

Automobile Insurance

Industry Report

1Q17

Mexico City, June 14, 2017

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

Introduction

The Auto Insurance Industry in Mexico had a nominal growth of 15.8% in written premiums during the first quarter of 2017. It is worth mentioning that for the same period of time the GDP grew 2.6% and the annualised inflation rate was 5.35%.

Automobile financing continued to gain market registering 71.1% of new car sales, this mainly driven by financial branches of automakers. New light vehicle sales grew 8.9% compared to the same quarter of 2016.

Regarding costs, the industry recorded a combined ratio of 95% in the first quarter, a higher figure when compared to the 83% registered for the same period last year. This change is mainly related to the increases in the claims ratios.

In order to have a better analysis of the Industry, we subdivide bank-owned insurance companies as some of these companies have cross selling with the bank's customers and have different costs structures.

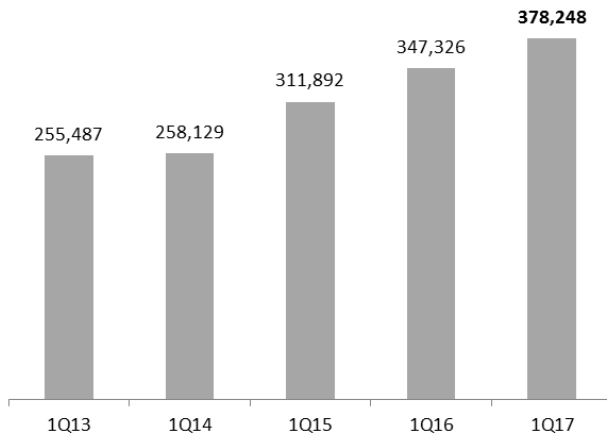
Companies	Written Premiums	Growth	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	8,791	45.1%	29	324	256	68%	92%
Other	12,982	5.3%	300	669	754	64%	93%
Sum Insurance Companies	21,773	18.4%	329	993	1,010	65%	93%
Bank-owned	4,460	4.7%	(6)	519	78	71%	96%
Total Market (35 Companies) ¹	26,233	15.8%	323	1,512	1,088	68%	95%

Combined ratio without bank-owned insurance companies was 93%, whereas Quálitas recorded an 92% combined ratio.

¹ 33 Insurance Companies and 2 Reinsurance Companies

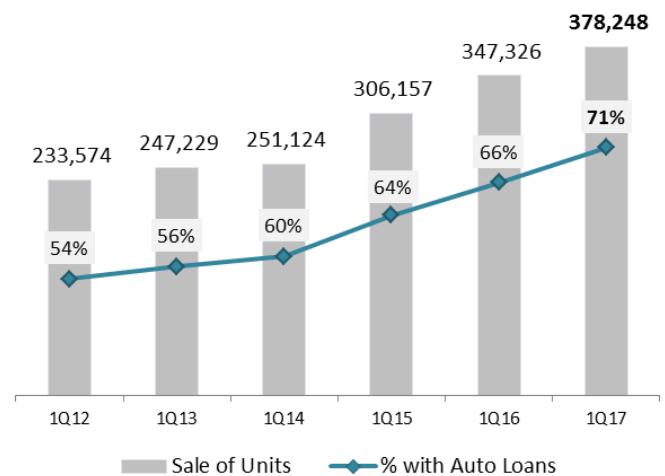
Automobile Industry and Automobile Financing

Nationwide Sales of Vehicles² (Automobiles & Trucks)



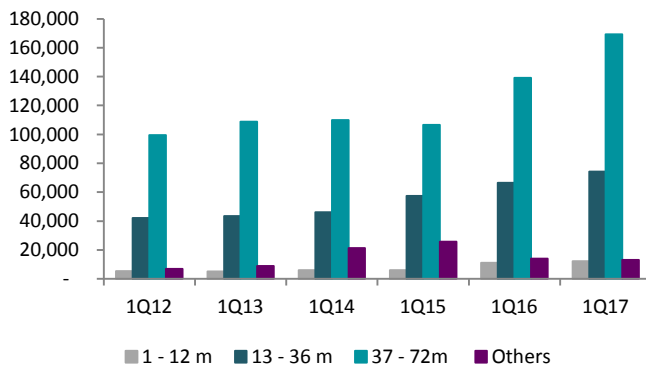
Sales of new units (automobiles & trucks) grew 8.9% when compared to the same quarter of 2016, totaling 378,248 units.

