

4Q14

Automobile Insurance Industry Report



Mexico



Mexico City, February 17, 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 weak nominal growth of 3.2% registered by the Industry as a whole during 2014. On a Company basis, growth rates on written premiums registered by Quálitas and Mapfre are remarkable. It is important to mention that inflation rate for the year was 4.0%.

Automobile financing increased to 60.1% from 56.3% as a percentage of total new car sales, driven by financial branches of automakers. However, industry growth was below the 6.8% increase in new cars sales.

Regarding costs, Industry recorded a combined ratio of 97%, a higher figure when compared to the 94% registered in 2013. This increase can be largely explained because the year was affected by severe weather conditions, such as heavy rains, hail and hurricanes, in addition to higher third party liability costs.

In order to have a better analysis on 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.

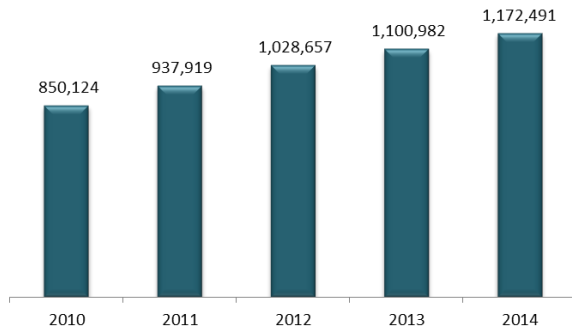
	Written Premiums	Growth 2014-2013	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	17,049	14.0%	(95)	994	680	70%	97%
Others (25)	39,016	-0.8%	(985)	1,762	1,234	68%	102%
Insurance Companies (26)	56,065	3.3%	(1,080)	2,757	1,914	69%	100%
Insurance Companies from Financial Groups (10)	12,503	2.7%	2,056	1,208	2,592	61%	82%
TOTAL MARKET (36 Comp)	68,568	3.2%	976	3,964	4,506	67%	97%

Combined ratio, without the insurance companies belonging to financial groups, amounts to 100%. Quálitas recorded 97% combined ratio, whereas the rest of the market registered a 102% combined ratio.



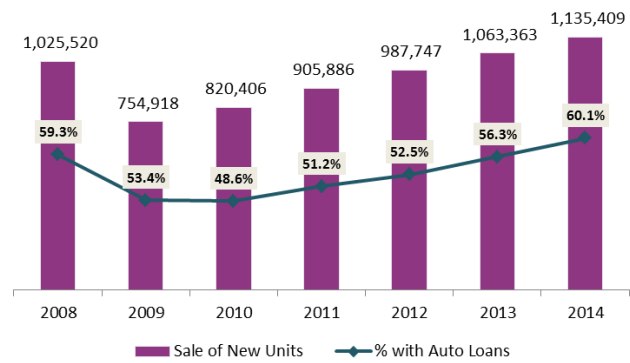
Automobile Industry and Automobile Financing

Nationwide Sales of New Vehicles¹ (Automobiles & Trucks)



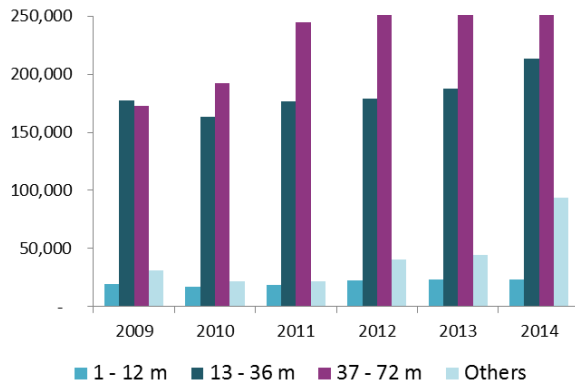
Sales of new units increased 6.5% when compared to 2013, finishing the year with 1,172,491 units.

Automobile Financing²



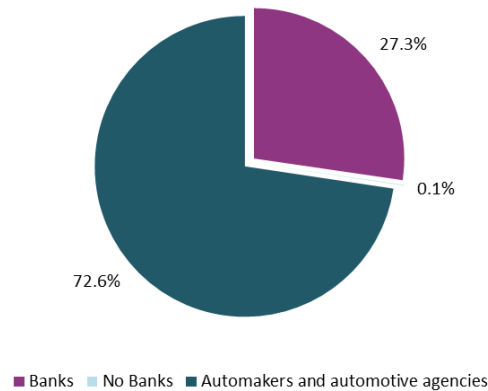
During 2014, automobile financing continued to show a recovery; 60.1% of the sales of new cars were sold by credit, a figure higher than last year's, but still below 2007 number.

Financing Term²



In 2014, most car loans had a duration of 36, 48 and 60 months. The duration of the loans has been increasing for 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).

