

Earnings Results

2Q17

QUÁLITAS REPORTS RESULTS FOR THE SECOND QUARTER OF 2017

Mexico City, July 19th, 2017 – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “Q”, or “the Company”) (BMV: Q*), announces its unaudited financial results for the second quarter ended June 30th, 2017.

For the quarterly and cumulative analysis, the variations to the previous year are presented in comparable figures; this means that they do not consider the effect of adoption of Solvency II.

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

2Q17 Highlights:

Operating figures

- » During the second quarter the Company **opened 4 new ODQs** (Quálitas Development Offices) in Mexico.
- » Additional **insured vehicles** in the quarter amounted to 85,036, reaching a total of 3.8 million units under insurance, figure 19.2% higher than June 2016 and 2.3% higher than March 2017.
- » At the end of March, Quálitas kept its leader position reaching **33.5% of market share** in the Mexican Automobile Insurance Industry. By segment, Q has 46.6% market share in trucks and 28.4% in automobiles.

Income Statement and Balance Sheet

- » **Written premiums** increased 7.0% mainly driven by the individual and fleets segments in Mexico and Quálitas Insurance Company (QIC) within the foreign subsidiaries.
- » **Earned premiums** grew 24.7%, increase above the growth in written premiums derived from the multiannual policies issued in past months.
- » **Claims cost** rose 34.0% due to an increase in the number of stolen cars in Mexico, weather factors and the spare parts costs, which are priced in dollars. During the quarter 382,311 claims were assisted.
- » Despite the growth in written premiums, **operating expenses** decreased 49.0% when compared to 2Q16, product of the operating efficiency and the fixed costs absorption.
- » The Company registered a **combined ratio** of 95.5% and an **operating result** of \$146 million, amount 79.0% higher than the one reported in 2Q16.
- » **Investment income** amounted to \$479 million, an increase of 57.8% that is mainly related to the financial assets portfolio management.
- » **Net income** for the quarter was \$468 million, figure 94.2% higher than the amount registered during 2Q16.

Financial highlights and comparative analysis without Solvency II adoption effect

As of January 1st, 2016, Q MX began to operate under Solvency II quantitative models. Due to this change, in the first two quarters of 2016, the company registered an adoption effect that impacted some items of the Financial Statements. For information purposes, a comparison table presenting the main items of the Income Statement and Balance Sheet without the adoption effect is shown hereunder.

QUARTERLY					
INCOME STATEMENT	2Q17	2Q16	Δ %/bp	Without SII effect	
				2Q16	Δ %
Written Premiums	7,506	7,017	7.0%	7,017	7.0%
Net Written Premiums	7,469	6,931	7.8%	6,931	7.8%
Earned Premiums	6,863	5,888	16.6%	5,503	24.7%
Acquisition Cost	1,905	1,694	12.4%	1,694	12.4%
Claims Cost	4,699	3,234	45.3%	3,507	34.0%
Technical Result	258	960	(73.1%)	302	(14.4%)
Operating Expenses	112	286	(60.7%)	220	(49.0%)
Operating Result	146	674	(78.3%)	82	79.0%
Investment Income	479	303	57.8%	303	57.8%
Income Taxes	156	333	(53.1%)	144	8.7%
Net Result	468	644	(27.3%)	241	94.2%
Acquisition Ratio	25.5%	24.4%	106	24.4%	106
Claims Ratio	68.5%	54.9%	1,355	63.7%	475
Operating Ratio	1.5%	4.1%	(258)	3.1%	(164)
Combined Ratio	95.5%	83.4%	1,204	91.3%	417
BALANCE SHEET					
Assets	45,568	33,909	34.4%	33,914	34.4%
Investments	23,418	18,240	28.4%	18,240	28.4%
Financial Assets	22,630	17,618	28.5%	17,618	28.5%
Technical Reserves	30,304	21,557	40.6%	22,323	35.8%
Total Liabilities	39,087	28,188	38.7%	28,726	36.1%
Stockholders' Equity	6,480	5,721	13.3%	5,188	24.9%
PROFITABILITY RATIOS					
Return on Investments ¹	7.6%	6.1%	158	6.1%	158
LTM ROE	17.0%	22.8%	(586)	14.8%	215

