

# EARNINGS RESULTS

■ 1H16



## QUÁLITAS RESUBMITS ITS REVISED RESULTS FOR THE FIRST HALF OF 2016

**Mexico City, October 26<sup>th</sup>, 2016** – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “Q”, or “the Company”) (BMV: Q\*), announces its unaudited cumulative financial results for the first six months ended June 30<sup>th</sup>, 2016.

Top Management, according to the Board of Directors instructions, revised the financial results for the first six months of the year to verify the adequate implementation of Solvency II quantitative models that entered into force January 2016 and are applicable to Quálitas Compañía de Seguros, S.A. de C.V. (Q MX), the main subsidiary of Quálitas Controladora (Q).

For better understanding it is recommended to refer to the cumulative financial statements for the nine months ended September 30<sup>th</sup>, 2016 as they include every modification that derived from the revision instructed by the Board of Directors on July 28<sup>th</sup> this year.

In the following chart Quálitas discloses the modifications to the Statement of Income released July 28<sup>th</sup> this year.

	1Q16			2Q16			6M16		
	REVISED	REPORTED	Δ\$	REVISED	REPORTED	Δ\$	REVISED	REPORTED	Δ\$
Written Premiums	6,343	6,344	-1	7,017	7,017	0	13,360	13,361	0
Ceded Premiums	17	18	-1	86	86	0	103	104	-1
Retained Premiums	6,326	6,326	0	6,931	6,931	0	13,257	13,257	0
Unearned Premiums Reserve	1,308	1,387	-79	1,043	977	66	2,351	2,364	-13
Earned Premiums	5,018	4,939	79	5,888	5,953	-65	10,906	10,892	14
Acquisition Cost	1,378	1,378	0	1,694	1,693	1	3,072	3,071	1
Claims Cost	3,000	3,001	-2	3,234	3,500	-266	6,233	6,501	-268
<b>Technical Result</b>	<b>641</b>	<b>560</b>	<b>81</b>	<b>960</b>	<b>760</b>	<b>200</b>	<b>1,601</b>	<b>1,320</b>	<b>281</b>
Operating Expenses	175	167	9	286	267	19	461	433	28
<b>Operating Result</b>	<b>466</b>	<b>393</b>	<b>73</b>	<b>674</b>	<b>494</b>	<b>180</b>	<b>1,140</b>	<b>887</b>	<b>253</b>
Investment Income	80	81	-1	303	303	0	383	384	-1
<b>Result before Income Taxes</b>	<b>545</b>	<b>474</b>	<b>72</b>	<b>977</b>	<b>797</b>	<b>180</b>	<b>1,523</b>	<b>1,271</b>	<b>252</b>
Income Taxes	177	160	17	333	269	64	510	429	81
<b>Net result</b>	<b>369</b>	<b>314</b>	<b>55</b>	<b>644</b>	<b>527</b>	<b>117</b>	<b>1,013</b>	<b>841</b>	<b>171</b>

As of January 1<sup>st</sup>, 2016, Q MX began to operate under Solvency II. Changes due to the new methodology are substantial and the comparison with 2015 figures is for information purposes only, since some items were reclassified and variations can be significant.

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

**1H16 Highlights:**

- Written premiums grew 39.9% during the first half of the year when compared to the same period last year, reaching \$13,360 million, mainly driven by the performance in the Financial Institutions segment.
- Earned premiums grew 32.7% when compared to the same period last year, reaching \$10,908 million.
- Claims costs increased 14.8% during the first six months of the year, below the increase in earned premiums.
- The Company recorded an operating result of \$1,140 million during the first half of the year, 367.9% above the figure recorded the previous year.
- The investment income for the semester was \$383 million, 19.3% above the figure recorded the previous year.
- The Company recorded net result of \$1,013 million during the first half of the year, 168.2% above the figure recorded the previous year.
- Insured vehicles increased 19.6% in comparison to the same semester of 2015, close to 3.2 million insured vehicles.
- The Company recorded a year to date combined ratio of 83.8%, 894 bps lower than the previous year.