Automobile Financing³



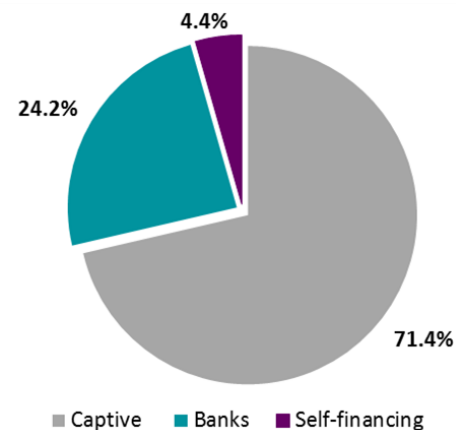
Automobile financing continued to grow, 71.1% of car sales were on credit.

Financing Term³



As the first quarter of 2017, most car loans (30%) had duration of 60 months with 80,982 allocations. The duration of the loans has been increasing over the last 5 years.

Automobile Financing Market³



The main sources of financing to purchase a car were automakers and automotive agencies (captives) with a 71.4% of market share.

²Source: ANPACT and AMDA. Figures are stated in units of automobiles sold.

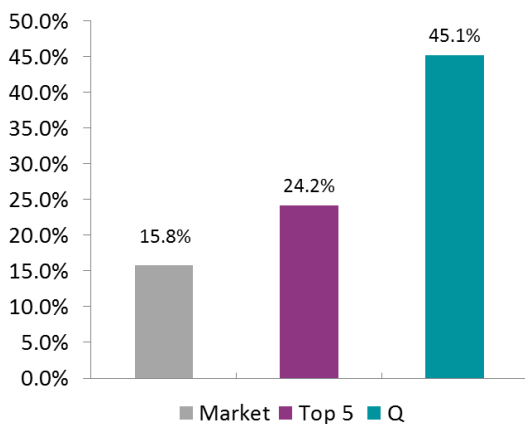
³Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, nor operating or financial leasing).

Automobile Insurance Industry

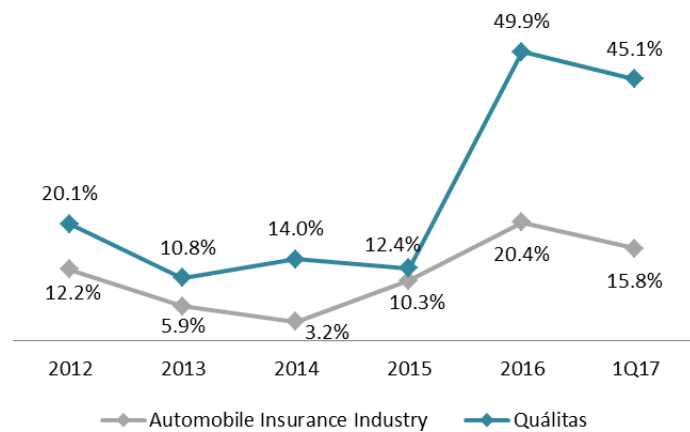
The market recorded total written premiums of \$26,233 in the first three months of 2017, a 15.8% increase in comparison to the same period of the previous year. Top 5 companies grew 24.2%, medium companies 0.8%, and the small companies 9.6%.

Market's net profit was \$1.088. This is mainly explained by an operating result of \$323 and an investment income of \$1,512.

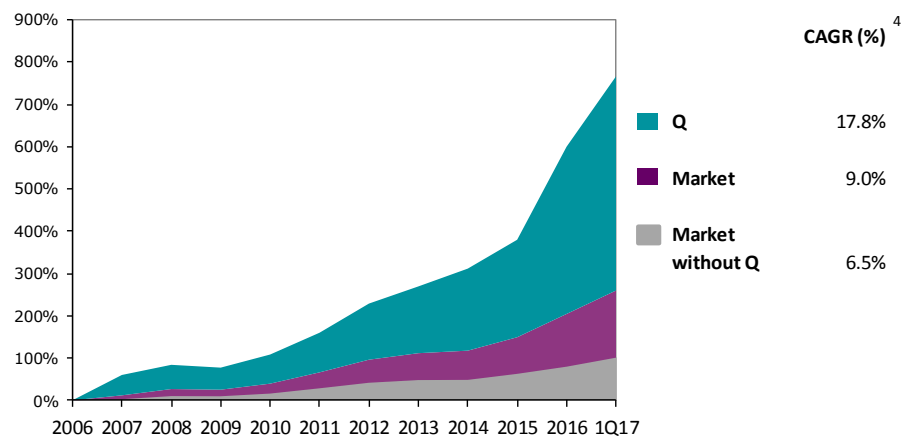
Growth in Written Premiums 1Q17



Growth of Automobile Insurance Industry



Growth in Written Premiums Base 2006



⁴ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 1Q17

(Figures in millions of pesos)

