		[78,771]
d) Change in reserve for unearned premiums and unexpired risks, reinsurance ceded (+ or -)	22,039		20,242
II Investment income		78,822	101,927
a) Income from investments in tangible assets	655		570
b) Income from financial investments	73,657		94,540
Other income from financial investments in Group companies	0		2
Income from financial investments	68,031		89,609
Other financial income	5,626		4,929
e) Application of value adjustments to investments	1,228		96
Investments in tangible assets	421		0
Financial investments	807		96
f) Profit from disposal of investments	3,282		6,721
Investments in tangible assets	3		6
Financial investments	3,279		6,715
III Unrealised capital gains on investments		0	0
IV Other technical income		0	32
VII Claims for the year net of reinsurance		280,764	239,979
a) Claims paid	262,299		310,159
Direct insurance	4,996		7,143
Reinsurance accepted	426,415		464,681
Reinsurance ceded (-)	[169,112]		[161,665]
b) Change in claims reserve	17,394		[70,766]
Direct insurance	[6,164]		[4,260]
Reinsurance accepted	[14,485]		[83,388]
Reinsurance ceded (-)	38,043		16,882
c) Claims related expenses	1,071		586
VIII Change in other technical reserves net of reinsurance		0	0
c) Change in other technical reserves	0		0
IX Share in profits and premium refunds		0	0
X Net operating expenses		164,201	146,601
e) Acquisition expenses	227,418		198,261
f) Change in deferred acquisition expenses			
g) Administration expenses	7,175		8,493
h) Commission and share of reinsurance ceded and retroceded	[70,392]		[60,153]
XI Change in claims equalisation reserve		24,689	8,202
XII Other technical expenses		[15]	843
a) Change in provision for insolvencies	[15]		843
b) Change in provision for depreciation of fixed assets			
c) Change in provision for payment of claims settlement agreements			
d) Other	0		0
XIII Investment expenses		53,537	69,350
a) Investment management expenses	52,658		67,011
Investment and financial account expenses	52,517		66,872
Expenses in respect of investments in tangible assets	141		139
b) Investment value adjustments	457		1,878
Depreciation of investments in tangible assets	457		206
Appropriation to provisions for investments in tangible assets	0		0
Appropriation to provisions for financial investments	0		1,672
e) Losses from investments	422		461
From investments in tangible assets	0		0
From financial investments	422		461
PROFIT/LOSS FROM TECHNICAL AND NON TECHNICAL ACCOUNT		36,786	31,130

Figures in thousand euros

I. TECHNICAL ACCOUNT - LIFE ASSURANCE		2003	2002
I Premiums for the year net of reinsurance		22,371	19,540
a) Premiums earned	30,741		23,984
Direct insurance premiums net of cancellations	0		0
Earned premiums for reinsurance accepted	30,741		23,984
Change in outstanding premiums reserve	0		0
b) Premiums for reinsurance ceded	[472]		[860]
c) Change in reserve for unearned premiums and unexpired risks	[7,749]		[3,958]
Change in reserve for unearned premiums and unexpired risks, direct insurance			
Change in reserve for unearned premiums and unexpired risks, reinsurance accepted	[7,749]		[3,958]
d) Change in reserve for unearned premiums and unexpired risks, reinsurance ceded (+ or -)	[149]		374
II Investment income		10,860	10,973
a) Income from investments in tangible assets	1,076		1,318
b) Income from financial investments	8,660		9,476
Other income from financial investments in Group companies	0		0
Income from financial investments in affiliated companies			
Income from financial investments	8,240		9,190
Other financial income	420		286
e) Application of value adjustments to investments	44		0
Investments in tangible assets	0		0
Financial investments	44		0
f) Profit from disposal of investments	1,080		179
Investments in tangible assets	0		0
Financial investments	1,080		179
III Unrealised capital gains on investments		0	0
IV Other technical income		0	0
VII Claims ratio for the year net of reinsurance		17,339	15,866
a) Claims paid	17,732		15,169
Direct insurance			
Reinsurance accepted	18,029		15,352
Reinsurance ceded (-)	[297]		[183]
b) Change in claims reserve	[394]		695
Direct insurance	0		0
Reinsurance accepted	[434]		666
Reinsurance ceded (-)	40		29
c) Claims related expenses	1		2
VIII Change in other technical reserves net of reinsurance		[2,085]	[961]
a) Life assurance reserve	[2,085]		[961]
a.1.) Mathematical reserves	[2,085]		[961]
For life assurance from direct insurance			
For life assurance from reinsurance accepted	[2,085]		[961]
For life assurance from reinsurance ceded	0		0
IX Share in profits and premium refunds		0	0
X Net operating expenses		7,540	7,221
e) Acquisition expenses	6,150		5,881
g) Administration expenses	1,710		1,818
h) Commission and share of reinsurance ceded and retroceded	[320]		[478]
XII Other technical expenses		1,117	732
a) Change in provision for insolvencies	0		0
b) Change in provision for depreciation of fixed assets	0		0
d) Other	1,117		732
XIII Investment expenses		3,909	4,767
a) Investment management expenses	3,579		4,339
Investment and financial account expenses	3,272		3,837
Expenses in respect of investments in tangible assets	307		502
b) Investment value adjustments	318		358
Depreciation of investments in tangible assets	318		316
Appropriation to provisions for investments in tangible assets	0		0
Appropriation to provisions for financial investments	0		42
e) Losses from investments	12		70
From investments in tangible assets	0		53
From financial investments	12		17
PROFIT/LOSS FROM TECHNICAL AND NON TECHNICAL ACCOUNT		5,411	2,888

Figures in thousand euros

I. NON TECHNICAL ACCOUNT	2003	2002
II Investment income	10,352	11,287
a) Income from investments in tangible assets	1,040	1,465
b) Income from financial investments	7,742	7,650
Dividends from financial investments in Group companies	7	0
Other income from financial investments in Group companies	0	14
Income from financial investments	4,321	3,399
Other financial income	3,414	4,237
c) Positive conversion differences	164	1,486
d) Share in profits of companies consolidated by the equity method	59	484
e) Application of value adjustments to investments	233	0
Investments in tangible assets	95	0
Financial investments	138	0
f) Profit from disposal of investments	1,114	202
Investments in tangible assets	1,096	0
Financial investments	18	202
V Reversal of consolidation losses	0	0
VI Monetary adjustment on profits	39	129
XIII Investment expenses	9,866	11,895
a) Investment management expenses	7,115	8,198
Investment and financial account expenses	6,678	7,748
Expenses in respect of investments in tangible assets	437	450
b) Investment value adjustments	410	760
Depreciation of investments in tangible assets	364	319
Appropriation to provisions for investments in tangible assets	21	168
Appropriation to provisions for financial investments	25	273
c) Losses from companies consolidated by the equity method	526	771
d) Exchange losses	33	268
e) Losses from investments	174	151
From investments in tangible assets	148	87
From financial investments	26	64
f) Depreciation of consolidation goodwill	591	726
g) Monetary adjustment on losses	1,017	1,021
PROFIT/LOSS FROM TECHNICAL AND NON TECHNICAL ACCOUNT	525	(479)
PROFIT/LOSS FROM NON-LIFE TECHNICAL ACCOUNT	36,786	31,130
PROFIT/LOSS FROM LIFE TECHNICAL ACCOUNT	5,411	2,888
XV Other income	1,127	42
Profit from disposal of holdings in fully consolidated companies	0	0
Profit from disposal of holdings in companies consolidated by the equity method	1,086	0
Profits from transactions in the shares of the dominant company and Group financial liabilities	0	0
Other non technical income	41	42
XVI Other expenses	2,579	3,213
Losses from disposal of holdings in fully consolidated companies	0	0
Losses from disposal of holdings in companies consolidated by the equity method	0	0
Losses from transactions in the shares of the dominant company and Group financial liabilities	0	0
Other non technical expenses	2,579	3,213
XVII Extraordinary income	534	154
XVIII Extraordinary expenses	183	351
PRE-TAX PROFIT/LOSS FOR THE YEAR	41,621	30,171
XIX Corporate tax	12,559	7,499
PROFIT/LOSS FOR THE YEAR	29,062	22,672
Profit/loss attributable to external shareholders	8	17
Profit/loss for the year attributable to the dominant company	29,054	22,655

Figures in thousand euros

Consolidated Report. Financial year 2003 |

1. GENERAL INFORMATION ON THE COMPANY AND ITS ACTIVITIES

MAPFRE RE, Compañía de Reaseguros S.A. (hereinafter referred to as the dominant company) is a reinsurance company, the parent company of a group of subsidiary companies working within the field of reinsurance.

The dominant company is in turn a subsidiary of Corporación Mapfre, S.A. and a member of the Sistema MAPFRE, consisting of MAPFRE Mutuality de Seguros y Reaseguros a Prima Fija and various companies operating in the insurance, finance, stock market, real state property and service sectors.

The definition of the consolidated group has been established in accordance with Law 30/1995 of 8th November on the regulation and supervision of private insurance and Royal Decree 2486/1998 of 20th November.

The dominant company has its head office in Madrid, two branches and ten representative offices with a direct presence in fifteen countries. Its area of activity includes Spain, the countries of the European Union and other countries, mainly in Latin America, and its activities cover all types of reinsurance branches and business.

The registered office is in Madrid, Paseo de Recoletos N° 25.

2. SUBSIDIARIES AND AFFILIATED COMPANIES

The subsidiaries and affiliated companies included in the consolidation are identified and detailed in the table of holdings which constitutes Appendix 1 to this Report. The said appendix gives the name, address, percentage holding and methods of consolidation used.

Consolidation by the equity method has been chosen where the affiliated companies' activities are sufficiently different to consider that their inclusion would be contrary to the informative purposes of the consolidated accounts.

Companies are considered to be subsidiaries or affiliated respectively when the dominant company holds the majority of voting rights, either directly or through subsidiaries, or has a holding of at least 20% of the share capital where the company is not listed on the stock exchange (10% for insurance companies) or 3% if it is listed.

The annual accounts of the subsidiaries used for the consolidation are those for the financial year 2003, closed at 31st December 2003.

3. BASES OF PRESENTATION OF THE CONSOLIDATED ANNUAL ACCOUNTS

a) True picture

The financial statements give a true picture in application of the legal provisions on accounting and the Directors have not considered it necessary to include any additional information.

Under current legislation, the dominant company is exempted from the obligation to file consolidated annual accounts and Directors' report although it has done so voluntarily since 1993.

b) Accounting principles

The consolidated annual accounts have been prepared in accordance with insurance company accounting principles and criteria as laid down by the Spanish Accounting Plan for Insurance Companies.

c) Comparison of information

There is nothing to prevent the accounts of this year from being compared with those of last year.

d) Changes in the companies within the consolidation

The changes in the companies within the consolidation in financial year 2003 were as follows:

Incoming	Outgoing
Mapfre Internet, S.A. (1%)	Itsemap Servicios Tecnológicos Mapfre, S.A. (60%)
Mapfre Re Cia de Servicios Generales, S.A. (98%)	
Mapfre Mandatos y Servicios, S.A. (99%)	

Appendix 1 gives details of the companies which have been included in the consolidation in this year together with information on their corporate assets and results.

The overall effect of these changes on the assets, financial position and results of the group subject to consolidation in financial year 2003, with regard to the previous year, is described in the notes to this annual report.

The opening balance adjustment columns, which appear in the various tables of this report, show the changes which have occurred as a result of the changes in the method or procedure of consolidation applied and the application of a different conversion exchange rate for the figures of foreign subsidiaries.

The changes in technical reserves shown in the profit and loss account differ from those which would have been obtained by taking the difference between the balance sheet figures for this and last year as a result of applying a different conversion exchange rate for foreign subsidiaries.

e) Significant transactions between companies in the group

The significant transactions between companies within the group are detailed in notes 6.12 and 6.13 of this annual report.

f) Income and expenditure allocation criteria

The financial income and expenditure figures allocated to life and non-life business are those taken from the assets assigned to each type of business. The assignment to life business as well as each of the non-life branches has been carried out on the basis of the average net technical reserves for the year. Income allocated to the non-technical account basically corresponds to that originating from investments in group companies. Expenditure assigned to the non-technical account corresponds to that originating from investments in group companies as well as that originating from the senior management of the company which cannot be allocated to the technical account.

4. DISTRIBUTION OF PROFITS

The Board of Directors of the dominant company has proposed the following distribution of the profits of the individual accounts of the company for approval by the General Shareholders Meeting:

Distribution Bases	Amounts	Distribution	Amounts
Profit and loss	20,388,757.84	To legal reserve	2,038,875.78
Surplus	17,090,274.43	To dividends	17,454,084.57
		To donations to the foundations sponsored by MAPFRE.	250,000
TOTAL	37,479,032.27	Surplus	17,736,071.92
		TOTAL	37,479,032.27

The distribution of dividends provided in the distribution of the profits for the year complies with the requirements and limitations laid down by legal regulations and the company's Articles of Association.

During financial year 2003, the dominant company paid an interim dividend totalling 12,531,137.64 Euros.