INCOME STATEMENT	2Q16	2Q15	Δ %/bp	1H16	1H15	Δ %/bp
Written Premiums	7,017	4,714	48.9%	13,360	9,550	39.9%
Net Written Premiums	6,931	4,714	47.0%	13,257	9,550	38.8%
Earned Premiums	5,888	4,218	39.6%	10,906	8,219	32.7%
Acquisition Cost	1,694	1,056	60.4%	3,072	2,128	44.3%
Claims Cost	3,234	2,848	13.6%	6,233	5,431	14.8%
Technical Result	960	314	206.0%	1,601	659	142.9%
Operating Expenses	286	243	17.8%	461	416	11.0%
Operating Result	674	71	NA	1,140	244	367.9%
Investment Income	303	189	60.2%	383	321	19.3%
Income Taxes	333	88	280.1%	510	187	172.8%
Net Result	644	172	273.5%	1,013	378	168.2%
BALANCE SHEET						
Investments	18,240	14,222	28.2%	18,240	14,222	28.2%
Total Assets	33,909	26,652	27.2%	33,909	26,652	27.2%
Technical Reserves	21,557	17,001	26.8%	21,557	17,001	26.8%
Total Liabilities	28,188	21,866	28.9%	28,188	21,866	28.9%
Stockholders' Equity	5,721	4,786	19.5%	5,721	4,786	19.5%
COST RATIOS						
Acquisition Ratio	24.4%	22.4%	204	23.2%	22.3%	89
Claims Ratio	54.9%	67.5%	(1,260)	57.2%	66.1%	(893)
Operating Ratio	4.1%	5.2%	(108)	3.5%	4.4%	(90)
Combined Ratio	83.4%	95.1%	(1,164)	83.8%	92.7%	(894)
PROFITABILITY RATIOS						
Return on Investments	5.8%	4.8%	105	3.3%	4.0%	(71)
LTM ROE	22.8%	13.0%	977	22.8%	13.0%	977

NA: Not applicable

## Insured Vehicles

Business Line	1H16	1H15	Δ %
Automobiles	2,168,419	1,827,228	18.7%
Trucks	781,178	636,560	22.7%
Tourists	93,462	90,370	3.4%
Motorcycles	93,260	76,569	21.8%
El Salvador	12,389	16,821	(26.3%)
Costa Rica	37,249	21,162	76.0%
USA	9,450	2,416	NA
<b>Insured Vehicles</b>	<b>3,195,407</b>	<b>2,671,126</b>	<b>19.6%</b>

NA: Not applicable

Insured vehicles increased 19.6% when compared to the previous year, reaching 3,195,407 units. The number of units insured during the first half of the year totaled 392,388.

## Written Premiums

Segment	1H16	1H15	Δ \$	Δ %
Individual	2,391	1,864	527	28.3%
Fleets	3,797	3,138	659	21.0%
<b>Sum of Traditional</b>	<b>6,188</b>	<b>5,002</b>	<b>1,186</b>	<b>23.7%</b>
Financial Institutions	6,223	4,048	2,175	53.7%
Subsidiaries	593	209	383	183.0%
Other	356	291	66	22.6%
<b>Total</b>	<b>13,360</b>	<b>9,550</b>	<b>3,810</b>	<b>39.9%</b>

Period	1H16	%	1H15	%
Annual	8,170	61.1%	6,514	68.2%
Multiannual	5,191	38.9%	3,036	31.8%

Written premiums for the first half of the year totaled \$13,360 million, an increase of 39.9% in comparison to \$9,550 million recorded in 1H15.

The \$3,810 million year to date increase in this item was mainly driven by a 53.7% growth in Financial Institutions, along with a 28.3% increase in the Individual segment and a 21.0% increase in Fleets.

Written premiums growth in Costa Rica was 106.9% when compared to the same period last year, while El Salvador recorded a decrease of 24.9%.

Written premiums in QIC totaled \$346 million, it continued operations under the Cross Border Program and the coverage for domestic commercial vehicles in Arizona, California and Texas.

## Ceded Premiums, Net Written Premiums and Reinsurance

The Company registered ceded premiums of \$103 million during the first six months of the year. Ceded premiums are recorded in few contracts where clients have a reinsurance company. Qualitas holds a catastrophic reinsurance agreement for its subsidiaries.

