



2Q15
Mexico

Automobile Insurance Industry Report



Mexico City, August 12, 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

In contrast to previous reports, throughout this paper figures are calculated based on earned premiums, since it is a less volatile indicator, nevertheless, all information regarding written premiums is included as well.

This report highlights the nominal growth in earned premiums of 5.7% registered by the Auto Insurance Industry in Mexico during the first half of 2015. On a Company basis, two of the largest companies recorded a significant growth on earned premiums. It is important to mention that inflation rate for the last twelve months was 2.9%.

Automobile financing continued gaining market increasing to 62.2% from 59.0% as a percentage of total new car sales, driven by financial branches of automakers, whereas new light car sales grew 21.9% during the first six months of the year.

Regarding costs, Industry recorded a combined ratio of 95%, a higher figure when compared to 93% registered last year. This change is mainly the result of an increase of two additional points on the claims ratio.

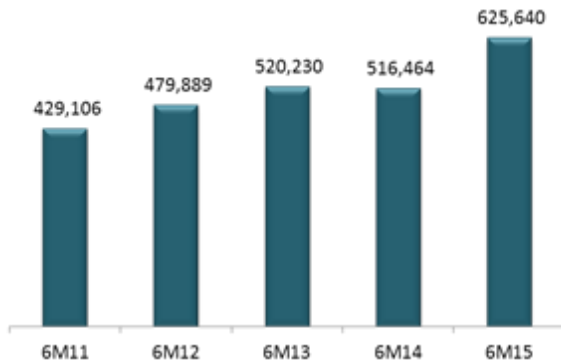
In order to have a better analysis of the Industry, we divided insurance companies belonging to financial groups because some of these companies do cross selling with the bank's customers and have different costs structures. With this breakdown, it is possible to have a comparison of combined ratios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

	Earned Premiums	Growth 6M15-6M14	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	8,148	11.0%	280	334	421	67%	93%
Others (25)	17,925	3.6%	(516)	809	525	67%	102%
Insurance Companies (26)	26,073	5.8%	(236)	1,143	946	67%	99%
Insurance Companies from Financial Groups (11)	6,419	5.3%	1,059	612	1,395	61%	83%
TOTAL MARKET (37 Comp)	32,492	5.7%	823	1,755	2,341	66%	95%

Combined ratio, without the insurance companies belonging to financial groups, amounted to 99%, whereas Quálitas recorded a 93% combined ratio.

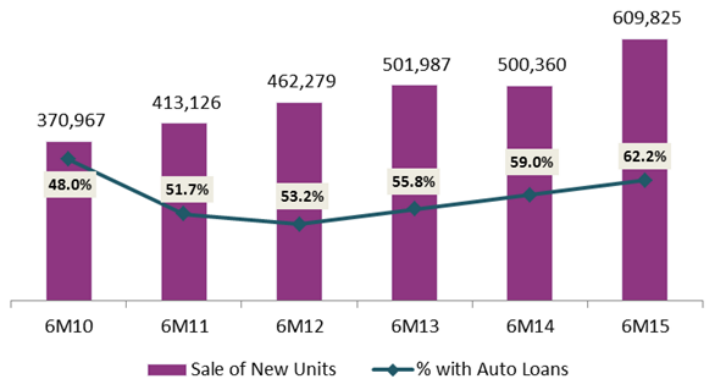
Automobile Industry and Automobile Financing

Nationwide Sales of New Vehicles¹ (Automobiles & Trucks)



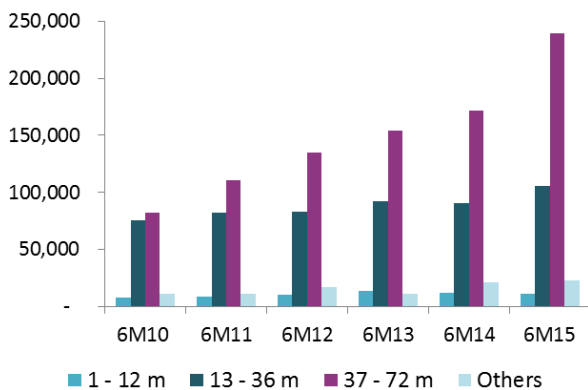
Sales of new units increased 21.1% during the first half of the year when compared to 2014 totaling 625,640 units.

Automobile Financing²



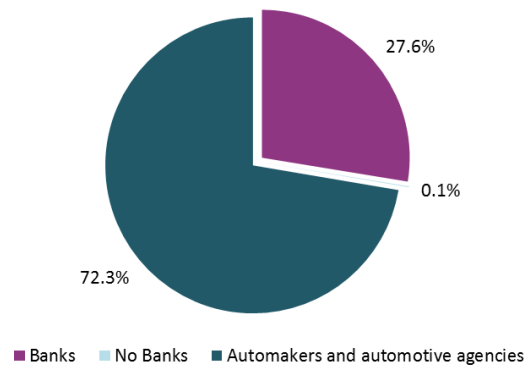
During 2014, automobile financing continued to recover; 62.2% of the sales of new cars were sold by credit, higher than last year's figure.

