



1Q15
Mexico

Automobile Insurance Industry Report



Mexico City, May 14, 2015

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

Introduction

This report highlights the nominal growth of 5.5% registered by the Auto Insurance Industry in Mexico during the first quarter of 2015. On a Company basis, two of the largest companies recorded a significant growth on written premiums. It is important to mention that inflation rate for the last twelve months was 3.1%.

Automobile financing continued gaining market increasing to 63.9% from 58.4% as a percentage of total new car sales, driven by financial branches of automakers, whereas light car sales grew 21.9% during the quarter.

Regarding costs, Industry recorded a combined ratio of 92%, a higher figure when compared to the 88% registered in 1Q14. This change is the result of an increase of one additional point on the acquisition ratio, two points on the claims ratio and one point on the operating ratio.

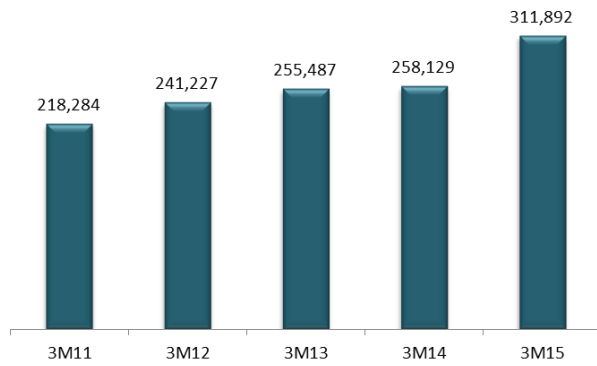
In order to have a better analysis of the Industry, we divided insurance companies belonging to financial groups because some of these companies do cross selling with the bank's customers and have different costs structures. With this breakdown, it is possible to have a comparison of combined ratios between different market segments.

	Written Premiums	Growth 3M15-3M14	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	4,724	2.8%	187	137	221	65%	91%
Others (25)	10,761	6.9%	(117)	376	349	64%	98%
Insurance Companies (26)	15,485	5.6%	70	514	570	65%	96%
Insurance Companies from Financial Groups (10)	3,930	4.9%	610	266	757	57%	78%
TOTAL MARKET (36 Comp)	19,416	5.5%	680	779	1,326	63%	92%

Combined ratio, without the insurance companies belonging to financial groups, amounted to 96%, whereas Quálitas recorded 91% combined ratio.

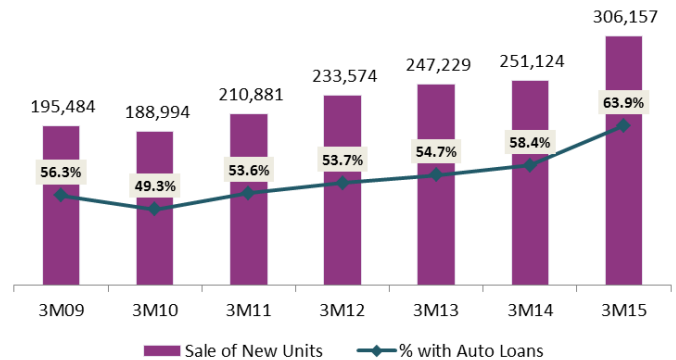
Automobile Industry and Automobile Financing

Nationwide Sales of New Vehicles¹



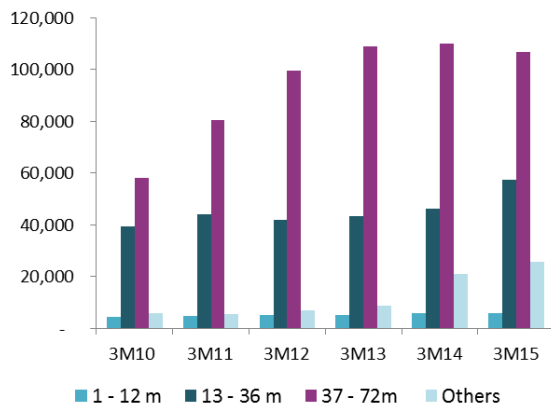
Sales of new units increased 20.8% when compared to 1Q14, totaling 311,892 units.

