

3Q15
Mexico

Automobile Insurance Industry Report



Mexico City, November 13, 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

Throughout this paper figures are calculated based on earned premiums, since it is a less volatile indicator, nevertheless, information regarding written premiums is included as well.

This report highlights the nominal growth in earned premiums of 6.3% registered by the Auto Insurance Industry in Mexico during the first nine months of 2015. It is important to mention that the inflation rate for the last twelve months was 2.5%.

Automobile financing continued gaining market increasing to 62.4% from 60.0% as a percentage of total new car sales, driven by financial branches of automakers, whereas new light car sales grew 19.7% during the first nine months of the year.

Regarding costs, Industry recorded a combined ratio of 97%, a higher figure when compared to 96% registered last year. This change is mainly the result of an increase on the claims ratio.

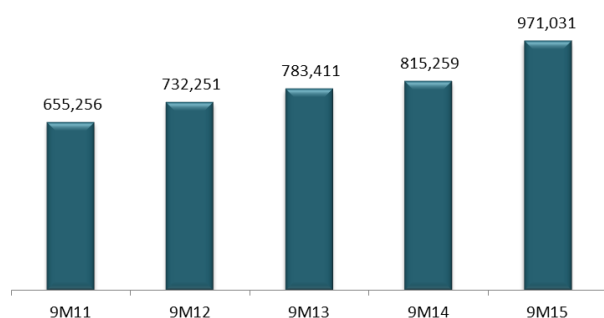
In order to have a better analysis of the Industry, we divided insurance companies belonging to financial groups because some of these companies do cross selling with the bank's customers and have different costs structures. With this breakdown, it is possible to have a comparison of combined ratios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

	Earned Premiums	Growth 9M15-9M14	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
Quálitas	12,296	10.3%	306	537	571	68%	95%
Others (25)	27,329	5.2%	(1,060)	1,345	573	68%	103%
Insurance Companies (26)	39,625	6.7%	(754)	1,882	1,144	68%	100%
Insurance Companies from Financial Groups (11)	9,597	4.6%	1,398	906	1,943	62%	85%
TOTAL MARKET (37 Comp)	49,222	6.3%	643	2,788	3,088	67%	97%

Combined ratio without the insurance companies belonging to financial groups amounted to 100%, whereas Quálitas recorded a 95% combined ratio.

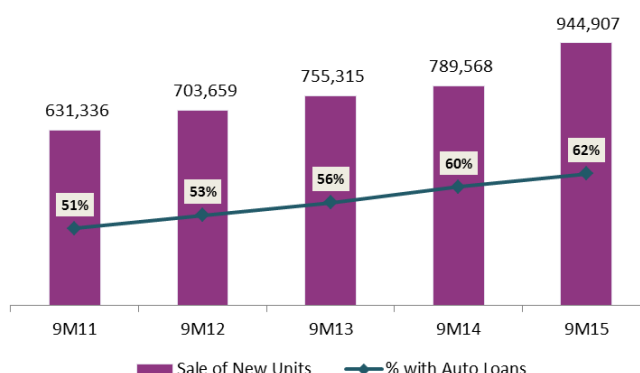
Automobile Industry and Automobile Financing

Nationwide Sales of New Vehicles¹ (Automobiles & Trucks)



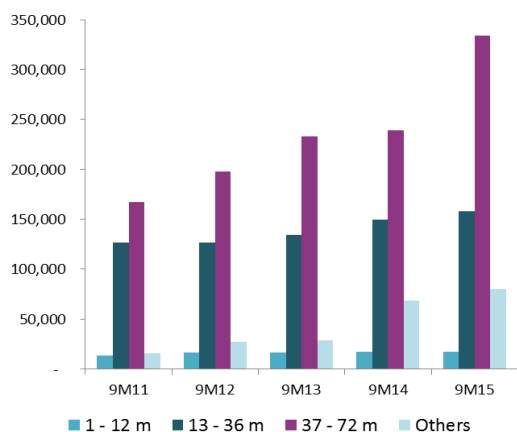
Sales of new units (automobiles & trucks) increased 19.1% during the first nine months of the year when compared to 2014, totaling 971,031 units.

Automobile Financing²



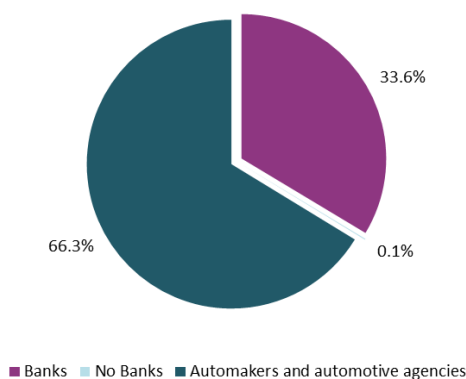
During 2015, automobile financing continues to recover; 62% of the sales of new cars were sold by credit, figure higher than last year's.

