



4Q15
Mexico

Automobile Insurance Industry Report



Mexico City, February 25, 2016

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

Introduction

This report highlights the nominal growth in written premiums of 10.3% registered by the Auto Insurance Industry in Mexico during 2015. It is important to mention that the inflation rate for the last twelve months was 2.13%.

Automobile financing for new car sales continued gaining market increasing to 62.0% from 60.0%, driven by financial branches of automakers, whereas new light car sales grew 19.0% during the year.

Regarding costs, Industry recorded a combined ratio of 99%, a higher figure when compared to 97% registered last year. This change is mainly the result of an increase on claims ratio.

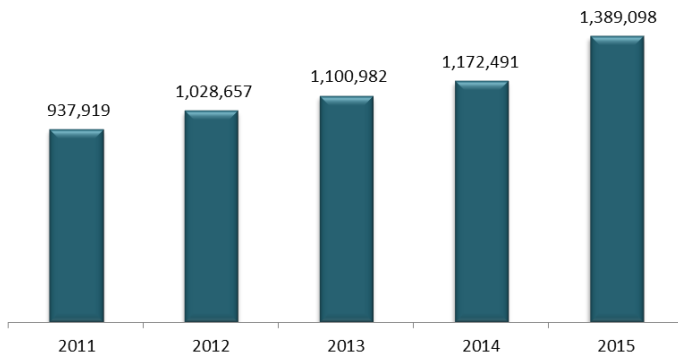
In order to have a better analysis of the Industry, we divided bank-owned insurance companies because some of these companies do cross selling with the bank's customers and have different costs structures. With this breakdown, it is possible to have a comparison of combined ratios between different market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

	Written Premiums	Growth 2015-2014	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	19,168	12.4%	47	862	619	70%	96%
Other (23)	42,693	9.5%	(2,592)	1,770	(174)	69%	99%
Sum Insurance Companies (24)	61,861	10.4%	(2,545)	2,632	445	69%	102%
Bank-owned (11)	13,780	10.0%	1,436	1,250	2,121	64%	87%
TOTAL MARKET (35 Comp)	75,641	10.3%	(1,109)	3,881	2,566	69%	99%

Combined ratio without the bank-owned insurance companies was 102%, whereas Quálitas recorded a 96% combined ratio.

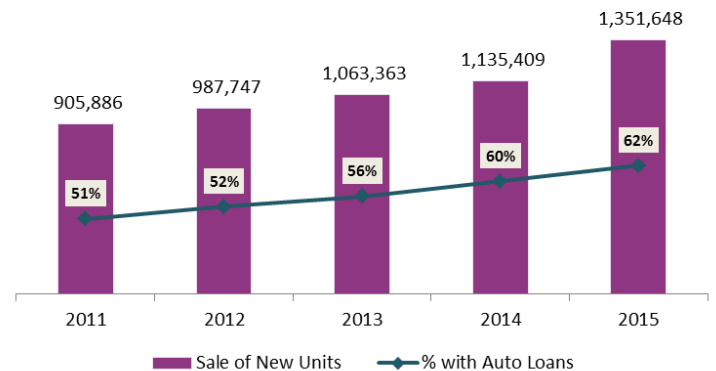
Automobile Industry and Automobile Financing

Nationwide Sales of New Vehicles¹ (Automobiles & Trucks)



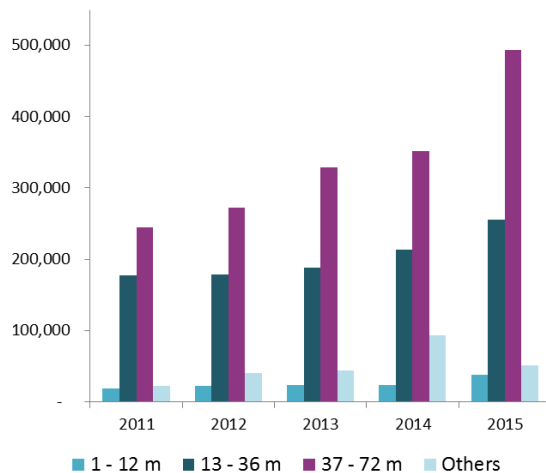
Sales of new units (automobiles & trucks) increased 18.5% during the year when compared to 2014, totaling 1,389,098 units.