The liquidity statement drawn up by the Board of Directors for the distribution is given below:

Item	Date of interim dividend 03/12/ 2003
Cash assets available at date of resolution	13,603
Increase in cash assets at one year	
(+) Due to foreseeable normal trading income	100,000
(+) Due to foreseeable financial transactions	150,000
Reductions in cash assets at one year	
(-) Due to normal trading expenditure	(26,212)
(-) Due to foreseeable financial transactions	(223,346)
Cash assets available at one year	14,045

Figures in thousand euros

5. VALUATION RULES

The accounting criteria applied to the following items are given below:

a) Consolidation goodwill

The consolidation goodwill corresponds to the positive difference between the book value of the investment and the proportion of the net worth of the dependent company on the date of acquisition of the holding or that of its first consolidation, provided that the said difference is not fully or partially attributable to financial factors.

It is depreciated by the straight line method over a maximum of twenty years as the holdings acquired will contribute to securing future income for the group for a similar or longer period.

When material facts occur which cast a reasonable doubt on the continuance of initial expectations, the original period of depreciation is adjusted or the consolidation goodwill is completely restructured.

b) Transactions between companies included in the consolidation:

Transactions and profits not made externally as well as reciprocal credits and debits between companies included by full consolidation and any profits or losses not made externally through transactions with companies consolidated by the equity method have been removed from the consolidation process.

c) Consistency of items

The accounting principles and criteria used in the consolidated annual accounts are those of the dominant company, all necessary consistency adjustments having been made. With regard to the technical reserves of companies not belonging to the European Economic Area, and in accordance with the provisions of the Accounting Plan for Insurance Companies, no consistency adjustments have been made except as detailed below where the application of local criteria would have led to a distortion of the true picture which is required for the financial statements, in which case the criteria of the dominant company have been adjusted.

In accordance with the criteria used with the ceding company of the life business, Caja Reaseguradora de Chile has calculated the life assurance reserves using the interest rate provided in the technical bases, instead of the technical interest rate published by the Superintendencia de Seguros de Chile based on matching investment flows and durations with the obligations arising from direct insurance policies.

d) Translation of the annual accounts of foreign companies included in the consolidation

The closing exchange rate method has been used to convert these accounts. Under this method, the various items on the balance sheets of foreign companies included in the consolidation are translated to Euros at the exchange rate in force on the closing date of the accounts, with the exception of shareholders' equity which is translated at the historical exchange rate, and items on the profit and loss account which are translated using a weighted average exchange rate. Positive or negative exchange differences are included under shareholders' equity on the consolidated balance sheet under "Translation differences" after deducting the share of the said difference corresponding to outside shareholders.

The accounts of companies based in countries with a high rate of inflation are adjusted for the effects of changes in prices before translation to Euros. The inflation adjustments are carried out in accordance with the rules laid down by the countries in which the said companies are based.

e) Preliminary expenses

Preliminary expenses are fully capitalised when they accrue and depreciated by the straight line method over a maximum of five years in accordance with applicable legal provisions.

f) Intangible fixed assets

f.1. Computer applications

These are valued at their acquisition price and depreciated over their useful life with a maximum period of four years.

f.2. Rights on assets under a financial leasing scheme

Where there is no reasonable doubt that the purchase option is going to be exercised, rights on assets under a financial leasing scheme are accounted for as intangible assets at the cash value of the asset, the total debt in respect of the instalments plus the purchase option being recorded under liabilities. The difference between the two amounts, consisting of the financial expenses of the transaction, are accounted for as costs to be spread over several years and allocated to results in accordance with a financial criterion. Rights recorded as intangible assets are depreciated, where appropriate, according to the useful life of the leased asset. When the purchase option is exercised, the value of the rights and their corresponding accrued depreciation are removed from the accounts and become part of the acquired asset.

g) Tangible fixed assets and investments in tangible fixed assets

Tangible fixed assets are valued at their acquisition price or updated value in accordance with applicable legal provisions. Depreciation is calculated by the straight line method according to the estimated useful life of the various assets.

Investments in tangible fixed assets are valued at their acquisition price or production cost together with the costs and taxes relating to the purchase that are not directly recoverable from the Treasury and the works and improvements made in order to use the asset.

Depreciation is calculated by the straight line method in accordance with the estimated useful life in accordance with applicable legal provisions. The depreciation factor is applied to the total value of each property less the estimated value of the land.

For investments in tangible fixed assets whose estimated price at the end of the year, as valued by the General Department of Insurance or independent authorised valuers, shows a long term but not permanent depreciation, a corresponding valuation correction has been made by establishing a reversible provision provided that their book value is not recoverable by the generation of sufficient income to cover all costs and expenses, including depreciation.

h) Financial investments

h.1. Variable interest securities

These are valued at their acquisition price or market value if this is lower. The acquisition price includes any expenses inherent in the transaction as well as preferential subscription rights and excludes dividends earned but not due at the time of purchase.

For officially listed securities, the market value is the official average price for the last quarter of the year or the price on the closing date of the balance sheet, whichever is lower.

In the case of securities which comply with the uniformity requirements with regard to the representative nature of their listing as established by the Accounting Plan, the positive differences between the listed price and the book value is taken into account in order to quantify the value adjustments. Under no circumstances is the positive amount between the positive differences less the negative differences taken into account.

For securities which are not officially listed and securities without a representative listing, the market value means their theoretical book value adjusted by the amount of any tacit capital gains existing at the time of acquisition which still exist at the end of the year. When there are factors which give reasonable doubt as to the continued existence of the tacit capital gain totally or partially taken into account, at the end of the year, the appropriate provision for depreciation is made.

Value adjustments made as a result of applying the valuation criteria explained in the preceding paragraphs are charged to results.

h.2. Fixed interest securities

ORDINARY INVESTMENT PORTFOLIO

The fixed interest securities included in the ordinary investment portfolio are recorded at their acquisition price, including the expenses inherent in the transaction and less any interest earned but not due, together with any discounts and commission obtained on subscription, except where such discounts are in the form of prepaid coupons, in which case they are recorded as financial income during the non interest paying period. The difference between the acquisition price and redemption value is accounted for under results as a credit or debit, in accordance with financial criteria over the residual life of the security.

Any necessary value adjustments when the market value is less than the acquisition price are made at the end of the year with the net amount resulting from offsetting any negative and positive differences between the said securities, within the limit of the amount of the negative differences, being allocated to the results.

In the case of marketable securities traded on a regulated market, the market value is the last listed price or the average price of the last month of the year, whichever is lower.

The market value of securities not traded on a regulated market is determined by updating their future financial flows, including the redemption value, at rates equivalent to the average of the last month taken from the market for fixed interest securities issued by the State and adjusted according to the rating of the issuer.

FIXED TERM INVESTMENT PORTFOLIO

Fixed interest securities included in the fixed term investment portfolio are recorded at their acquisition price, including expenses inherent in the transaction, less any interest earned but not due, together with any discounts and commission obtained on subscription, except where such discounts are in the form of prepaid coupons, in which case they are recorded as financial income during the non interest paying period. The difference between the acquisition price and redemption value is recorded in the results, as a credit or debit, in accordance with financial criteria over the residual life of the security.

Any profits arising from the disposal of these securities before maturity are deferred until the originally provided maturity date. Any losses are charged to the results for the year in which the sale occurs, where appropriate offsetting any profits still to be allocated, within the limit of the loss.

h.3. Holdings in investment funds

Holdings in investment funds (FIM) are valued at their acquisition price or selling price at the end of the year if this is lower.

In the case of holdings which comply with the consistency requirements laid down by the Accounting Plan, any capital gains or losses from the various funds are offset against each other in calculating the adjustments without in any case recognising any positive amount after deducting the negative differences from the positive differences.

Holdings in money market investment funds (FIAMM) are valued at their acquisition price plus any positive yield deducted from their selling value at the end of the year.

Holdings in guaranteed investment funds are valued at their acquisition price plus the guaranteed yield confirmed at the end of the year or at their selling price if this is lower.

h.4. Derivatives

In hedging transactions, price differences are recorded as they occur as an income or expense to be spread over several years, as appropriate, being transferred to results in the same way as profits earned from the hedged assets or liabilities.

h.5. Foreign currency securities

Variable interest securities are converted into national currency by applying the exchange rate in force on the date of the transaction to the acquisition price. The value thus obtained should not exceed that resulting from applying the exchange rate in force on the closing date to the value the securities would have had in the market after making the corresponding value adjustments where appropriate.

Fixed interest securities are converted into national currency by applying the exchange rate in force on the date of the transaction. At the year-end, they are valued at the exchange rate in force at that time applied to the cost price of the securities.

i) Trade accounts receivable

Accounts receivable are valued at their nominal amount including, at the end of the year, any interest accruing to date, less the corresponding provisions made to cover any situations of total or partial insolvency of the debtor.

j) Non trade accounts receivable

Non trade accounts receivable are valued at their nominal amount including, at the end of the year, any interest accruing to date, less the corresponding provisions made to cover any situations of total or partial insolvency of the debtor.

Accounts receivable due to sales of fixed assets and investments are valued at their sale price excluding any interest included in the nominal value of the account receivable which is included as it is earned.

k) Technical reserves**Reinsurance accepted****UNEARNED PREMIUM RESERVE**

Accepted reinsurance business is accounted for on the basis of the accounts received from the ceding companies.

If the ceding company's latest account is not available at the close of the accounting year, the balances from the rest of the accounts received are deemed to be a provision for unearned premiums from unclosed accounts with the aim of not acknowledging profits when entering the said accounts in the accounts.

If, in exceptional circumstances, these provisions from unclosed accounts are negatively affected by large claims, a loss being certain but with no possibility of offsetting by movements from unclosed accounts, the provision is adjusted by the corresponding amount.

When the latest account and outstanding claims report are available, the provisions from unclosed accounts are cancelled, the unearned premium reserve being appropriated according to information sent by the ceding company, the deferrals being made on a contract by contract basis; failing this the amount of the retained premiums deposit is accounted for as an unearned premium reserve and ultimately a global method of premium deferral is used.

The acquisition costs advised by the ceding companies are subject to period adjustments under prepayments and accrued income on the asset side of the balance sheet, these costs corresponding to those actually incurred during the period.

When ceding companies do not advise the amounts of acquisition costs incurred they are adjusted on a risk by risk basis for facultative proportional reinsurance and globally for the rest of the proportional business.

UNEXPIRED RISKS PROVISION

The unexpired risks provision is calculated on a branch by branch basis and supplements the unearned premium reserve where this is insufficient to cover the valuation of risks and expenses to be covered which correspond to the period of cover still to run on the closing date. This reserve is calculated in accordance with Article 31 of the Spanish Private Insurance Regulation and Supervision Regulations.

PROVISION FOR CLAIMS

Provisions for claims are calculated on the basis of the amounts advised by the ceding company or failing that on the basis of retained deposits and include additional provisions for claims which have occurred but not been reported as well as provisions for changes in existing claims based on the company's past experience.

LIFE ASSURANCE PROVISIONS

Unexpired risks provisions and life claims are calculated in the same way as the previous two types of provision.

STABILISATION PROVISION FOR CATASTROPHE RISKS

In business affected by catastrophic risks, the appropriate provisions are made for this type of risk based on the company's past experience and in the dominant company in accordance with the provisions of Article 45 of the Private Insurance Regulation and Supervision Regulations.

Reinsurance retroceded

Reinsurance business retroceded and the corresponding technical reserves are recorded in accordance with the same criteria as for reinsurance accepted and on the basis of the retrocession contracts signed.

l) Provisions for pensions and similar obligations

In order to meet commitments entered into in respect of pension supplements for the Manila and Portugal offices, in accordance with actuarial studies carried out, the dominant company has made a provision to cover retirement benefits, supplementary retirement benefits and widows' pensions. The method for estimating and calculating the provisions was by making a projection of salaries to retirement and calculating the current value of the portion already accrued for services rendered, using the individual capitalisation system.

The dominant company has covered its commitments towards current personnel and pensioners receiving supplementary pensions and retirement bonuses with a group insurance policy covering the risks of retirement benefits and retirement and widows' supplementary pensions.

m) Other provisions for liabilities and charges

Provisions have been funded to cover potential future liabilities calculated on the basis of the current evaluation of the liability.

n) Debts

These are recorded on the balance sheet at their repayment value.

o) Corporate tax

The tax charge attributable to the year for corporation tax has been accounted for.

p) Transactions and balances in foreign currency

Foreign currency transactions, with the exception of reinsurance transactions, are converted into Euros at the exchange rate in force on the date of the transaction.

Reinsurance transactions in foreign currency are recorded at the exchange rate set at the beginning of each quarter of the year. Later, at the end of each quarter, they are all treated as if they were a single transaction and are converted at the rate of exchange in force at that time; any difference that arises is accounted for in the profit and loss account.

At the end of the financial year, the following criteria relating to existing balances are applied:

- › **Fixed assets and investments in tangible assets:** these are valued at the exchange rate in force when the said assets are incorporated into the Group's assets.

Depreciation and provisions for depreciation are calculated on the amount resulting from applying the criteria set out in the preceding paragraph.

- › **Cash assets:** These are valued at the rate of exchange in force at the close of the year; any difference, whether positive or negative, is recorded in the profit and loss account.
- › **Fixed interest securities, credits and debits:** these are valued at the exchange rate in force at the end of the year, any negative differences being recorded in the profit and loss account and positive differences as income to be spread over several years insofar as they cannot be offset by negative differences. This offsetting is carried out by uniform groups according to the year of maturity and currency.
- › **Variable interest securities:** these are valued at the exchange rate in force at the end of the year and, where appropriate, the corresponding value adjustment is carried out provided that this valuation is lower than the acquisition price converted into Euros at the exchange rate in force on the date on which the securities are incorporated into the Group's assets.