Financing Term²



As of September 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.

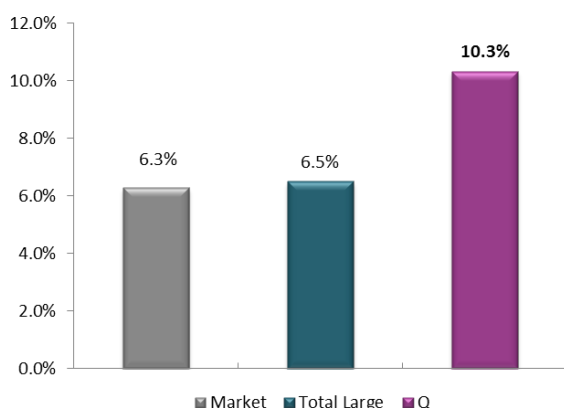
²Source: JATO Dynamics. (Only includes cars, does not include all banks and financial institutions, nor operating or financial leasing).

Automobile Insurance Industry

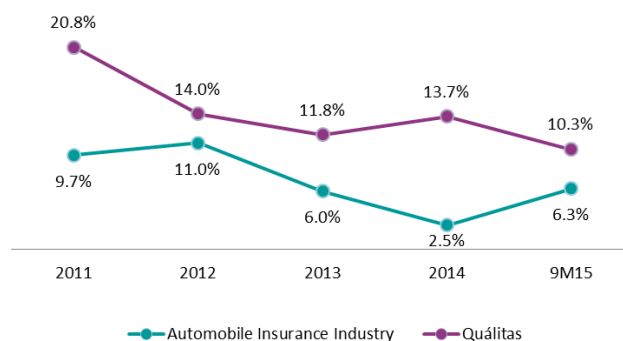
Total earned premiums by the market amounted to \$49,222 during the first nine months of the year, a 6.3% increase. The five largest companies grew 6.5%, medium companies 5.4%, and the small companies 11.4%

Market's net profit decreased 26.8% when compared to last year's figure. This is mainly explained by the decrease of 65.6% and 6.3% of the operating result and the investment income, respectively.

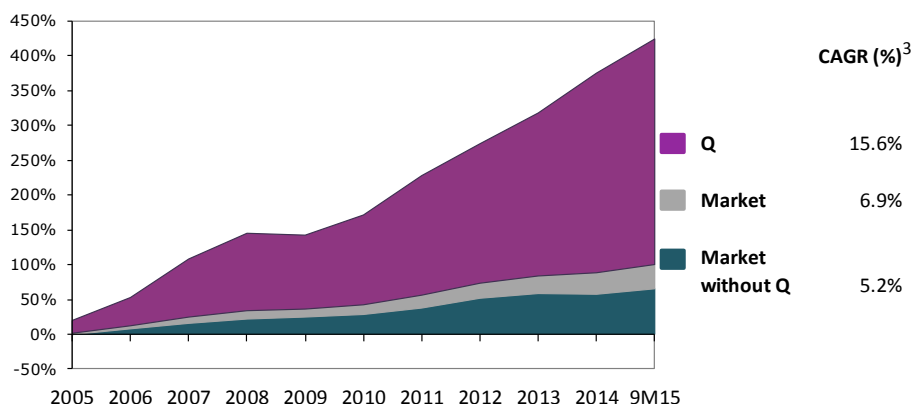
Growth in Earned Premiums 9M15 vs 9M14



Growth of Automobile Insurance Industry



Growth in Earned Premiums Base 2005 = 0



³ CAGR: Compound Annual Growth Rate

Automobile Insurance Industry 9M15

(Figures in millions of pesos)

