

Mexico City, April 24th, 2017.

TO THE SHAREHOLDERS OF
QUÁLITAS CONTROLADORA, S.A.B. DE C.V.

On behalf of the Board of Directors of Quálitas Controladora, S.A.B. de C.V., I hereby submit the 2016 financial year report, which includes the recommendation for its approval by the Audit Committee, under the terms of the stipulations in article 28 of the Securities Market Act.

a) The general opinion of the Board of Directors of the Corporation is that the report drafted by the Executive President, which substitutes the position of Managing Director, who has the same powers and functions as the General Management, complies with each and every requirement stipulated by the General Securities Market Act for said purposes. Likewise, said report includes a summary of transactions by the Corporation and, in general, states the current situation of Quálitas Controladora, S.A.B. de C.V., therefore, we recommend its approval by the Shareholders' Meeting.

b) The accounting policies followed by the Company comply with the Mexican financial reporting standards, which require the Management to conduct certain estimates and to use certain assumptions in order to determine the assessment of certain individual items of financial statements and to conduct disclosures required to be submitted in the same. Even when there is the possibility of differences in the final effect, the Management considers that the estimates and assumptions used were adequate under the circumstances. The main policies followed by the Company are those reflected in the Report by the External Auditors and in the Financial Information at the closing of the financial year subject to review, with which this management body agrees, considering that said report including the same is, in practice, a part of it.

The main accounting policies followed by the Company are as follows:

The accounting policies set out below have been applied consistently to all these consolidated financial statements, and have been applied consistently by the Intitution,



except as explained in note 4, which addresses changes in accounting policies recognized during the period:

(a) Inflation Effects Recognition-

The accompanying consolidated financial statements have been prepared in accordance with the accounting criteria for Insurance companies in Mexico established by the Commission in effect as of the balance sheet date, and taking into account that the Institution operates in a non-inflationary economic environment it includes the recognition of the effects of inflation on the financial information through December 31, 2007 based on the Mexican National Consumer Price Index (NCPI). Annual and cumulative inflation percentages of the last three years and the indices used to determine inflation, are as follows:

	Inflation	
	December 31, NCPI	Yearly Cumulative
2016	122.515	3.36% 9.87%
2015	118.532	2.13% 10.52%
2014	116.059	4.08% 12.07%

(b) Principles of consolidation-

The consolidated financial statements include the accounts of Qualitas Controladora, S. A. B. de C. V. and those of its subsidiaries which it controls. All significant inter-company balances and transactions have been eliminated in consolidation. The consolidation was based on the audited financial statements (except for Qualitas Financial) of the issuing companies as of December 31, 2016, which have been prepared in accordance with the accounting criteria for Insurance companies in Mexico established by the Commission and the Mexican Financial Reporting Standards (FRS) issued by the Mexican Board of Financial Reporting Standards (Consejo Mexicano de Normas de Información Financiera, A. C. or CINIF from its Spanish acronym) (See note 19).

(c) Translation of foreign currency financial statements-

The financial statements of foreign operations are translated into the reporting currency by initially determining if the functional currency and the currency for recording the foreign operations are different and then translating the functional currency to the reporting currency, using the historical exchange rate and/or the exchange rate at year end, and the



inflation index of the country of origin when the foreign operation is located in an inflationary economy.

(d) Investment in securities-

The Commission regulates the basis on which the Institution makes investments, for which an accounting and valuation criteria has been established, which classifies the investments according to the management intention on ownership, as follow:

Securities for trading purposes -

Trading securities are debt or equity securities bought and held by the Institution to meet claims and operating expenses, so from the moment an investment is made in them there is an intention to trade them shortly, and in the case of debt securities on dates prior to maturity.

Debt securities are initially recorded at acquisition cost and performance accrual yield (interest, coupons or equivalents) is calculated by applying effective interest method. Interests are recorded on the income statement when earned. Traded debt securities are stated at fair value using market prices provided by independent price vendor, or by specialized official publications on international markets. When quotation is not available it could be used the acquisition cost as an indexed price for valuation.

Equity securities are recorded at acquisition cost and valued similarly to traded debt securities. Where there is no market value, the lower of the issuer's book value or acquisition cost shall be considered.

The valuation effects of debt and equity securities are recognized on the income statement in "Comprehensive financial results" under "Investment securities valuation".

