

Automobile Insurance Industry Report

1st Quarter



Quálitas

Auto Insurance Industry Report Mexico 1Q18



Figures in this document are stated in millions of Mexican pesos, except where otherwise specified, and they may vary due to rounding.



According to the Mexican Association of Insurance Institutions (AMIS), auto insurance industry in Mexico had a nominal growth of 9.3% in premiums written during the first quarter of 2018. It is worth mentioning that GDP grew 2.4%¹ and the annual inflation rate as of March was 4.55%².

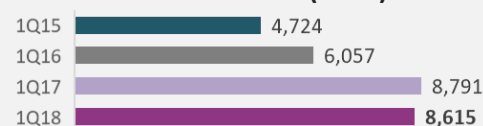
Automobile financing continued to gain market registering 72.2% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicle sales slowed down by 10.8% compared to the same period of 2017, trucks sales decreased 3.5% during the same period³.

Regarding costs, the industry recorded a combined ratio of 91%, lower figure when compared to the 95% registered in 2017. This change is mainly related to fewer weather events and the stabilization of the exchange rate among other factors. It is important to mention that due to business' seasonality, the first quarter is usually the one with lowest claims ratio.

In order to have a better analysis of the industry, we subdivide bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank's customers and have different costs structures.

Quálitas Mexico (Q MX)

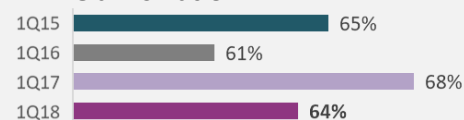
Written Premiums (MXN)



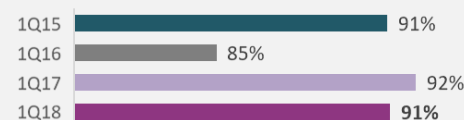
Market Share (Mexico)



Claims Ratio



Combined Ratio



Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	8,615	(2.0%)	404	470	598	64%	91%
Other	15,171	16.9%	735	492	1,082	62%	92%
Sum Insurance Companies	23,787	9.2%	1,139	963	1,679	62%	92%
Bank-owned	4,878	9.4%	364	486	633	68%	89%
Total Market (34 Companies)	28,665	9.3%	1,503	1,449	2,312	63%	91%

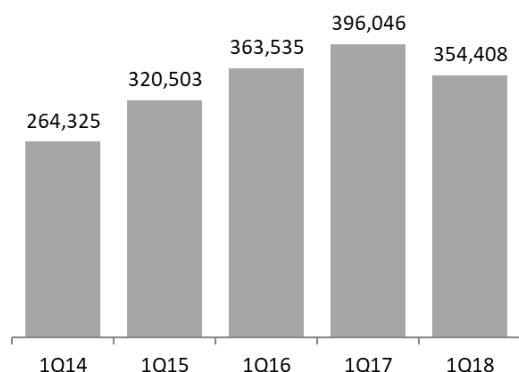
¹Source: National Institute of Statistic and Geography (INEGI as per its acronym in Spanish)

²Source: Mexico's Central Bank (Banxico, as per its acronym in Spanish)

³Source: Mexican Association of Automobile Dealers (AMDA as per its acronym in Spanish)

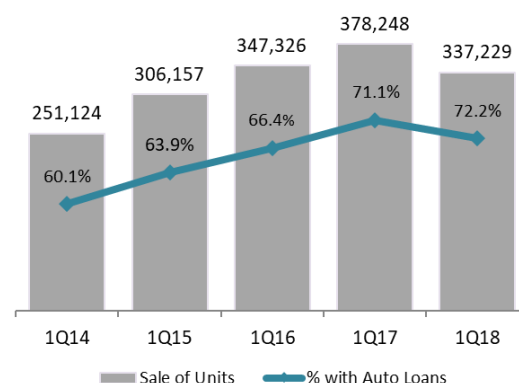
Automobile Industry and Financing

Nationwide Sales of Vehicles⁴ (Automobiles and Trucks)



