

AUTOMOBILE INSURANCE INDUSTRY REPORT

■ 3Q16



Mexico City, December 28, 2016

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 in the first nine months 2016 of 19.4% in written premiums.

It is worth to highlight that automobile financing continued to gain market increasing to 66.9% from 62.0% of car sales. Credit has been driven mainly by the financial branches of automakers, they have granted 72% of car loans as of September this year.

Regarding costs, Industry recorded a combined ratio of 96%, lower figure when compared to the 97% registered last year.

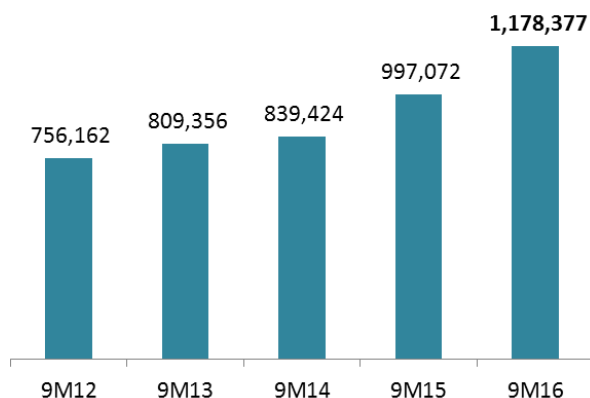
In order to have a better analysis of the Industry, we divided bank-owned insurance companies as some of these companies have cross selling with the bank's customers and have different cost structures.

Companies	Written Premiums	Growth 9M16-9M15	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	19,945	47.4%	1,241	740	1,361	61%	87%
Other (24)	33,260	9.6%	(544)	2,963	1,748	69%	104%
Sum Insurance Companies (25)	53,204	10.4%	697	3,704	3,109	66%	98%
Bank-owned (12)	11,325	11.3%	1,305	1,201	1,768	66%	99%
Total Market (37 Comp)	64,530	19.4%	2,001	4,905	4,877	66%	96%

Combined ratio without bank-owned insurance companies was 98%, whereas Quálitas recorded an 87% combined ratio.

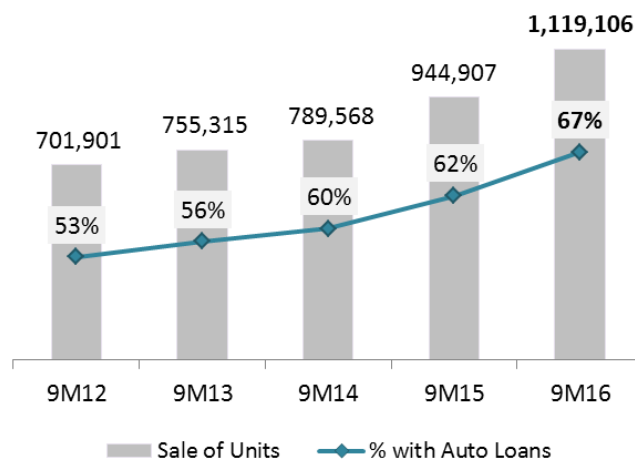
Automobile Industry and Automobile Financing

Sales of Vehicles¹
(Automobiles & Trucks)



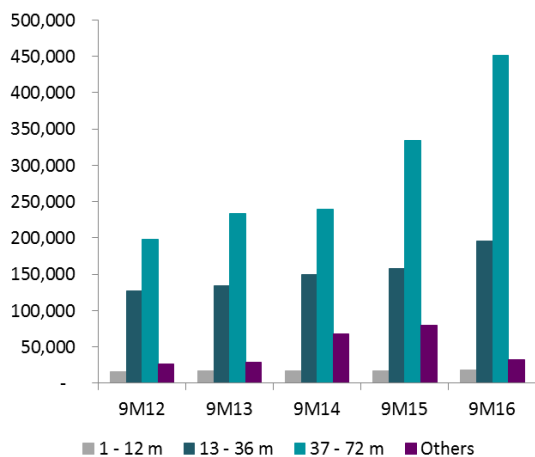
Sales of cars and trucks increased 18.2% when compared to 2015, totaling 1,178,377 units.