## Earned Premiums

Earned premiums for the first half of the year totaled \$10,906 million, an increase of 32.7% when compared to the \$8,219 recorded in same period of 2015.

## Net Acquisition Cost

Net acquisition cost totaled \$3,072 million, an increase of 44.3% when compared to 1H15, which is largely explained by the strong growth on sales through the Financial Institution segment, along with the other segments.

This increase includes commissions and compensations paid to agents, in addition to costs related to the use of facilities (UOF) paid to Financial Institutions.

The year to date acquisition ratio was 23.2% in comparison to 22.3% recorded during 1H15.

## Net Claims Cost

Net claims cost totaled \$6,233 million during 1H16, a 14.8% increase when compared to the same period last year and below the increase in earned premiums, driven by a better underwriting and cost control.

Additionally, revenues from salvages and recoveries showed an increase during the first six months of the year. These offset to some extent the increase in direct claims costs.

Year to date claims ratio was 57.2% in comparison to 66.1% recorded in 1H15.

## Operating Expenses

Operating expenses increased 11.0% during the first half of the year, recording \$461 million in comparison to the \$416 million registered in 1H15.

The low growth in operating expenses is mainly explained by a better cost absorption deriving from growth, along with gradual increases in policy fees during the first half of the year.

Year to date operating ratio was 3.5% in comparison to 4.4% recorded in 1H15.

Depreciation & Amortization charges increased 33.3% during the first half of the year.

## Operating Income

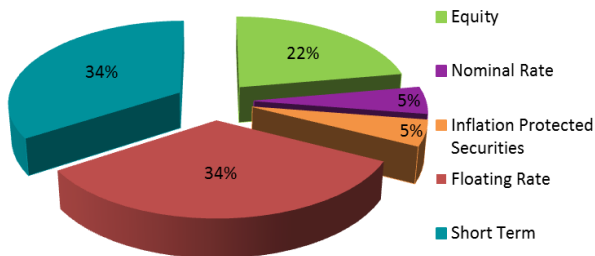
The Company booked an operating result of \$1,140 million for the first half of the year, which compares favorably with the \$244 million recorded in the same period last year.

## Investment Income

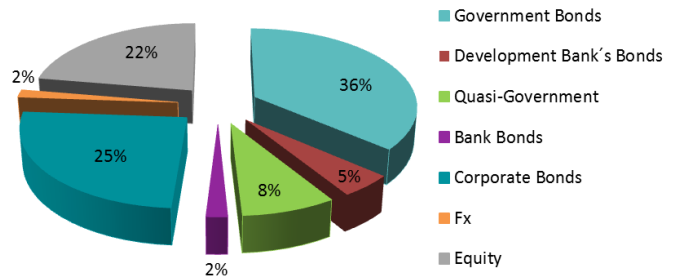
Investment Income for the first half of the year was \$383 million, 19.3% above the \$321 million recorded in 1H15.

This is mainly explained by the increase in Cash. It is worth mentioning that the fixed income portfolio has a significant exposure to floating interest rate instruments, which did not benefited from the hike on the reference interest rate during this period, however we expect a positive effect for this increase in the short term. The equity portfolio experienced high volatility due to oil prices and Brexit.

### Portfolio by Type of Risk



### Portfolio by Type of Issuer



## Taxes

During 1H16 the Company recorded Taxes of \$510 million.

## Net Result

Net result for the quarter totaled \$1,013 million, a 168.2% increase when compared to the \$378 million recorded in the same period of 2015.

## Investments

Investments totaled \$18,240 million, a 28.2% increase over 1H15's figure, as a consequence of the increase of LTM written premiums and LTM investment income. This item includes Securities, Overnight, Loan Portfolio and Property.

## Technical Reserves

Technical Reserves reached \$21,557 million, 26.8% higher when compared to the same period last year, as a result of the growth in LTM written premiums.

## Solvency

Quálitás registered a solvency margin of \$2,606 million, which represents a solvency ratio of 104.9%.