Financing Term²



As of June 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.

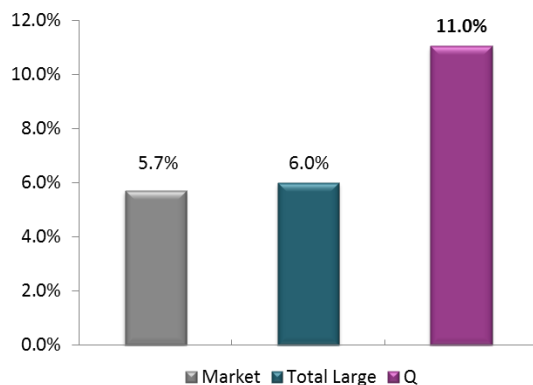
²Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, nor operating or financial leasing).

Automobile Insurance Industry

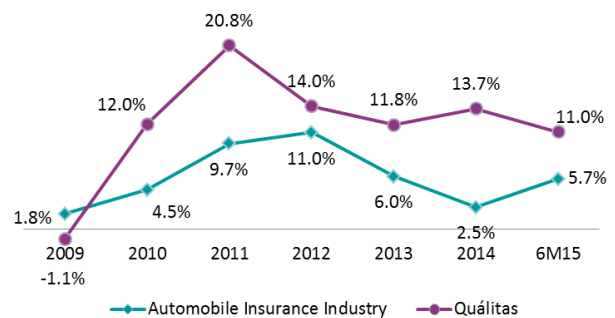
Total earned premiums by the market amounted to \$32,492 during the semester, a 5.7% increase. Among large companies, two of them registered important growth rates. The five largest companies grew 6.0%, medium companies 4.6%, and the small companies 10.4%

Market's net profit decreased 31.3% when compared to last year's figure. This is mainly explained by the decrease of 55.0% and 16.1% of the operating result and the investment income, respectively.

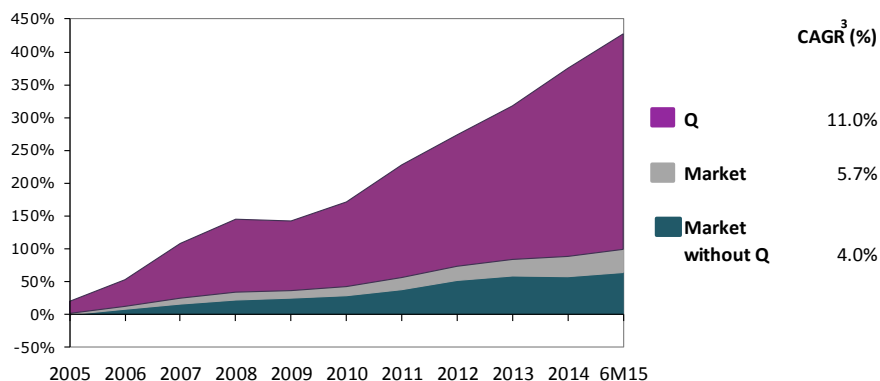
**Growth in Earned Premiums
6M15 vs 6M14**



**Growth of Automobile
Insurance Industry**



**Growth in Earned Premiums
Base 2005 = 0**



³ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 6M15

(Figures in millions of pesos)