Automobile Financing²



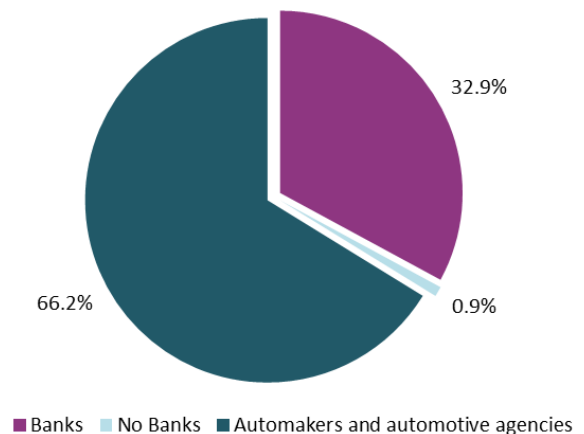
During 2015, automobile financing continued to grow, 62% of the sales of new cars were sold by credit, figure higher than last year's.

Financing Term²



During 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.

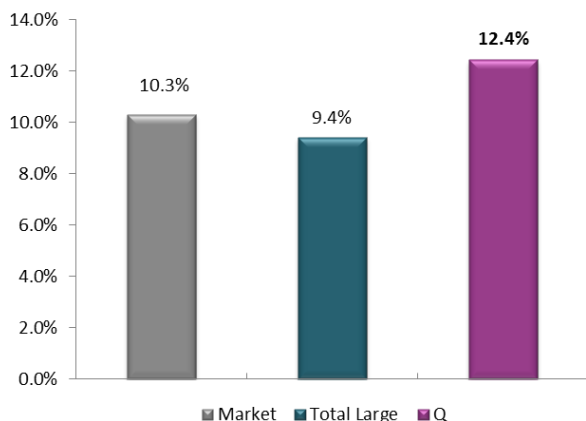
²Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, nor operating or financial leasing).

Automobile Insurance Industry

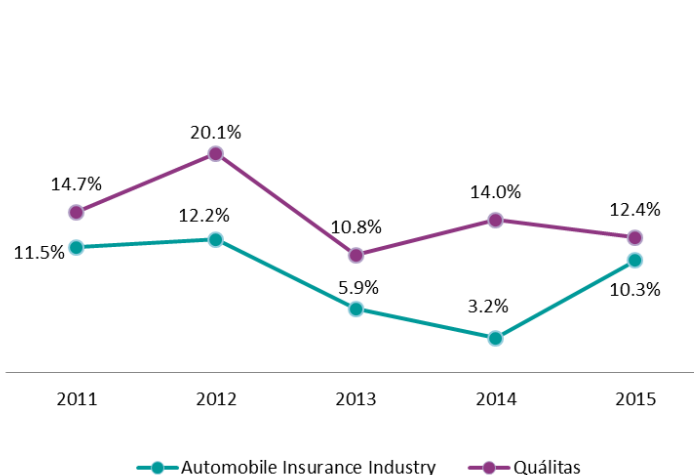
The market recorded total written premiums of \$75,641 in 2015, a 10.3% increase in comparison to the previous year. The five largest companies grew 9.4%, medium companies 12.0%, and the small companies 12.1%.

Market's net profit decreased 43.0% when compared to last year's figure. This is mainly explained by a negative operating result of \$1,109 and a decrease of 2.1% on the investment income.