On the date of its sale, the difference between the selling price and the carrying value of the securities will be recognized on the income statement. The sold securities' valuation result recognized on the income statement is reclassified to "Comprehensive financial result for the sale of investments" in the income statement, on the date of the sale.

At the acquisition date, transaction costs related to debt securities and equity are recorded on the income statement.

Available-for-sale securities-

These are those financial assets for which management has an intention other than an investment for trading purposes or to be held to maturity from the time of investment, and it is intended to trade them in the medium term and in the case of debt instruments on dates prior to maturity, in order to obtain gains based on the changes in market value and not only through inherent returns.

Debt securities are recorded at acquisition cost. Performance interest yield (interest, coupons or equivalents) and valuation methodologies are the same than those applied to trading debt securities, including yield earned on the income statement, however valuation effect is recorded on stockholders' equity under "Surplus from investments valuation" as long as such financial instruments are neither sold or transferred to a different category. At the time of sale, the effects previously recorded in equity, shall be recognized on the income statement.

Equity instruments are recorded at acquisition cost. Investments in quoted shares are stated at fair value based on market prices released by independent price vendors, in the case where no market value is available, is considered the book value of the issuer. The valuation effects of equity instruments are recorded in the caption "Surplus from investment valuation" in stockholders' equity.

At the acquisition date, transaction costs related to debt securities and equity are recorded as part of the investment.

Transfers between categories-

Transfers between financial asset categories are permissible only when management's original intention for holding the financial asset is affected by changes in the Institution's financial capacity or a change in circumstances requiring modifying the original intent.

Only securities classified as available-for-sale may be transferred.

Transfer of categories of financial instruments for trading purposes is not allowed, except in case a financial instrument is in a market that, due to unusual circumstances outside the control of the Institution, ceases to be active and loses the characteristic of liquidity. This instrument may be transferred to financial instruments available-for-sale (debt or equity financial instruments).



Unrealized valuation results-

The Institution may not capitalize or share the profit from the valuation of any of the investments in securities until it is converted into cash.

Repurchase operations-

The repurchase operations are presented in a separate line item on the balance sheet. They are initially recorded at the agreed-upon price and valued at amortized cost, through the recognition of the premium in income of the year as accrued, according to the effective interest method; financial assets received as collateral are recorded in memorandum accounts.

Impairment-

The Institution assesses at each balance sheet date whether there is objective evidence that a security is impaired, with the objective and non-temporary evidence that a financial instrument has impaired in value is determined and recognized a corresponding loss.

(e) Cash and cash equivalents-

Cash and cash equivalents include bank deposits in local currency and dollars. At the balance sheet date, interest earned and currency translation gains/losses are presented on the income statement as part of comprehensive financial result.

Checks that have not been charged after two business days after deposited, and those that have been returned, must be reclassified to sundry debtors. Forty-five days after the checks were recorded in sundry debtors and have not been collected or recovered should be written off affecting results from the operations of the year. Checks issued prior to date of the financial statements that have not been delivered to the beneficiaries, must be reclassified as a part of cash and cash equivalents without impacting the accounting records as a results of checks issuance.

(f) Debtors –

Premiums receivable (see note 4)-



Premiums receivable represents uncollected premiums with an aging lower than the term established in agreement or under 45-days aging according to the provisions of the Commission. When this status is exceeded, they are written off against the results of the year, except for premiums receivable from Federal Public Administration offices or entities, which are reclassified to "Receivables from agencies and entities of the public administration", if supported by a national public tender by these entities that signed, for purposes of the tender, an agreement with the Federal Government supported in the Federal Expense Budget for the corresponding fiscal year.

Loans to officers and employees, loans, credits or financing granted and other receivables-

Management conducts an analysis on recoverability on loans to officers and employees, as well as on accounts receivable from identified debtors in which at inception maturity is agreed to be longer than a period of 90 calendar days, accounting for an allowance for doubtful accounts when needed.

In the case of accounts receivable no included in the preceding paragraph, an allowance for doubtful accounts is provided for the full amount, considering the following criteria: For unidentified debtors, right after 60 calendar days of being recorded, and in the case of identified debtors, right after 90 calendar days of being recorded.

The commercial loan portfolio is rated quarterly, monthly when it is mortgage loans, by applying a methodology that considers the probability of default, the severity of the loss and exposure to default, and recognizing the effect on the reserve in income of the year under "Comprehensive financing result" (see note 4).