Automobile Financing²



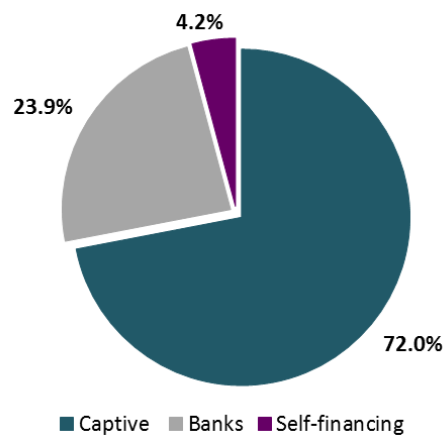
Automobile financing continued to grow, 67% of cars sales was on credit.

Financing Term²



As of September 2016, most car loans had duration of 48 and 60 months. The duration of the loans has been increasing over the last 5 years.

Automobile Financing Market²



Main sources of financing to purchase a car were automakers and automotive agencies (captives).

¹Source: ANPACT and AMDA. Figures are stated in units of automobiles sold.

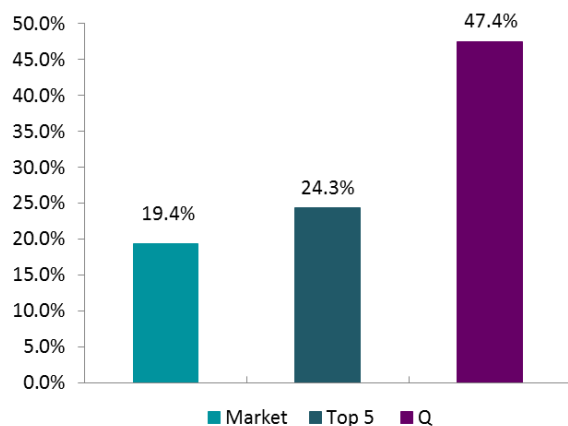
²Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, nor operating or financial leasing).

Automobile Insurance Industry

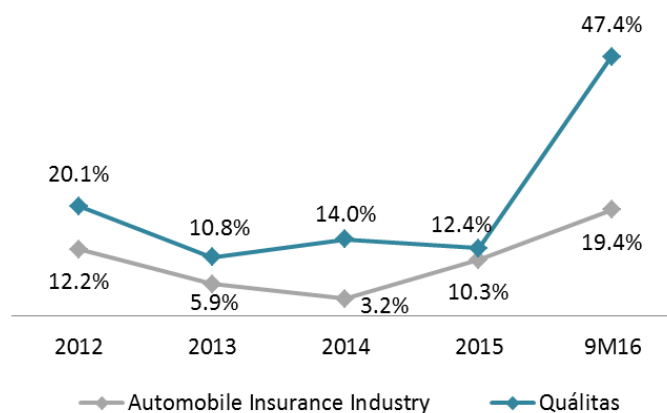
The market recorded total written premiums of \$64,530 in the first nine months of 2016, a 19.4% increase when compared to the same period 2015. Top 5 companies grew 24.3%, medium companies 8.7% and small companies 28.5%.

Market's net profit increased 57.9% when compared to last year's figure. This is mainly explained by an operating result of \$2,001 and an increase of 75.9% on the investment income.

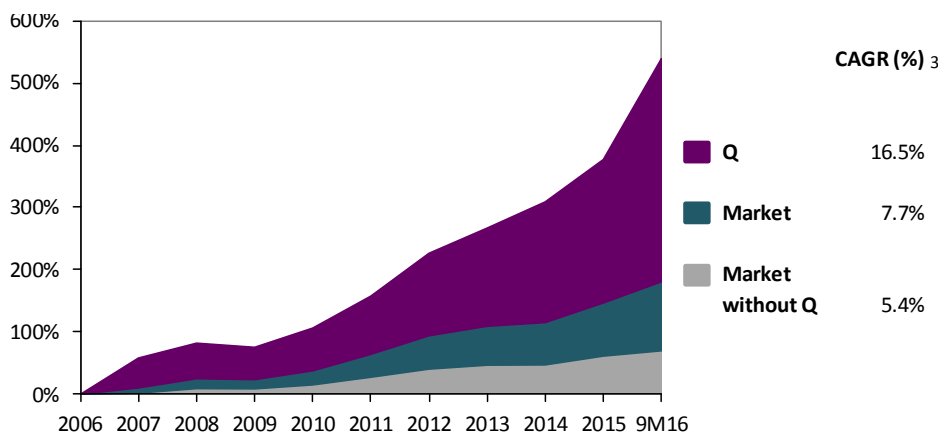
Growth in Written Premiums 9M16 vs 9M15



Growth of Automobile Insurance Industry



Growth in Written Premiums Base 2006



³ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 9M16

(Figures in millions of pesos)