	Regulatory Capital Requirement*	Solvency Margin	Solvency Margin Ratio
Q MX	2,067	2,163	104.7%
Q ES	52	18	33.6%
Q CR	88	3	3.1%
Q IC	277	132	47.5%
<b>Total</b>	<b>2,483</b>	<b>2,315</b>	
Q Cash		291	
<b>Q</b>	<b>2,483</b>	<b>2,606</b>	<b>104.9%</b>

\*Regulatory Capital Requirement computation differs in the countries where Quálitás has operations.

- » FX Peso-USD June 2016: 18.46
- » FX Colon-USD June 2016: 541.67

## Share Buyback Program

	1H16
Shares traded in the semester	4,565,791
Balance of repurchased shares	7,069,606

The balance of repurchased stocks as of June 2016 was \$ 186.2 million and no shares have been cancelled.





# 1H16 Earnings Results

## QUALITAS CONTROLADORA, S.A.B. DE C.V. Consolidated Balance Sheet as of June 30, 2016

	2016	2015
<b>Assets</b>		
<b>Investments</b>	<b>18,240,065,201</b>	<b>14,222,373,065</b>
<b>Securities and Derivatives Transactions</b>	<b>16,444,423,256</b>	<b>12,453,080,486</b>
<b>Securities</b>	<b>16,444,423,256</b>	<b>12,453,080,486</b>
Government	6,050,503,201	3,674,545,632
Private Companies: Fixed Rate	6,857,863,618	5,965,672,520
Private Companies: Equity	3,096,256,919	2,495,817,910
Foreign	372,665,860	312,391,727
Dividends Receivable on Securities	-	-
(-) Value Impairment	-	-
Investments in Securities Loaned	-	-
Restricted Securities	67,133,658	4,652,697
<b>Derivatives</b>	-	-
<b>Overnight</b>	<b>425,281,151</b>	<b>579,609,446</b>
<b>Loan Portfolio (Net)</b>	<b>293,422,751</b>	<b>196,814,672</b>
Current Loan Portfolio	276,301,494	165,315,167
Non-performing Loan	18,600,677	31,499,505
(-) Loan Loss Provisions	1,479,420	-
<b>Property (Net)</b>	<b>1,076,938,042</b>	<b>992,868,461</b>
<b>Investments Related to Labor Obligations</b>	<b>66,861,591</b>	<b>64,767,354</b>
<b>Cash and Cash Equivalents</b>	<b>532,880,525</b>	<b>265,744,767</b>
Cash and Banks	532,880,525	265,744,767
<b>Debtors</b>	<b>12,590,578,780</b>	<b>10,234,685,367</b>
Premiums	11,764,607,741	9,454,403,628
Premiums P&C Subsidy	-	-
Federal Agencies Debts	76,130,275	-
Agents and Adjusters	71,548,694	58,640,895
Accounts Receivable	54,155,045	56,430,562
Bonds for Claims Debtors	-	-
Other	705,993,709	741,345,639
(-) Allowance for Doubtful Accounts	81,856,684	76,135,357
<b>Reinsurers and Re-Bonding Companies</b>	<b>114,590,165</b>	<b>74,185,809</b>
Insurance and Bonds Intitutions	-	1,089,082
Retained deposits	415,290	0
Amounts Recoverable from Reinsurance	115,234,926	73,096,727
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	926,451	-
(-) Provisions for Penalties	133,600	-
<b>Permanent Investments</b>	<b>49,141,115</b>	<b>46,658,860</b>
Subsidiaries	-	-
Associates	3,628,481	2,179,431
Other permanent investments	45,512,634	44,479,429
<b>Other Assets</b>	<b>2,315,306,648</b>	<b>1,743,755,541</b>
Furniture and Equipment (Net)	552,976,734	394,881,369
Foreclosed Assets (Net)	-	-
Miscellaneous	1,662,965,185	1,335,948,271
Amortizable Intangible Assets (Net)	99,364,729	12,925,901
Long-lived Intangible Assets (Net)	-	-
<b>Total Assets</b>	<b>33,909,424,025</b>	<b>26,652,170,763</b>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
Consolidated Balance Sheet as of June 30, 2016