Automobile Financing² (Automobiles & Trucks)



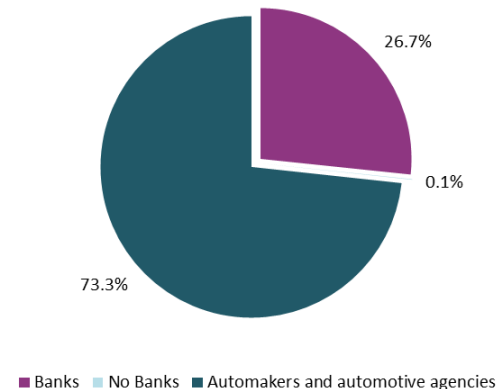
During 2014, automobile financing continued to recover; 63.9% of the sales of new cars were sold by credit, higher than last year's figure.

Financing Term²



As of March 2015, 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



The main sources of financing to purchase a car were automakers and automotive agencies.

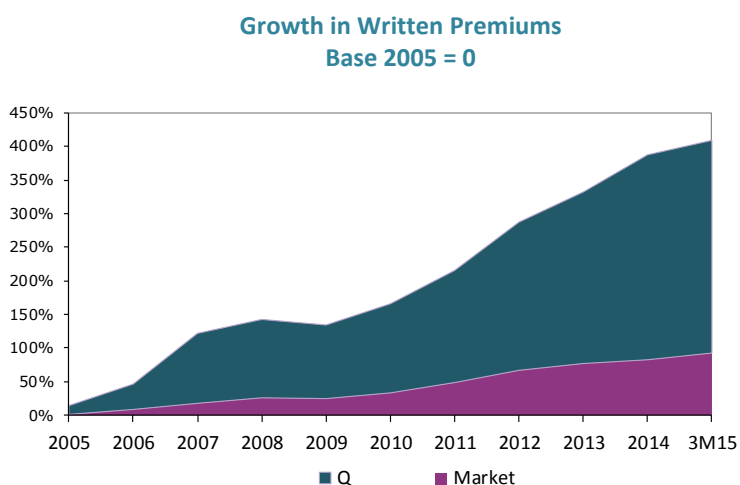
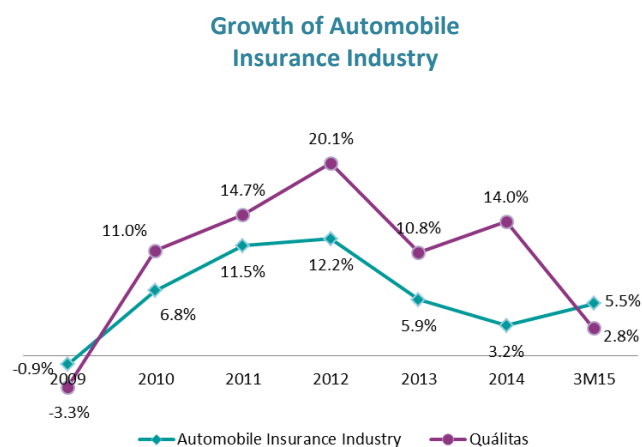
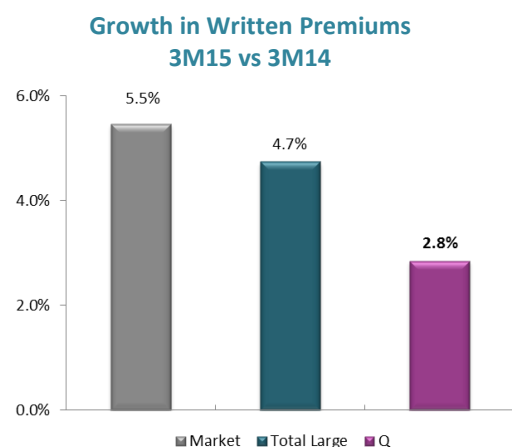
¹Source: ANPACT and AMDA. Figures are stated in units of automobiles sold.