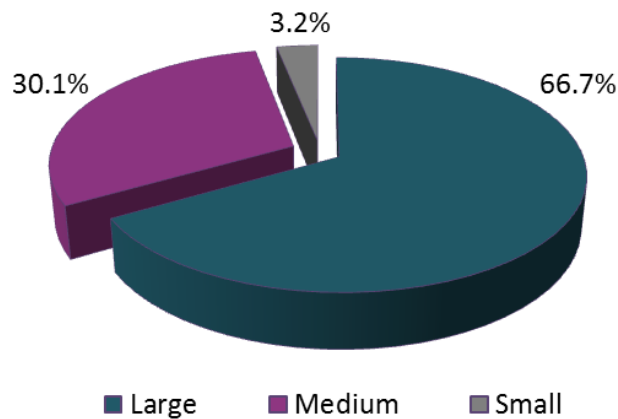
Company	Earned Premiums	Market Share (earned)	Growth 6M15 - 6M14	Written Premiums	Market Share (written)
1 Quálitas	8,148	25.1%	11.0%	9,314	25.5%
2 AXA Seguros	4,935	15.2%	-8.3%	4,326	11.8%
3 G.N.P.	4,377	13.5%	16.4%	4,664	12.8%
4 Inbursa	2,135	6.6%	3.8%	2,011	5.5%
5 Mapfre México	2,076	6.4%	8.9%	2,237	6.1%
LARGE	21,670	66.7%	6.0%	22,551	61.7%
6 Banorte	2,067	6.4%	6.3%	2,397	6.6%
7 BBVA Bancomer	1,600	4.9%	2.1%	1,891	5.2%
8 Aba/Seguros	1,438	4.4%	-12.4%	2,752	7.5%
9 HDI Seguros	1,399	4.3%	29.1%	1,707	4.7%
10 Zurich Daños	846	2.6%	0.9%	1,179	3.2%
11 Atlas	774	2.4%	-2.2%	839	2.3%
12 General de Seguros	559	1.7%	48.3%	715	2.0%
13 Afirme	445	1.4%	18.9%	493	1.3%
14 ANA	374	1.2%	-13.6%	440	1.2%
15 Royal & Sunalliance	293	0.9%	-5.3%	295	0.8%
MEDIUM	9,794	30.1%	4.6%	12,707	34.8%
SMALL	1,028	3.2%	10.4%	1,282	3.5%
MARKET (37 Comp)	32,492	100%	5.7%	36,541	100%

Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
1 Quálitas	280	334	421	67%	93%
2 AXA Seguros	-43	211	107	73%	105%
3 G.N.P.	72	110	171	63%	96%
4 Inbursa	284	57	291	59%	88%
5 Mapfre México	7	59	53	61%	97%
LARGE	600	772	1,043	66%	96%
6 Banorte	389	112	349	62%	79%
7 BBVA Bancomer	285	418	624	59%	79%
8 Aba/Seguros	-88	106	164	71%	107%
9 HDI Seguros	-91	52	20	64%	99%
10 Zurich Daños	-130	40	-15	58%	104%
11 Atlas	24	36	45	70%	95%
12 General de Seguros	-122	90	-25	87%	114%
13 Afirme	-26	23	5	70%	102%
14 ANA	-50	33	-17	67%	117%
15 Royal & Sunalliance	-73	14	-37	64%	124%
MEDIUM	119	923	1,113	65%	95%
SMALL	104	61	185	59%	88%
MARKET (37 Comp)	823	1,755	2,341	66%	95%

Market Share

The five largest companies in the industry accounted for 66.7% of the automobile insurance market share. During the first six months of the year, large companies increased 0.1 percentage points in terms of market share when compared to the same period 2014. On the other hand, medium companies decreased 0.2 percentage points and small companies increased 0.1 percentage points.

Market Share Automobile Insurance



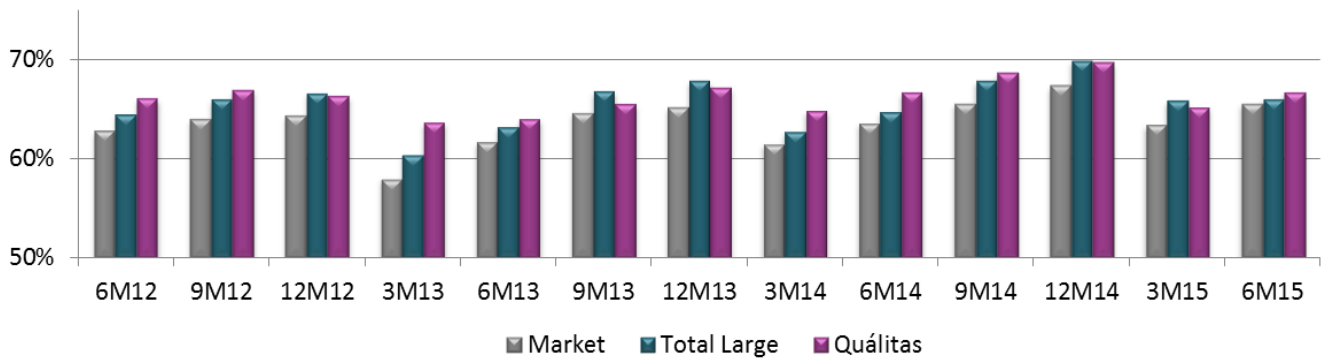
Q remains well positioned amongst key segments of the market. The Company is placed in the first two spots in every business line in terms of market share penetration.

Breakdown of the Automobile Insurance Market			
	Premiums Written	Q's Participation	Q's Postition
Cars	\$5,697	22.5%	1
Trucks	\$3,390	32.9%	1
Tourists	\$89	18.6%	2
Other	\$138	28.8%	1
Total	\$9,314	25.5%	1

Costs

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 65%, whereas Q's claims ratio remained at 67%.