	2016	2015
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>21,557,080,662</b>	<b>17,000,690,940</b>
<b>Unearned Premiums</b>	<b>16,446,559,929</b>	<b>12,873,295,226</b>
Life Insurance	-	-
Accident and Illness Insurance	-	-
Property and Casualty Insurance	16,446,559,929	12,873,295,226
Rebonding	-	-
In Force Bonding	-	-
<b>Reserve for Outstanding Obligations</b>	<b>5,110,520,733</b>	<b>4,127,395,714</b>
Expired Policies and Claims Occurred Pending of Payment	4,599,011,758	3,903,538,622
Occurred but not Reported and Adjustment Costs assigned to Claims	32,301,458	147,898,028
Funds Under Administration	-	-
Deposit Premiums	479,207,517	75,959,064
<b>Contingency Reserve</b>	-	-
<b>Specialized Insurance Reserve</b>	-	-
<b>Catastrophic Risks Reserves</b>	-	-
<b>Reserves Related to Labor Obligations</b>	<b>184,618,367</b>	<b>148,736,208</b>
<b>Creditors</b>	<b>3,418,319,846</b>	<b>2,742,000,401</b>
Agents and Adjusters	1,045,521,235	804,452,054
Funds for Losses Management	23,208,908	7,299,469
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	2,349,589,703	1,930,248,878
<b>Reinsurers and Re-Bonding Companies</b>	<b>110,532,914</b>	<b>43,089,080</b>
Insurance and Bond Companies	110,532,914	43,089,080
Retained Deposits	-	-
Other	-	-
Rebonding and Reinsurance Broker	-	-
<b>Funding Obtained</b>	-	-
Debt Issuance	-	-
Subordinated Obligations not exchangeable into shares	-	-
Other Debt Securities	-	-
Financial Reinsurance Agreement	-	-
<b>Other Liabilities</b>	<b>2,917,865,098</b>	<b>1,931,431,518</b>
Provisions for employee profit sharing	154,428,990	29,661,484
Income Tax Provisions	574,157,720	193,984,083
Other Obligations	1,864,481,487	1,491,764,055
Deferred Credits	324,796,901	216,021,896
<b>Total Liabilities</b>	<b>28,188,416,888</b>	<b>21,865,948,147</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,498,686,661</b>	<b>2,608,942,276</b>
Capital Stock	2,684,887,926	2,684,887,926
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	186,201,265	75,945,650
<b>Subordinated Obligations of Mandatory Conversion into Stockholders' Equity</b>	-	-
<b>Earned Capital</b>		
<b>Reserves</b>	<b>446,406,366</b>	<b>222,036,746</b>
Legal	146,406,366	87,036,746
For Repurchased of shares	300,000,000	135,000,000
Other	-	-
<b>Valuation Surplus</b>	<b>23,763,653</b>	<b>13,564,255</b>
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	<b>1,562,624,817</b>	<b>1,473,019,852</b>
<b>Net Result</b>	<b>1,004,106,583</b>	<b>374,849,484</b>
<b>Translation effect</b>	<b>147,983,041</b>	<b>70,486,617</b>
<b>Non Monetary Assets Result</b>	-	-
<b>Controlling Interest</b>	5,683,571,120	4,762,899,231
<b>Non-Controlling Interest</b>	37,436,018	23,323,385
<b>Total Stockholders' Equity</b>	<b>5,721,007,137</b>	<b>4,786,222,616</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>33,909,424,025</b>	<b>26,652,170,763</b>