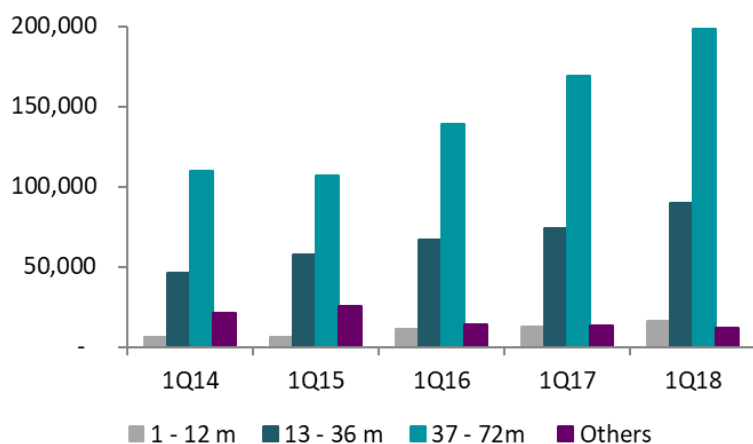
Sales of new units (automobiles & trucks) decreased 10.5% when compared to the first quarter of 2018, totaling 354,408 units.

Automobile Financing⁴



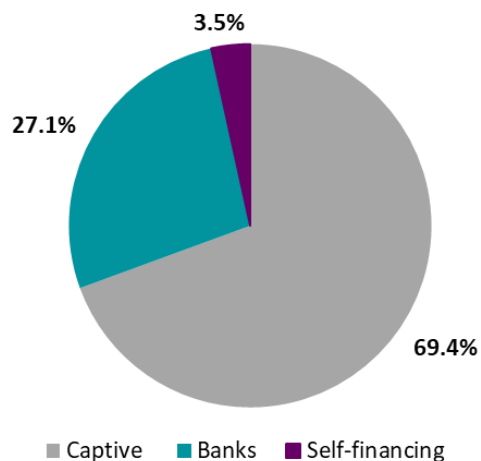
Automobile credit reached 72.2% of light vehicles sales, compared to 71.1% of the same period of the previous year.

Financing Terms⁵



At the end of the first quarter of 2018, most car loans (31.6%) had a duration of 60 months, with 99,847 allocations.

Automobile Financing Market⁵



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 69.4% of market share.

⁴ Source: ANPACT and AMDA. Figures are stated in units of sold automobiles.

⁵ Source: JATO Dynamics. Figures stated in number of allocations.

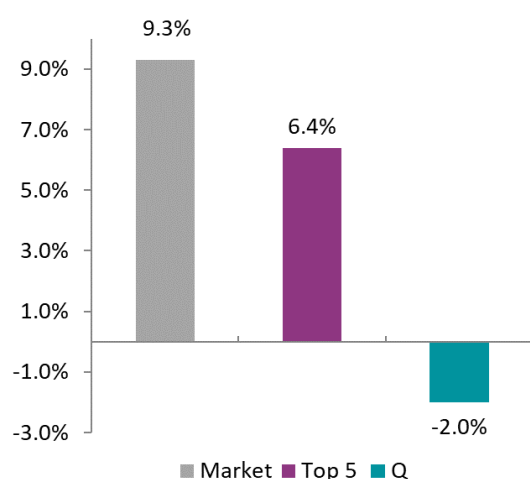
Automobile Insurance Industry

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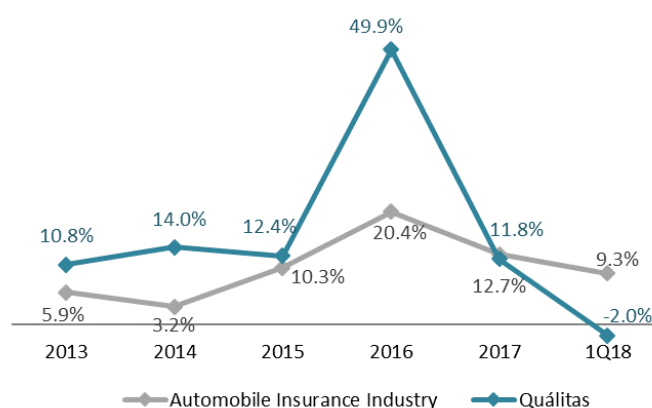
The market recorded total premiums written of \$28,665 million in the first quarter of 2018, a 9.3% increase in comparison to the previous year. Top 5 companies grew 6.4%, medium companies 13.6%, and small companies 30.3%.