- › **Assets assigned to cover technical reserves denominated in foreign currency:** these are valued at the exchange rate in force on the date of acquisition. At the end of the year, the exchange rate in force at that time is applied and any potential gain or loss is incorporated as a greater or lesser cost of the assets in line with the changes experienced by the corresponding technical reserves.

Translation criteria for branches located outside Spain:

Items on the balance sheet and profit and loss account of branches are converted into Euros by applying the monetary non-monetary method.

q) Income and expenditure

Income and expenditure are valued in accordance with the provisions of the Accounting Plan for Insurance Companies:

The following criteria have been used in the parent company, Mapfre Re, in order to reclassify expenditure by purpose:

- › **Acquisition costs:** these include commission on reinsurance accepted and costs incurred by personnel assigned to departments classified as acquisition departments and expenses pertaining to sales offices and branches.
- › **Administration costs:** these are basically costs incurred by personnel assigned to departments classified as administration departments.
- › **Investment and non technical costs:** these are basically costs incurred by personnel assigned to departments classified as investment and non technical departments (senior management).

Employees are assigned to departments on an individual basis once a year by the management of the dominant company.

Indirect personnel costs are distributed in accordance with the position of each employee. In subsidiary companies, costs are assigned on the basis of similar criteria based on the distribution of salaries.

6. INFORMATION ON CERTAIN ITEMS OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

6.1. Preliminary expenses and other depreciable costs

The following table shows movements under this heading during financial year 2003:

Item	Amount capitalised	Opening balance	Adjustments to opening balance	Additions	Depreciation	Closing balance
Capital increase expenses	1,673	506	-	618	(302)	822
TOTAL	1,673	506	-	618	(302)	822

Figures in thousand euros

6.2. Intangible fixed assets

The following table shows movements under this heading during financial year 2003:

Item	Opening balance	Adjustments to opening balance	Additions	Deductions	Transfers	Closing balance
A) Total Cost						
Computer applications	1,136	-	133	-	-	1,269
Rights on assets under financial leases	12	-	-	-	-(12)	-
TOTAL (A)	1,148	-	133	-	(12)	1,269
B) Depreciation						
Computer applications	(771)	-	(139)	-	-	(910)
Rights on assets under financial leases	(12)	-	-	-	12	-
TOTAL (B)	(783)	-	(139)	-	12	(910)
c) Goodwill						
Of companies fully or proportionally consolidated	3,531	37	-	(588)	-	2,980
Of companies consolidated by the equity method	90	(29)	-	(4)	-	57
TOTAL (C)	3,621	8	-	(592)	-	3,037
TOTAL (A)-(B)+(C)	3,986	8	(6)	(592)	-	3,396

Figures in thousand euros

Deductions under "goodwill" correspond to annual depreciation.

The closing balance of the consolidated goodwill heading is given below:

Fully consolidated companies	Closing balance	Companies consolidated by the equity method	Closing balance
Inversiones Mapfre Re CIAR	53	Inmobiliaria Alcántara, 218	57
Caja Reaseguradora de Chile	1,043		
Mapfre Reinsurance Corporation	239		
	1,645		
TOTAL	2,980		

Figures in thousand euros

6.3 Tangible fixed assets

The following table shows movements under this heading during financial year 2003:

Item	Opening balance	Adjustments to opening balance	Additions or appropriations	Deductions or cancellations	Transfers balance	Closing balance
A) Cost						
Vehicles	716	(28)	98	(135)	-	651
Data processing equipment	2,210	(82)	219	(184)	-	2,163
Furniture and installations	3,465	(65)	256	(190)	12	3,478
Other tangible fixed assets	-	-	155	-	-	155
TOTAL (A)	6,391	(175)	728	(509)	12	6,447
B) Accrued depreciation						
Accrued depreciation	(4,668)	45	(423)	451	6	(4,589)
TOTAL (B)	(4,668)	45	(423)	451	6	(4,589)
GRAND TOTAL (A)-(B)	1,723	(130)	305	(58)	18	1,858

Figures in thousand euros

The value of totally depreciated items of tangible fixed assets in use is 2,038,000 Euros.

Annual depreciation rates are as follows:

Vehicles	16%
Furniture	10%-15%
Installations	6%-10%
Computer equipment	25%

The following table shows the value at 31 December 2003 of the tangible fixed assets not situated in the Spanish territory.

Item	Amount
A) Cost	
Vehicles	474
Computer processing equipment	1,592
Furniture and installations	2,385
Other tangible fixed assets	155
Subtotal	4,606
B) Accrued depreciation	3,483
TOTAL (A)-(B)	1,123

Figures in thousand euros

6.4. Investments in tangible assets

The following table shows movements under this heading during financial year 2003:

Items	Opening balance	Adjustments to opening balance	Additions	Deductions	Transfers	Closing balance	Market value
A) Cost							
Land and natural assets	4,014	65	-	-	-	4,079	4,066
Buildings and other constructions							
Value of land	16,658	168	15,486	(794)	-	31,518	
Value of construction	36,883	(123)	14,507	(4,291)	18	46,994	
Total buildings and other constructions	53,541	45	29,993	(5,085)	18	78,512	71,107
Other investments in tangible assets	-	-	-	-	-	-	-
Advances and investments in tangible assets under construction	816	1	-	(758)	-	59	
Total (A)	58,371	111	29,993	(5,843)	18	82,650	75,173
B) Accrued depreciation							
Buildings and other constructions	(5,508)	(307)	(678)	570	12	(5,911)	
Other investments in tangible assets							
Total (B)	(5,508)	(307)	(678)	570	12	(5,911)	
C) Provisions							
Buildings and other constructions	(301)	42	(20)	82	-	(197)	
Total (C)	(301)	42	(20)	82	-	(197)	
GRAND TOTAL (A)-(B)-(C)	52,562	(154)	29,295	(5,191)	30	76,542	

Figures in thousand euros

The market value of investments in tangible assets is the valuation value determined by the General Department of Insurance or by an authorised valuation company in accordance with valuation rules for the purposes of covering technical reserves.

In the case of foreign companies, the valuations have been carried out by independent valuation companies in accordance with normal standards for each country.

During the year, the building which houses the registered office of MAPFRE RE, received as a non monetary contribution from one of the shareholders in payment for the shares corresponding to the increase in capital carried out in January of this year, has been incorporated into the assets of the company.

The amount under the "Deductions" column of "Buildings and other constructions" is due to the sale of the building owned by the company F. Alcorta, S.A., located in Buenos Aires, at Avenida Presidente Figueroa Alcorta 3102.

The following table shows the value of investments in tangible assets for own use as at 31st December 2003.

Item	Book value	Accrued depreciation
Buildings and other constructions	36,511	(976)

Figures in thousand euros

The annual depreciation rate for new buildings, after deducting the value of the land, is 2%. In the case of existing buildings purchased, the annual rate fluctuates between 2.64% and 4%.

The following table shows the value of investments in tangible assets located abroad as at 31st December 2003.

Item	Book value	Accrued depreciation	Net
Buildings and other constructions	52,650	5,363	47,287

Figures in thousand euros

6.5. Financial investments

The following table gives details of movements in investments in negotiable securities and other similar financial investments during financial year 2003

Items	Opening balance	Adjustments to opening balance	Additions or Appropriations	Deductions deletions or reductions	Transfers	Closing balance	Market value
(A) Financial investments in group and affiliated companies							
Holdings in group companies	8	-	-	-	-	8	8
Holdings in affiliated companies	11	4	24	-	-	39	39
Other financial investments in group companies	671	4,094	255	(5,020)	-	-	-
Other financial investments in affiliated companies	-	-	-	-	-	-	-
Provisions (to be deducted)	-	-	-	-	-	-	-
Total (A)	690	4,098	279	(5,020)	-	47	47
(B) Financial investments in companies consolidated by the equity method							
Financial investments in companies consolidated by the equity method:							
Shares and other holdings in companies consolidated by the equity method	11,406	2,920	409	(4,460)	-	10,275	10,401
Loans in companies consolidated by the equity method							
Provisions [-]	(19)	19	-	-	-	-	-
Shares in the dominant company	-	-	-	-	-	-	-
Total (B)	11,387	2,939	409	(4,460)	-	10,275	10,401
(C) Other financial investments							
Financial investments in capital	8,820	(51)	12,405	(2,690)	-	18,484	19,642
Fixed interest securities	438,421	(19,261)	201,481	(118,222)	-	502,419	517,187
Indexed securities	11,037	-	586	(1,387)	-	10,236	10,236
Mortgage loans	-	-	-	-	-	-	-
Other loans and advances on policies	-	-	-	-	-	-	-
Holdings in investment funds	40,004	1	26,211	(35,290)	-	30,926	30,329
Deposits in credit institutions	45,685	2	2,116,142	(2,026,351)	-	135,478	135,478
Other financial investments	12,167	37	774	(1,291)	-	11,687	11,687
Provisions [-]	(3,869)	70	(36)	2,549	-	(1,286)	-
Total (C)	552,265	(19,202)	2,357,563	(2,182,682)	-	707,944	724,559
TOTAL (A)+(B)+(C)	564,342	(12,165)	2,358,251	(2,192,162)	-	718,266	735,007

Figures in thousand euros

The figure in the "Deductions" column of "Shares and other investments in companies consolidated by the equity method" primarily corresponds to the sale of 60% of the shares that the dominant company owns in ITSEMAP Servicios Tecnológicos Mapfre S.A., to Mapfre Industrial for 1,980,000 Euros. The net book value of this investment in the assets of the dominant company amounts to 894,000 Euros.

Virtually the whole of the investment in the purchase and subsequent increase in capital of Mapfre Re Holdings Inc. of New Jersey, USA, in the sum of 127.3 million Dollars has the average rate of exchange of the investment guaranteed by a financial exchange contract which expires on 27th December 2007. In February this cover was partially liquidated by paying Mapfre Re 13,000,000 Euros. This figure was accounted for as a payment to the "Reserves in fully consolidated companies" account.

Where necessary, the appropriate notices have been given to companies in which investments are held in accordance with Article 86 of the revised Law on Sociedades Anónimas.

The following table shows the maturities of fixed interest securities and other financial investments held by the fully consolidated companies as at 31st December 2003.

MATURITIES OF FIXED INTEREST AND OTHER INVESTMENTS

	2004	2005	2006	2007	2008	Rest
Other financial investments in Group companies						
Fixed interest securities	31,547	50,898	38,969	32,219	56,533	292,253
Mortgage loans						
Deposits in credit institutions	106,257	9	14,515	13,000	1,226	471
Indexed securities	-	1,000	4,083	3,327	-	1,826
Other financial investments	11,068	190	-	372	-	57
TOTAL	148,872	52,097	57,567	48,918	57,759	294,607

Figures in thousand euros

Breakdown of the most significant amounts and maturities of fixed interest securities for the "Rest" column:

Year	Amount	Year	Amount
2009	38,871	2013	65,665
2010	50,859	2014	17,284
2011	45,274	2015	7,103
2012	58,800	Other	8,397
TOTAL			292,253

Figures in thousand euros

The fixed term investment portfolio includes the fixed interest securities held until the expiry date. The ordinary investment portfolio includes the rest of the fixed interest securities not included in the fixed term investment portfolio.

For companies that do not belong to the European Economic Area, this separation has been carried out in accordance with local regulations, the fixed term investment being considered to be that part for which it is permitted not to transfer the differences between the cost of the investment and its market value to the results. For companies that do belong to the European Economic Area, this separation is carried out in accordance with the following guidelines:

- Securities guaranteeing technical reserves, credit guarantees (letters of credit) or guarantee deposits with regulatory deposits are treated as fixed term securities.
- All other securities are considered to be ordinary portfolio.

A breakdown of the fixed interest securities by portfolio after calculating any possible capital losses on an individual basis is shown below:

Breakdown of fixed interest portfolio	Book value	Market value	Capital loss
A) Ordinary investment portfolio			
➤ Government securities traded on regular markets with a representative listing	214,413	221,845	-
➤ Non-Government fixed interest securities traded on regular markets with a representative listing	193,113	197,531	-
➤ Non-Government fixed interest securities traded on regular markets without a representative listing			-
Total (A)	407,526	419,376	
B) Fixed term investment portfolio			
➤ Government securities traded on regular markets with a representative listing	35,416	36,618	-
➤ Non-Government fixed interest securities traded on regular markets with a representative listing	59,477	61,193	-
Total (B)	94,893	97,811	
TOTAL (A) + (B)	502,419	517,187	

Figures in thousand euros

A breakdown of the negotiable securities and other similar financial investments according to the currency in which they are denominated is shown below:

Currency	Financial investments in group and affiliated companies	Financial investments in companies consolidated by the equity method	Other financial investments
US Dollar	-	-	273,400
Pound Sterling	-	-	21,243
Swedish Krona	-	-	670
Norwegian Krone	-	-	532
Venezuelan Bolivar	-	-	2
Canadian Dollar	-	-	1,539
Colombian Peso	-	-	1,078
Chilean Peso	8	9,326	65,077
Swiss Franc	-	-	3,547
Australian Dollar	-	-	4,762
Danish Krone	-	-	507

Currency	Financial investments in group and affiliated companies	Financial investments in companies consolidated by the equity method	Other financial investments
Euro.	39	733	334,040
Filipino Peso	-	-	470
Brazilian Real	-	14	-
Mexican Peso	-	-	1,077
Argentinean Peso	-	123	-
Peruvian Sol	-	79	-
TOTAL	47	10,275	707,944

Figures in thousand euros

The amount of interest earned and not collected is 11,637,000 Euros, wholly corresponding to fixed interest securities and is recorded under prepayments and accrued income on the asset side of the balance sheet.