**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Statement of Income for the six months ended June 30, 2015**

	2016	2015
<b>Premiums</b>		
Written	13,360,451,061	9,550,065,010
(-) Ceded	103,153,046	-
<b>Net Written Premiums</b>	<b>13,257,298,015</b>	<b>9,550,065,010</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>2,351,053,201</b>	<b>1,331,528,966</b>
<b>Earned Retained Premiums</b>	<b>10,906,244,814</b>	<b>8,218,536,044</b>
<b>(-) Net Acquisition Cost</b>	<b>3,071,908,982</b>	<b>2,128,211,534</b>
Agents' Commissions	811,185,158	561,850,690
Agents' Additional Compensation	178,075,302	91,662,582
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	2,572,513	785,153
Excess of Loss Coverage	47,710,984	25,396,751
Other	2,037,510,051	1,450,086,664
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>6,233,334,609</b>	<b>5,431,219,649</b>
Claims and Other Contractual Obligations	6,233,334,609	5,431,219,649
(-) Losses on non-proportional reinsurance Claims	-	-
<b>Technical Income (Loss)</b>	<b>1,601,001,223</b>	<b>659,104,861</b>
<b>(-) Net Increase in Other Technical Reserves</b>	-	-
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
<b>Comparable and Related Operations</b>	-	-
<b>Gross Income (Loss)</b>	<b>1,601,001,223</b>	<b>659,104,861</b>
<b>(-) Net Operating Expenses</b>	<b>461,262,642</b>	<b>415,523,368</b>
Administrative and Operating Expenses	-13,450,591	117,945,932
Employees' compensation and benefits	355,644,671	208,279,215
Depreciation and Amortization	119,068,562	89,298,221
<b>Operating Income (Loss)</b>	<b>1,139,738,581</b>	<b>243,581,493</b>
<b>Comprehensive Financing Result</b>	<b>382,915,503</b>	<b>321,023,097</b>
Investments	339,941,450	215,698,716
Sale of Investments	33,143,965	30,936,939
Fair Valuation of Investments	-26,904,940	29,368,894
Surcharges on Premiums	88,659,510	65,806,408
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	14,417,992	14,968,529
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	1,479,420	-
(-) Preventive Penalties for Credit Risks	926,451	-
Other	28,506,192	-2,354,634
Foreign Exchange Rate Fluctuation	-92,442,795	-33,401,755
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	-	-
<b>Income (Loss) Before Taxes</b>	<b>1,522,654,084</b>	<b>564,604,589</b>
<b>(-) Provision for Income Taxes</b>	<b>510,037,980</b>	<b>186,981,433</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,012,616,104</b>	<b>377,623,156</b>
<b>Discontinued Operations</b>	-	-
<b>Net Income (Loss)</b>	<b>1,012,616,104</b>	<b>377,623,156</b>
Controlling Interest	1,004,106,583	374,849,484
Non-Controlling Interest	8,509,521	2,773,673
<b>Net Income (Loss)</b>	<b>1,012,616,104</b>	<b>377,623,156</b>

**QUÁLITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Statement of Income for the Second Quarter**

	2Q16	2Q15
<b>Premiums</b>		
Written	7,017,380,124	4,713,758,543
(-) Ceded	86,318,199	-
<b>Net Written Premiums</b>	<b>6,931,061,925</b>	<b>4,713,758,543</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>1,042,928,120</b>	<b>496,070,088</b>
<b>Earned Retained Premiums</b>	<b>5,888,133,805</b>	<b>4,217,688,454</b>
<b>(-) Net Acquisition Cost</b>	<b>1,694,327,046</b>	<b>1,056,360,434</b>
Agents' Commissions	420,365,887	276,084,482
Agents' Additional Compensation	94,249,607	42,654,910
Excess of Loss Coverage	28,426,402	16,528,934
Other	1,151,231,082	721,092,108
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>3,233,758,352</b>	<b>2,847,603,471</b>
Claims and Other Contractual Obligations	3,233,758,352	2,847,603,471
Losses on non-proportional reinsurance	-	-
Claims	-	-
<b>Technical Income (Loss)</b>	<b>960,048,407</b>	<b>313,724,549</b>
<b>(-) Net increase in Other Technical Reserves</b>	<b>-</b>	<b>-</b>
<b>Gross Income (Loss)</b>	<b>960,048,407</b>	<b>313,724,549</b>
<b>(-) Net Operating Expenses</b>	<b>286,060,104</b>	<b>242,852,960</b>
Administrative and Operating expenses	2,895,411	92,002,441
Employees' compensation and benefits	220,932,391	104,710,553
Depreciation and Amortization	62,232,302	46,139,965
<b>Operating Income (Loss)</b>	<b>673,988,303</b>	<b>70,871,589</b>
<b>Comprehensive Financing Result</b>	<b>303,203,356</b>	<b>189,208,200</b>
Investments	177,279,124	123,474,536
Sale of Investments	31,145,321	13,587,230
Fair Valuation of Investments	-30,588,484	30,875,524
Surcharges on Premiums	46,944,817	34,010,922
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	6,416,570	7,057,859
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	105,493	-
(-) Preventive Penalties for Credit Risks	-94,439	-
Other	14,599,711	-1,003,651
Foreign Exchange Rate Fluctuation	57,417,352	-18,794,219
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>977,191,659</b>	<b>260,079,789</b>
<b>(-) Provision for Income Taxes</b>	<b>333,117,609</b>	<b>87,643,303</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>644,074,051</b>	<b>172,436,486</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>644,074,051</b>	<b>172,436,486</b>
Non-Controlling Interest	641,823,882	170,886,416
Controlling Interest	2,250,169	1,550,070
<b>Net Income (Loss)</b>	<b>644,074,051</b>	<b>172,436,486</b>