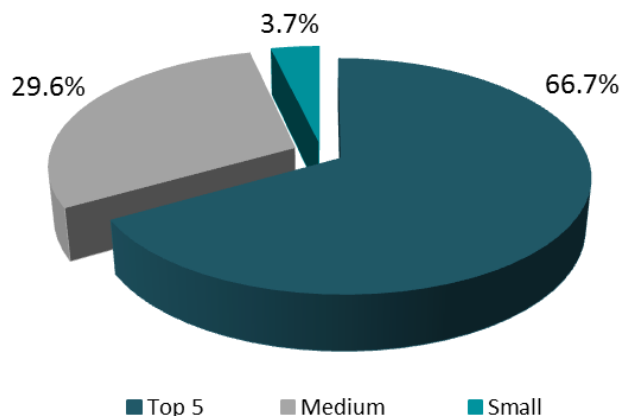
Company	Written Premiums	Market Share (written)	Growth 9M16 - 9M15	Earned Premiums	Market Share (earned)
Qualitas	19,945	30.9%	47.4%	16,580	28.5%
G.N.P.	7,996	12.4%	8.8%	7,511	12.9%
AXA Seguros	6,979	10.8%	9.1%	7,738	13.3%
Aba/Seguros	4,269	6.6%	7.6%	2,349	4.0%
Banorte	3,851	6.0%	13.7%	3,679	6.3%
Top 5	43,039	66.7%	24.3%	37,857	65.2%
Mapfre Mexico	3,436	5.3%	2.4%	3,323	5.7%
HDI Seguros	3,122	4.8%	15.2%	2,882	5.0%
Inbursa	3,095	4.8%	1.9%	3,529	6.1%
BBVA Bancomer	2,889	4.5%	8.0%	2,714	4.7%
Zurich Daños	2,005	3.1%	6.9%	1,530	2.6%
Atlas	1,457	2.3%	19.3%	1,508	2.6%
Afirme	1,040	1.6%	45.0%	952	1.6%
General de Seguros	876	1.4%	-7.6%	893	1.5%
ANA	758	1.2%	25.5%	537	0.9%
Seguros SURA	432	0.7%	0.5%	480	0.8%
Medium	19,110	29.6%	8.7%	18,347	31.6%
Other	2,380	3.7%	28.5%	1,872	3.2%
Total Market	64,530	100.0%	19.4%	58,076	100.0%

Company	Operating Result	Investment Income	Net Result	Claims	Combined Ratio
Qualitas	1,241	740	1,361	61%	87%
G.N.P.	(399)	247	(108)	73%	106%
AXA Seguros	(104)	444	264	73%	105%
Aba/Seguros	380	146	395	67%	96%
Banorte	316	211	369	74%	91%
Top 5	1,434	1,788	2,281	67%	95%
Mapfre Mexico	(377)	169	(203)	75%	111%
HDI Seguros	107	107	151	68%	98%
Inbursa	813	121	823	50%	81%
BBVA Bancomer	(39)	784	322	76%	100%
Zurich Daños	82	109	188	52%	97%
Atlas	171	77	181	63%	90%
Afirme	29	48	57	60%	93%
General de Seguros	(178)	1,508	972	80%	121%
ANA	10	8	11	58%	95%
Seguros SURA	48	22	50	54%	99%
Medium	666	2,954	2,553	65%	97%
Other	(98)	163	43	61%	101%
Total Market	2,001	4,905	4,877	66%	96%

Market Share

The five largest companies in the industry accounted for 66.7% of automobile insurance market share. During the first nine months of 2016, large companies gain 0.1 percentage points in terms of market share when compared to the same period 2015. On the other hand, medium companies decreased 0.7 and small companies increased 0.6 percentage points.