The average rate of return on fixed interest financial investments appearing in the portfolio as at 31st December 2003 is 4.90 %.

6.6. Capital and reserves

The following table shows movements in the accounts representing capital and reserves during 2003:

Items	Opening balance	Adjustments to Opening balance	Results brought forward from last year	Increases	Reductions	Closing balance
Subscribed capital	116,832	-	-	21,906(c)	-	138,738
Share premium	67,695	-	-	38,088(c)	-	105,783
Legal reserve	8,736	-	1,494(a)	-	-	10,230
Other reserves	4,324	-	-	5,232(b)	-	9,556
Reserves in consolidated companies:						
R. in fully or proportionally consolidated co's	68,438	-	-	3,970(b)	-	72,408
R. in co's consolidated by the equity method	126	-	-	-	(59)(b)	67
Translation differences:						
Of fully or proportionally consolidated co's	(29,040)	-	-	-	(15,798)(b)	(44,838)
Of co's consolidated by the equity method	(98)	-	-	98(b)	-	-
Results of previous years pending application						
Remainder	17,462	-	(372)(a)	-	-	17,090
Profits and losses attributable to the dominant co:						
Consolidated profit and loss	22,672	-	(22,672)(a)	29,062(d)	-	29,062
Profit and loss attributable to outside shareholders	(17)	-	-	9(d)	-	(8)
Interim dividend paid during the year (-)	(10,176)	-	10,176(a)	(12,531)(e)	-	(12,531)
TOTAL	266,954	-	(11,374)	85,834	(15,857)	325,557

Figures in thousand euros

Reason for the increases:

- (a) Distribution of profits 2002
- (b) Increase in company assets attributable to the dominant company.
- (c) Increase in capital
- (d) 2003 profit/loss
- (e) Interim dividend on 2003 profit

Reasons for the reductions:

- (a) Distribution of 2002 profit
- (b) Reduction in company assets attributable to the dominant company.

Share Capital

As at 31st December 2003 the subscribed capital of MAPFRE RE was represented by 44,754,063 registered shares in a single class, with a nominal value of 3.10 Euros each, fully paid and subscribed.

On 15th January 2003, the General Meeting of Shareholders approved an increase in capital of a nominal amount of 21,905,936.10 Euros by issuing 7,066,431 new ordinary registered shares with a nominal value of 3.10 Euros each, which were fully subscribed and paid. These shares were issued with a share premium of 273.87%, the total value of each share being 8.49 Euros, of which 3.10 Euros was the nominal value and 5.39 Euros the share premium.

Of the 7,066,431 shares paid for, 3,533,569 shares correspond to the non monetary contribution, made by the shareholder CORPORACIÓN MAPFRE, S.A. of the building located at Paseo de Recoletos nº 25, Madrid which houses the registered office of MAPFRE RE. The rest of the payment was made in cash.

Furthermore, at its meeting on 3rd December 2003, the Board of Directors of the company decided to propose to the General Meeting of Shareholders an increase in capital in the sum of 149,960,541.72 Euros by issuing 20,655,722 new shares with a nominal value of 3.1 Euros and a share premium of 4.16 Euros per share. The said increase will be effected by payment in cash during the subscription period of 15th March to 15th April 2004.

The dominant company agreed to call an Extraordinary General Shareholders Meeting for this purpose to be held on 12th February 2004.

All shares confer the same political and economic rights and the Articles of Association do not contain any restrictions on the free transfer of securities.

The following table shows the composition of the shareholders of the company as at 31st December 2003:

Shareholder company	No. Of shares	Percentage holding
CORPORACIÓN MAPFRE, S.A. (SPAIN)	37,742,612	84.33338%
MAPFRE MUTUALIDAD (SPAIN)	126	0.00028%
SHELTER MUTUAL INSURANCE COMPANY (USA)	3,031,598	6.77391%
ECCLESIASTICAL INSURANCE OFFICE (UK)	2,293,571	5.12483%
SOCIETA CATTOLICA DI ASSICURAZIONE (ITALY)	895,081	2.00000%
VAUDOISE ASSURANCES HOLDING (SWITZERLAND)	523,200	1.16906%
MAAF ASSURANCES (FRANCE)	151,945	0.33951%
ACHMEA REINSURANCE (HOLLAND)	115,930	0.25903%
TOTAL	44,754,063	100.00000%

Reserves

The legal reserve is not distributable to shareholders except in the event of the liquidation of the company and can only be used to offset any losses. The rest of the reserves are freely available.

6.7. Interests of outside shareholders

The following table gives details of changes in the interests of outside shareholders during 2003 as well as the composition of the closing balance by item:

Company Name	Changes					Closing balance				
	Opening Balance	Adjustments to Opening Balance	Increases	Reductions	Closing Balance	Capital	Reserves	Result	Interim dividend	Total
CAJA RE	98	1	3	-	102	37	57	8	-	102
C.N. DE RENTAS	28	-	-	(3)	25	44	(19)	-	-	25
TOTAL	126	1	3	(3)	127	81	38	8	-	127

Figures in thousand euros

6.8. Technical reserves for reinsurance accepted, ceded and retroceded

The following tables give a breakdown of the items included under these headings and changes during 2003:

REINSURANCE ACCEPTED

Accepted	Opening Balance	Adjustments to Opening Balance	Appropriation	Application	Closing Balance
Unearned premium reserve	264,844	(1,831)	353,191	(263,013)	353,191
Life assurance provisions	62,325	553	68,542	(62,878)	68,542
Claims provisions	454,117	(7,817)	425,217	(446,300)	425,217
Stabilisation provisions	18,018	16	42,723	(18,034)	42,723
Other technical reserves	-	-	-	-	-
TOTAL	799,304	(9,079)	889,673	(790,225)	889,673

Figures in thousand euros

REINSURANCE CEDED AND RETROCEDED

Retroceded	Opening Balance	Adjustments to Opening Balance	Appropriation	Application	Closing Balance
Unearned premium reserve	88,492	94	110,625	(88,586)	110,625
Life assurance provisions	1,688	-	1,539	(1,688)	1,539
Claims provisions	168,114	3,060	133,131	(171,174)	133,131
Stabilisation provisions	-	-	-	-	-
Other technical reserves	-	-	-	-	-
TOTAL	258,294	3,154	245,295	(261,448)	245,295

Figures in thousand euros

Given that the reinsurance accounts of ceding companies do not give information on the adequacy or inadequacy of the technical reserves as a result of the ceding companies using accounting methods different from the method used in the reference year (year of occurrence or accounting year) it is not possible to give information on changes in the claims provision.

6.9 Provisions for pensions and similar obligations

The following table gives a breakdown of the items included under this heading and changes in 2003:

Provisions for pensions	Pensions to current personnel
Balance at start of year	
Adjustments to opening balance	730
Increases:	
Appropriations to own or internal pension funds	274
Reductions:	
Payments made and charges to the pension fund	(96)
Balance at close of year	908

Figures in thousand euros

Capitalisation is carried out on an individual basis and the risks covered are retirement pension and retirement and widow's pension supplements for current and retired personnel.

6.10. Other provisions for liabilities and charges

The following table gives a breakdown of changes in other provisions in 2003:

Item	Opening Balance	Adjustments to Opening Balance	Appropriations	Applications	Closing Balance
Provision for taxes	81	(13)	98	(5)	161
Other provisions	765	-	1,443	(541)	1,667
TOTAL	846	(13)	1,541	(546)	1,828

Figures in thousand euros

6.11. Accounts payable

The following table shows the position of the company's accounts payable as at 31st December 2003

	Rest	Denominated in euros
1. Accounts payable Group companies	1,326	718
2. Tax, social security and other accounts payable	6,104	1,894
TOTAL	7,430	2,612

Figures in thousand euros

The aggregate accounts payable by the MAPFRE RE Group for reinsurance operations and deposits received in respect of premiums and claims to the CORPORACIÓN MAPFRE Sub-group amount to 10,407,000 Euros and 66,000 Euros respectively and to the MAPFRE MUTUALIDAD group 5,618,000 Euros and 153,000 Euros respectively.

All non-trade accounts payable of the fully consolidated companies, amounting to 8,430,000 Euros, are due in 2004.

6.12. Transactions with Group and affiliated companies

Details of transactions with Group and affiliated companies are provided below.

Item	Amount
Services received	945
Services rendered	-
Interest paid	3,146
Interest charged	(12)
Dividends paid	(13,428)
Dividends received	3,530
TOTAL	(5,819)

Figures in thousand euros

6.13. Reinsurance transactions with Group companies

Details of reinsurance transactions with Group companies, removed from the consolidation process, and with larger groups of which the MAPFRE RE Sub-group is a part, are shown below:

A. With fully consolidated Group companies

Reinsurance accepted and retroceded	Amount
Premiums	32,311
Claims	22,110
Commission	5,706
Interest on deposits	22

Figures in thousand euros

B. With the Corporación MAPFRE Group subject to consolidation

	Expenditure	Income
Reinsurance accepted		
Premiums accepted	-	345,953
Claims paid	157,601	-
Commission	106,330	-
Interest on deposits	-	2,781
Reinsurance ceded		
Premiums ceded	305	-
Claims reimbursed	-	166
Commission	-	103

Figures in thousand euros

C. With the MAPFRE Mutualidad Group subject to consolidation

	Expenditure	Income
Reinsurance accepted:		
Premiums accepted	-	17,607
Claims paid	16,220	-
Commission	6,473	-
Interest on deposits		165
Reinsurance ceded		
Premiums ceded	10,405	-
Claims reimbursed	-	3,961
Commission	-	2,638
Interest on deposits	12	-

Figures in thousand euros

The following tables show balances with reinsurers, ceding companies, deposits set up and technical reserves for reinsurance transactions with Group companies subject to consolidation eliminated in the consolidation process as well as with higher sub-groups:

A. With fully consolidated Group companies

Item	Reinsurance accepted and retro-ceded
Accounts receivable	1,301
Accounts payable	3,072
Deposits set up	2,254
Technical reserves	23,280

Figures in thousand euros

B. With the Corporación MAPFRE Group subject to consolidation

Item	Reinsurance accepted	Reinsurance ceded
Accounts receivable	28,843	134
Accounts payable	10,407	82
Deposits set up	110,967	66
Technical reserves	242,826	133

Figures in thousand euros

C. With the MAPFRE Mutualidad Group subject to consolidation

Item	Reinsurance accepted	Reinsurance ceded
Accounts receivable	3	821
Accounts payable	5,618	-
Deposits set up	27	153
Provisiones Técnicas	68	3,487

Figures in thousand euros

6.14. Other information

Extraordinary income and expenditure

Extraordinary income amounts to 534,000 Euros and basically corresponds to cancellation of expenditure from previous years and tax refunds as well as the cancellation of a surplus provision for pensions in 2002.

Extraordinary expenditure amounts to 183,000 Euros and basically corresponds to extraordinary expenditure from adjustments to bank deposits and reinsurance deposits.

Social charges

The breakdown of social charges of the dominant company is as follows:

Contributions to the pension scheme	1,594
Personnel training	80
Other personnel costs:	2,078
TOTAL	3,752

Figures in thousand euros

"Contributions to the pension scheme" includes 1,327,000 Euros corresponding to the premium attributed to Mapfre Vida in order to cover the undertakings detailed in Note 5.1) towards current personnel and pensioners.

7. GEOGRAPHIC DISTRIBUTION OF BUSINESS

The following tables show details of premiums and technical reserves, distinguishing between those generated in Spain, the European Economic Area and overseas.