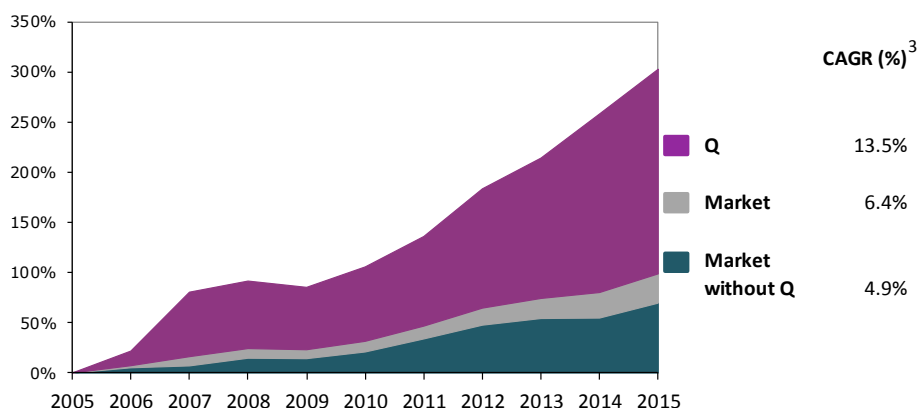
**Growth in Written Premiums
2015 vs 2014**



**Growth of Automobile
Insurance Industry**



**Growth in Written Premiums
Base 2005**



³ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 2015

(Figures in millions of pesos)

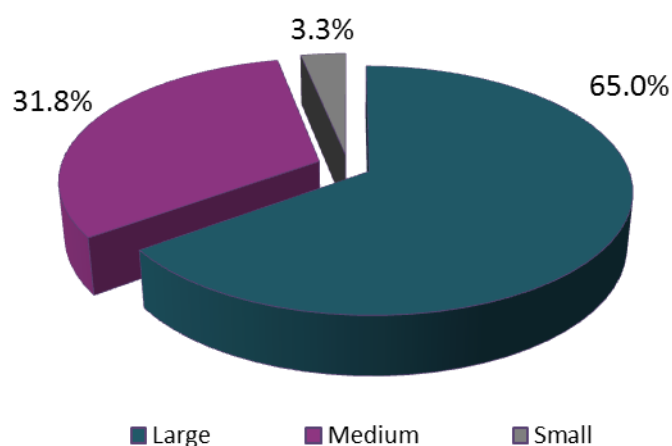
	Company	Written Premiums	Market Share (written)	Growth Written 2015 - 2014	Earned Premiums	Growth Earned 2015 - 2014
1	Qualitas	19,168	25.3%	12.4%	16,855	10.4%
2	G.N.P.	10,803	14.3%	26.3%	9,407	17.4%
3	AXA Seguros	9,162	12.1%	(4.6%)	9,899	(3.9%)
4	Aba/Seguros	5,260	7.0%	(0.6%)	2,849	(5.6%)
5	Mapfre México	4,771	6.3%	7.6%	4,298	8.2%
	LARGE	49,164	65.0%	9.4%	43,309	6.7%
6	Banorte	4,480	5.9%	9.1%	4,297	9.0%
7	Inbursa	4,243	5.6%	10.7%	4,091	1.3%
8	HDI Seguros	3,815	5.0%	39.7%	3,157	32.1%
9	BBVA Bancomer	3,483	4.6%	5.2%	3,230	3.5%
10	Zurich Daños	2,523	3.3%	0.3%	1,755	2.7%
11	Atlas	1,787	2.4%	15.0%	1,628	3.9%
12	General de Seguros	1,171	1.5%	21.6%	1,143	41.9%
13	Afirme	1,054	1.4%	21.3%	1,004	28.7%
14	ANA	851	1.1%	(15.0%)	697	(16.6%)
15	Royal & Sunalliance	610	0.8%	9.8%	593	(3.3%)
	MEDIUM	24,017	31.8%	12.0%	21,595	9.1%
	SMALL	2,461	3.3%	12.1%	2,044	9.5%
	MARKET (35 Comp)	75,641	100%	10.3%	66,948	7.6%

	Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
1	Qualitas	47	862	619	70%	96%
2	G.N.P.	(221)	267	102	64%	97%
3	AXA Seguros	(651)	469	(163)	76%	109%
4	Aba/Seguros	(79)	194	304	70%	104%
5	Mapfre México	(170)	117	(50)	64%	100%
	LARGE	(1,075)	1,909	813	69%	100%
6	Banorte	692	240	657	66%	83%
7	Inbursa	106	115	188	66%	96%
8	HDI Seguros	(276)	168	27	67%	102%
9	BBVA Bancomer	473	834	1,052	62%	84%
10	Zurich Daños	(379)	53	(165)	64%	109%
11	Atlas	(6)	64	58	73%	98%
12	General de Seguros	(277)	240	(40)	94%	124%
13	Afirme	(42)	47	7	66%	102%
14	ANA	(30)	39	21	64%	106%
15	Royal & Sunalliance	(155)	24	(57)	68%	125%
	MEDIUM	106	1,824	1,747	67%	97%
	SMALL	(140)	149	6	64%	103%
	MARKET (35 Comp)	(1,109)	3,881	2,566	69%	99%

Market Share

The five largest companies in the industry accounted for 65.0 % of automobile insurance market share. In 2015, large companies lost 0.5 percentage points in terms of market share when compared to the same period 2014. On the other hand, medium and small companies increased 0.4 and 0.1 percentage points respectively.

Market Share Automobile Insurance

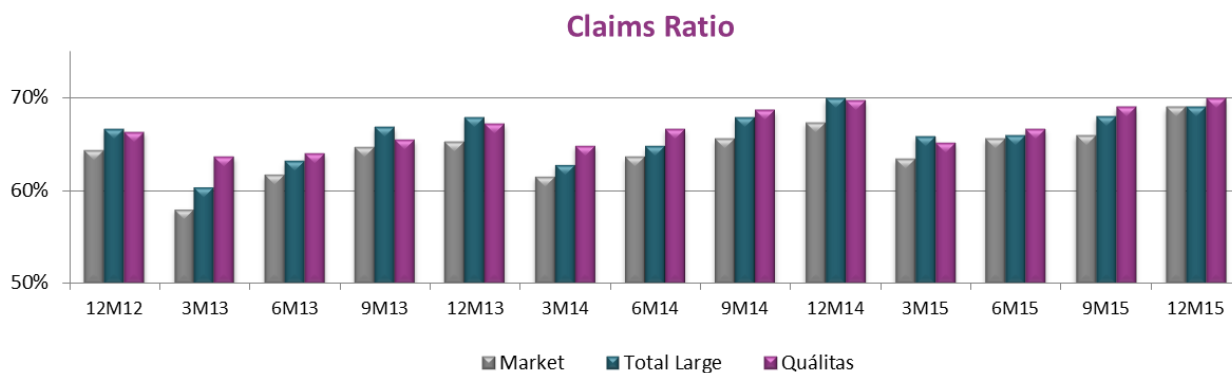


Q remains well positioned amongst key segments of the market. The Company is placed in the first two spots in every business line in terms of market share penetration.

Breakdown of the Automobile Insurance Market			
	Written Premiums	Q's Participation	Q's Position
Cars	\$11,911	22.5%	1
Trucks	\$6,840	33.1%	1
Tourists	\$182	20.0%	1
Other	\$234	20.4%	2
Total	\$19,168	25.3%	1