Automobile Insurance Market Share



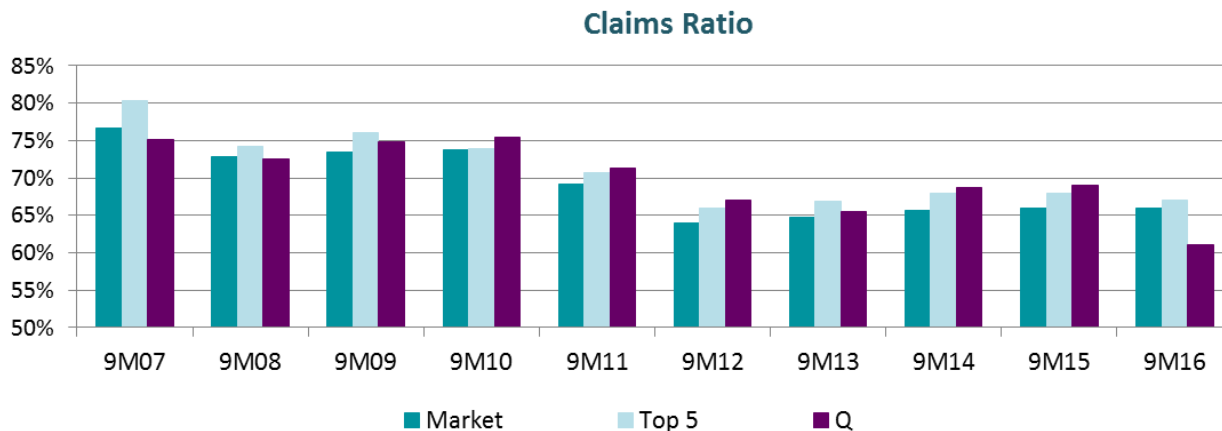
Q remains well positioned amongst key segments of the market. The Company is ranked in the first two places in every business line in terms of market penetration.

Breakdown of the Automobile Insurance Market

	Written Premiums	Market Share	Ranking
Cars	\$12,619	28.2%	1
Trucks	\$6,923	38.5%	1
Tourists	\$153	16.8%	2
Other	\$249	27.8%	1
Total	\$19,945	30.9%	1

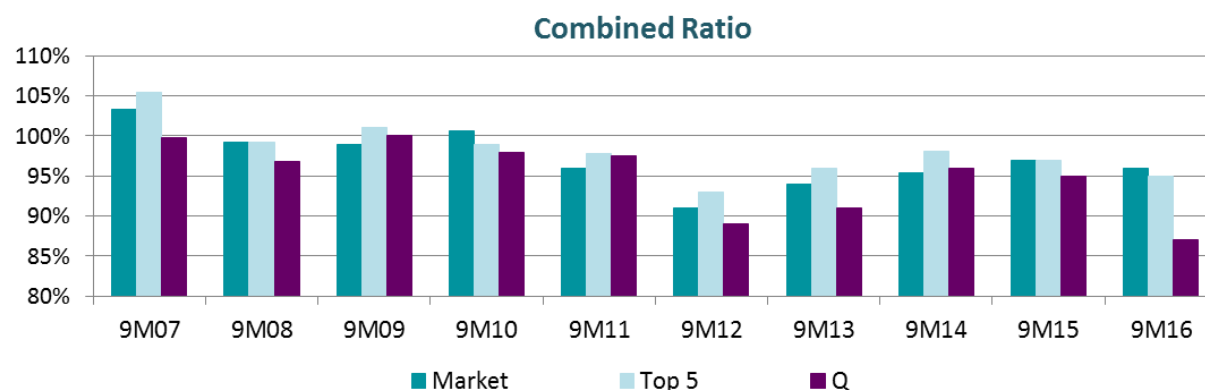
Costs

The industry recorded lower claims ratio than the same period 2015. Claims ratio of the five largest companies decreased to 67% from 68%, **Q's** claims ratio also decreased going from 68% to 61%.



Combined ratio for the industry reached 96%, a figure lower than the 97% registered last year. The five largest companies recorded a 95% combined ratio and Q registered 87%.

Combined ratio for the industry, taking out bank-owned Insurance Companies, reached 98%.



Qualitas (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. Qualitas 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.

Sources of information:

- 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

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