Business	Spain		Rest of EEA		Other countries		Total	
	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions
Life								
Reinsurance accepted	6,580	4,213	2,483	3,270	21,678	65,271	30,741	72,754
Subtotal life	6,580	4,213	2,483	3,270	21,678	65,271	30,741	72,754
Non-life								
Direct insurance	-	-	59	10,401	-	-	59	10,401
Reinsurance accepted	373,675	324,322	218,209	242,706	243,703	239,490	835,587	806,518
TOTAL	380,255	328,535	220,751	256,377	265,381	304,761	866,387	889,673

Figures in thousand euros

DIRECT INSURANCE, BREAKDOWN OF NON-LIFE BRANCHES

Non-life branches Name	Spain		Rest of EEA		Other countries		Total	
	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions
Accident	-	-	54	219	-	-	54	219
Health	-	-	-	2	-	-	-	2
Fire	-	-	9	277	-	-	9	277
Other property damage	-	-	(4)	39	-	-	(4)	39
Third party liability	-	-	-	9,631	-	-	-	9,631
Other multi-risk	-	-	-	-	-	-	-	-
Miscellaneous pecuniary losses	-	-	-	233	-	-	-	233
Marine cargo	-	-	-	-	-	-	-	-
TOTAL DIRECT INSURANCE – NON LIFE	-	-	59	10,401	-	-	59	10,401

Figures in thousand euros

REINSURANCE ACCEPTED, BREAKDOWN OF NON-LIFE BRANCHES

Non-life branches Name	Spain		Rest of EEA		Other countries		Total	
	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions	Premiums	Provisions
Accident	5,561	4,297	16,053	14,947	6,116	5,862	27,730	25,106
Marine hull	9,723	7,633	9,484	15,341	10,200	9,063	29,407	32,037
Marine cargo	8,312	5,860	4,191	4,762	9,189	6,790	21,692	17,412
Fire	15,294	18,851	126,474	131,475	127,876	117,610	269,644	267,936
Other property damage	58,446	90,196	14,437	18,854	51,778	21,654	124,661	130,704
Other multi-risk	96,222	53,980	8,895	5,693	6,528	6,535	111,645	66,208
Owners' association multi-risk	7,820	6,187	10	5	21	9	7,851	6,201
Retailers' multi-risk	1,862	2,233	516	320	175	80	2,553	2,633
Home owners' multi-risk	30,902	17,599	236	177	301	158	31,439	17,934
Industrial multi-risk	46,632	29,242	1,348	1,053	5,546	1,725	53,526	32,020
Motor, other cover	74	61	1,126	985	713	603	1,913	1,649
Motor, third party liability	7,542	9,594	16,878	12,903	10,444	46,318	34,864	68,815
Third party liability	11,548	24,731	6,509	20,689	4,135	10,193	22,192	55,613
Surety	4,609	8,627	6,112	11,566	3,805	8,459	14,526	28,652
Credit	58,734	45,040	268	612	2,818	2,649	61,820	48,301
Miscellaneous pecuniary losses	222	22	161	56	57	23	440	101
Healthcare	-	-	-	-	256	69	256	69
Assistance	9,153	-	1	-	1,228	673	10,382	673
Health	1,019	169	5,510	3,268	2,517	1,017	9,046	4,454
TOTAL REINSURANCE ACCEPTED – NON-LIFE	373,675	324,322	218,209	242,706	243,703	239,490	835,587	806,518

Figures in thousand euros

8. TAX POSITION

With effect from 2003, for the purposes of corporation tax returns, the dominant company is included in the 9/85 Tax Group consisting of Corporación Mapfre and those of its subsidiaries which fulfil the conditions for belonging to the said tax scheme.

The following table sets out the reconciliation between the consolidated profit after tax and outside shareholders with the aggregate tax basis for corporation tax of all the fully consolidated companies, excluding overseas companies.

Reconciliation of profit with the tax basis for corporation tax

	Increases	Reductions	
Book profit for the year			29,054
Corporate tax			12,559
Pre-tax profit			41,613
Permanent differences:			
> Of individual companies	2,717	(3,855)	(1,138)
> Of consolidation adjustments	4,121	(15,843)	(11,722)
Temporary differences:			
> Of individual companies:			
- Occurring during the year	1,405		1,405
- Occurring in previous years			
> Of consolidation adjustments			
- Occurring during the year		(1,387)	(1,387)
- Occurring in previous years		(72)	(72)
Set off against negative bases of taxation from previous years			-
Tax basis (taxable profit)			28,699

Figures in thousand euros

The amount of increases due to permanent individual differences for the year basically corresponds to overseas taxes, contributions to the company pension fund and life assurance premiums for personnel.

The amount of reductions due to permanent individual differences for the year primarily corresponds to the exemption of dividends received from foreign subsidiaries and final payment of last year's corporation tax.

The amount of increases due to permanent consolidation differences basically corresponds to the incorporation of the dividends of consolidated companies removed from the consolidation process and the depreciation of the consolidation goodwill. The amount of reductions due to permanent consolidation differences basically corresponds to the elimination of the profits of foreign companies which are excluded from the conciliation as well as the elimination of the results of companies consolidated by the equity method.

The amount of increases due to temporary differences occurring during the year corresponds to a provision for future retirements and the surplus provision for depreciation in Group companies with regard to the maximum acceptable tax provision.

Reductions due to temporary consolidation differences occurring during the year correspond to the homogenisation of reinsurance transactions. Reductions due to temporary consolidation differences occurring in previous years corresponds to the companies consolidated by the equity method.

There are no negative bases of taxation from previous years pending set off.

During 2003, the dominant company showed profits in various overseas countries, the accrued cost representing the various foreign corporation taxes payable on those profits amounting to 2,495,000 Euros.

On the income earned and tax paid overseas, in 2003 the dominant company generated deductions for international double taxation to the value of 1,284,000 Euros.

2002 saw the end of the inspection activities which had been taking place in the Consolidated Group No. 9/85 in respect of financial years 1994 to 1997. As a result of these inspection activities certificates of non-conformity were signed which, as far as Mapfre Re is concerned, are due to discrepancies over the deductibility of certain technical reserves and the provision for depreciation of property.

These have been appealed and the situation is pending resolution.

In accordance with current legislation, tax returns filed for the various taxes cannot be considered final until they have been inspected by the tax authorities or the four year period of prescription has elapsed.

Therefore, as at 31st December 2003 the company's corporation tax returns for financial years 1999, 2000, 2001 and 2002 are open for inspection together with all other tax returns for financial years 2000, 2001, 2002 and 2003.

The dominant company's expected taxation as at 31.12.03 as a result of the temporary differences accrued to that date amount to 2,210,000 Euros.

Of that figure, 309,000 Euros which come entirely from previous years has been recorded in the company's balance sheet and profit and loss account in accordance with the criteria laid down by the ICAC resolution of 9th October 1997 and its amendment of 15th March 2002.

The rest of the expected taxation as at 31st December 2003, amounting to 1,901,000 Euros has not been accounted for in accordance with the criteria laid down by the ICAC resolution of 9th October 1997 and its amendment of 15th March 2002.

In 2003, the company received income of 1,086,000 Euros from the sale of ITSEMAP, Servicios Tecnológicos MAPFRE shares, less the reinvestment of extraordinary profits provided in Article 36 b of Law 43/1995, generating a 183,000 Euros reduction in the corporation tax burden for 2003. The assets in which the reinvestment was made must remain part of the company's assets until financial year 2008.

Also in 2002, the company received 6,351,000 Euros under the temporary reinvestment of extraordinary profits scheme provided in Temporary Provision No.3 of Law 24/2001 on Fiscal, Administrative and Social Measures which generated a deduction of 1,080,000 Euros from corporation tax. The assets in which the investment was made must remain part of the company's assets until financial year 2007.

On 31st January 2003, there was an increase in capital in the company in which the CORPORACIÓN MAPFRE contributed the building at Paseo de Recoletos nº 25, Madrid, a non monetary contribution under the special scheme provided in Chapter VIII of Section VIII of Law 43/1995 on Corporation Tax.

As a result of the said transaction, the company incorporated into its assets the said building that was acquired by the CORPORACIÓN MAPFRE, S.A., on 27th December 2000 as a result of the overall sale of the assets and liabilities of INCALBARSA, S.A. a transaction also coming under the special scheme of Chapter VIII of Section VIII of the said Law 43/1995.

The said building was accounted for at 30,000,000.81 Euros and was depreciated in 2003 by 266,415.19 Euros. The said building appeared in the accounts of the CORPORACIÓN MAPFRE, S.A. in the sum of 11,868,822.10 Euros and the accrued depreciation of the contribution to date was 1,567,104.37 Euros.

9. INFORMATION ON NON-LIFE INSURANCE

9.1. Technical income and expenditure by branch

Appendix 2 of the report gives the technical income and expenditure branch.

9.2. Technical result by year of occurrence

The technical result by year of occurrence is not given as the ceding companies employ different accounting methods to those used in the year of allocation.

10. OTHER INFORMATION

Remuneration of the Board of Directors of MAPFRE RE

The following table gives the remuneration and other benefits received by the Directors of MAPFRE RE in 2003 broken down by item:

External directors	
› Daily allowance	66.42
› Allowances for membership of Commissions and Representative Committees	66.28
› Other items	42.93
Executive directors	
› Salaries	798.52
› Life assurance	33.66
› Other items	43.37
TOTAL	1,051.18

Figures in thousand euros

The basic remuneration of external directors consists of a daily allowance for attending meetings, which amounted to 1,930 Euros in 2003. In addition they have life assurance in the event of Death with a sum assured of 150,253.03 Euros and they also enjoy some of the benefits given to personnel, such as health insurance.

External directors who are members of Commissions or Representative Committees also receive a fixed annual allowance which was 9,940 Euros in 2003.

The executive directors receive the remuneration laid down in their contracts which includes a fixed salary, variable incentives linked to performance, life and invalidity insurance and other general benefits available to the company's personnel; in addition they are entitled to certain retirement pension supplements provided through a life assurance policy. All these measures are in accordance with the remuneration policy laid down by the Group for its senior management, whether or not they are directors.

Executive directors do not however receive the remuneration laid down for external directors with the exception of the fixed allowance provided for members of the Group's Executive Committee.

ADVANCES AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS OF MAPFRE RE

Company granting the advances and loans	Loans or credits		
	Interest rate	Amount granted	Amount outstanding
Mapfre Re	4.25	72.12	49.64

Figures in thousand euros

Obligations to members of the Board of Directors of MAPFRE RE

Pension obligations for past and present members of the Board of Directors are covered by a Group insurance policy taken out through Mapfre Vida which covers the said risks, as detailed in Notes 5.1) and 6.9. In this regard, and in relation to the members of the Board, the premium paid this year comes to 1,121,470 Euros.

Other information on the Board of Directors

The directors of the dominant company do not own holdings in the capital of companies with the same, similar or complementary type of business to that of the company nor companies which carry on, for their own or third party account, the same, similar or complementary type of business to that of the corporate object of the companies in the Group, with the following exceptions:

Director	Company	No. of shares/ holdings	% holding	Position/ duties
Mr.J.Donald Duello	Shelter Mutual Insurance Company	-	-	Chairman & CEO
	Shelter General Insurance Company	-	-	Chairman & CEO
	Shelter Reinsurance Insurance Company	-	-	Chairman & CEO
	Shelter Life Insurance	-	-	Chairman & CEO
	MAERP	-	-	Director
Mr. Rolf Mehr	Vaudoise Assurances Holding	-	-	General Manager
Mr. Ezio Paulo Reggia	Verona Assicurazioni	424	0.002	-
Mr. Domingo Sugranyes Bickel	Münchener Ruck	27	0.000015	-

The positions of directors of this company who own holdings or hold positions in other companies in the SISTEMA MAPFRE have not been taken into consideration as it is felt that they do not affect their duty of loyalty nor generate any conflict of interests.

Remuneration of external auditors

The remuneration paid to external auditors in 2003 for auditing the accounts of the companies in the consolidated group comes to 178,640 Euros plus a further 139,550 Euros for services related with the audit and 67,390 Euros due to additional services rendered. It is felt that this remuneration did not compromise the independence of the auditors.

Personnel

During 2003, the Group companies situated in Spain and the rest of the world employed the following average workforce by category:

Category	Average number of employees			
	Spain	E.E.A.	Rest of world	Total
Management	37	6	28	71
Administrative staff	50	16	32	98
Sales staff	-	14	24	38
Other	44	17	54	115
TOTAL	131	53	138	322

Guarantees to third parties

The dominant company and its subsidiary Mapfre Reinsurance Corporation (USA) have guarantees given to third parties in the form of letters of credit to the value of 22,631,000 Euros together with guarantees to the Treasury to the value of 11,404,000 Euros. In addition, the dominant company holds fixed interest securities to the value of 795,000 and 11,437,000 Euros respectively by way of guarantees to official bodies pledged in favour of ceding companies to guarantee outstanding claims reserves.

Contributions to Foundations

MAPFRE RE contributes to financing the scientific and educational activities of the Foundations set up by the SISTEMA MAPFRE. These contributions are made by distributing profits.

The proposed distribution of profits for financial year 2003 provides for a contribution of 250,000 Euros.

11. CONSOLIDATED CASH FLOW STATEMENTS

1. Changes in cash assets during the year

› Due to trade transactions ⁽¹⁾	
Increase	144,959
Reduction	(11,620)
› Due to other operating activities	
Increase	15,988
Reduction	(25,576)
› Due to fixed assets and investments	
Increase	15,874
Reduction	(191,315)
› Due to other transactions	
Increase	34,507
Reduction	(19,469)
› Due to transactions with Government bodies	
Increase	12
Reduction	(8,364)
› Overall change in cash assets	
Increase	211,340
Reduction	(256,344)

2. Changes in cash assets during the year

› Cash assets at start of year	62,096
› Cash assets at end of year	17,092
› Change in cash assets over the year	
Increase	211,340
Reduction	(256,344)

Figures in thousand euros

¹⁾ Movements in premiums and surcharges, reinsurance commission and claims paid both for reinsurance accepted and retro-ceded are taken together since those movements are included jointly in the reinsurance accounts (accepted and ceded) and the generated balance is paid by combining all the items comprising the said accounts.

12. EVENTS OCCURRING AFTER THE CLOSE

The liquidation of the company Inmobiliaria Presidente Figueroa Alcorta, S.A. is scheduled to take place during 2004.

