

Automobile Insurance Industry Report

2018



Quálitas

Auto Insurance Industry Report Mexico 2018



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 7.1% in written premiums during 2018. It is worth mentioning that the annual GDP grew 2.0%¹ and the annual inflation rate 4.8%².

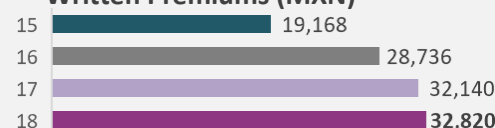
Automobile financing registered 68.1% of new car sales, this mainly driven by the agencies and financial branches of automakers. New light vehicle sales slowed down by 7.1% compared to 2017, the commercialization of wholesale trucks increased 1.4% and retail showed a decrease of 1.0% during the year³.

Regarding costs, the industry recorded a combined ratio of 94.3%, lower figure when compared to the 97.8% registered last year, which is mainly derived from a decrease in claims and acquisition ratios.

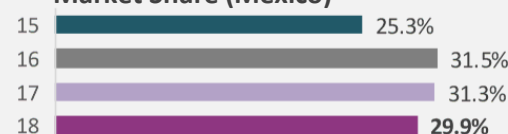
In order to have a better analysis of the industry, we subdivide bank-owned insurance companies. These companies, as they are part of financial groups, have cross selling with the bank's customers and have different costs structures.

Quálitas Mexico (Q MX)

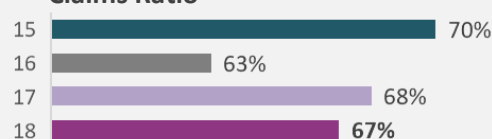
Written Premiums (MXN)



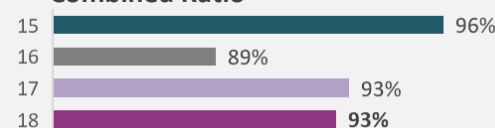
Market Share (Mexico)



Claims Ratio



Combined Ratio



Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	32,820	2.1%	1,830	1,586	2,417	66.7%	92.7%
Other	60,070	10.9%	2,085	2,726	3,995	65.3%	98.0%
Sum Insurance Companies	92,889	7.6%	3,916	4,312	6,412	65.8%	96.1%
Bank-owned	17,030	4.2%	1,648	1,388	2,561	70.4%	90.5%
Total Market (34 Companies*)	109,920	7.1%	5,564	5,701	8,973	65.9%	94.3%

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

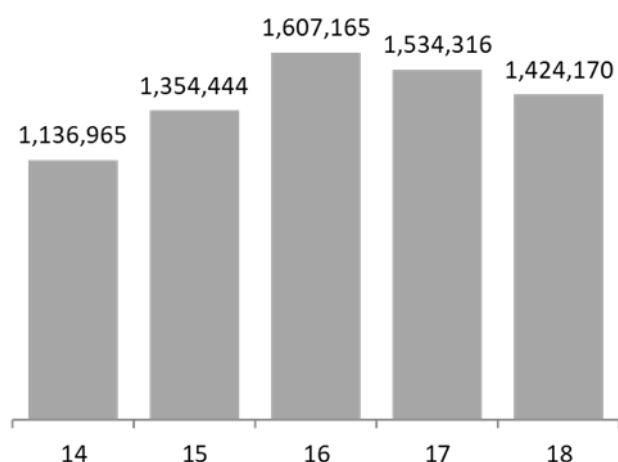
²Source: Mexico's Central Bank (Banxico, as per its acronym in Spanish)