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

Automobile Insurance Industry

Total written premiums by the market amounted to \$19,416, a 5.5% increase. Among large companies, two of them registered important growth rates. The five largest companies grew 4.7%, medium companies 6.2%, and the small companies 11.9%.

Market's net profit decreased 27.2% when compared to last year's figure. This is mainly explained by the decrease of 44.0% and 8.3% of the operating result and the investment income, respectively.



CAGR (%)

16.6%

8.3%

Automobile Insurance Industry 3M15

(Figures in millions of pesos)

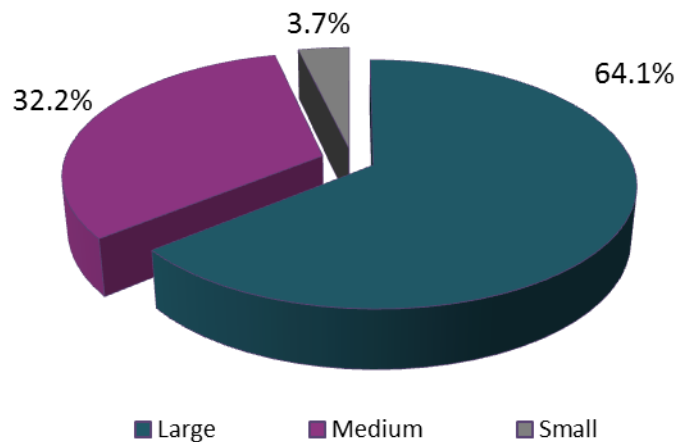
	Company	Written Premiums	Market Share (written)	Growth 3M15 - 3M14	Earned Premiums	Market Share (earned)
1	Qualitas	4,724	24.3%	2.8%	3,971	24.4%
2	AXA Seguros	2,435	12.5%	-16.0%	2,547	15.6%
3	G.N.P.	2,365	12.2%	24.6%	2,190	13.4%
4	Aba/Seguros	1,589	8.2%	29.0%	721	4.4%
5	Banorte	1,337	6.9%	5.8%	1,008	6.2%
	LARGE	12,450	64.1%	4.7%	10,436	64.0%
6	Mapfre México	1,178	6.1%	7.8%	1,046	6.4%
7	BBVA Bancomer	1,137	5.9%	2.2%	835	5.1%
8	Inbursa	1,062	5.5%	2.4%	1,159	7.1%
9	HDI Seguros	800	4.1%	24.6%	661	4.1%
10	Zurich Daños	591	3.0%	-7.4%	419	2.6%
11	Atlas	429	2.2%	-1.2%	388	2.4%
12	General de Seguros	402	2.1%	74.5%	266	1.6%
13	Afirme	274	1.4%	8.5%	220	1.3%
14	ANA	236	1.2%	-16.5%	195	1.2%
15	Royal & Sunalliance	139	0.7%	-12.0%	143	0.9%
	MEDIUM	6,248	32.2%	6.2%	5,334	32.7%
	SMALL	718	3.7%	11.9%	510	3.1%
	MARKET (36 Comp)	19,416	100%	5.5%	16,296	100%

	Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
1	Qualitas	187	137	221	65%	91%
2	AXA Seguros	-105	102	(21)	76%	106%
3	G.N.P.	124	48	140	58%	92%
4	Aba/Seguros	-19	48	106	67%	99%
5	Banorte	187	56	169	60%	76%
	LARGE	374	391	614	66%	93%
6	Mapfre México	2	27	24	60%	96%
7	BBVA Bancomer	160	188	334	56%	74%
8	Inbursa	206	11	186	52%	85%
9	HDI Seguros	-30	25	20	63%	97%
10	Zurich Daños	-70	12	-23	55%	105%
11	Atlas	29	19	34	65%	90%
12	General de Seguros	-36	54	21	77%	101%
13	Afirme	-13	11	-1	68%	99%
14	ANA	-23	5	-18	66%	114%
15	Royal & Sunalliance	-44	7	-24	63%	132%
	MEDIUM	180	359	553	60%	92%
	SMALL	126	30	160	55%	74%
	MARKET (36 Comp)	680	779	1,326	63%	92%