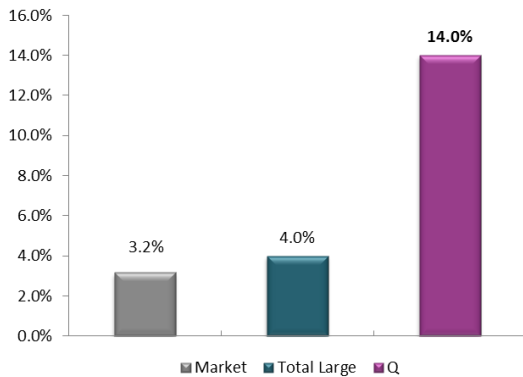


Automobile Insurance Industry

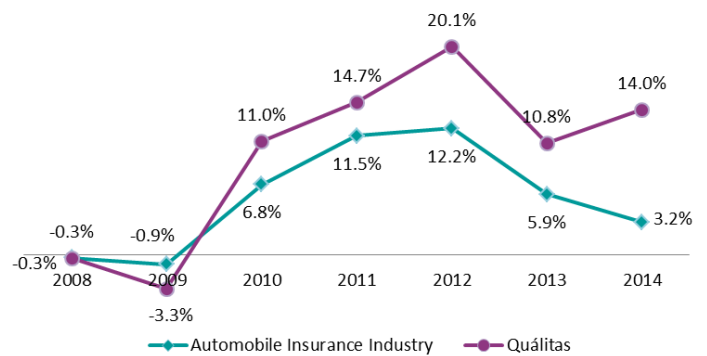
Total written premiums by the market amounted to \$68,568, growing 3.2%. Among large companies, two of them registered important growth rates, well above market's figure. On the other hand, some medium size companies also showed significant increases. The five largest companies grew 4.0%, medium companies 1.8%, and the small companies 0.2%.

The market's net profit decreased 25.0% when compared to last year's figure. This is mainly explained by the increase of more than two percentage points in combined ratio, which offset the 2.9% growth in investment income.

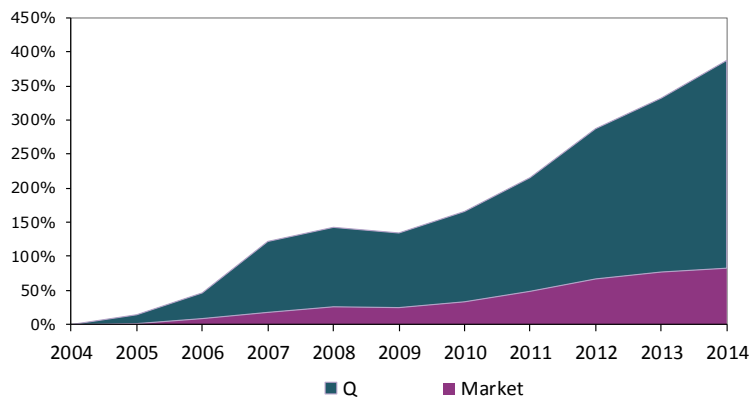
Growth in Written Premiums 2014 vs 2013



Growth of Automobile Insurance Industry



Growth in Written Premiums Base 2004 = 0



CAGR (%)

16.8%

6.9%



Automobile Insurance Industry 2014

(Figures in millions of pesos)

Company	Written Premiums	Market Share (written)	Growth 2014 - 2013	Earned Premiums	Market Share (earned)
1 Quálitas	17,049	24.9%	14.0%	15,272	24.5%
2 AXA Seguros	9,607	14.0%	-12.3%	10,298	16.5%
3 G.N.P.	8,552	12.5%	3.6%	8,013	12.9%
4 Aba/Seguros	5,291	7.7%	2.5%	3,019	4.9%
5 Mapfre México	4,434	6.5%	14.2%	3,974	6.4%
LARGE	44,933	65.5%	4.0%	40,576	65.2%
6 Banorte	4,105	6.0%	12.9%	3,942	6.3%
7 Inbursa	3,834	5.6%	-11.3%	4,039	6.5%
8 BBVA Bancomer	3,312	4.8%	4.1%	3,122	5.0%
9 HDI Seguros	2,731	4.0%	10.4%	2,389	3.8%
10 Zurich Daños	2,516	3.7%	-4.8%	1,708	2.7%
11 Atlas	1,555	2.3%	-4.8%	1,566	2.5%
12 ANA	1,001	1.5%	-2.1%	836	1.3%
13 General de Seguros	963	1.4%	31.4%	806	1.3%
14 Afirme	868	1.3%	18.3%	780	1.3%
15 Royal & Sunalliance	556	0.8%	-19.3%	614	1.0%
MEDIUM	21,441	31.3%	1.8%	19,800	31.8%
SMALL	2,195	3.2%	0.2%	1,806	2.9%
MARKET (36 Comp)	68,568	100%	3.2%	62,243	100%