13. CONSOLIDATED STATEMENT OF COVER FOR TECHNICAL RESERVES

The following tables give a summary of the consolidated statement of cover for technical reserves as at 31st December 2002 and 2003.

CONSOLIDATED COVER FOR TECHNICAL RESERVES – NON-LIFE INSURANCE

Company or sub group	Technical reserves to be covered and other requirements of local regulations				Suitable assets	
	Direct insurance	Reinsurance accepted	Eliminations	Total	Assets in group companies	Other assets
MAPFRE RE	-	629,936	(30,628)	599,308		693,089
CIAR	13,046	8,667	(222)	21,491		29,550
MAPFRE RE CORP.	3,502	58,404		61,906		166,975
Total 2002	16,548	697,007	(30,850)	682,705		889,614
MAPFRE RE		712,222	(22,844)	689,378		785,541
CIAR	10,401	6,636	(159)	16,878		18,231
MAPFRE RE CORP.		48,357		48,357		138,728
Total 2003	10,401	767,215	(23,003)	754,613		942,500

Figures in thousand euros

CONSOLIDATED COVER FOR TECHNICAL RESERVES - LIFE ASSURANCE

Company or sub group	Technical reserves to be covered and other requirements of local regulations				Suitable assets	
	Direct insurance	Reinsurance accepted	Eliminations	Total	Assets in group companies	Other assets
INV. MAPFRE CHILE RE		42,717		42,717		42,717
MAPFRE RE		24,036		24,036		28,973
Total 2002		66,753		66,753		71,690
INV. MAPFRE CHILE RE		41,189		41,189		41,189
MAPFRE RE		31,300		31,300		34,911
Total 2003		72,489		72,489		76,100

Figures in thousand euros

The assets suitable for covering the technical reserves have been valued in accordance with the provisions of Article 52 of the regulations on the regulation and supervision of private insurance except for companies that do not belong to the European Economic Area, in which case the valuation has been carried out with the applicable regulations in each country.

The technical reserves for the company MAPLUX, which has its registered office in Luxembourg, are not included as there is no legal obligation to cover technical reserves.

14. ENVIRONMENTAL INFORMATION

The company does not have anything of an environmental nature which is significant and should be especially mentioned in this report.

NOTE. ADDITIONAL NOTE FOR ENGLISH TRANSLATION

These financial statements are presented on the basis of accounting principles generally accepted in Spain. Consequently, certain accounting practices applied by the Company may not conform with generally accepted principles in other countries.

TABLE OF SUBSIDIARIES AND AFFILIATED COMPANIES (APPENDIX 1)

Name	Address	Business	Holder	Holding		Figures as at 31.12.2003			Method or proc.	Audit	
				Amount	%	Capital	Rves.	Results		Firm	Type
Compagnie Internationale d'Assurances et de Reassurances	45, Rue de Treves 1040 Bruselas, Belgium	Insurance and reinsurance	-Mapfre Re -Maplux Re	7,151 1,997	74.9300 25.0607	2,957	5,012	184	A	EY	F
Inversiones Ibéricas	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Financial	-Mapfre Re	17,192	99.9986	5,986	30,124	-1,757	A	EY	F
Inversiones Mapfre Chile Re	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Financial	-Mapfre Re	9,674	99.9986	18,994	15,134	2,040	A	EY	F
Inversiones Mapfre Re	Calle 72/10-07 oficina 502 Bogotá DC, Colombia	Investm. & prop. management	-Mapfre Re -Inv. Ibéricas	1,575 128	94.9000 5.0999	5,006	-2,660	4	A	EY	F
Maplux Reinsurance Company	"E Building" Immeuble C6, Parc d'Activite Syrdall Munsbach Luxemburgo L-5365	Reinsurance	-Mapfre Re	2,005	99.9630	2,522	310		A	EY	F
Mapfre Re Management Services UK, Company Limited	Philpot Lane 2-3 London, EC3M 8BL, UK	Property services	-Mapfre Re	0	100.0000	818	-533	-351	A	EY	F
Mapfre Re Holdings INC.	100 Campus Drive New Jersey 07932-1006, USA	Holding	-Mapfre Re	114,524	100.0000	42,425	60,008	5,827	A	EY	F
Inmobiliaria Presidente Figueroa Alcorta	Bouchard 547 piso 14 Buenos Aires, Argentina	Property	-Mapfre Re	4,603	99.9000	5,348	-1,038	298	A	****	**
Itsemap Servicios Tecnológicos Mapfre, S.A.	Paseo Recoletos 25 28004, Madrid, Spain	Consultancy	-Mapfre Re	596	39.9752	1,503	156	174	B	EY	L
Mapfre Re Assessoria Ltda.	Rua Sao Carlos do Pinhal 696 Sao Paulo 01333, Brazil	Consultancy	-Mapfre Re -Itsemap Brasil	14	99.9998 0.0001	1,226	-1,186	-26	B	****	**
Mapfre Mandatos y Servicios	Avda Figueroa Alcorta, 3102 Buenos Aires, Argentina	Services	-Mapfre Re -Caja Re Arg.	123	99.0000 0.9999	146		-23	B	****	**
Mapfre Compañía de Servicios Generales, S.A.	Junior Tarata, 16 Piso bº Lima, Peru	Consultancy	-Mapfre Re -Inv. Ibéricas	78 1	98.0000 1.0000	109	-30		B	****	**
Mapfre Internet S.A.	Ctra Pozuelo-Majadahonda s/n Madrid, Spain	IT	-Mapfre Re	24	1.0000	1,000			D	EY	F
Mapfre Informática A.I.E.	Ctra Pozuelo-Majadahonda s/n Madrid, Spain	IT	-Mapfre Re	10	1.0000	1,000			D	EY	F
Veneasistencia C.A.	Avda. del Libertador Penthouse A y B Caracas, Venezuela	Travel assistance	-Mapfre Re	1	0.0020	1,000			D	EY	F
Mapfre Reinsurance Corporation	100 Campus Drive New Jersey 07932-1006, USA	Insurance and reinsurance	-M. Re Hold	110	100.0000	3,855	105,625	5,343	A	EY	F
Reinsurance Management, Inc.	100 Campus Drive New Jersey 07932-1006, USA	Services	-M. Re Hold	0	100.0000	0	0	0	A	EY	F
Itsemap Portugal, Servicios Tecnológicos Mapfre Limitada	Rua Castillo, 52 Lisbon, Portugal	Consultancy	-Itsemap S.T.M.	203	99.9857	229	12	1	B	****	**
Itsemap México, Servicios Tecnológicos Mapfre S.A. de C.V.	Porfirio Diaz, 102 Colonia Noche Buena, Mexico D.F.	Consultancy	-Itsemap S.T.M.	96	99.9998	63	82	97	B	****	**

Name	Address	Business	Holder	Holding		Figures as at 31.12.2003			Method or proc.	Audit	
				Amount	%	Capital	Rves.	Results		Firm	Type
Itsemap Venezuela, Servicios Tecnológicos Mapfre C.A.	Avda Libertador, Torre Maracaibo, Caracas, Venezuela	Consultancy	-Itsemap S.T.M.	0	100.0000	0	0	0	B	****	**
Itsemap do Brasil, Servicios Tecnológicos Mapfre Ltda.	Rua Sao Carlos do Pinhal 696 Sao Paulo 01333, Brazil	Consultancy	-Itsemap S.T.M. -M.R.Assesor	306	99.9792 0.0208	551	-291	6	B	****	**
Itsemap Chile, Servicios Tecnológicos Mapfre S.A.	Avda. Apoquindo, 4499 Santiago de Chile, Chile	Consultancy	-Itsemap S.T.M. -Inv. Ibérica	23 8	75.0000 25.0000	70	-40		B	****	**
Caja Reaseguradora de Chile	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Reinsurance	-Inv.M.Chile Re	22,827	99.6759	11,449	9,368	2,086	A	EY	F
Mapfre Chile Seguros S.A.	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Holding	-Inv.M.Chile Re	1	0.0042	24,682	6,440	-134	D	EY	F
Compañía Nacional de Rentas	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Property	-Inv. Ibéricas	305	92.4000	584	-254	1	A	EY	F
Inmobiliaria Condominio Parque Zapallar, S.A.	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Property	-Inv. Ibéricas -C. N. Rentas	1	99.0000 1.0000	794	-954	-57	B	EY	F
Inmobiliaria Costa de Montemar, S.A.	Moneda 920, Dpto 602 Santiago de Chile, Chile	Property	-Inv. Ibéricas	4,887	31.4400	17,157	-687	-926	C	EY	F
Inmobiliaria Tirilluca S.A.	Agutinos 853 piso 2 Santiago de Chile, Chile	Property	-Inv. Ibéricas	3,278	43.7500	8,454	-860	-100	C	****	**
Administradora de Propiedades S.A.	Napoleon 3096 Santiago de Chile, Chile	Property	-Inv. Ibéricas	1	31.2900	841	-773	-76	C	****	**
Comercial Turismo S.A.	Napoleon 3096 Santiago de Chile, Chile	Property	-Inv. Ibéricas	7	31.2000	132	-52	-57	C	****	**
Caja Re Argentina, S.A.	Avda. de Córdoba, 1450 Buenos Aires, Argentina	Reinsurance	-Inv. Ibéricas	126	99.9900	221	-79	-17	A	****	**
Sociedad Constructora y de inversiones Martín Zamora	Avda Apoquindo 4499, 8º Santiago de Chile, Chile	Property	-Inv. Ibéricas -C. N. Rentas	137	50.0000 50.0000	148	-11		A	****	**

Figures in thousand euros

Consolidation method or procedure

- ** Not applicable to a set of individual documents
 A Fully consolidated subsidiary companies
 B Subsidiary companies consolidated by the equity method
 C Affiliated companies and holdings in companies consolidated by the equity method
 D Affiliated companies and holdings in companies excluded from the consolidation

Firm of auditors

- **** No audit carried out
 EY Ernst & Young

Type of audit

- ** Not applicable
 F Full
 L Limited

TECHNICAL INCOME AND EXPENDITURE BY BRANCH 2003 (Appendix 2)

	Accid.	Health Care	Travel Assist.	Motor, oth. Cover	Motor T.P.L.	Hull	Surety	Credit	Sickness	Fire	Cargo	Comdo. Multi-r	Comer. Multi-r	Home own Multi-r	Indust. Multi-r	Other prop. Damage	Other Multi-r	Misc. Fin. loss	Total T.P.L.	Non-life
I. NET PREMIUMS (direct and accepted)	25,288	316	10,633	1,480	29,543	28,523	13,773	59,363	9,103	264,112	21,326	8,753	1,995	28,633	50,189	92,410	111,199	424	20,161	777,224
1. Premiums net of cancellations	27,784	286	10,382	1,914	34,863	29,407	14,526	61,820	9,046	301,965	21,692	7,850	2,553	31,440	53,525	124,656	111,645	441	22,192	867,987
3. Change in reserve for unearned premiums and unexpired risks	-2,496	30	251	-434	-5,320	-884	-753	-2,457	57	-37,853	-366	903	-558	-2,807	-3,336	-32,246	-446	-17	-2,031	-90,763
II. RETROCEDED PREMIUMS (retroceded)	4,665	0	1,427	0	2,155	6,965	3,833	52,758	1,566	95,968	5,226	2,309	49	1,582	28,948	41,806	41,587	147	5,277	296,268
1. Premiums net of cancellations	4,142	0	1,176	0	3,328	6,557	3,590	54,333	1,110	99,254	5,322	1,135	49	1,705	28,923	63,327	40,476	145	4,959	319,531
3. Change in reserve for unearned premiums and unexpired risks	523	0	251	0	-1,173	408	243	-1,575	456	-3,286	-96	1,174	0	-123	25	-21,521	1,111	2	318	-23,263
A. TOTAL NET EARNED PREMIUMS (I-II)	20,623	316	9,206	1,480	27,388	21,558	9,940	6,605	7,537	168,144	16,100	6,444	1,946	27,051	21,241	50,604	69,612	277	14,884	480,956
III. CLAIMS RATIO (direct and accepted)	13,468	193	4,745	520	22,854	20,232	5,276	41,477	6,169	127,526	12,563	6,080	1,389	15,386	24,549	45,842	64,675	-333	11,930	424,541
1. Claims and expenses paid	11,209	215	4,745	565	17,895	20,581	4,419	38,496	5,832	162,377	10,783	5,413	1,156	14,750	25,871	46,343	65,435	116	17,320	453,521
2. Change in reserve for technical claims	2,259	-22	0	-45	4,959	-349	857	2,981	337	-34,851	1,780	667	233	636	-1,322	-501	-760	-449	-5,390	-28,980
3. Change in other claims	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV. CLAIMS RATIO (retroceded)	2,418	0	2	0	2,902	6,507	588	36,313	1,092	36,812	2,991	1,561	19	734	13,582	11,553	24,041	-230	2,710	143,595
1. Claims and expenses paid	2,070	0	2	0	1,774	6,756	335	35,654	1,126	73,824	2,765	1,517	20	774	17,000	12,537	25,809	59	7,792	189,814
2. Change in reserve for technical claims	348	0	0	0	1,128	-249	253	659	-34	-37,012	226	44	-1	-40	-3,418	-984	-1,768	-289	-5,082	-46,219
3. Expenses attributable to claims	10	0	0	2	6	49	7	0	7	191	4	0	0	0	0	89	1	0	705	1,071
B TOTAL NET CLAIMS RATIO (III-IV)	11,060	193	4,743	522	19,958	13,774	4,695	5,164	5,084	90,905	9,576	4,519	1,370	14,652	10,967	34,378	40,635	-103	9,925	282,017
V. ACQUISITION EXPENSES (direct and accepted)	9,317	103	4,512	222	7,612	5,633	6,174	19,248	2,261	73,562	6,839	2,336	774	14,393	14,018	22,741	40,231	128	4,939	235,043
VI. ADMINISTRATION EXPENSES (direct and accepted)	394	8	109	31	408	315	180	99	128	2,773	241	129	33	341	263	862	927	8	839	8,088
VII. OTHER TECHNICAL EXPENSES (direct and accepted)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII. MANAGEMENT, ACQ. AND OTHER EXPENSES (retroceded)	1,204	0	19	0	1,074	665	1,832	17,051	329	18,553	1,612	519	12	752	9,063	8,799	14,107	46	508	76,145
C. TOTAL NET OPERATING & OTHER EXPENSES (V+VI+VII-VIII)	8,507	111	4,602	253	6,946	5,283	4,522	2,296	2,060	57,782	5,468	1,946	795	13,982	5,218	14,804	27,051	90	5,270	166,986

Figures in thousand euros

Auditors' Report |



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28020 Madrid

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AUDIT REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

“Free translation of a report and financial statement originally issued in Spanish.
In the event of a discrepancy, the Spanish-language version prevails” (See note 14)

To the shareholders of
MAPFRE RE, Compañía de Reaseguros, S.A.

