

EARNINGS RESULTS

■ 3Q16



QUÁLITAS REPORTS RESULTS FOR THE THIRD QUARTER OF 2016

Mexico City, October 26th, 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 nine months ended September 30th, 2016.

As of January 1st, 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.

3Q16 Highlights:

- Written premiums grew 71.8% during the quarter and 50.0% during the first nine months of the year, when compared to the same period last year.
- Insured vehicles increased 24.4% in comparison to the same quarter of 2015, reaching almost 3.4 million insured vehicles.
- Earned premiums grew 44.5% during the quarter and 36.7% during the first nine months of the year when compared to the same period last year.
- The claims costs registered in the quarter increased 30.9%, percentage below the quarterly increase in earned premiums. For the first nine months of the year claims costs increased 20.5%, also below the 36.7% increase in earned premiums.
- The Company recorded an operating result of \$107 million during the quarter, 838.7% above the figure recorded the previous year. On a cumulative basis the operating result amounted to \$1,247 million.
- The investment income for the quarter was \$401 million, 111.5% above the figure recorded the previous year.
- Net result for the quarter amounted to \$382 million and to \$1,395 million for the first nine months of the year, a 188.0% increase when compared to the same quarter of the previous year and 173.3% on a cumulative basis.
- The Company recorded a combined ratio of 91.3% for the quarter, 694 bps lower than the same period of the previous year.

INCOME STATEMENT	3Q16	3Q15	Δ %/bp	9M16	9M15	Δ %/bp
Written Premiums	7,598	4,421	71.8%	20,958	13,971	50.0%
Net Written Premiums	7,598	4,421	71.8%	20,855	13,971	49.3%
Earned Premiums	6,066	4,197	44.5%	16,972	12,416	36.7%
Acquisition Cost	1,897	1,004	89.0%	4,969	3,132	58.6%
Claims Cost	3,875	2,961	30.9%	10,109	8,392	20.5%
Technical Result	294	233	26.0%	1,895	892	112.3%
Operating Expenses	187	222	(15.8%)	648	637	1.7%
Operating Result	107	11	838.7%	1,247	255	389.0%
Investment Income	401	190	111.5%	784	511	53.5%
Income Taxes	126	68	84.2%	636	255	149.1%
Net Result	382	133	188.0%	1,395	510	173.3%
BALANCE SHEET						
Investments	19,992	14,792	35.2%	19,992	14,792	35.2%
Total Assets	37,356	27,174	37.5%	37,356	27,174	37.5%
Technical Reserves	23,799	17,314	37.5%	23,799	17,314	37.5%
Total Liabilities	31,313	22,251	40.7%	31,313	22,251	40.7%
Stockholders' Equity	6,043	4,923	22.7%	6,043	4,923	22.7%
COST RATIOS						
Acquisition Ratio	25.0%	22.7%	226	23.8%	22.4%	141
Claims Ratio	63.9%	70.5%	(665)	59.6%	67.6%	(803)
Operating Ratio	2.5%	5.0%	(256)	3.1%	4.6%	(147)
Combined Ratio	91.3%	98.3%	(694)	86.5%	94.6%	(809)
PROFITABILITY RATIOS						
Return on Investments	7.5%	4.7%	283	4.7%	4.2%	50
LTM ROE	26.4%	11.7%	1,472	26.4%	11.7%	1,472

Insured Vehicles

Business Line	3Q16	3Q15	Δ %
Automobiles	2,323,333	1,852,566	25.4%
Trucks	817,585	664,187	23.1%
Tourists	91,805	89,231	2.9%
Motorcycles	93,550	78,337	19.4%
El Salvador	11,790	16,470	(28.4%)
Costa Rica	41,006	22,731	80.4%
USA	12,906	3,468	272.1%
Insured Vehicles	3,391,975	2,726,990	24.4%

Insured vehicles increased 24.4% when compared to the previous year, reaching 3,391,975 units. The number of units insured during the quarter totaled 196,568.