The Commission may order the creation of preventive reserves from credit risk, in addition to those referred-to in the above paragraph, for the total balance owed in the following cases:

- i. When the corresponding credits files have no or there is no documentation considered necessary according to the regulation in force, to exercise collection. This reserve is only released when the Institution addresses the deficiencies observed.
- ii. When a report issued by a credit information company on the history of the borrower has not been obtained (except loans to officers and employees, when the loan payments are received through discounts to salary), this reserve is canceled three months after the required report is obtained.

(g) Property, furniture and equipment-

The Institution's property is stated at acquisition cost and restated based on independent appraisals. Appraisals are required to be made annually.

From January 1, 2007, acquisitions of assets under construction or installation include the related comprehensive financial results as part of the value of assets.

Depreciation on property is calculated based on the remaining useful life of such assets, considering the restated value of constructions as determined by the latest appraisals performed.

Furniture and equipment are recorded at acquisition cost, and through December 31, 2007, were adjusted for inflation using the inflation index of the country of origin of the assets, and the variances in the exchange rate vis-à-vis the Mexican peso at year end.

Depreciation on furniture and equipment is calculated on the straight-line method over the estimated useful lives of the assets as determined by the Institution's management. The total useful lives and the annual depreciation rates of the principal asset classes are as follows:

Rates

Property	1.25 to 4%
Transportation equipment	25%
Office furniture and equipment	10%
Computer equipment	30%
Other	25%

Leasehold improvements are amortized over the useful life of the improvement or the related contract term, whichever is shorter.

Minor repairs and maintenance costs are expensed as incurred.

(h) Permanent Investments-



The other permanent investments where the Institution holds between 1% and 16.67% of share in equity were carried at cost and, through December 31, 2007, adjusted for inflation by applying NCPI factors.

(i) Goodwill-

Goodwill represents the future financial benefits arising from other acquired assets that are not individually identifiable or separately recognizable. Goodwill is subject to impairment tests at the end of the reporting period and when there is an indication of impairment.

(j) Intangible Assets-

Intangible assets with definite useful life include mainly payments for the use of computer software licenses. The factors about the useful life are the expected use of the asset by the Institution and the typical life cycle of the software. These assets are recorded at acquisition cost and are amortized straight line over their estimated useful lives.

(k) Prepayments-

Mainly include prepayments for the purchase of services that are received after the date of the balance sheet and in the ordinary course of operations.

(l) Other Assets-

Other assets include mainly unrealized salvage inventory, prepayments, prepaid taxes, deferred income tax and deferred employee statutory profit sharing.

(m) Technical reserves (see note 4)-

The Institution constitutes and assesses the technical reserves established in the Law, in accordance with the general provisions issued by the Commission in Title 5 of the CUSF.

The technical reserves are established and valued in relation to all insurance and reinsurance obligations that the Institution has assumed against the insured and beneficiaries of insurance and reinsurance contracts, the administration expenses, as well as the acquisition expenses assumed in relation thereto.

To establish and assess the technical reserves, actuarial methods based on the application of actuarial practice standards indicated by the Commission through general



provisions, will be used, and considering the information available in the financial markets, as well as the information available on technical insurance and reinsurance risks. The valuation of these reserves is assessed by an independent actuary and registered with the Commission.

For the technical reserves related catastrophic risk insurance and other reserves determined by the Commission according to the Law, the actuarial methods for establishment and valuation used by the Institution, were determined by the Commission through general provisions.

The most important aspects to determine and account for the technical reserves are mentioned below.

Reserve for current risks -

The institutions registered with the Commission the technical notes and the actuarial methods used for creating and valuing the current risk reserve.

New methodologies to calculate the reserve for current risks came into effect in 2016. As a result of enforcing these methodologies, the Institution determined a release of such reserve, which was recognized as income in 2016 (see note 4).

The purpose of this reserve is cover the expected value of future obligations (best estimate), from the payment of claims, benefits, guaranteed securities, dividends, acquisition and administration expenses, as well as any other future obligation derived from the insurance contracts, plus a risk margin.

The best estimate will be equal to the expected value of the future flows, considering income and expenses, of obligations, understood as the weighted average by probability of these flows, considering the time value of money based on the curves of interest rate free of market risk for each currency or monetary unit provided by the independent price vendor, as of the valuation date. The hypothesis and procedures with which the future flows of obligations are determined, based on which the better estimate will be obtained, were defined by the Institution in the method submitted for the calculation of the best estimate.