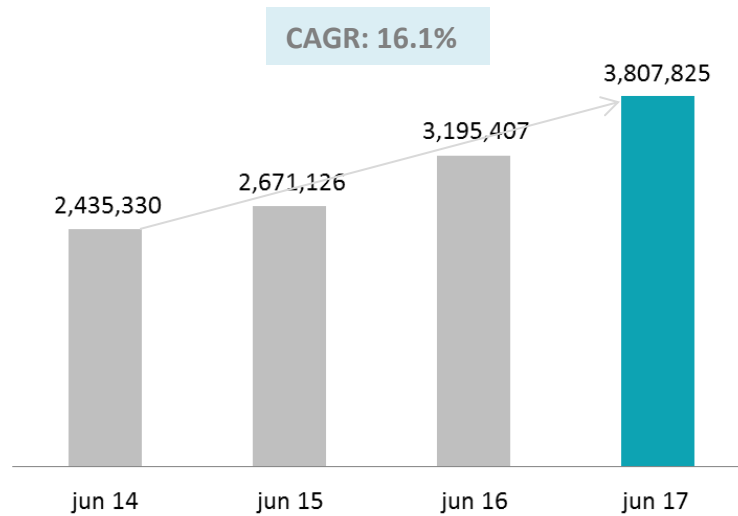
¹ The return on investments of 2016 varies to the figures reported last year due to a reclassification of overnight premiums.

For information purposes, a comparison table presenting the main items of the Income Statement and Balance Sheet without the adoption effect is shown hereunder.

CUMULATIVE					
INCOME STATEMENT	YTD 17	YTD 16	Δ %/pb	Without SII effect	
				YTD 16	Δ %/pb
Written Premiums	16,793	13,360	25.7%	13,360	25.7%
Net Written Premiums	16,734	13,257	26.2%	13,257	26.2%
Earned Premiums	13,569	10,906	24.4%	10,466	29.6%
Acquisition Cost	3,954	3,072	28.7%	3,072	28.7%
Claims Cost	9,161	6,233	47.0%	6,546	40.0%
Technical Result	454	1,601	(71.7%)	849	(46.5%)
Operating Expenses	288	461	(37.7%)	386	(25.5%)
Operating Result	166	1,140	(85.4%)	463	(64.1%)
Investment Income	829	383	116.4%	383	116.5%
Income Taxes	248	510	(51.3%)	293	(15.3%)
Net Result	746	1,013	(26.3%)	552	35.2%
Acquisition Ratio	23.6%	23.2%	46	23.2%	46
Claims Ratio	67.5%	57.2%	1,036	62.5%	498
Operating Ratio	1.7%	3.5%	(174)	2.9%	(118)
Combined Ratio	92.9%	83.8%	908	88.6%	426
BALANCE SHEET					
Assets	45,568	33,909	34.4%	33,914	34.4%
Investments	23,418	18,240	28.4%	18,240	28.4%
Financial Assets	22,630	17,618	28.5%	17,618	28.5%
Technical Reserves	30,304	21,557	40.6%	22,323	35.8%
Total Liabilities	39,087	28,188	38.7%	28,726	36.1%
Stockholders' Equity	6,480	5,721	13.3%	5,188	24.9%
PROFITABILITY RATIOS					
Return on Investments ²	6.3%	3.5%	286	3.5%	(348)
LTM ROE	17.0%	22.8%	(586)	14.8%	(1,480)

² The return on investments of 2016 varies to the figures reported last year due to a reclassification of overnight premiums.

Insured Vehicles



CAGR: Compound Annual Growth Rate

Business Line	Jun-17	Jun-16	Δ units	Δ %
Automobiles	2,615,933	2,168,419	447,514	20.6%
Trucks	925,447	781,178	144,269	18.5%
Tourists	75,810	93,462	(17,652)	(18.9%)
Motorcycles	108,075	93,260	14,815	15.9%
El Salvador	13,256	12,389	867	7.0%
Costa Rica	49,596	37,249	12,347	33.1%
USA	19,708	9,450	10,258	108.6%
Insured Vehicles	3,807,825	3,195,407	612,418	19.2%

Insured vehicles increased 19.2% when compared to the previous year, reaching a total of 3,807,825 insured units in the portfolio. During the quarter 85,036 additional units were insured.

Written Premiums

Segment	2Q17	2Q16	Δ \$	Δ %	YTD 17	YTD 16	Δ \$	Δ %
Individual	1,760	1,457	303	20.8%	3,690	2,951	739	25.0%
Fleets	1,646	1,528	118	7.8%	4,110	3,211	899	28.0%
Financial Institutions	3,573	3,573	0	0.0%	7,505	6,252	1,253	20.0%
Foreign subsidiaries	414	340	74	21.8%	882	593	289	48.7%
Other	113	120	(7)	(5.8%)	607	353	253	71.7%
Total	7,506	7,017	489	7.0%	16,793	13,360	3,432	25.7%

Period	2Q17	%	2Q16	%	YTD 17	%	YTD 16	%
Annual	4,806	64.0%	3,992	56.9%	11,051	65.8%	8,170	61.2%
Multiannual	2,701	36.0%	3,026	43.1%	5,742	34.2%	5,190	38.8%

During the quarter written premiums totaled \$7,506 million, an increase of 7.0% when compared to the amount recorded in 2Q16.