Written Premiums

Segment	3Q16	3Q15	Δ \$	Δ %
Individual	1,201	900	301	33.4%
Fleets	1,740	1,282	458	35.7%
Sum of Traditional	2,942	2,182	759	34.8%
Financial Institutions	4,165	1,897	2,268	119.5%
Subsidiaries	363	189	174	92.0%
Other	129	153	(24)	(15.8%)
Total	7,598	4,421	3,176	71.8%

Period	3Q16	%	3Q15	%
Annual	4,182	55.0%	2,975	67.3%
Multiannual	3,416	45.0%	1,446	32.7%

During the quarter written premiums totaled \$7,598 million, an increase of 71.8% in comparison to \$4,421 million recorded in 3Q15 and a 50.0% increase on a cumulative basis.

The \$3,176 million increase in this item was mainly driven by a 119.5% growth in Financial Institutions, along with a 35.7% increase in Fleets and a 33.4% increase in the Individual segment.

Written premiums growth in pesos in Costa Rica was 76.4% when compared to the same quarter last year, while El Salvador recorded an increase of 10.5%.

Written premiums in QIC totaled \$220 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 did not register ceded premiums during the quarter. Qualitas holds a catastrophic reinsurance agreement for its subsidiaries.

Earned Premiums

Earned premiums for the quarter totaled \$6,066 million, an increase of 44.5% when compared to the \$4,197 recorded in same period of 2015, and a 36.7% increase on a cumulative basis.

Net Acquisition Cost

Net acquisition cost totaled \$1,897 million, an increase of 89.0% when compared to 3Q15, and a 58.6% increase on a cumulative basis. The increase is largely explained by the commissions and compensations paid to agents, in addition to costs related to the use of facilities (UOF) paid to Financial Institutions.

The acquisition ratio for the quarter was 25.0% and compares to the 22.7% recorded during 3Q15, the cumulative ratio was 23.8% and compares to the 22.4% registered the same period last year.

Net Claims Cost

Net claims cost totaled \$3,875 million during 3Q16 and \$10,109 million during the first nine months of the year, a 30.9% increase when compared to the same quarter last year and 20.5% increase when compared on a cumulative basis. Both figures are below the increase in earned premiums due to better underwriting and cost controls.

Claims ratio for the quarter was 63.9% and compares to the 70.5% recorded during 3Q15, the cumulative ratio was 59.6% and compares to the 67.6% registered the same period last year.

Operating Expenses

Operating expenses during the quarter amounted \$187 million, a 15.8% decrease when compared to the \$222 million registered in 3Q15 and 1.7% increase if compared on a cumulative basis.

This is mainly explained by an increase in policy fees and operational efficiencies through economies of scale.

Operating ratio for the quarter was 2.5% and compares to the 5.0% recorded during 3Q15, the cumulative ratio was 3.1% and compares to the 4.6% registered the same period last year.

Depreciation & Amortization during the quarter increased 25.9% when compared to the same period last year.

Operating Income

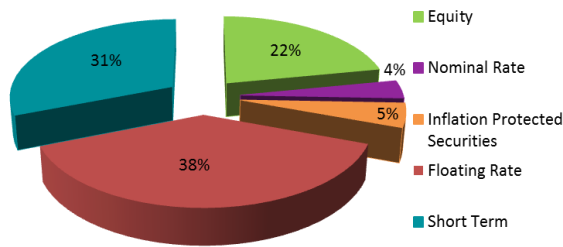
The Company booked an operating result of \$107 million for the quarter, which compares favorably with the \$11 million recorded in the same period last year, and \$1,247 million for the first nine months of the year, above the \$255 million registered same period last year.

Investment Income

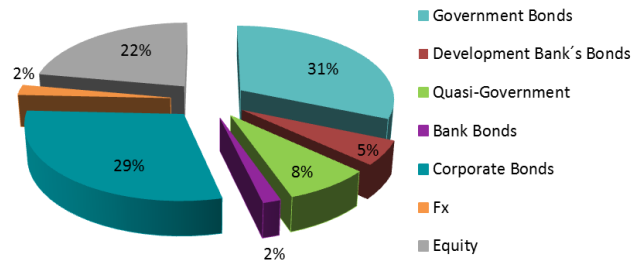
Investment Income for the quarter was \$401 million, 111.5% above the \$190 million recorded in 3Q15. This growth is explained by the better return on investments and the increase in Cash.