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

* 33 Insurance Companies and 1 Reinsurer

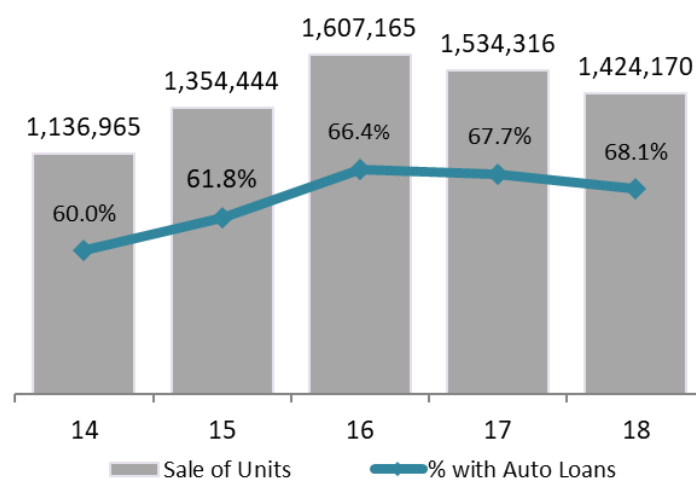
Automobile Industry and Financing

Nationwide Sales of Vehicles⁴



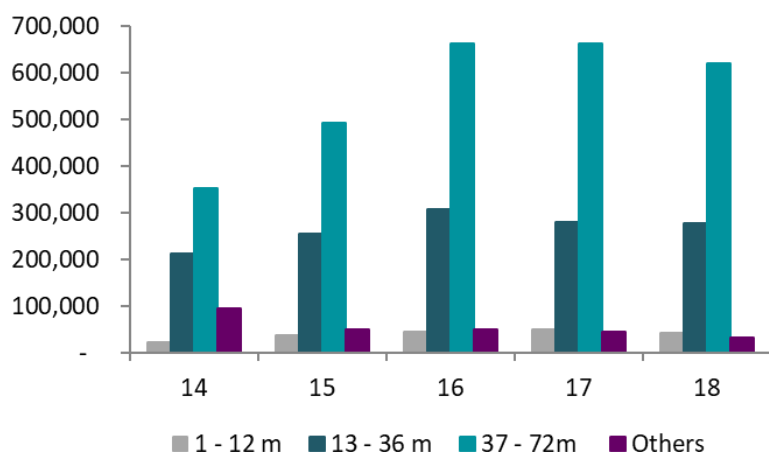
Sales of new units (automobiles & trucks) decreased 7.1% when compared to 2017, totaling 1,424,170 units.

Automobile Financing⁴



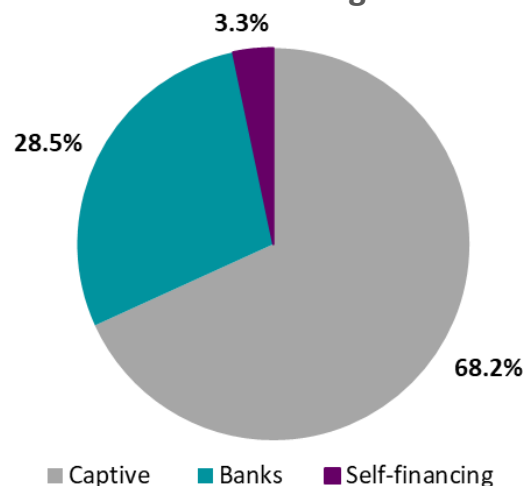
Automobile credit reached 68.1% of light vehicles sales, compared to 67.7% of the same period of the previous year.

Financing Terms⁵



At the end of 2018, loans granted at 36, 48 and 60 months represented 68.2% of the total allocations. This percentage is higher than the same period of 2017 which was 64.8%.

Automobile Financing Market⁵



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 68.2% 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.

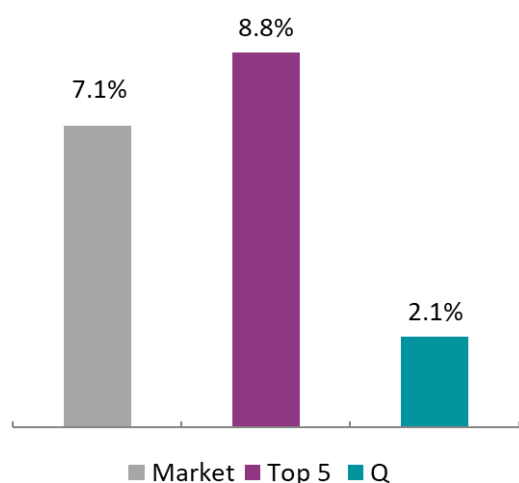
Automobile Insurance Industry

Information contained in this page was obtained from a report issued by AMIS

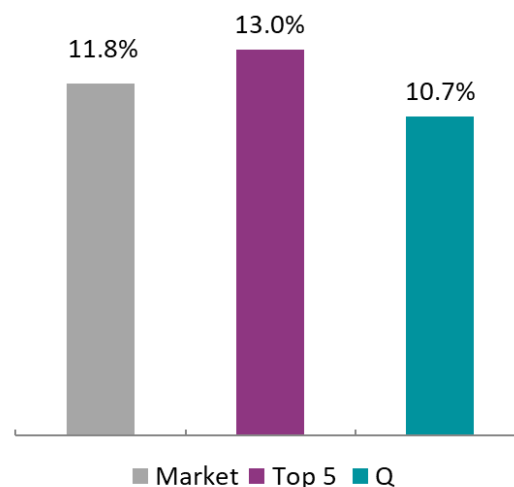
The market recorded total written premiums of \$109,920 million in the year, a 7.1% increase in comparison to the same period of the previous year. Top 5 companies grew 8.8%, medium companies 0.9%, and small companies 24.5%.