Market's net profit was \$2,312 million, this is mainly explained by an operating result of \$1,503 million and an investment income of \$1,449 million.

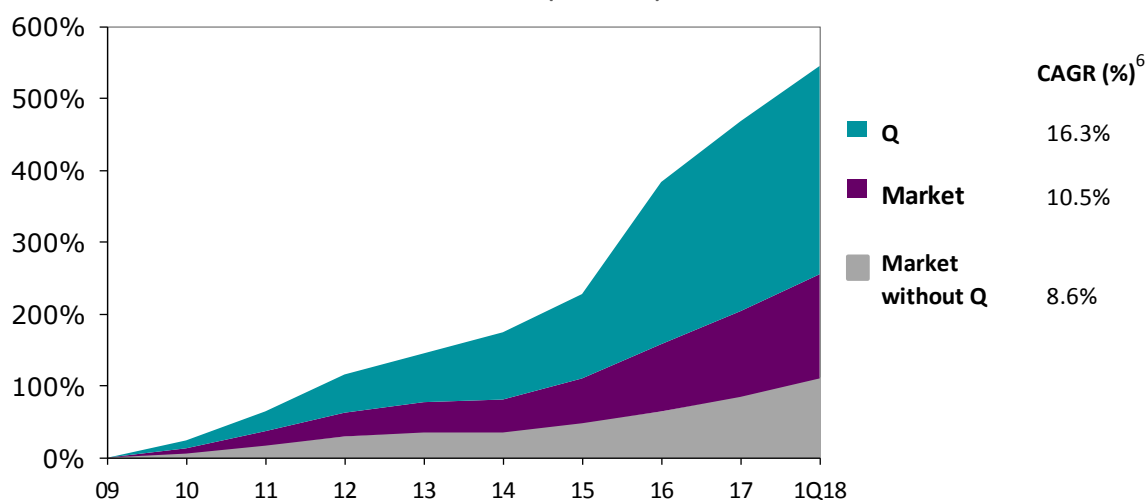
**Premiums Written Growth
1Q18 vs 1Q17**



**Growth of Automobile Insurance
Industry**
(Base Premiums Written)



Cumulative growth in Premiums Written
(Base 2009)



⁶ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 1Q18

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Company	Written Premiums	Market Share	Growth 1Q18 vs 1Q17	Earned Premiums	Market Share
Quálitas	8,615	30.1%	(2.0%)	7,543	32.0%
Chubb	2,960	10.3%	21.4%	1,124	4.8%
G.N.P.	2,868	10.0%	(12.5%)	2,901	12.3%
AXA Seguros	2,649	9.2%	33.8%	2,412	10.2%
HDI Seguros	1,895	6.6%	39.8%	1,443	6.1%
Top 5	18,987	66.2%	6.4%	15,423	65.4%
Banorte	1,599	5.6%	18.0%	1,268	5.4%
BBVA Bancomer	1,262	4.4%	(3.5%)	982	4.2%
Inbursa	1,205	4.2%	2.2%	1,140	4.8%
Zurich Daños	1,132	4.0%	36.4%	765	3.2%
Mapfre México	915	3.2%	15.5%	919	3.9%
Atlas	756	2.6%	3.1%	765	3.2%
Afirme	562	2.0%	24.7%	500	2.1%
ANA	457	1.6%	28.2%	338	1.4%
General de Seguros	325	1.1%	(7.8%)	325	1.4%
Seguros SURA	315	1.1%	110.2%	343	1.5%
Medium	8,529	29.8%	13.6%	7,345	31.1%
Other	1,149	4.0%	30.3%	831	3.5%
Total Market (34 Companies)*	28,665	100.0%	9.3%	23,600	100.0%

Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	404	470	598	64%	91%
Chubb	92	65	161	63%	94%
G.N.P.	49	119	108	70%	102%
AXA Seguros	489	155	624	50%	77%
HDI Seguros	57	75	93	57%	90%
Top 5	1,091	883	1,584	62%	91%
Banorte	64	106	235	75%	91%
Inbursa	78	303	309	76%	89%
BBVA Bancomer	100	33	(50)	57%	89%
Zurich Daños	(29)	88	60	65%	102%
Mapfre México	(38)	16	(30)	65%	104%
Atlas	93	18	94	65%	88%
Afirme	20	32	38	64%	92%
Ana	64	(2)	44	46%	79%
General de Seguros	8	(59)	(39)	63%	98%
Seguros SURA	61	7	73	55%	87%
Medium	420	543	733	66%	92%
Other	(8)	23	(6)	58%	85%
Total Market (34 Companies)*	1,503	1,449	2,312	63%	91%