The 7.5% quarterly return on investments was driven by equities performance, the increase in private debt position and the rise in the Mexican reference rate by 50 bp in September.

Portfolio by Type of Risk



Portfolio by Type of Issuer



Taxes

During 3Q16 the Company recorded taxes of \$126 million and \$636 million for the first nine months of the year.

Net Result

Net result totaled \$382 million for the quarter and \$1,395 million for the nine months, a 188.0% increase when compared on a quarterly basis and 173.3% on a cumulative basis.

Investments

Investments totaled \$19,992 million, a 35.2% increase over 3Q15 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 \$23,799 million, 37.5% higher when compared to the same period last year, as a result of the growth in LTM written premiums.

Solvency

Quálitas registered a solvency margin of \$2,419 million, which represents a solvency ratio of 83.7%.

	Regulatory Capital Requirement*	Solvency Margin	Solvency Margin Ratio
Q MX	2,456	2,126	86.6%
Q ES	51	22	42.0%
Q CR	92	28	30.7%
QIC	291	161	55.5%
Total	2,890	2,337	
Q Cash		82	
Q	2,890	2,419	83.7%

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

- » FX Peso-USD September 2016: 19.38
- » FX Colon-USD September 2016: 546.33

Share Buyback Program

	3Q16
Shares traded in the quarter	5,702,145
Balance of repurchased shares	10,449,309

The balance of repurchased stocks as of September 2016 was \$272.5 million and no shares have been cancelled.

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

	2016	2015
Assets		
Investments	19,991,829,313	14,791,986,233
Securities and Derivatives Transactions	17,806,501,378	13,228,383,910
Securities	17,806,501,378	13,228,383,910
Government	5,528,984,215	3,519,110,368
Private Companies: Fixed Rate	8,357,051,536	6,807,212,490
Private Companies: Equity	3,314,382,954	2,428,107,776
Foreign	452,927,467	452,016,846
Dividends Receivable on Securities	-	-
(-) Value Impairment	-	-
Investments in Securities Loaned	-	-
Restricted Securities	153,155,206	21,936,429
Derivatives	-	-
Overnight	823,997,210	384,755,644
Loans Portfolio (Net)	281,345,334	180,278,431
Current Loan Portfolio	261,886,312	148,445,306
Non-performing Loan	21,253,288	31,833,125
(-) Loan Loss Provisions	1,794,266	-
Property (Net)	1,079,985,391	998,568,248
Investments Related to Labor Obligations	67,561,683	65,239,760
Cash and Cash Equivalents	644,370,949	450,479,752
Cash and Banks	644,370,949	450,479,752
Debtors	13,876,732,162	9,810,207,148
Premiums	12,958,874,433	9,231,270,691
Federal Agencies Debts	78,053,831	-
Agents and Adjusters	94,474,299	45,738,284
Accounts Receivable	43,908,555	54,542,510
Bonds for Claims Debtors	-	145,877
Other	787,602,421	559,994,335
(-) Allowance for Doubtful Accounts	86,181,377	81,484,549
Reinsurers and Re-Bonding Companies	112,067,001	62,408,705
Insurance and Bonds Intitutions	2,129,766	1,133,011
Retained deposits	856,866	-
Amounts Recoverable from Reinsurance	110,201,605	61,275,694
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,006,124	-
(-) Provisions for Penalties	115,112	-
Permanent Investments	50,174,320	46,658,860
Subsidiaries	-	-
Associates	3,628,481	2,179,431
Other permanent investments	46,545,839	44,479,429
Other Assets	2,613,349,057	1,947,445,257
Furniture and Equipment (Net)	659,127,493	473,339,436
Foreclosed Assets (Net)	-	-
Miscellaneous	1,912,087,869	1,452,683,139
Amortizable Intangible Assets (Net)	42,133,695	21,422,682
Long-lived Intangible Assets (Net)	-	-
Total Assets	37,356,084,485	27,174,425,715