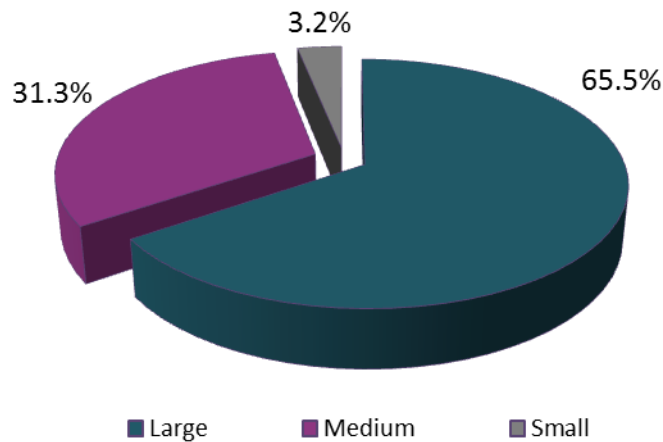
Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
1 Quálitas	-95	994	680	70%	97%
2 AXA Seguros	-453	563	188	76%	107%
3 G.N.P.	-87	318	186	65%	99%
4 Aba/Seguros	132	248	567	70%	99%
5 Mapfre México	-14	127	78	64%	97%
LARGE	-517	2,250	1,700	70%	100%
6 Banorte	777	212	696	62%	80%
7 Inbursa	309	184	408	63%	94%
8 BBVA Bancomer	761	806	1,252	58%	75%
9 HDI Seguros	-36	153	180	63%	97%
10 Zurich Daños	-174	54	39	55%	98%
11 Atlas	105	82	143	69%	94%
12 ANA	-43	27	-16	67%	107%
13 General de Seguros	-33	64	34	67%	98%
14 Afirme	5	40	38	64%	96%
15 Royal & Sunalliance	-189	33	-111	73%	137%
MEDIUM	1,481	1,655	2,663	62%	91%
SMALL	33	50	154	63%	97%
MARKET (36 Comp)	976	3,964	4,506	67%	97%



Market Share

The five largest companies in the industry accounted for 65.5% of the automobile insurance market share. During 2014, large companies decreased 0.3 percentage points in terms of market share when compared to 2013. On the other hand, medium and small companies increased by 0.2 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.

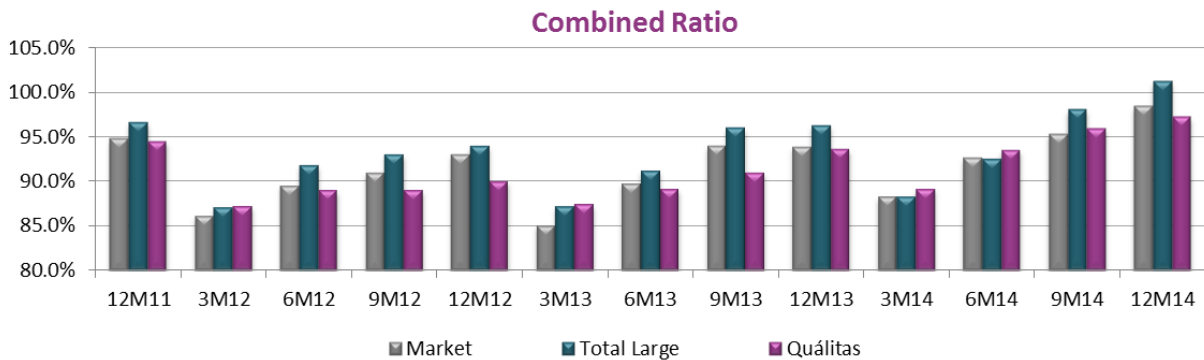
Breakdown of the Automobile Insurance Market			
	Premiums Written	Q's Participation	Q's Position
Cars	\$47,831	22.6%	1
Trucks	\$19,047	31.0%	1
Tourists	\$690	19.5%	2
Other	\$1,001	19.1%	2
Total	\$68,568	24.9%	1