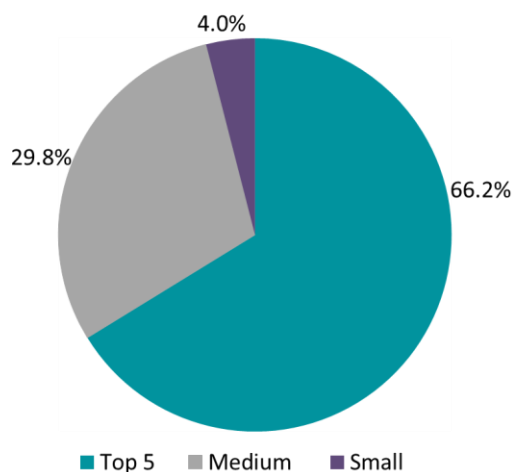
* 33 Insurance Companies and 1 Reinsurer

Market Share

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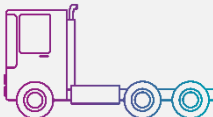



The five largest companies in the industry accounted for 66.2% of automobile insurance market share. During the year, large companies lost 1.8 percentage points in terms of market share when compared to the same period in 2017. Medium companies increased their share by 1.1 percentage points and small companies gained 0.6 percentage points.

Automobile Insurance Market Share



Q continues to be the leader in the automobile insurance market with 30.1% share and remains well positioned amongst key segments of the market. The Company is ranked in the first two places in every branch of the industry in terms of market share.

Q Positioning in the Automobile Insurance Market

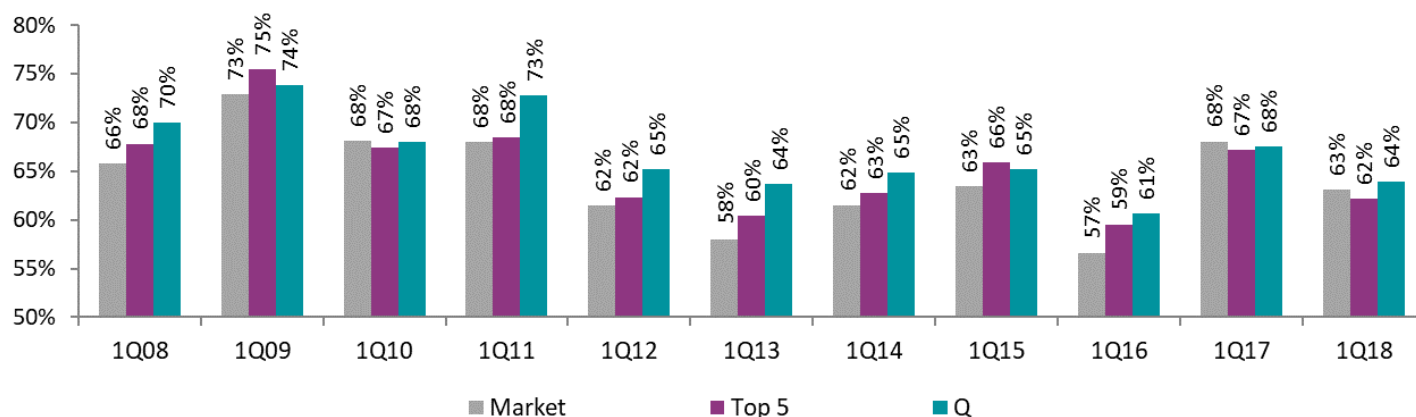
Cars 	Written Premiums: \$ 4,316 Market Share: 22.5% Place: 1 st	Trucks 	Written Premiums: \$ 4,105 Market Share: 46.9% Place: 1 st
Tourists 	Written Premiums: \$ 67 Market Share: 23.8% Place: 2 nd	Other 	Written Premiums: \$ 127 Market Share: 29.3% Place: 1 st
	Total Auto	Written Premiums: \$ 8,615	Market Share: 30.1% Place: 1 st

Costs Ratios

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The industry recorded lower claims ratio when compared to the previous year. Claims ratio of the five largest companies decreased from 67% to 62%, while Q's claims ratio dropped from 68% to 64%.