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

	2016	2015
Liabilities		
Technical Reserves	23,799,431,224	17,314,062,103
Unearned Premiums	17,855,649,700	13,033,790,683
Life Insurance	-	-
Accident and Illness Insurance	-	-
Property and Casualty Insurance	17,855,649,700	13,033,790,683
Rebonding	-	-
In Force Bonding	-	-
Reserve for Outstanding Obligations	5,943,781,524	4,280,271,419
Expired Policies and Claims Occurred Pending of Payment	5,342,383,807	4,066,965,620
Occurred but not Reported and Adjustment Costs assigned to Claims	35,983,182	146,146,928
Funds Under Administration	-	-
Deposit Premiums	565,414,535	67,158,871
Contingency Reserve	-	-
Specialized Insurance Reserve	-	-
Catastrophic Risks Reserves	-	-
Reserves Related to Labor Obligations	194,018,711	156,749,212
Creditors	3,768,052,465	2,758,513,142
Agents and Adjusters	1,111,080,669	827,731,880
Funds for Losses Management	4,304,584	21,767,802
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	2,652,667,212	1,909,013,460
Reinsurers and Re-Bonding Companies	93,287,914	33,726,571
Insurance and Bond Companies	93,287,914	33,726,571
Retained Deposits	-	-
Other	-	-
Rebonding and Reinsurance Broker	-	-
Funding Obtained	-	-
Debt Issuance	-	-
Subordinated Obligations not exchangeable into shares	-	-
Other Debt Securities	-	-
Financial Reinsurance Agreement	-	-
Other Liabilities	3,457,905,773	1,987,947,508
Provisions for employee profit sharing	205,394,811	27,599,694
Income Tax Provisions	787,980,495	249,159,185
Other Obligations	2,085,627,551	1,480,996,448
Deferred Credits	378,902,916	230,192,180
Total Liabilities	31,312,696,086	22,250,998,535
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,412,356,491	2,577,465,792
Capital Stock	2,684,887,926	2,684,887,926
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	272,531,435	107,422,134
Subordinated Obligations of Mandatory Conversion into Stockholders' Equity	-	-
Earned Capital		
Reserves	446,406,366	222,036,746
Legal	146,406,366	87,036,746
For Repurchase of shares	300,000,000	135,000,000
Other	-	-
Valuation Surplus	20,819,551	16,270,509
Permanent Investments	-	-
Retained Earnings	1,562,624,403	1,473,019,852
Net Result	1,384,034,061	504,353,761
Translation effect	177,352,298	104,138,339
Non Monetary Assets Result	-	-
Controlling Interest	6,003,593,170	4,897,285,000
Non-Controlling Interest	39,795,228	26,142,181
Total Stockholders' Equity	6,043,388,399	4,923,427,180
Total Liabilities and Stockholders' Equity	37,356,084,485	27,174,425,715

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Statement of Income for the nine months ended September 30, 2016