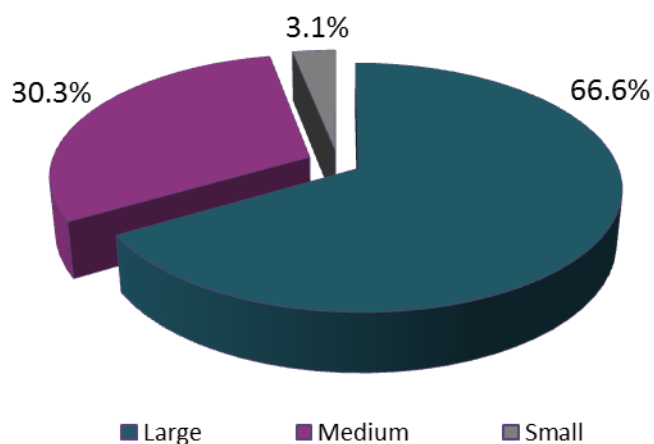
	Company	Earned Premiums	Market Share (earned)	Growth 9M15 - 9M14	Written Premiums	Market Share (written)
1	Qualitas	12,296	25.0%	10.3%	13,527	25.0%
2	AXA Seguros	7,419	15.1%	-7.0%	6,396	11.8%
3	G.N.P.	6,762	13.7%	16.3%	7,346	13.6%
4	Banorte	3,145	6.4%	7.3%	3,388	6.3%
5	Mapfre México	3,136	6.4%	8.1%	3,357	6.2%
	LARGE	32,757	66.6%	6.5%	34,014	62.9%
6	Inbursa	3,098	6.3%	0.0%	3,038	5.6%
7	BBVA Bancomer	2,409	4.9%	2.6%	2,677	5.0%
8	HDI Seguros	2,285	4.6%	35.2%	2,711	5.0%
9	Aba/Seguros	2,141	4.3%	-8.6%	3,966	7.3%
10	Zurich Daños	1,296	2.6%	3.2%	1,876	3.5%
11	Atlas	1,179	2.4%	0.5%	1,221	2.3%
12	General de Seguros	857	1.7%	47.6%	948	1.8%
13	Afirme	684	1.4%	21.0%	718	1.3%
14	ANA	533	1.1%	-16.6%	604	1.1%
15	Royal & Sunalliance	440	0.9%	-5.4%	429	0.8%
	MEDIUM	14,922	30.3%	5.4%	18,187	33.6%
	SMALL	1,543	3.1%	11.4%	1,852	3.4%
	MARKET (37 Comp)	49,222	100%	6.3%	54,053	100%

	Company	Operating Result	Investment Income	Net Result	Claims Ratio	Combined Ratio
1	Qualitas	306	537	571	68%	95%
2	AXA Seguros	-97	347	164	74%	106%
3	G.N.P.	-3	208	225	64%	97%
4	Banorte	592	166	534	63%	80%
5	Mapfre México	-15	90	65	62%	98%
	LARGE	783	1,348	1,559	67%	97%
6	Inbursa	267	88	344	62%	92%
7	BBVA Bancomer	397	604	865	60%	81%
8	HDI Seguros	-173	79	(120)	66%	101%
9	Aba/Seguros	-97	165	276	70%	106%
10	Zurich Daños	-224	50	-47	60%	105%
11	Atlas	32	45	60	71%	96%
12	General de Seguros	-201	204	0	92%	120%
13	Afirme	-38	36	12	71%	104%
14	ANA	-23	36	8	65%	109%
15	Royal & Sunalliance	-117	17	-66	66%	128%
	MEDIUM	(175)	1,325	1,332	66%	99%
	SMALL	36	115	196	61%	94%
	MARKET (37 Comp)	643	2,788	3,088	67%	97%

Market Share

The five largest companies in the industry accounted for 66.6 % of the automobile insurance market share. During the first nine months of the year, large companies decreased 0.3 percentage points in terms of market share when compared to the same period 2014. On the other hand, medium and small companies increased 0.2 and 0.1 percentage points respectively.

Market Share Automobile Insurance

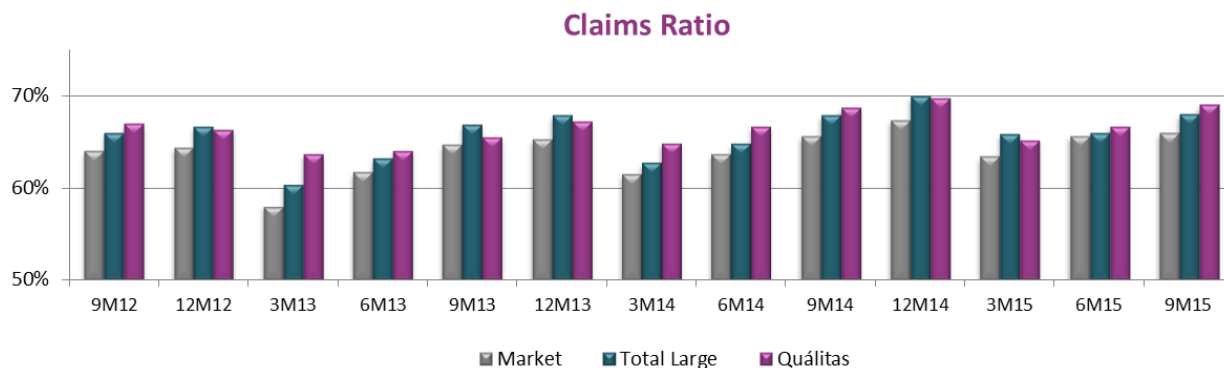


Q remains well positioned amongst key segments of the market. The Company is placed in the first two spots in every business line in terms of market share penetration.