Market Share

The five largest companies in the industry accounted for 64.1% of the automobile insurance market share. During 1Q15, large companies decreased 0.4 percentage points in terms of market share when compared to 1Q14. On the other hand, medium and small companies increased 0.2 percentage points each.

Market Share Automobile Insurance



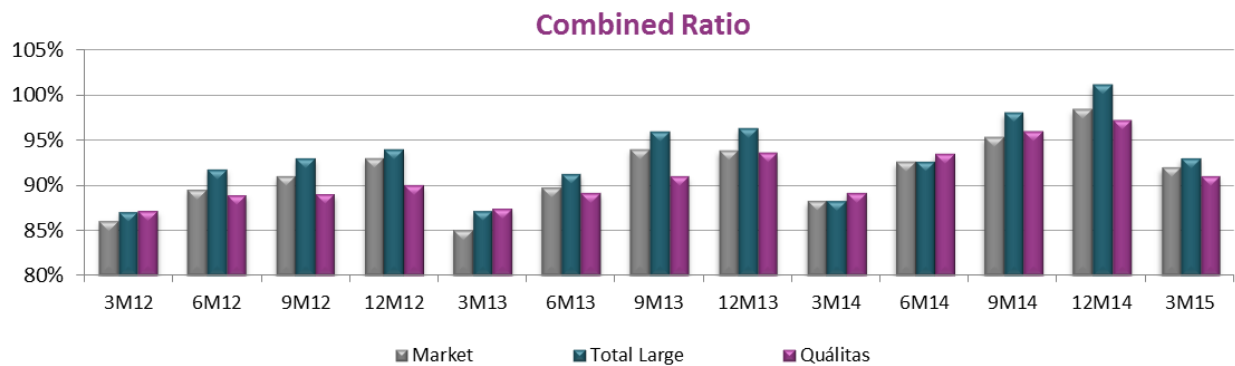
Q remains well positioned amongst key segments of the market. The Company is placed in the first two spots in every business line in terms of market share penetration.

Breakdown of the Automobile Insurance Market			
	Premiums Written	Q's Participation	Q's Postition
Cars	\$13,623	20.7%	1
Trucks	\$5,280	34.3%	1
Tourists	\$291	14.9%	2
Other	\$223	26.2%	1
Total	\$19,416	24.3%	1

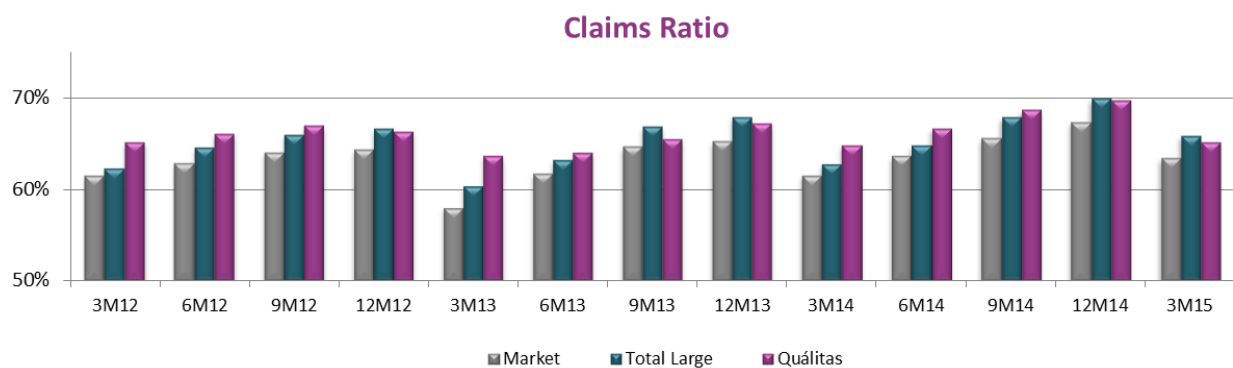
Costs

Combined ratio for the industry reached 92%, a figure higher than 88% registered in 1Q14. The five largest companies recorded 93% combined ratio, while Q registered 91%.