Company	Written Premiums	Market Share	Growth 1T17 vs 1T16	Earned Premiums	Market Share
Quálitas	8,791	33.5%	45.1%	6,524	31.0%
G.N.P.	3,279	12.5%	12.6%	2,796	13.8%
Aba/Seguros	2,260	8.6%	34.5%	934	4.4%
AXA Seguros	1,980	7.6%	(26.3%)	2,408	10.9%
HDI Seguros	1,356	5.2%	52.0%	1,100	5.0%
Top 5	17,666	67.3%	24.2%	13,762	65.9%
Banorte	1,355	5.2%	(5.3%)	1,223	7.5%
BBVA Bancomer	1,308	5.0%	4.5%	969	4.7%
Inbursa	1,180	4.5%	8.4%	1,044	4.9%
Zurich Daños	830	3.2%	9.5%	571	2.6%
Mapfre Mexico	792	3.0%	(39.9%)	829	5.0%
Atlas	733	2.8%	41.7%	601	3.0%
Afirme	451	1.7%	34.7%	390	1.5%
ANA	356	1.4%	47.5%	264	0.9%
General de Seguros	352	1.3%	11.2%	309	1.6%
ACE Seguros	178	0.7%	(19.4%)	24	(0.4%)
Medium	7,536	28.7%	0.8%	6,224	29.8%
Other	1,031	3.9%	9.6%	899	3.6%
Total Market (33 Companies)*	26,233	100.0%	15.8%	20,886	100.0%

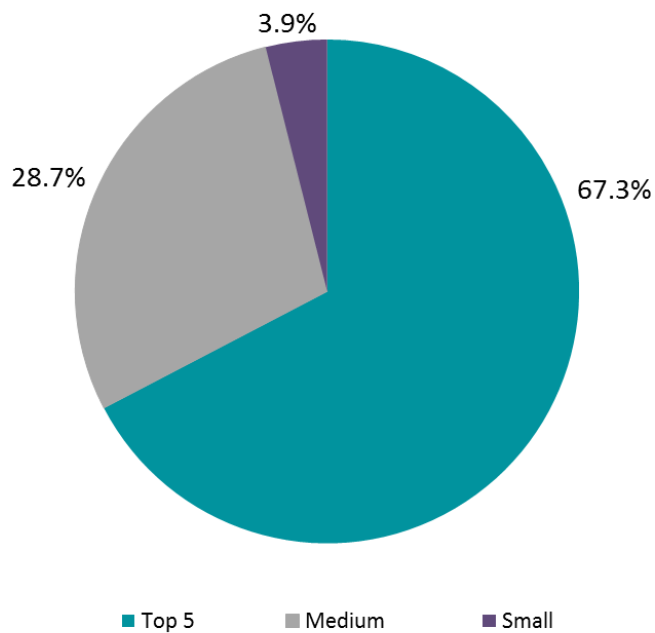
Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	29	324	256	67.5%	92%
G.N.P.	(64)	96	23	70.2%	101%
Aba/Seguros	185	100	213	67.2%	86%
AXA Seguros	158	202	286	64.3%	100%
HDI Seguros	2	49	45	64.1%	97%
Top 5	309	771	823	67.2%	94%
Banorte	(55)	90	147	87.3%	103%
BBVA Bancomer	1	357	85	69.1%	92%
Inbursa	(61)	42	(264)	66.6%	101%
Zurich Daños	(41)	(8)	(49)	65.5%	106%
Mapfre Mexico	(31)	34	(10)	84.8%	105%
Atlas	27	28	46	70.2%	91%
Afirme	38	18	39	53.1%	85%
ANA	28	14	28	49.0%	88%
General de Seguros	(10)	121	96	74.6%	100%
ACE Seguros	83	(6)	76	(221.4%)	(238%)
Medium	(23)	691	195	71.4%	97%
Other	36	50	71	57.4%	92%
Total Market (33 Companies)*	323	1,512	1,088	68.1%	95%

*33 Insurance Companies and 2 Reinsurance Companies

Market Share

The five largest companies in the industry accounted for 67.3% of automobile insurance market share. During the first quarter of 2017, large companies gain 4.5 percentage points in terms of market share when compared to the same period of 2016. On the other hand, medium companies decreased 4.3 and small companies also decreased 0.2 percentage points.