We have audited the consolidated annual accounts of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries (see Note 2), which consist of the consolidated balance sheet at December 31, 2003, the consolidated profit and loss account and the consolidated notes thereto for the year then ended, the preparation of which is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the aforementioned consolidated annual accounts taken as a whole, based upon work performed in accordance with auditing standards generally accepted in Spain, which require the examination, through the performance of selective tests, of the evidence supporting the consolidated annual accounts, and the evaluation of their presentation, of the accounting principles applied, and of the estimates made.

In compliance with Spanish mercantile law, for comparative purposes the Company's Directors have included for each of the captions presented in the consolidated balance sheet, the consolidated profit and loss account and the consolidated statement of technical reserve coverage, in addition to the figures of 2003, those of 2002. Our opinion only refers to the consolidated annual accounts for 2003. On March 13, 2003, we issued our audit report on the 2002 consolidated annual accounts, in which we expressed an unqualified opinion.

The Company and some of its subsidiaries have performed significant transactions with other MAPFRE GROUP companies. Information regarding these transactions is given in Notes 6.12 and 6.13.

In our opinion, the accompanying 2003 consolidated annual accounts give a true and fair view, in all material respects, of the net equity and financial position of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries (see Note 2) at December 31, 2003, and the results of their operations for the year then ended, and contain the required information necessary for their adequate interpretation and comprehension, in conformity with accounting principles and criteria generally accepted in Spain, applied on a basis consistent with those of the preceding year.

■ Ernst & Young, S.L.
Domicilio Social: Plaza Pablo Ruiz Picasso, 1, 28020 Madrid.
Inscrita en el Registro Mercantil de Madrid al Tomo 12749,
Libro 0, Folio 215, Sección 8ª, Hoja M-23123. Inscripción 116.
C.I.F. B-78970506



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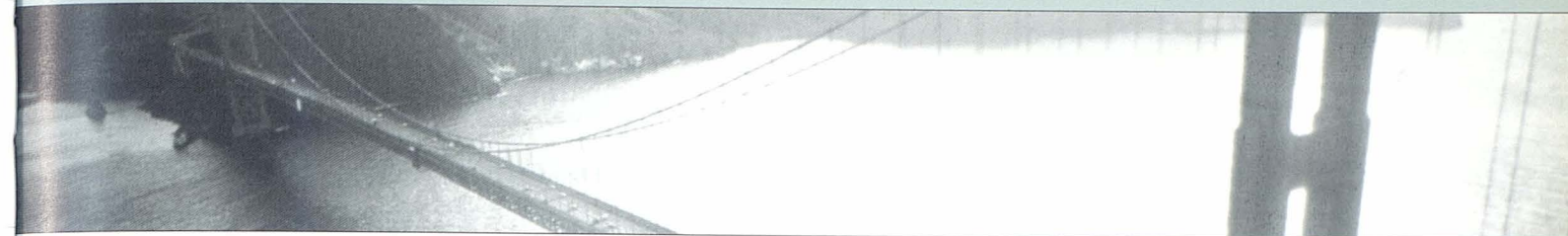
The accompanying consolidated management report for the year ended December 31, 2003 contains such explanations as the Company's Directors consider appropriate concerning the situation of MAPFRE RE, Compañía de Reaseguros, S.A. and its subsidiaries, the evolution of their business and other matters, and is not an integral part of the consolidated annual accounts. We have checked that the accounting information included in the report mentioned above agrees with the consolidated annual accounts for the year ended December 31, 2003. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of the Company and its subsidiaries.

ERNST & YOUNG

Javier Pancorbo Castro

Madrid, February 13, 2004

MAPFRE RE Directors' Report



Directors' Report |

KEY FIGURES

a) Profit and loss account

Premiums written totalled 821.9 million Euros, a 13.7% increase over last year. **Net retained premiums** rose to 528.0 million Euros, an increase of 21.3% over last year.

The **combined ratio** is 93.3%, just below last year's 95.2%.

The **loss ratio** is 62.7%, higher than the 61.9% recorded last year.

Commission and other acquisition expenses accounted for 26.6% and **management expenses** 4.0%, both lower than the 28.4% and 4.9% recorded last year.

The **net operating result** shows a profit of 8.3 million Euros compared with a deficit of 1.6 million Euros last year.

Net **financial income** shows a profit of 19.7 million Euros, lower than the 23.5 million Euros recorded last year.

The **profit and loss account** shows a pre-tax profit of 28.4 million Euros and a profit of 20.4 million Euros after tax, which is 36.5% higher than that recorded last year.

b) Balance sheet

The **Shareholders equity of the company** amount to 279.7 million Euros, an increase of 29.8% over last year, mainly due to the increase in capital in the sum of 60 million Euros carried out this year.

Net technical reserves totalled 556.5 million Euros, 22.7% up on last year and representing 105.4% of retained premiums.

Investments totalled 865.4 million Euros, which breaks down into 31.2 million Euros for investment in fixed assets, 676.6 million Euros for financial investments and 157.6 million Euros for investment in Group companies.

Cash and other liquid assets reached a figure of 11.8 million Euros and **total assets** were 1,249.1 million Euros compared with 1,085.7 million Euros in the previous year.

RELEVANT FACTS

The creation of the new unit "Unidad de Empresas" of the SISTEMA MAPRE was an extraordinary development opportunity for ITSEMAP. For this, at its meeting of 16th June 2003, the Board of Directors agreed the sale of 60% of the shares of ITSEMAP Servicios Tecnológicos MAPFRE to the Companies Unit of the Sistema MAPFRE, represented by MAPFRE INDUSTRIAL. The remaining 40% of the capital of ITSEMAP will be retained by MAPFRE RE which will continue its service policy in collaboration with that company.

The rating agency Standard and Poor's increased its rating for MAPFRE RE from A+ to AA -, with a "stable" outlook, which is one of the rare upgrades given by that agency over the last two years. For its part, AM Best renewed its A+ (Superior) rating, upgrading the outlook from "stable" to "positive".

At its meeting on 3rd December 2003, the Board of Directors approved an increase in capital with share premium in the total sum of 150 million Euros in order to strengthen the capital and reserves of MAPFRE RE and its subsidiary MAPFRE REINSURANCE CORPORATION in order to support the proposed growth of the businesses scheduled for 2004. Subscription for the new shares will take place in the first four months of 2004.

PRINCIPAL ACTIVITIES

The building which housed the representative office of MAPFRE RE in Argentina was sold to the Spanish State for its diplomatic service. The offices in Buenos Aires have been transferred to a new representative building in the capital.

The competent United States authorities have approved the transfer of the registered office of MAPFRE Reinsurance Corporation from California to New Jersey, where its head office is also located. The installation of the company's SAP accounting administration computer module has also been completed.

2003 saw the production of an ambitious detailed business plan stretching into 2006. This instrument was produced with the co-operation of the whole of the company's management team, including Central Services and outside Management Centres over several months and has been approved by the Board of Directors. It comes within the framework of the company's activities for the period 2004 to 2006 and will be the reference for MAPFRE RE's activities during those years.

The company has continued with the installation of new IT tools, both internally developed tools and tools acquired from third parties, in order to facilitate better management of the business.

MAPFRE RE has continued to provide various services to its customers, directly and through ITSEMAP, such as risk inspection and training courses. Of the latter, 16 have been held in 11 countries attended by 399 professionals.

TREBOL, MAPFRE RE's quarterly publication, has been redesigned and given a more attractive appearance. Although its content has not changed significantly, topics will be treated more schematically and flexibly.

SUBSEQUENT EVENTS

The Extraordinary General Meeting of 12th February 2004 approved an increase in capital in the sum of 150 million Euros in accordance with the terms proposed by the Board of Directors Meeting of 3rd December 2003. Subscription for the new shares will take place in the first four months of 2004.

PROSPECTS

The substantial increases in rates and improved conditions achieved over the last few years enable us to predict a stable year in which adequate technical results can be achieved.

MAPFRE RE's consolidated forecast for 2004 anticipates gross premium income of 1,070.0 million Euros, net premiums of 714.0 million Euros and a pre-tax profit of approximately 45 million Euros. The company's shareholders equity expected to reach up to 435 million Euros. These targets are supported by a prudent underwriting policy, geared towards offering shareholders an adequate return on their investment.

Economic and Statistical Information |

BALANCE SHEET SUMMARY

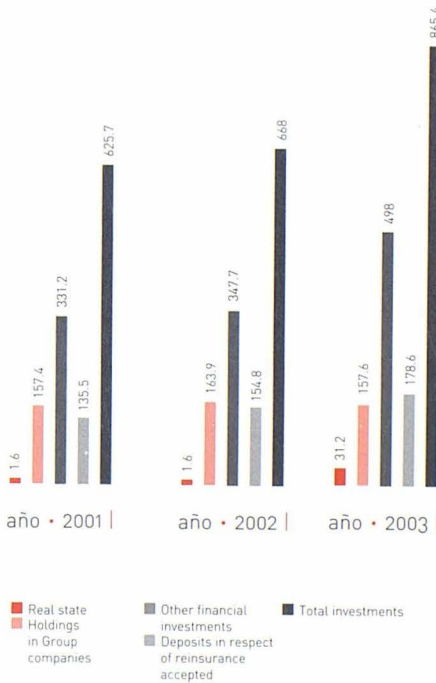
ASSETS	2003	2002	2001	LIABILITIES	2003	2002	2001
Intangible assets and preliminary expenses	1.2	0.9	10.8	Capital and reserves	259.3	200.6	206.2
Investments	865.5	668.0	625.7	Net profit for the year	20.4	14.9	4.5
				Income to be spread over several years	2.4	10.5	-
Reinsurance share of technical reserves	237.7	237.9	222.1	Technical reserves	794.2	691.6	676.6
				Provisions for liabilities and charges	2.6	1.5	0.6
Accounts receivable	71.3	80.0	76.8	Deposits received from ceded reinsurance	89.4	80.1	58.9
Other assets	13.0	53.9	54.7	Other liabilities	54.9	67.2	70.2
Prior period adjustments	60.4	45.0	40.5	Prior period adjustments	25.9	19.3	13.6
TOTAL ASSETS	1,249.1	1,085.7	1,030.6	TOTAL LIABILITIES	1,249.1	1,085.7	1,030.6

Figures in millions euros

CORPORATE ASSETS

	2003	2002	2001
Investments in fixed assets	31.2	1.6	1.6
Holdings in Group companies	157.6	163.9	157.4
Other financial investments	498.0	347.7	331.2
Deposits in respect of reinsurance accepted	178.6	154.8	135.5
TOTAL INVESTMENTS	865.4	668.0	625.7
Cash assets	11.8	52.9	52.5

Figures in millions euros



PROFIT AND LOSS ACCOUNT SUMMARY

Item	2003	2002	2001
Gross written premiums	821.9	722.6	665.7
Net written premiums	528.0	435.4	426.2
Net earned premiums	455.6	376.2	439.8
Claims incurred	(285.8)	(233.0)	(337.8)
Commission expenses	(140.2)	(123.7)	(118.9)
Technical profit/loss	29.6	19.5	(16.9)
Management expenses	(21.3)	(21.3)	(20.9)
Financial profit/loss	19.7	23.5	35.1
Extraordinary profit/loss	0.4	0.2	1.7
Pre-tax profit/loss	28.4	21.7	(1.0)
Profit/loss after tax	20.4	14.9	4.5