For purposes of calculating the future flows of revenues, the premiums that upon valuation are overdue and outstanding are not considered, nor are the fractional payments accounted for in "Premium receivable" in the balance sheet.



Multiannual insurance -

In the case of multiannual policies, the current risk reserve is the best estimate of the future obligations of the current year in question, plus the rate premiums corresponding to future accumulated annuities with the corresponding return, for the time the policy has been in force, plus the risk margin. Premiums corresponding to future annuities should be subtracted the acquisition cost that, for accounting purposes, if applicable, should be recorded upon issuing the reserve separately.

The Institution considers multiannual policies those insurance contracts whose coverage is more than one year, provided that it is not a long-term life insurance or insurance where the future premiums are contingent and it is not expected to be returned when the risk expires.

Risk margin-

This is calculated by determining the net cost of capital corresponding to the Own Admissible Funds required to support the Solvency Capital Requirement (RCS from its Spanish acronym), necessary to meet the Institution's insurance and reinsurance obligations until its duration. For purposes of valuation of the current risk reserve, the RCS of closing of the month immediately preceding valuation is used. If there are relevant increases or decreases in the amount of the Institution's obligations as of the report date, the Institution makes adjustments to this risk margin, which allows to recognize the increase or decrease the margin may have from the situations mentioned. In these cases, the Commission is informed of the adjustment made and the procedures used to make this adjustment.

The risk margin is determined for each type of insurance, according to the term and currency considered in calculating the best estimate of the corresponding insurance obligation.

The net capital cost rate used to calculate the risk margin is 10%, equivalent to the additional interest rate, in relation to the interest rate free of market risk that an insurance institution would require to cover the capital cost demanded to maintain the amount of Own Admissible Funds supporting the respective RCS.

Outstanding claims provision -



The establishment, increase, valuation and recording of the reserve for outstanding obligations is made through estimating obligations using the actuarial methods the Institution has registered for such purposes with the Commission.

The purpose of this reserve is to cover the expected value of accidents, benefits, guaranteed values or dividends, once the contingency provided for in the insurance contract occurs, plus a risk margin.

The amount of the reserve for outstanding obligations will be equal to the sum of the best estimate and of a risk margin, which are calculated separately and in terms of the provisions of Title 5 of the CUSF.

This reserve includes the following components:

Outstanding claims provision and other obligations of known amount-

- These are the outstanding obligations at closing of the period from claims reported, overdue endowments, past due income, guaranteed values and accrued dividends, among others, whose amount payable is determined upon valuation and is not likely to have adjustments in the future, the best estimate, for purposes of establishing this reserve is the amount corresponding to each one of the obligations known upon valuation.

For a future obligation payable in installments, the present value of future payment flows is estimated, discounted by employing the interest rate curves free of market risk for each currency or monetary unit, plus the risk margin calculated according to the provisions in force.

In case of reinsurance ceded operations, the corresponding recovery is recorded simultaneously.

Reserve for claims incurred but not reported and adjustment expenses-

New methodologies to calculate the reserve for claims incurred but not reported and adjustment expenses came into effect in 2016. As a result of enforcing these methodologies, the Institution determined a release of such reserve, which was recognized as income in 2016 (see note 4).



- These are the obligations that arise from claims that having occurred as of the valuation date, have yet to be reported or have not been completely reported, as well as the adjustment, salvage and recovery expenses. The reserve upon valuation is determined as the best estimate of future obligations, brought to the present value using discount rates corresponding to the interest rate curves free of market risk for each currency or monetary unit, plus the risk margin calculated according to the provisions in force. In case of reinsurance ceded operations, the corresponding recovery is recorded simultaneously.

For purposes of calculating the reserve, a claim is defined as not having been completely reported when having occurred on dates prior to valuation of such claim, future claims or adjustments in addition to the estimates initially made, may derive.

Risk margin-

This is calculated by determining the net capital cost corresponding to the Own Admissible Funds required to support the Solvency Capital Requirement (RCS), necessary to meet the insurance and reinsurance obligations until its duration. For purposes of valuation of the outstanding claims provision, the RCS of closing of the month immediately preceding the valuation date. If there are relevant increases or decreases in the amount of the Institution's obligations as of the report date, the Institution makes adjustments to this risk margin, which allows to recognize the increase or decrease the margin may have from the situations mentioned. In these cases, the Commission is apprised of the adjustment made and the procedures used to make this adjustment.

The risk margin is determined for each type of insurance, according to the term and currency considered in calculating the best estimate of the corresponding insurance obligation.