Automobile Insurance Market Share



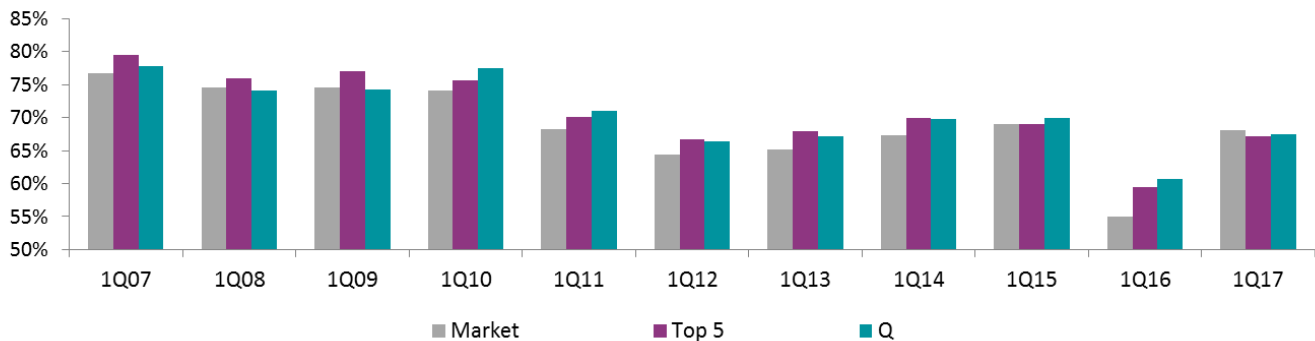
Q remains well positioned amongst key segments of the market. The Company is ranked in the first two places in every business line in terms of market penetration.

Q positioning in the Automobile Insurance Market			
	Written Premium	Market Share	Ranking
Cars	5,098	28.4%	1
Trucks	3,500	46.6%	1
Tourists	68	16.5%	2
Other	125	34.3%	1
Total	8,791	33.5%	1

Costs

The industry recorded higher claims ratio when compared to the first quarter of 2016. Claims ratio of the five largest companies increased from 59% to 67%, Q's claims ratio increased from 61% to 68%.

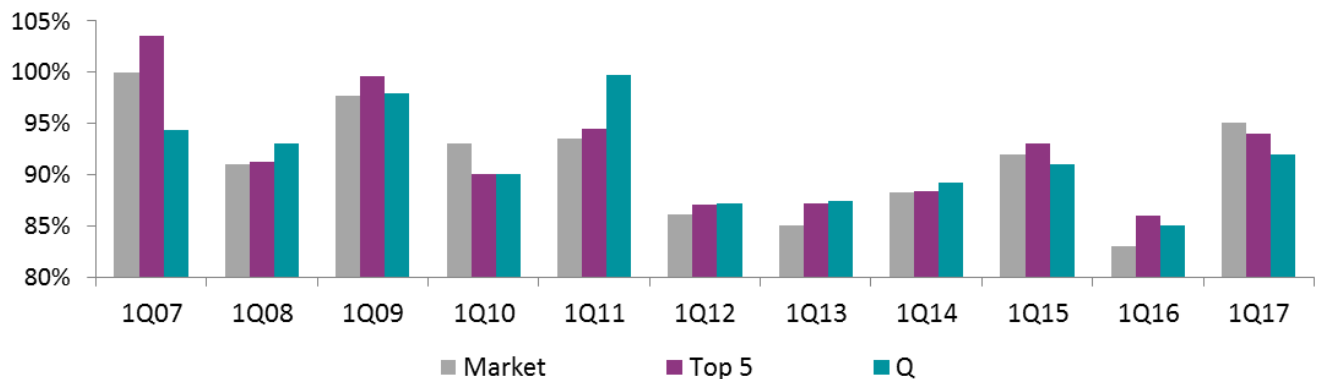
Claims Ratio



Combined ratio for the industry reached 95%, a figure lower than the 83% registered during the first quarter of last year. The five largest companies recorded 94% combined ratio, while Q registered 92%.

Combined ratio for the industry, without Bank-owned Insurance Companies, reached 93%.

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 Lorries); www.anpact.com.mx
- 3) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.(Mexican Association of Automotive Suppliers) ; 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

Investor Relations:

Mariana Fernández

mfernandez@qualitas.com.mx

T: +52 (55) 1555-6103

Mónica Pérez Diez

monperez@qualitas.com.mx

T: +52 (55) 155-6316

Andreina Incandela

aincandela@qualitas.com.mx

T: +52 (55) 155-6104