Figures in millions euros

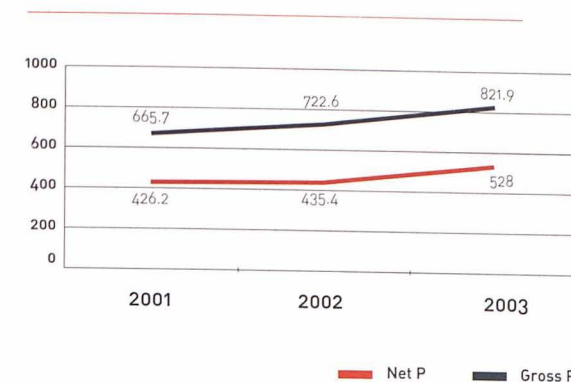
RATIOS

Item	2003	2002	2001
% retention	64.2	60.3	64.0
% of reserves to net premiums	105.4	104.2	106.6
% of claims to net premiums earned	62.7	61.9	76.8
% of commission expenses to net premiums	26.6	28.4	27.9
% of management expenses to net premiums	4.0	4.9	4.9
% combined ratio	93.3	95.2	109.6

COMPOSITION OF THE PORTFOLIO

	2003	2002	2001
By type of business			
Proportional	77%	77%	79%
Non-Proportional	13%	12%	12%
Facultative	10%	11%	9%
By geographic area			
Spain	51%	44%	36%
Europe	23%	27%	21%
Latin-America	18%	23%	35%
USA and Canada	4%	3%	5%
Other	4%	3%	3%
By branch			
Property and Casualty	68%	67%	57%
Marine and Transport	6%	7%	8%
Motor and T.P.L.	7%	8%	12%
Life and Personal Acc.	8%	8%	10%
Other	11%	10%	13%

CHANGES IN CONSOLIDATED PREMIUMS



COMPOSITION OF THE PORTFOLIO BY TYPE OF BUSINESS



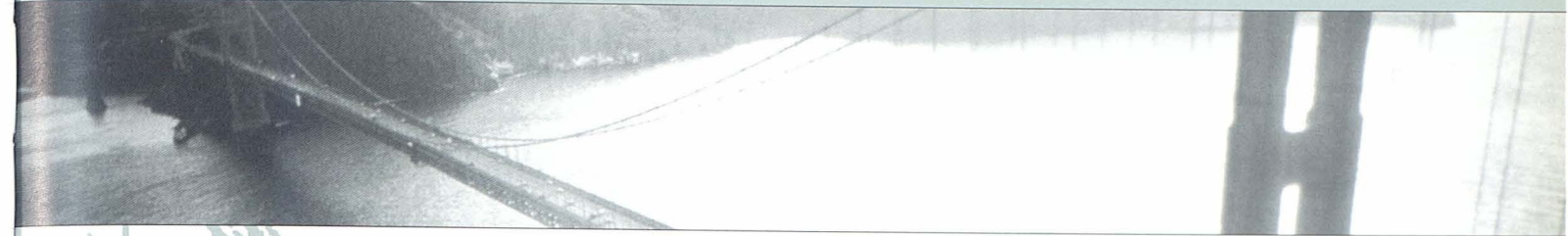
COMPOSITION OF THE PORTFOLIO BY GEOGRAPHIC AREA



COMPOSITION OF THE PORTFOLIO BY BRANCH



Balance Sheet and Annual Account



BALANCE SHEET AS AT 31ST DECEMBER 2003 AND 2002

ASSETS	2003	2002
A. UNCALLED SHARE CAPITAL		
B. INTANGIBLE ASSETS, PRELIMINARY EXPENSES AND COSTS TO BE SPREAD OVER SEVERAL YEARS	1,181	871
B I Preliminary expenses	822	506
Increase in capital expenses	822	506
B II Intangible assets	359	365
Other intangible assets	838	705
Accrued depreciation (to be deducted)	(479)	(340)
B III Costs to be spread over several years		
C. INVESTMENTS	865,421	667,976
C I Investments in tangible assets	31,253	1,551
Land and buildings	31,801	1,801
Accrued depreciation (to be deducted)	(548)	(250)
C II Financial investments in Group and affiliated companies	157,569	163,909
Holdings in Group companies	166,877	162,787
Holdings in affiliated companies	34	10
Other financial investments in Group companies		4,765
Provisions (to be deducted)	(9,342)	(3,653)
C III Other financial investments	497,960	347,757
Financial investments in capital	16,700	7,026
Fixed interest securities	330,359	260,351
Indexed securities	10,236	11,037
Holdings in investment funds	27,681	36,182
Deposits with credit institutions	112,555	34,788
Other financial investments	429	72
Provisions (to be deducted)		(1,699)
C IV Deposits set up in respect of reinsurance accepted	178,639	154,759
D. INVESTMENTS ON BEHALF OF POLICYHOLDERS		
D.(bis) REINSURANCE SHARE OF TECHNICAL RESERVES	237,739	237,893
Unearned premium reserve	111,791	89,515
Life assurance reserve	1,539	1,688
Claims reserve	124,409	146,690
E. ACCOUNTS RECEIVABLE	71,320	79,964
EII Accounts receivable in respect of reinsurance business	65,172	63,351
Group and affiliated companies	18,841	10,380
Other	46,331	52,971
E V Tax, social security and other accounts receivable	7,295	17,774
Other	7,295	17,774
E VI Provisions (to be deducted)	(1,147)	(1,161)
F. OTHER ASSETS	13,028	53,958
F I Tangible assets	1,173	1,096
Tangible assets	2,758	2,446
Accrued depreciation (to be deducted)	(1,585)	(1,350)
F II Cash in bank, cheques and cash in hand	11,832	52,858
F IV Other assets	23	4
Group and affiliated companies	23	2
2. Other		2
G. ACCRUALS	60,423	45,012
Interest earned but not due	9,717	7,423
Commission and other acquisition expenses	50,706	37,589
TOTAL (A+B+C+D+E+F+G)	1,249,112	1,085,674

Figures in thousand euros

BALANCE SHEET AS AT 31ST DECEMBER 2003 AND 2002

LIABILITIES	2003	2002
A. CAPITAL AND RESERVES		
A I Subscribed capital	279,699	215,489
A II Share premium	138,738	116,832
A IV Reserves	105,783	67,695
Legal reserve	10,230	8,736
A VI Profit/loss brought forward pending application	10,230	8,736
Retained earnings	17,090	17,462
A VII Profit/loss for the year	17,090	17,462
Profits and losses	20,389	14,940
Interim dividend (to be deducted)	(12,531)	(10,176)
A. (bis) INCOME TO BE SPREAD OVER SEVERAL YEARS	2,364	10,512
Positive differences in derivatives	2,364	10,512
B. SUBORDINATED LIABILITIES		
C. TECHNICAL RESERVES	794,228	691,561
Reserves for unearned premiums and unexpired risks	345,927	259,185
Life assurance reserves	27,551	19,802
Claims reserve	392,677	406,813
Claims equalisation reserve	28,073	5,761
D. RESERVES FOR POLICYHOLDERS		
E. PROVISIONS FOR LIABILITIES AND CHARGES	2,575	1,495
Provision for pensions and similar obligations	908	730
Other provisions	1,667	765
F. DEPOSITS RECEIVED ON REINSURANCE CEDED	89,351	80,118
G. ACCOUNTS PAYABLE	54,922	67,238
GII Accounts payable in respect of reinsurance business	53,539	64,966
G V Accounts payable to credit institutions		
G VIII Other accounts payable	1,383	2,272
Accounts payable to Group and affiliated companies	37	867
Tax, social security and other accounts payable	1,346	1,405
H. ACCRUALS	25,973	19,261
TOTAL (A+B+C+D+E+F+G+H)	1,249,112	1,085,674

Figures in thousand euros

PROFIT AND LOSS ACCOUNT AS AT 31ST DECEMBER 2003 AND 2002

I. TECHNICAL ACCOUNT - NON-LIFE INSURANCE	2003	2002
I.1 Premiums for the year (net of reinsurance)	433,334	356,722
Premiums earned	791,268	698,673
Reinsurance accepted	791,268	698,673
Premiums from reinsurance retroceded (-)	(293,470)	(286,391)
Change in reserve for unearned premiums & unexpired risks (R,AC)	(86,735)	(75,264)
Change in reserve for unearned premiums & unexpired risks (R,RT)	22,271	19,704
I.2 Investment Income	69,862	87,929
Income from investments in tangible assets		
Income from financial investments	68,066	86,756
Income from financial investments in Group and affiliated companies		2
Income from financial investments	63,059	82,312
Other financial income	5,007	4,442
Application of investment value adjustments	723	
Financial investments	723	
Profit from disposal of investments	1,073	1,173
Financial investments	1,073	1,173
I.3 Other technical income		
I.4 Claims ratio for the year, net of reinsurance	(249,712)	(213,927)
Claims and expenses paid	(240,846)	(280,216)
Reinsurance accepted	(398,248)	(428,912)
Reinsurance ceded	157,402	148,696
Change in claims reserve (+ or -)	(8,580)	66,466
Reinsurance accepted	13,716	70,771
Reinsurance ceded	(22,296)	(4,305)
Claims related expenses	(286)	(177)
I.5 Change in other technical reserves (net of reinsurance)		
I.6 Share in profits and premium refunds		
I.7 Net operating expenses	(152,601)	(136,165)
Acquisition expenses	(217,866)	(189,799)
Administration expenses	(6,801)	(7,296)
Commission and share of reinsurance retroceded	72,066	60,930
I.8 Change in claims equalisation reserve	(22,312)	(5,761)
I.9 Other technical expenses	15	67
Change in provision for insolvencies	15	67
I.10 Investment expenses	(52,305)	(67,396)
Investment management expenses	(51,831)	(66,156)
Investment and financial account expenses	(51,831)	(66,156)
Investment value adjustments	(281)	(813)
Depreciation of investments in tangible assets	(281)	(30)
Provisions for financial investments		(783)
Losses from investments	(193)	(427)
Financial investments	(193)	(427)
I.11 Subtotal (Profit/loss from non-life insurance technical account)	26,281	21,469

Figures in thousand euros

PROFIT AND LOSS ACCOUNT AS AT 31ST DECEMBER 2003 AND 2002

II. TECHNICAL ACCOUNT - LIFE ASSURANCE	2003	2002
II.1 Premiums for the year (net of reinsurance)	22,311	19,455
Premiums earned	30,621	23,903
Reinsurance accepted	30,621	23,903
Premiums from reinsurance retroceded (-)	(412)	(820)
Change in reserve for unearned premiums & unexpired risks (R,AC)	(7,749)	(4,002)
Change in reserve for unearned premiums & unexpired risks (R,RT)	(149)	374
II.2 Investment Income	5,261	5,715
Income from investments in tangible assets		
Income from financial investments	5,167	5,652
Income from financial investments	4,859	5,422
Other financial income	308	230
Application of investment value adjustments	44	
Financial investments	44	
Profit from disposal of investments	50	63
Financial investments	50	63
II.3 Unrealised capital gains from investments		
II.4 Other technical income		
II.5 Claims ratio for the year, net of reinsurance	(14,069)	(13,323)
Claims and expenses paid	(14,517)	(12,638)
Reinsurance accepted	(14,657)	(12,698)
Reinsurance ceded	140	60
Change in claims reserve (+ or -)	449	(684)
Reinsurance accepted	434	(666)
Reinsurance ceded	15	(18)
Claims related expenses	(1)	(1)
II.6 Change in other technical reserves (net of reinsurance)		
II.7 Share in profits and premium refunds		
II.8 Net operating expenses	(6,184)	(5,819)
Acquisition expenses	(6,095)	(5,859)
Management expenses	(382)	(434)
Commission and share of reinsurance retroceded	293	474
II.9 Other technical expenses		
II.10 Investment expenses	(3,045)	(3,119)
Investment management expenses	(3,016)	(3,058)
Investment and financial account expenses	(3,016)	(3,058)
b) Investment value adjustments	(17)	(44)
Depreciation of investments in tangible assets	(17)	(2)
Provisions for financial investments		(42)
c) Losses from investments	(12)	(17)
Financial investments	(12)	(17)
II.11 Unrealised capital losses on investments		
II.12 Subtotal (Profit/loss on life assurance technical account)	4,274	2,909

Figures in thousand euros

PROFIT AND LOSS ACCOUNT AS AT 31ST DECEMBER 2003 AND 2002

III. NON TECHNICAL ACCOUNT		2003	2002
III.1	Profit/loss from non-life insurance technical account	26,281	21,469
III.2	Profit/loss from life assurance technical account	4,274	2,909
III.3	Investment income	11,527	8,772
	Income from investment in tangible assets		
	Income from financial investments	10,180	7,071
	Financial income from Group and affiliated companies	3,467	193
	Income from financial investments	3,351	2,948
	Other financial income	3,362	3,930
	Application of value adjustments to investments	156	
	Profit from disposal of investments	1,191	1,701
III.4	Investment expenses	(11,837)	(8,596)
	Investment management expenses	(6,063)	(7,808)
	Investment and financial account expenses	(6,063)	(7,808)
	Investment value adjustments	(5,748)	(728)
	Provisions for financial investments	(5,748)	(728)
	Losses from investments	(26)	(60)
III.5	Other income	41	42
III.6	Other expenses	(2,205)	(2,690)
III.7	Extraordinary income	534	154
III.8	Extraordinary expenses	(183)	(351)
III.9	Corporation tax	(8,043)	(6,769)
III.10	Profit/loss for the year	20,389	14,940

Figures in thousand euros

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