

April 24th, 2017

Message from the Chairman of the Board of Directors

Dear shareholders,

Quálitas continues to strengthen itself as a benchmark in the automotive insurance industry, which is a result of our understanding of service and the unique business model that we have developed.

Our specialization and decentralized operations, through service offices, agents and the ODQs (Quálitas Development Offices, ODQs, as per its acronym in Spanish) allow us to reach different locations, which some of them are in places not usually covered by insurers. Our proximity to clients along with service excellence and cost controls shape our identity. Our operation during 2016 provided profitability and growth, showing figures above the market average.

During the year, we experienced growth of 52% in written premiums and 39.6% in earned premiums, figures above the 20.4% growth of the auto insurance industry and the 2.3% increase of Mexico's GDP, our primary market.

Also during the year, we added 684,029 insured units to our portfolio, finishing with a total of 3.5 million vehicles, which represent a 24.4% increase compared to previous year. These numbers proves the policy holder's confidence in our company in Mexico and internationally.

In Quálitas Mexico insured units increased 24.0%, this is primarily associated with the sustained growth of car sales, boosted by an increase in credit availability. Our market position widened with a market share of 31.5% that compares with 25.3% in the previous year.

The international expansion of the company continued its consolidation, our subsidiary in the United States stood out by tripling the number of insured units. The adopted strategy that focuses on the border States is providing excellent results. In Costa Rica, we had a significant increase in written premiums and insured units, which contrasts with a decrease in both items in El Salvador. The decrease is related to the adjustments made to the portfolio to only keep profitable accounts.

We seek to be present where there is a need for auto insurance, either for individuals or fleets. Therefore, we have various distributions channels to reach different clients. Similarly, the automotive finance institutions segment has been a key factor in 2016 growth.

We strive to adhere to strict cost controls with the purpose of creating value for our stakeholders through profitability and a thriving perspective for the company. During the year, all cost indicators improved except for the acquisition cost ratio, which increased as a consequence of certain portfolio segments' growth, such as the automotive financing institutions. It is worth to mention the decrease in the claims ratio, which substantially improved despite the price increase of spare parts as the Mexican peso depreciated against the US dollar.

Our operational and financial performance resulted in a net profit of 1,301 million Mexican pesos and a ROE of 23.5%. Likewise, the growth in earned premiums and the investment income have led to an increase in investments and financial assets of 38.3% and 39.1% respectively.

Quálitas' management is based on a transparent corporate governance decision making and is composed by members of great experience in the industry. The incorporation of Noah Couttolenc as CEO of Quálitas Mexico, as my replacement, will now allow me to focus on overseeing the subsidiaries of Quálitas Controladora, as the CEO of the holding company.

Additionally, the total implementation of Solvency II requirements was a great achievement; those requirements are part of the new regulation of the Insurance and Bond Institutions Act (*Ley de Instituciones de Seguros y de Fianzas, LISF, as per its acronym in Spanish*), for which we were well prepared, thanks to our flexibility, the public nature of our company and our risk management culture.

Technology has been an ally that has helped us to be closer to the policy holders and to dynamize the relations with service offices, agents and suppliers. During the year, we promoted the use of our application for mobile devices "Q Móvil", which allows the user to be in contact with Quálitas through a simple click, and through geolocation be attended by the closest claims officer.

Our work force consist of 4,411 members, which increased 13.0% compared to the previous year. We support steady employment creation through permanent hiring, as well as creating professional growth opportunities. This year, there was special emphasis on training, this through Quálitas University's online platform, in which we integrate a large part of our training and constantly add new contents. Currently the content totals 61 modules and its scope has been extended, beyond employees, to the agents and service offices' employees.

As part of our commitment to social responsibility and strengthening our relationship of trust with our Stakeholders, Quálitas contributes to the promotion of insurance culture and responsible driving in addition to promoting financial education.

I am proud to say that Quálitas' is committed to the implementation of the United Nations 10 Global Compact Principles, which include topics such as human rights, employment, corruption and the environment.

Today we are building tomorrow's Quálitas attached to our values and with the objective of protecting our policy holders' assets, providing quality service with the best claims network, and the commitment to create value for our stakeholders.

Sincerely,



Joaquin Brockman L.  
Chairman of the Board of Directors