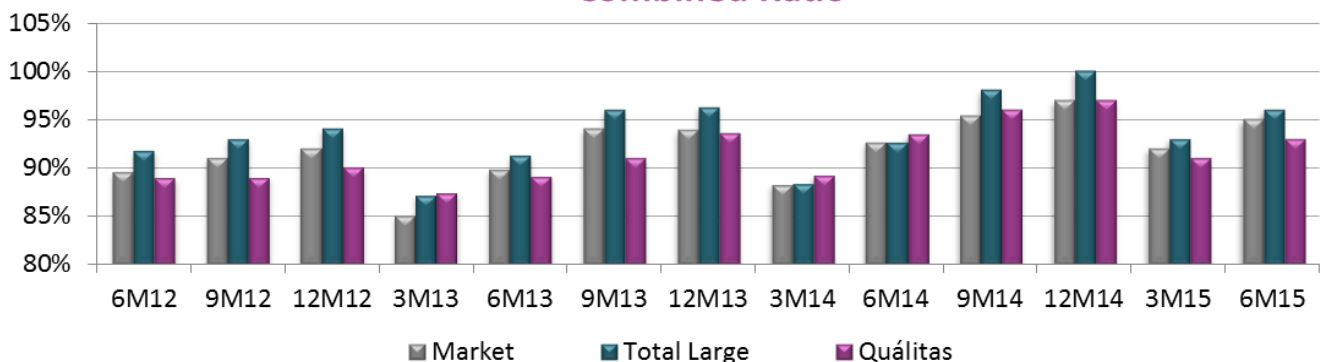
Claims Ratio



Combined ratio for the industry reached 95%, a figure higher than the 93% registered during the first six months of 2014. The five largest companies recorded 96% combined ratio, while Q registered 93%.

The combined ratio for the industry, without Insurance Companies from Financial Groups, reached 99%.

Combined Ratio



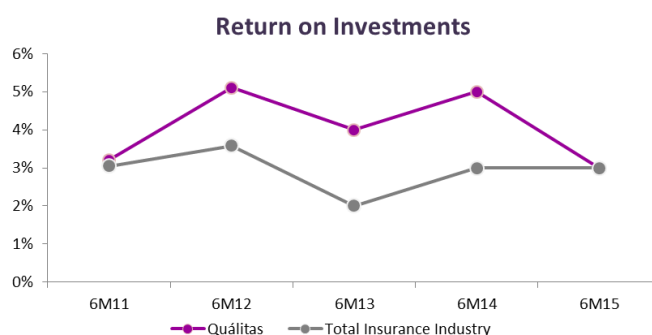
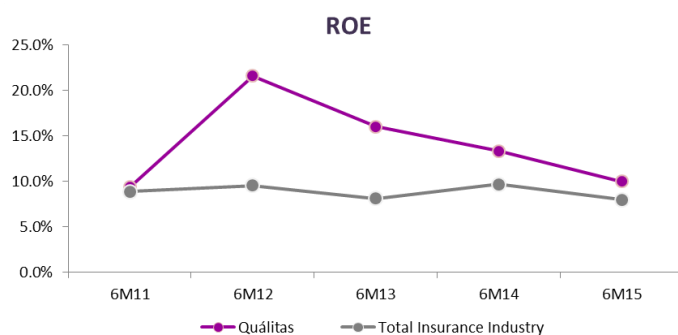
Insurance Industry Profitability

Following is the comparative chart of profitability between insurance companies which shows a 8% ROE⁴ for the whole industry during the first half of 2015.

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 six months.

During the first six months of the year, **Q** registered a 10% ROE.

	Company	Earned Premiums 6M15	Return on investments ⁵ 6M15	ROE 6M15	ROE 6M14
1	Metlife México	18,081	4%	10%	11%
2	G.N.P.	17,204	2%	6%	7%
3	AXA Seguros	13,212	3%	5%	9%
4	BBVA Bancomer	8,497	2%	18%	22%
5	Qualitas	8,149	3%	10%	13%
6	Monterrey New York Life	7,787	3%	6%	5%
7	Banamex	7,489	2%	12%	16%
8	Banorte	5,827	3%	21%	18%
9	Inbursa	5,686	2%	4%	2%
10	Mapfre México	4,505	2%	3%	5%
11	Zurich Santander	3,053	3%	25%	24%
12	Atlas	2,410	2%	4%	6%
13	Allianz México	1,811	2%	2%	18%
14	HDI Seguros	1,570	3%	1%	0%
15	Aba/Seguros	1,562	3%	8%	13%
	SMALL	16,443	3%	3%	4%
	MARKET (71 Comp)	123,287	3%	8%	10%



⁴ ROE=Net Result/ Stockholders' Equity. It is an effective rate as published by AMIS.

⁵ Qualitas investments are mark-to-market, while other Insurance Companies may value their investments with different accounting principles

Quálitas Controladora (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

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