## Glossary of Terms and Definitions

**Acquisition Cost:** Includes commissions and compensations paid to agents as well as fees paid to Financial Institutions for the use of their facilities (UOF)

**Acquisition Ratio:** Acquisition Cost ÷ Net Written Premiums

**CAGR:** Compound Annual Growth Rate =  $[(\text{End of Period Figure} / \text{Beginning of Period Figure}) ^ {1/ \text{Number of periods}}]$

**Combined Ratio:** Acquisition Ratio + Operating Ratio + Claims Ratio

**CNSF:** National Insurance & Bonds Commission, the regulator of the insurance sector in Mexico

**Financial Institutions:** Financial branch of major automakers and Financial Groups that provide automotive financing

**Claims Cost:** Includes costs incurred in the payment of claims: third party liability, theft, repair costs, among others

**Claims Ratio:** Claims Cost ÷ Net Earned Premiums

**Multi-annual Policies:** Policies with a term greater than 12 months. They are typically issued for the automobiles sold on credit

**Net Earned Premiums:** Written premiums registered as income throughout the duration of a policy

**Net Written Premiums:** Written premiums less the portion ceded to reinsurance

**Operating Expenses:** Includes expenses incurred in by the Company in its regular operations

**Operating Ratio:** Operating Expenses ÷ Written Premiums

**Policies' Fees:** Administrative fee charged when the policy is issued and recorded as an income in operating expenses

**Premium Debtor:** Records the portion of sold policies which will be paid in installments.

**Premiums finance charge:** Financial penalty imposed to policyholders that choose to pay premiums in installments

**Regulatory Capital Requirement:** Is the minimum capital level that an insurance company should maintain, according to legal requirements

**Written Premiums:** Premiums corresponding to policies underwritten

**Q CR:** Quálitas Costa Rica

**Q MX:** Quálitas Mexico

**Q ES:** Quálitas El Salvador

**QIC:** Quálitas Insurance Company

**Solvency Margin:** Stockholders' equity – Regulatory Capital Requirement

**Solvency Margin Ratio:** Solvency Margin ÷ Regulatory Capital Requirement

Qualitas Controladora (Q) is the largest auto insurance company in Mexico in terms of market share, 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 Mexico. Qualitas is listed on the Mexican Stock Exchange (BMV) under the ticker “Q” (Bloomberg: Q\*: MM).

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*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.*

## Analysts

Institution	Analyst	E-mail
Actinver	Enrique Mendoza	emendoza@actinver.com.mx
BBVA Research	Germán Velasco	german.velasco@bbva.com
Grupo Bursátil Mexicano	Luis Willard	lrwillard@gbm.com.mx
Interacciones	Roberto Navarro	rnavarro@interacciones.com
Nau Securities	Iñigo Vega	inigovega@nau-securities.com
Signum Research	Armando Rodríguez	armando.rodriguez@signumresearch.com
Ve por Más	Verónica Uribe	veuribeb@vepormas.com

## IR Contacts

**Mariana Fernández**

mfernandez@qualitas.com.mx

T: +52 (55) 1555-6103

**Elba Salcedo**

esalcedo@qualitas.com.mx

T: +52 (55) 1555-6316

[www.qualitas.com.mx](http://www.qualitas.com.mx)