	2016	2015
Premiums		
Written	20,958,055,189	13,971,237,111
(-) Ceded	103,153,046	-
Net Written Premiums	20,854,902,143	13,971,237,111
(-) Net Increase of Unearned Premiums Reserve	3,882,887,107	1,555,323,322
Earned Retained Premiums	16,972,015,036	12,415,913,790
(-) Net Acquisition Cost	4,968,570,406	3,131,782,718
Agents Commissions	1,255,111,131	831,877,349
Agents' Additional Compensation	262,433,519	142,323,993
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	2,690,342	785,153
Excess of Loss Coverage	73,350,413	37,118,879
Other	3,380,365,684	2,121,247,650
(-) Net Claims Cost and Other		
Contractual Liabilities	10,108,611,866	8,391,768,772
Claims and Other Contractual Obligations	10,108,611,866	8,391,768,772
(-) Losses on non-proportional reinsurance	-	-
Claims	-	-
Technical Income (Loss)	1,894,832,764	892,362,300
(-) Net Increase in Other Technical Reserves	-	-
Gross Income (Loss)	1,894,832,764	892,362,300
(-) Net Operating Expenses	648,031,260	637,375,683
Administrative and Operating Expenses	-61,820,194	164,793,742
Employees' compensation and benefits	523,696,353	330,006,202
Depreciation and Amortization	186,155,101	142,575,740
Operating Income (Loss)	1,246,801,504	254,986,616
Comprehensive Financing Result	783,865,048	510,632,929
Investments	546,451,999	360,997,392
Sale of Investments	83,278,168	40,620,772
Fair Valuation of Investments	41,594,260	39,861,289
Surcharges on Premiums	138,813,000	101,846,033
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	23,487,282	20,528,374
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	1,794,266	-
(-) Preventive Penalties for Credit Risks	1,006,124	-
Other	40,168,993	-4,931,548
Foreign Exchange Rate Fluctuation	-87,128,264	-48,289,383
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	2,030,666,552	765,619,545
(-) Provision for Income Taxes	635,764,223	255,221,282
Income (Loss) Before Discontinued Operations	1,394,902,329	510,398,263
Discontinued Operations	-	-
Net Income (Loss)	1,394,902,329	510,398,263
Controlling Interest	1,384,034,061	504,353,761
Non-Controlling Interest	10,868,268	6,044,502
Net Income (Loss)	1,394,902,329	510,398,263

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

	3Q16	3Q15
Premiums		
Written	7,597,604,128	4,421,172,101
(-) Ceded	-	-
Net Written Premiums	7,597,604,128	4,421,172,101
(-) Net Increase of Unearned Premiums Reserve	1,531,833,906	223,794,356
Earned Retained Premiums	6,065,770,222	4,197,377,746
(-) Net Acquisition Cost	1,896,661,424	1,003,571,184
Agents' Commissions	443,925,973	270,026,659
Agents' Additional Compensation	84,358,217	50,661,411
Excess of Loss Coverage	25,639,429	11,722,128
Other	1,342,855,634	671,160,986
(-) Net Claims Cost and Other		
Contractual Liabilities	3,875,277,257	2,960,549,123
Claims and Other Contractual Obligations	3,875,277,257	2,960,549,123
Losses on non-proportional reinsurance	-	-
Claims	-	-
Technical Income (Loss)	293,831,541	233,257,439
(-) Net increase in Other Technical Reserves	-	-
Gross Income (Loss)	293,831,541	233,257,439
(-) Net Operating Expenses	186,768,618	221,852,315
Administrative and Operating expenses	-48,369,603	46,847,809
Employees' compensation and benefits	168,051,681	121,726,987
Depreciation and Amortization	67,086,539	53,277,519
Operating Income (Loss)	107,062,923	11,405,124
Comprehensive Financing Result	401,029,217	189,609,832
Investments	206,510,548	145,298,676
Sale of Investments	50,134,203	9,683,833
Fair Valuation of Investments	68,499,200	10,492,395
Surcharges on Premiums	50,153,490	36,039,625
Underwriting of debt securities	-	-
Financial reinsurance	-	-
Loan Interests	9,069,290	5,559,845
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	314,846	-
(-) Preventive Penalties for Credit Risks	-	-
Other	11,662,801	-2,576,914
Foreign Exchange Rate Fluctuation	5,314,531	-14,887,628
(-) Monetary Position	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	508,092,140	201,014,956
(-) Provision for Income Taxes	125,726,243	68,239,849
Income (Loss) Before Discontinued Operations	382,365,898	132,775,107
Discontinued Operations	-	-
Net Income (Loss)	382,365,898	132,775,107
Non-Controlling Interest	380,007,151	129,504,277
Controlling Interest	2,358,747	3,270,829
Net Income (Loss)	382,365,898	132,775,107

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).

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.

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