The net capital cost rate used to calculate the risk margin is 10%, equivalent to the additional interest rate, in relation to the interest rate free of market risk that an insurance institution would require to cover the capital cost demanded to maintain the amount of Own Admissible Funds supporting the respective RCS.

Reserve for outstanding obligations from contingent dividends -

This reserve corresponds to dividends that do not yet constitute actual or overdue obligations, but that the Institution estimates to pay in the future for the distribution obligations of the profits provided in the insurance contracts, from the favorable behavior of the risks, returns or expenses during the accrued period of duration of the policies in

force, the best estimate is determined by applying the method registered with the Commission. This methodology considers the repayment of a percentage of the premium collected through a dividend by claims, establishing the formula in its technical note for cars and vans of personal use up to 2 ½ tons, which considers a return factor (assigned by volume of premiums) on the difference resulting from subtracting the total claims to the net premium earned less expenses.

(n) Accruals-

Based on management estimates, the Institution recognizes accruals for present obligations where the transfer of assets or the rendering of services is virtually inevitable and arises as a consequence of past events, mainly acquisition costs, operating expenses and employee benefits.

(o) Employee benefits-

Short-term direct benefits

Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Institution has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

Long-term direct benefits

The Institution's net obligation in relation to direct long-term benefits (except for deferred Employee Statutory Profit Sharing (ESPS) - see subsection (p) Income taxes and employee statutory profit sharing), and which the Institution is expected to pay at least twelve months after the date of the most recent balance sheet presented, is the amount of future benefits that employees have obtained in exchange for their service in the current and previous periods. This benefit is discounted to its present value. Remeasurements are recognized in income in the period in which they are accrued.

Termination benefits

A liability is recognized for termination benefits along with a cost or expense when the Institution has no realistic alternative other than to make the corresponding payments or



when the offer of these benefits cannot be withdrawn or when the conditions that require the recognition of restructuring costs are met, whichever occurs first.

Post-Employment Benefits

Defined benefit plans

The Institution's net obligation in relation to defined benefit plans for pension, seniority premium and legal compensation benefits, is calculated separately for each plan, estimating the amount of future benefits that employees have earned in the current and prior periods, and discounting this amount to its present value.

The obligations for defined benefit plans are calculated annually by actuaries using the projected unit credit method. When the calculation results in a possible asset for the Institution, the recognized asset is limited to the present value of the economic benefits available in the form of future refunds of the plan or reductions in future contributions thereto. To calculate the present value of economic benefits, any minimum financing requirement should be considered.

The labor cost of current service, which represents the periodic cost of employee benefits for having completed one more year of working life based on the benefit plans, is recognized in operating expenses. Net interest is recognized under "Comprehensive financial result, net".

Modifications to the plans that affect past service cost are recognized in income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the population eligible for benefits, are recognized in income of the period.

Remeasurements (formerly actuarial gains and losses), resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of comprehensive income within stockholder's equity.

(p) Loss funds under management-

The amount of funds received for the payment of claims is recorded.



(q) Income Tax and ESPS-

IT and ESPS payable for the year are determined in conformity with the tax regulations in effect.

Deferred IT and ESPS are accounted for under the asset and liability method. Deferred taxes and ESPS assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in the case of IT, for operating loss carryforwards and other recoverable tax credits. Deferred tax and ESPS assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax and ESPS assets and liabilities of a change in tax rates is recognized on the consolidated statement of comprehensive income in the period that includes the enactment date.

Current and deferred income taxes and ESPS are presented and classified in the results of operations of the period, except those arising from a transaction that is recognized directly in stockholders' equity.

(r) Cumulative currency translation effect-

Represent the difference resulting from the translation of the functional currency of foreign operations into the reporting currency.

(s) Revenue recognition-

Insurance and reinsurance premium revenues -

Revenues from these operations are recorded based on the premiums corresponding to the policies contracted, plus reinsurance premiums taken minus the premiums in reinsurance ceded.

The insurance premiums or the corresponding fraction, originated by the aforementioned operations that have not been paid by the insured within the term stipulated by the Law, are automatically canceled, releasing the current risk reserve and in the case of rehabilitation, the reserve is reconstituted as of the month in which the insurance is valid again.



Salvage revenues-

For accounting purposes, salvage revenues are recognized as an asset and a decrease in the cost of claims when determined, and are recorded at estimated realizable value.