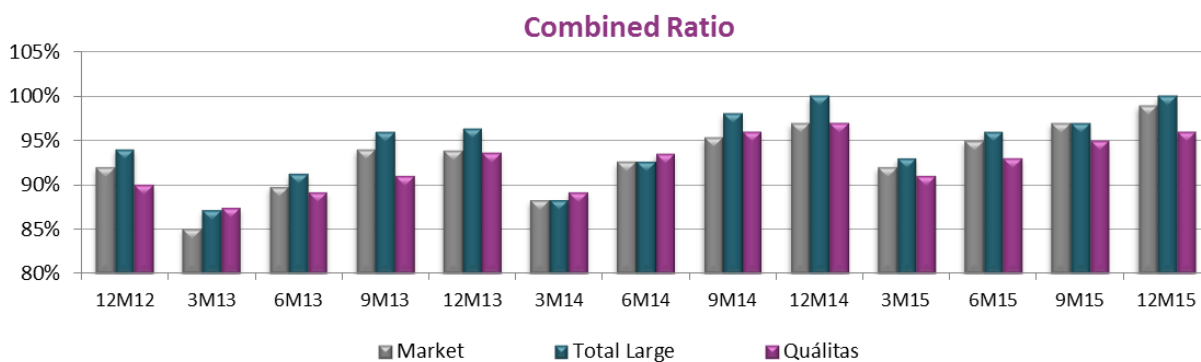
Costs

The industry recorded higher claims ratio when compared to the same period 2014. Claims ratio of the five largest companies decreased to 69% from 70%, Q's claims remained at 70%.



Combined ratio for the industry reached 99%, a figure higher than the 97% registered during last year. The five largest companies recorded 100% combined ratio, while **Q** registered 96%.

Combined ratio for the industry, without Bank-owned Insurance Companies, reached 102%.



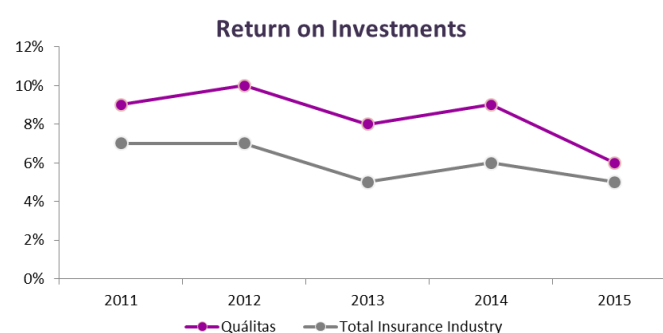
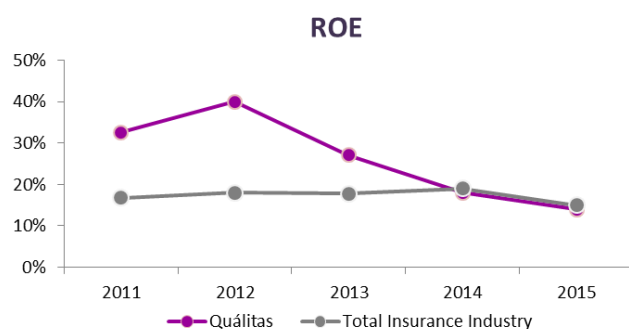
Insurance Industry Profitability

Following is the comparative chart of profitability among insurance companies which shows an ROE⁴ of 15% for the whole industry during 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 LTM profit from all segments.

During this period, **Q** registered a 14% ROE.

Company		Written Premiums	Return on investments ⁵	ROE 2015	ROE 2014
		2015	2015		
1	Metlife México	53,467	8%	25%	29%
2	G.N.P.	46,565	5%	3%	3%
3	AXA Seguros	31,078	7%	3%	4%
4	Banamex	22,421	3%	22%	25%
5	Mapfre México	21,467	4%	(3%)	11%
6	BBVA Bancomer	21,037	4%	38%	44%
7	Monterrey New York Life	20,895	5%	11%	11%
8	Qualitas	19,170	6%	14%	18%
9	Inbursa	18,433	3%	4%	12%
10	Banorte	17,078	5%	35%	35%
11	Allianz México	9,258	3%	7%	23%
12	Atlas	8,608	4%	4%	7%
13	Zurich Santander	7,383	6%	57%	54%
14	Aba/Seguros	6,258	5%	19%	22%
15	Zurich Daños	5,937	3%	(51%)	(16%)
SMALL		53,836	6%	4%	9%
MARKET (72 Comp)		362,892	5%	15%	19%



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 (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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