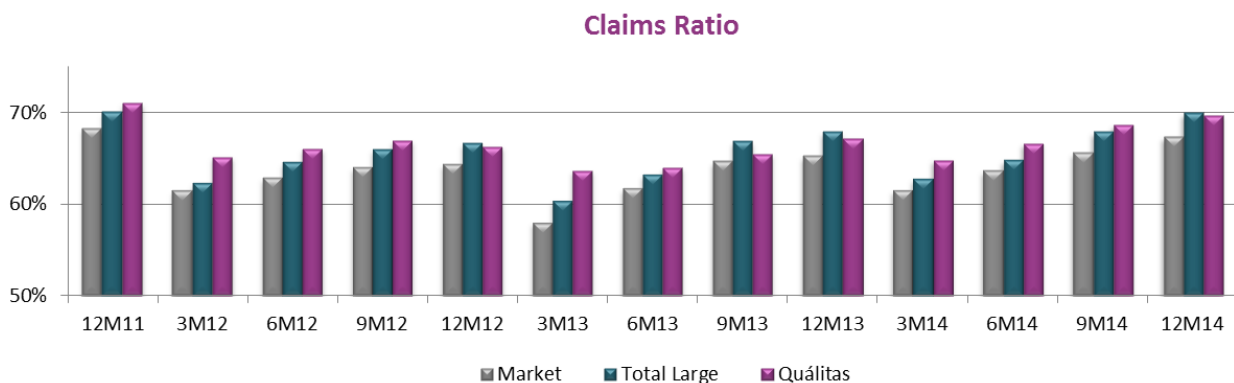
Costs

Combined ratio for the industry reached 97%, a figure higher than 94% registered in 2013. The five largest companies recorded a 100% combined ratio, while Q registered 97%.

The combined ratio for the industry, without Insurance Companies from Financial Groups, reached 100%.



The industry recorded higher claims ratio when compared to the previous quarters. If the ratios as of December 2014 are compared to last year's figures, there is also an important increase. Accordingly, industry claims ratio increased from 65% to 67%, that of the five largest companies from 69% to 70%, and Q's claims ratio increased from 67% to 70%.





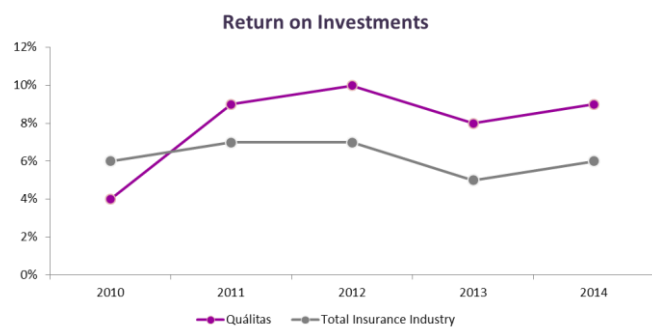
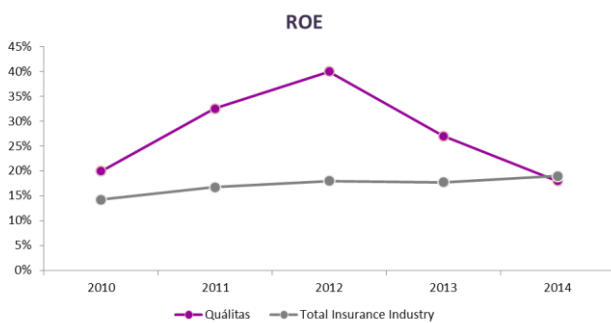
Insurance Industry Profitability

Following is the comparative chart of profitability between insurance companies which shows a 19% ROE for the whole industry during 2014.

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 twelve months.

During 2014, **Q** registered an 18% ROE.

	Company	Total Premiums 2014	Return on investments 2014	ROE 2014	ROE 2013
1	Metlife México	51,054	8%	29%	20%
2	G.N.P.	40,342	5%	3%	13%
3	AXA Seguros	29,671	6%	4%	-4%
4	Banamex	22,551	4%	25%	23%
5	BBVA Bancomer	20,513	4%	44%	43%
6	Inbursa	19,232	6%	12%	15%
7	Monterrey New York Life	18,427	5%	11%	8%
8	Banorte	17,079	6%	35%	29%
9	Quálitas	17,049	9%	18%	27%
10	Mapfre México	13,074	5%	11%	15%
11	Atlas	7,842	6%	7%	9%
12	Allianz México	7,732	7%	23%	6%
13	Zurich Santander	6,686	6%	54%	59%
14	Aba/Seguros	6,181	6%	22%	31%
15	Zurich Daños	5,346	4%	-2%	-17%
	SMALL	45,747	6%	9%	11%
	MARKET (72 Comp)	328,524	6%	19%	18%



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

Quálitas 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) AMIA. Asociación Mexicana de la Industria Automotriz, A.C., (Mexican Association of the Automobile Industry); www.amia.com.mx
- 3) 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
- 4) AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C.(Mexican Association of Automotive Suppliers) ; www.amda.mx
- 5) 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 Contacts:

Antonia Gutiérrez

agutierrez@qualitas.com.mx

T: +52 (55) 1555-6102

Mariana Fernández

mfernandez@qualitas.com.mx

T: +52 (55) 1555-6103

www.qualitas.com.mx