Breakdown of the Automobile Insurance Market			
	Written Premiums	Q's Participation	Q's Position
Cars	\$8,263	22.0%	1
Trucks	\$4,948	33.0%	1
Tourists	\$131	18.7%	2
Other	\$185	24.0%	2
Total	\$13,527	25.0%	1

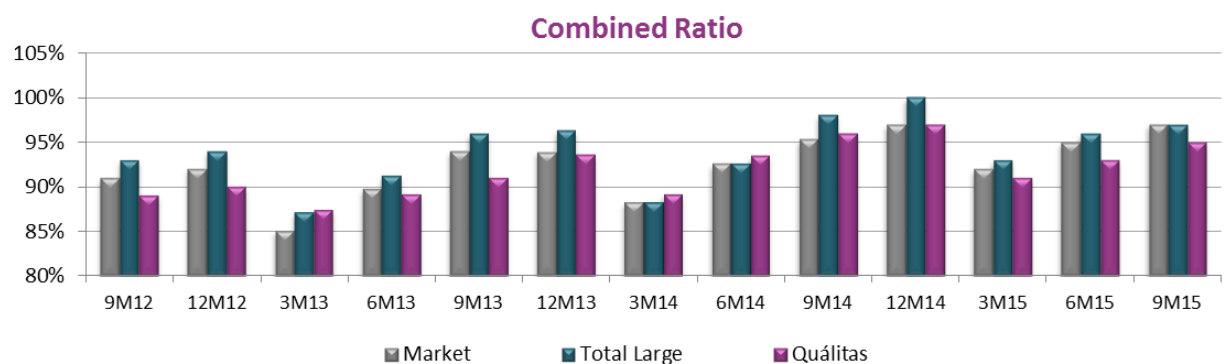
Costs

The industry recorded higher claims ratio when compared to the same period 2014. On the other hand, claims ratio of the five largest companies decreased to 67% from 68%, Q's claims also decreased to 68% from 69%.



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

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



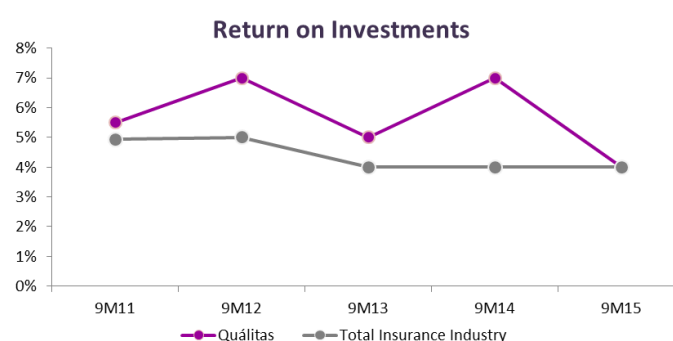
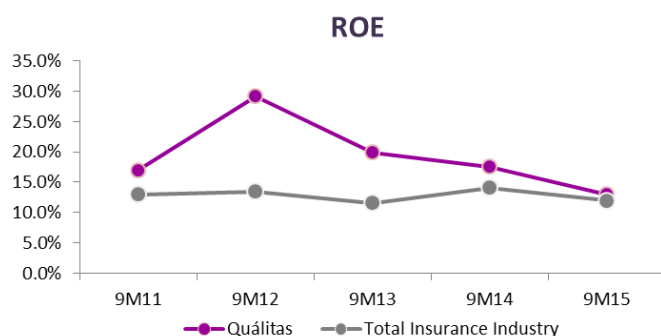
Insurance Industry Profitability

Following is the comparative chart of profitability between insurance companies which shows a 12% ROE⁴ for the whole industry during the first nine months 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 nine months.

During this period, **Q** registered a 13% ROE.

	Compañía	Prima Devengada 9M15	Rendimiento sobre inversiones ⁵ 9M15	ROE 9M15	ROE 9M14
1	Metlife México	27,830	6%	16%	17%
2	G.N.P.	26,653	3%	6%	5%
3	AXA Seguros	20,009	5%	8%	7%
4	BBVA Bancomer	12,866	3%	29%	30%
5	Banamex	12,667	2%	15%	21%
6	Qualitas	12,296	4%	13%	18%
7	Monterrey New York Life	12,185	3%	9%	8%
8	Banorte	9,035	4%	27%	28%
9	Inbursa	8,670	2%	4%	9%
10	Mapfre México	6,931	3%	2%	6%
11	Zurich Santander	4,668	4%	32%	38%
12	Atlas	3,735	3%	4%	6%
13	Allianz México	2,917	2%	0%	18%
14	HDI Seguros	2,559	4%	3%	5%
15	Aba/Seguros	2,324	4%	13%	21%
	CHICAS	25,326	5%	5%	8%
	GENERAL (71 Comp)	190,672	4%	12%	14%



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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