Profit sharing on reinsurance transactions-

Profit sharing on reinsurance ceded is recorded as revenue based on the terms stipulated by the agreements included in the respective reinsurance contracts, as technical results thereof are determined.

Policy rights and premium surcharges-

Revenues related to policy rights are related to the recovery of costs of issuing the policy and are recorded on income statement as earned.

Revenues from premium surcharges is related to financing policies with periodic installments, which are deferred during policy term.

Service revenues-

The service revenues are recorded as earned.

(t) Reinsurance (see note 4)-**Current account**

The transactions originated by the reinsurance contracts, both ceded and taken, issued by the Institution, are presented under "Current Account" in the balance sheet. For presentation purposes the net credit balances by reinsurer are reclassified to the corresponding liability.

Reinsurance ceded

The Institution limits the amount of its liability for risks assumed through the distribution with reinsurers, through automatic cutover share and excess of loss contracts, transferring a portion of the premium to these reinsurers.

Reinsurer's share in current risks and outstanding claims provision

The Institution records the reinsurer's share in current risks and claims incurred but not reported and adjustment expenses, as well as the expected amount of future obligations from reported claims.

The Institution's management determines the estimate of the recoverable amounts for the share of reinsurers in the reserves mentioned in the above paragraph, considering the temporary difference between the reinsurance recovery and the direct payments and the probability of recovery, as well as the counterpart's expected losses. The calculation methodologies for this estimate are registered with the Commission, and the effect is recognized on the income statement under "Comprehensive financial result".

According to the provisions of the Commission, the recoverable amounts from reinsurance contracts with counterparts with no authorized registration, are not likely to cover the Investment Base, nor could they be part of the Own Admissible Funds.

(u) Net acquisition cost-

This line item includes mainly the agent commissions that are recognized in income upon issuing the policies, additional compensation to agents and other acquisition expenses, and is decreased by the reinsurance ceded commission. The payment to agents is made when the premiums are collected.

(v) Business concentration-

The Institution comes out operations with a large number of clients, with no significant concentration with any of them in particular.

(w) Comprehensive financial result (CFR)-

The CFR includes interest income and expense, valuation effects, premium surcharges, results of selling financial instruments, foreign exchange gains and losses and preventive estimates of credit risk from loans granted and reinsurance amounts recoverable.



Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of its execution or settlement. The Institution maintains its accounts in pesos and foreign currencies, which for purposes of presentation of financial statements were translated at the exchange rate of the last business day of the month, published by the Central Bank (see note 5). The exchange differences arising in relation to assets and liabilities denominated in foreign currencies are recorded in net income of the year.

(x) Contingencies-

Liabilities for loss contingencies are recorded when it is probable that a liability has been incurred and the amount thereof can be reasonably estimated. When a reasonable estimation cannot be made, qualitative disclosure is provided in the notes to the financial statements. Contingent revenues, earnings or assets are not recognized until their realization is assured.

(y) Hierarchy-


Insurance institutions shall observe provisions under FRS, except when otherwise stated by the Commission, taking into consideration that insurance institutions conduct specialized operations.

In cases where insurance institutions consider that there is no specific criterion of measurement, presentation or disclosure for any transaction, covered by FRS or the Commission need to inform the latter, in order to perform sound analysis and where appropriate to issue an accounting guidance.

c) The Board of Directors has actively participated in the management of the Corporation, performing its duties in accordance with the relevant legislation. In doing so, we have conducted meetings on quarterly basis, wherein all transactions conducted by the Corporation are analyzed as well as the financial information for each month's closing, decisions are made and recommendations are submitted to the Management of the Corporation. It is worth highlighting that, one of the main duties of the Board of Directors is to guide the various policies of the corporation, the Members of the Board of Directors act as advisors in the organization and perform their duties based on the information about the corporation, provided to them, their experiences and knowledge, which enhances the appropriate decision making process by said management body.

Also, the management body conducts liaison duties with shareholders highlighting the fact that its members act as a control instrument supervising the management conducted by the managers of the corporation, in order to enhance the duties of the management body the presence of independent members is accounted for, same members who are recognized professionals in several fields.

Finally, the Board of Directors also safeguards the interests of non-controlling shareholders, preventing the existing divergent interests among controlling and non-controlling shareholders to result in detriment to the latter.



Joaquín Brockman Lozano
Chairman of the Board of Directors



Fernando Jacinto Velarde Muro
Chairman of the Audit Committee