Market's net profit was \$8,973 million, this is mainly explained by an operating result of \$5,564 million and an investment income of \$5,701 million.

**Premiums Written Growth
2018 vs 2017**

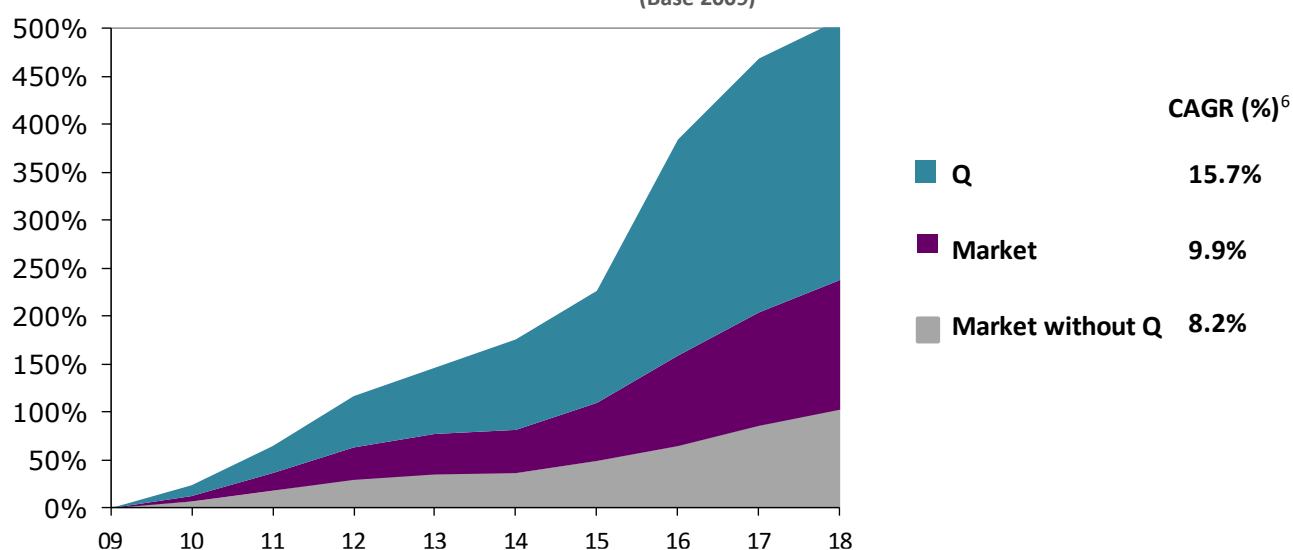


**Premiums Earned Growth
2018 vs 2017**



Cumulative growth in Premiums Written

(Base 2009)



⁶ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 2018

Information contained in this page was obtained from a report issued by AMIS

Company	Written Premiums			Earned Premiums	
	MXN	Market Share	Growth 2018 vs 2017	MXN	Market Share
Quálitas	32,820	29.9%	2.1%	31,003	31.6%
G.N.P.	13,192	12.0%	3.7%	12,867	13.1%
Chubb	11,664	10.6%	19.4%	4,410	4.5%
AXA Seguros	9,935	9.0%	15.8%	10,216	10.4%
HDI Seguros	7,674	7.0%	28.3%	6,334	6.5%
Top 5	75,285	68.5%	8.8%	64,831	66.1%
Banorte	5,641	5.1%	12.3%	5,253	5.4%
BBVA Bancomer	4,192	3.8%	2.2%	4,162	4.2%
Inbursa	4,095	3.7%	(10.4%)	4,303	4.4%
Mapfre México	3,553	3.2%	(4.5%)	3,972	4.1%
Atlas	3,238	2.9%	9.7%	2,984	3.0%
Zurich Daños	3,026	2.8%	(20.3%)	2,718	2.8%
Afirme	2,066	1.9%	13.4%	1,984	2.0%
ANA	1,838	1.7%	24.9%	1,314	1.3%
General de Seguros	1,267	1.2%	(1.5%)	1,241	1.3%
SURA	1,209	1.1%	9.8%	1,322	1.3%
Medium	30,125	27.4%	0.9%	29,252	29.8%
Other	4,509	4.1%	24.5%	3,944	4.0%
Total Market (34 Companies)*	109,920	100.0%	7.1%	98,027	100.0%

Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	1,830	1,586	2,417	66.7%	92.7%
G.N.P.	283	870	827	66.3%	99.7%
Chubb	(57)	300	172	77.1%	103.2%
AXA Seguros	1,622	683	2,147	53.7%	84.9%
HDI Seguros	16	350	263	62.9%	97.6%
Top 5	3,695	3,789	5,826	64.9%	94.0%
Banorte	354	459	984	75.1%	92.1%
BBVA Bancomer	692	603	819	78.1%	83.3%
Inbursa	255	129	285	65.1%	95.5%
Mapfre México	(28)	125	178	65.7%	104.8%
Atlas	144	106	173	66.8%	93.1%
Zurich Daños	(279)	97	(172)	74.9%	118.7%
Afirme	(7)	135	101	66.3%	98.9%
ANA	114	47	110	54.9%	88.2%
General de Seguros	(146)	(84)	(223)	76.8%	111.1%
SURA	412	40	385	42.3%	73.1%
Medium	1,511	1,656	2,640	69.0%	95.4%
Other	358	255	507	58.8%	90%
Total Market (34 Companies)*	5,564	5,701	8,973	65.9%	94.3%

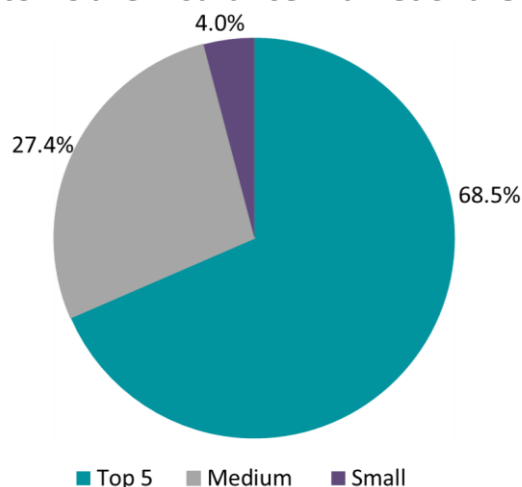
*33 Insurance Companies and 1 Reinsurer

Market Share

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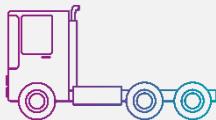



The five largest companies in the industry accounted for 68.5% of automobile insurance market share. Compared to the same period of last year, large companies gained approximately 1.5 percentage points in terms of market share. Medium companies decreased their share by 1.7 percentage points and small companies gained 0.1 percentage points.

Automobile Insurance Market Share



Q continues to be the leader in the automobile insurance market with 29.9% 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.

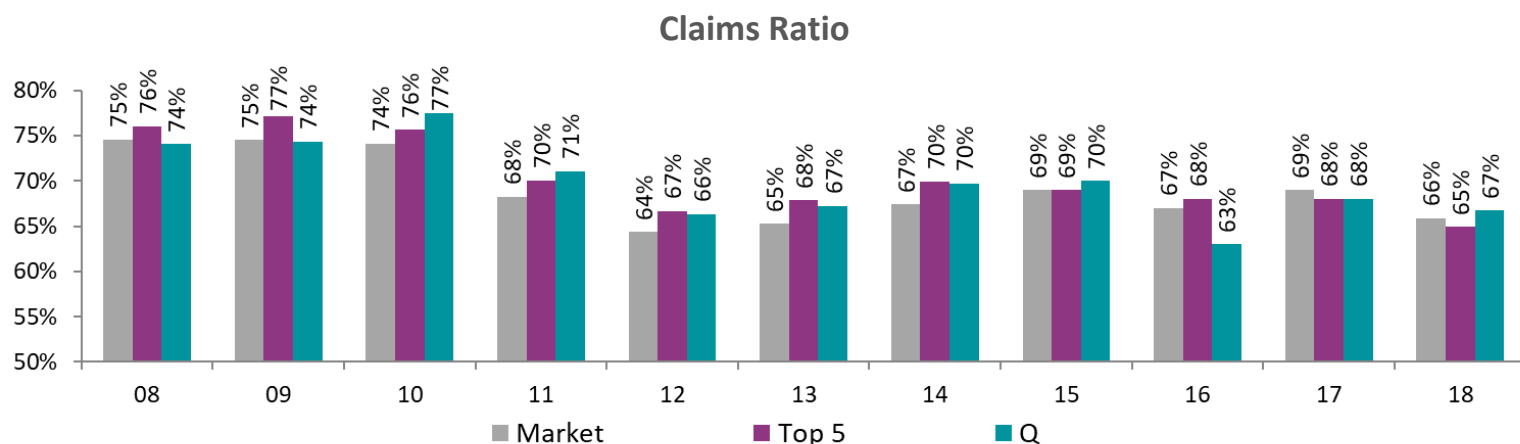
Q Positioning in the Automobile Insurance Market

