



REPORT ON THE EXTERNAL AUDITOR'S INDEPENDENCE

1. INTRODUCTION

Article 529 quaterdecies, section 4 of the Recast Spanish Companies Act, sets out the functions that, at least, should be performed by the Audit Committee. Among said functions, the Audit Committee shall issue on a yearly basis, before the report on the financial statements audit is produced, a report delivering an opinion on the independence of the external auditors or audit firms.

Additionally, article 10.f of the Regulations of the Board of Directors of MAPFRE S.A. mentions the responsibility for issuing said report as a basic function of the Audit Committee.

Moreover, section 4.e of the Spanish Companies Act envisages that the Audit Committee shall receive on a yearly basis from the external auditors a declaration of their independence from the entity or entities linked thereto, both directly or indirectly, as well as detailed and specific information on any additional services of whatever nature provided and the corresponding fees received from said entities by the external auditor or by persons or entities linked thereto in accordance with the legislation governing financial statements audits.

In order to comply with the aforementioned rules and according to its functions, the Audit Committee issued this report at its meeting held on 8th February 2016.

It must be noted that MAPFRE changed its audit firm and appointed *KPMG* as the Group's auditor in 2015 for an initial three-year period. Therefore, financial year 2015 was *KPMG*'s first year as the Group's external auditor.

2. INCOMPATIBILITY CIRCUMSTANCES THAT DETERMINE THE INDEPENDENCE OF EXTERNAL AUDITORS

Article 13 of the Legislative Royal Decree 1/2011, of 1st July, which approves the recast text of the Accounts Auditing Act 12/2010, of 30th June, details those circumstances that, should they not exist, would lead to the conclusion that the auditor does not have enough independence in the discharge of its functions with respect to a company or entity.

In addition to the incompatibility cases indicated in other laws, the above-mentioned circumstances which, should they not be found at *KPMG* with respect to MAPFRE, would indicate that the audit firm has not enough independence are the following:

<p align="center"><u>Article 13 of the Legislative Royal Decree 1/2011, of 1st July, approving the Recast Accounts Auditing Act 12/2010, of 30th June</u></p> <p align="center">Circumstances that could affect the auditor signing the audit report</p>	<p align="center">Does this circumstance exist at MAPFRE?</p>
<p>Point a) <i>The holding of a management or administrative position, the performance of jobs or internal supervision tasks in the audited entity, or the granting of general powers of attorney in its favor by the audited entity.</i></p>	<p align="center">NO</p>
<p>Point b) <i>Have a direct or indirect financial interest in the audited entity if, in one case or the other, it is significant for any of the parties.</i></p>	<p align="center">NO</p>
<p>Point c) <i>The existence of links through marriage, kinship or affinity up to the first degree, or collateral consanguinity up to the second degree, included the spouses of those persons with whom the latter are related, with the managers, administrators or the persons responsible for the finance area of the audited entity.</i></p>	<p align="center">NO</p>
<p>Point d) <i>The bookkeeping or preparation of the financial statements or other accounting documents of the audited entity.</i></p>	<p align="center">NO</p>
<p>Point e) <i>The provision of valuation services to the audited entity which lead to the evaluation of significant amounts, measured in terms of relative importance, in the financial statements or other accounting documents of said entity corresponding to the audited period or year, provided the valuation implies a significant degree of subjectivity.</i></p>	<p align="center">NO</p>
<p>Point f) <i>The provision of internal audit services to the audited entity, unless the management body of the audited company or entity is responsible for the global internal control system, for determining the scope, risk and frequency of the internal audit processes, for considering and executing the results and recommendations provided by internal audit.</i></p>	<p align="center">NO</p>
<p>Point g) <i>The provision of legal services to the audited entity, simultaneously for the same client, unless said services are provided by different legal persons and with different boards of directors, and do not refer to the resolution of law suits dealing with issues that could have a significant impact, in terms of relative importance, on the financial statements corresponding to the audited period or year.</i></p>	<p align="center">NO</p>
<p>Point h) <i>The payment of fees as a result of the provision of audit services other than the audit service provided to the audited entity, provided they amount to a significant percentage of the total annual revenues of the external auditor or audit firm, considering the average fees paid in the last three years.</i></p>	<p align="center">NO</p>
<p>Point i) <i>The provision of audit services to a client for the design or implementation of IT financial reporting systems, used to generate the data to be included in the financial statements of said client, unless the client assumes the responsibility for the global internal control system or the service is provided according to the specifications established by the client, who should also take responsibility for the design, execution, evaluation and operation of the system.</i></p>	<p align="center">NO</p>

3. OPINION ON INDEPENDENCE

There are no circumstances that lead us to the conclusion that the external auditor, *KPMG*, does not have enough independence to duly perform its functions in the MAPFRE Group.

All the services entrusted to the MAPFRE Group's external auditor are approved by the Audit Committee of MAPFRE S.A. Both the Audit Committee and the Board of Directors of MAPFRE S.A. receive on a quarterly basis detailed and justified information about the services provided by the external auditor distinct to the Annual Financial Statements Audit and its corresponding fees, as well as their evolution with respect to the previous year.

MAPFRE has always had satisfactory cost percentages as a result of the provision of services distinct to the Annual Financial Statements Audit, in relation to its external auditor's revenues, and these percentages have remained constant with the Group's new external auditor.

In view of the foregoing, and after analyzing the adequacy of any additional services distinct to those provided by the external auditor, *KPMG*'s written declaration regarding its independence and not having any evidence that makes us doubt about it, the Audit Committee of MAPFRE S.A. resolved, at its meeting held on 8th February 2016, to deliver a favorable opinion regarding the audit firm *KPMG*.