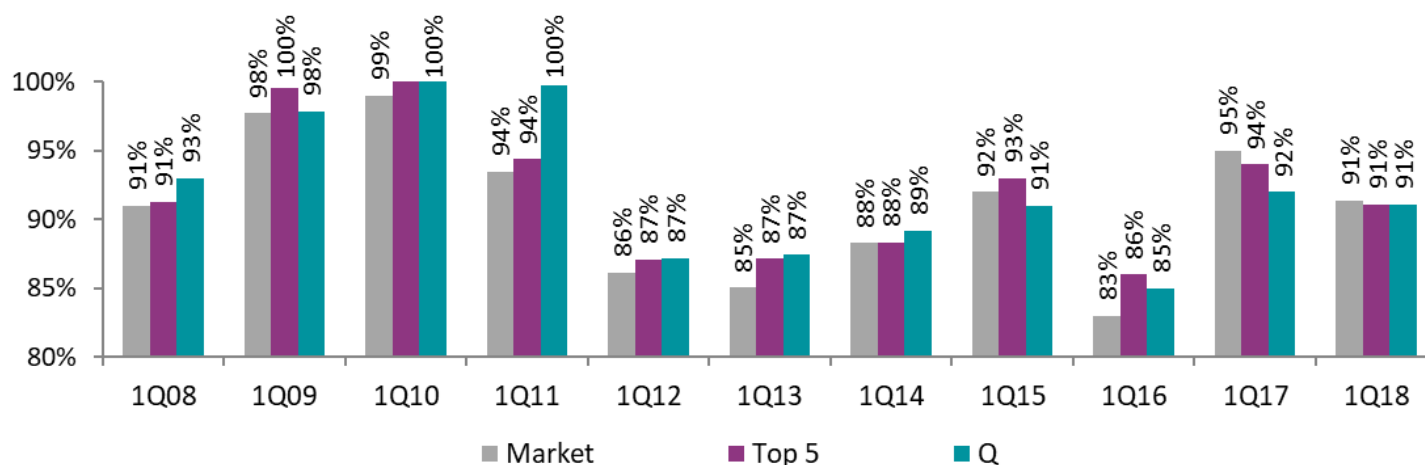
Claims Ratio



Combined ratio for the industry reached 91%, figure lower than the 95% registered by the end of 1Q17. The five largest companies recorded 91% combined ratio, the same figure that Q registered during the period.

Combined ratio for the industry without bank-owned Insurance companies, reached 92%.

Combined Ratio



About Quálitas:

Quálitas (Q) is the largest auto insurance company in Mexico in terms of market cap penetration, with operations in El Salvador, Costa Rica and USA. Its specialized business model, based exclusively in auto insurance, has allowed the Company to provide top quality service under the largest network in the country. Quálitas is listed on the Mexican Stock Exchange (BMV) under the ticker “Q” (Bloomberg: Q*:MM).

This document may include forward-looking statements that involve risks and uncertainties. Words such as “estimate,” “project,” “plan,” “believe,” “expect,” “anticipate,” “intend,” and similar expressions may identify such forward-looking statements. The Company wants to caution readers that any forward-looking statement in this document or made by the company’s management, involves risks and uncertainties that may change based on various important factors not under the Company’s control. Forward-looking statements relate to the company’s current situation only as of their dates of publication.

Information sources:

- 1) AMIS. Asociación Mexicana de Instituciones de Seguros, A.C., (Mexican Association of Insurance Institutions); www.amis.com.mx
- 2) ANPACT. Asociación Nacional de Productores de Autobuses, Camiones y Tractocamiones, A.C., (National Association of Producers of Buses, Trucks and Tractors); www.anpact.com.mx
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Dealers) ; www.amda.mx
- 4) JATO Dynamics. <http://www.jato.com/Mexico>

If you wish to refer to another source, you may visit the Mexican Insurance Companies’ Regulator (National Insurance and Bonds Commission) web page: www.cnsf.gob.mx

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