Cars  Written Premiums: \$ 15,631 Market Share: 21.7% Place: 1 st	Trucks  Written Premiums: \$ 16,396 Market Share: 47.7% Place: 1 st
Tourists  Written Premiums: \$ 248 Market Share: 17.5% Place: 2 nd	Other  Written Premiums: \$ 545 Market Share: 27.3% Place: 2 nd
<div>  Total Auto </div> <div> Written Premiums: \$ 32,820 </div> <div> Market Share: 29.9% </div> <div> Place: 1st </div>	

Costs Ratios

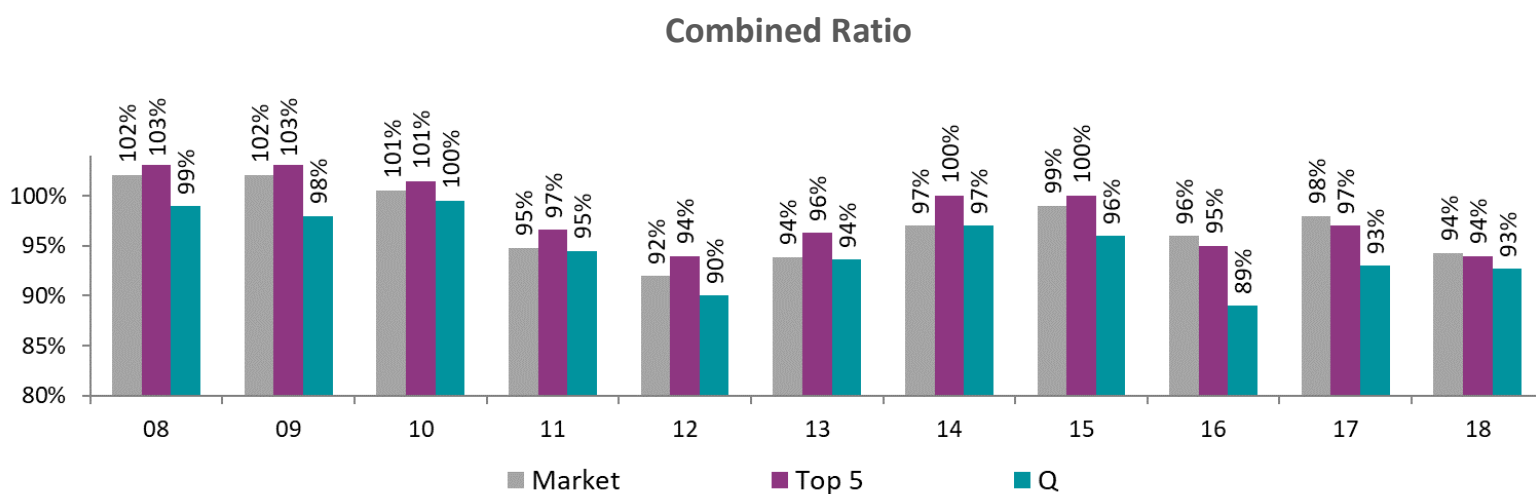
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The industry recorded lower claims ratio when compared to the same period of the previous year. Claims ratio of the five largest companies decreased from 68% to 65%, while Q's claims ratio dropped from 68% to 67%.



Combined ratio for the industry was 94%, figure lower than the 98% registered by the end of 2017. The five largest companies recorded 94% combined ratio, and Q 93% during the period.

Combined ratio for the industry without bank-owned Insurance companies, reached 96%.



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
- AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C. (Mexican Association of Automotive Dealers) ; www.amda.mx
- 3) 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

Investor Relations Contacts:

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|--|--|
| <ul style="list-style-type: none"> • Santiago Monroy
smonroy@qualitas.com.mx
T: +52 (55) 1555-6056 | <ul style="list-style-type: none"> • Andreina Incandela
aincandela@qualitas.com.mx
T: +52 (55) 1555-6104 |
| <ul style="list-style-type: none"> • María Fernanda Escobar
mfescobar@qualitas.com.mx
T: +52 (55) 1555-6175 | <ul style="list-style-type: none"> • José Antonio Mundo
jamundo@qualitas.com.mx
T: +52 (55) 1555-6313 |

qinversionistas.qualitas.com.mx