The combined ratio for the industry, without Insurance Companies from Financial Groups, reached 96%.



The industry recorded higher claims ratio when compared to the same period 2014. Accordingly, claims ratio of the five largest companies increased to 66% from 63%, whereas Q's claims ratio remained at 65%.



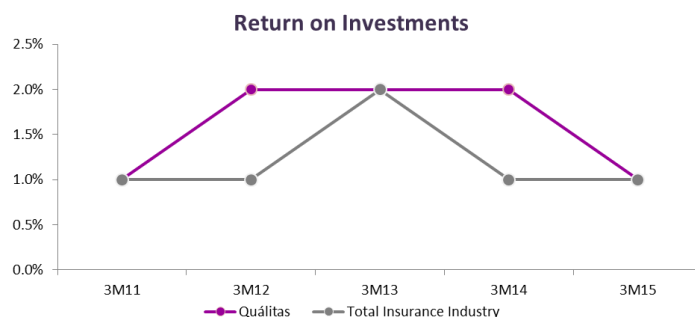
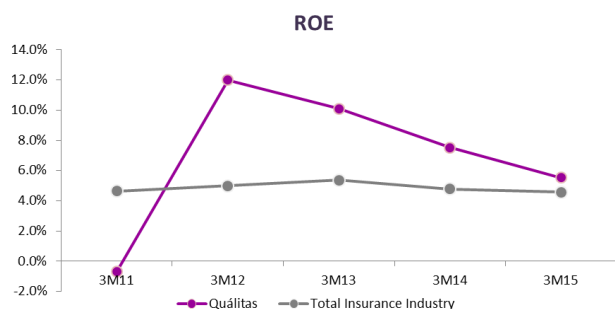
Insurance Industry Profitability

Following is the comparative chart of profitability between insurance companies which shows a 5% ROE for the whole industry during 1Q15.

It is important to highlight that ROE computation is not available by industry segment, since the existing information is obtained from consolidated figures. The ROE is calculated considering profit from all segments for the last three months.

During 1Q15, **Q** registered a 6% ROE.

	Company	Total Premiums 3M15	Return on investments 3M15	ROE 3M15	ROE 3M14
1	Metlife México	12,917	2%	5%	6%
2	G.N.P.	11,460	1%	5%	6%
3	AXA Seguros	7,278	2%	2%	5%
4	Banamex	6,824	1%	7%	9%
5	BBVA Bancomer	6,482	1%	11%	10%
6	Banorte	5,438	1%	10%	11%
7	Monterrey New York Life	5,254	1%	1%	3%
8	Inbursa	5,170	0%	2%	-1%
9	Qualitas	4,725	1%	6%	8%
10	Mapfre México	4,190	1%	1%	1%
11	Atlas	2,282	1%	3%	2%
12	Allianz México	1,907	1%	-1%	5%
13	Aba/Seguros	1,824	1%	4%	8%
14	ACE Seguros	1,717	1%	21%	7%
15	Zurich Santander	1,602	1%	13%	13%
	SMALL	14,763	1%	1%	1%
	MARKET (73 Comp)	93,834	1%	5%	5%



ROE=Net Result/ Stockholders' Equity. It is an effective rate as published by AMIS.

Qualitas investments are mark-to-market, while other Insurance Companies may value their investments with different accounting principles.

Quálitas Controladora (QC) 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 “QC” (Bloomberg: QC: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

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