The \$489 million increase in this item was mainly driven by the growth in the individual and fleets segments in México besides the sound growth of QIC.

The Financial Institutions segment had an impact in the quarter due to the 2.6% decrease in new car sales in Mexico and to the changes Quálitas has made in some financing programs which resulted in a participation reduction in those programs.

New vehicle sales are still mainly related to the rising credit granting and its conditions. As of May, 68.6% of new car sales were through financing. In the same month, according to Banxico (Mexico's Central Bank) the automobile credit for the private sector showed a 14.1% annual growth.

Among the foreign subsidiaries, QIC showed a quarterly growth of 51.4%, QES 31.0% growth and QCR decreased by 6.1%.

Ceded Premiums, Earned Premiums and Reinsurance

The Company registered ceded premiums of \$37 million during the quarter, figure 56.7% lower when compared to the same quarter of the previous year.

It is worth mentioning that Quálitas holds a catastrophic reinsurance agreement for its subsidiaries.

Earned Premiums

Earned premiums for the quarter totaled \$6,863 million, an increase of 24.7% when compared to the \$5,503 million recorded in 2Q16.

A higher growth in earned premiums when compared to the written premiums increase is derived from the amount of multiannual policies issued in past months.

Net Acquisition Cost

Net acquisition cost amounted to \$1,905 million, an increase of 12.4% when compared to the \$1,694 million recorded in 2Q16.

This increase is mainly explained by the commissions and compensations paid to the agents and brokers.

The acquisition ratio for the quarter was 25.5% compared to the 24.4% registered the same period last year.

Net Claim Cost

Net claims cost reached \$4,699 million during the quarter, an increase of 34.0% when compared to the second quarter of 2016.

The claims coverages with higher increases, in number of claims and in average cost, were total theft and collision.

According to the Coordinator Office of Insured Risks (*Oficina Coordinadora de Riesgos Asegurados*, OCRA, as per its acronym in Spanish), theft to insurance companies has increased by 30% during the first half of this year. The states with a higher concentration in number of stolen vehicles are Estado de México, Jalisco, Mexico City, Veracruz and Sinaloa. In Quálitas' particular case, total theft coverage has increased in number of claims and also in average cost, reason why new cost control alternatives through technological devices, deductible changes and reduction in damage payments, among other measures are being analyzed.

Regarding collision, the Mexican Peso appreciated 4% during the quarter, resulting in an average exchange rate of 18.54. The revaluation of the Peso against the Dollar should help costs controls due to the relation that the foreign currency has with spare parts costs.

Claims ratio for the quarter was 68.5%, against the 63.7% recorded during 2Q16.

During the quarter, claims seminars were conducted in various cities in Mexico to continue the training and preparation of coordinators and employees in the claims areas.

Operating Expenses

Despite the growth in written premiums, operating expenses remained at lower levels than 2Q16, totaling \$112 million. This is mainly explained by the collection of policy fees and the operational efficiency achieved due to economies of scale which allows the Company to absorb fixed costs.

Operating ratio for the quarter was 1.5%, against 3.1% reported in the same period last year.

Depreciation and amortization charges during the quarter increased 27.6%, growing by \$17 million.

Operating Result

The increases of 12.4% and 34.0% in acquisition and claims costs respectively, and a 49.0% decrease in operating expenses resulted in a combined ratio of 95.5% and an operating profit of \$146 million, figure 79.0% higher than the one reported in 2Q16.

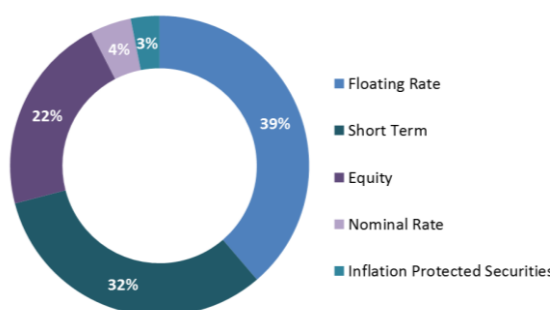
Investment Income

The investment income for the quarter reached \$479 million, a 57.8% growth when compared to the same quarter of 2016. This is a result of the investment strategy focused on the short-term and floating rate for the fixed income portfolio and a good performance of the stocks in the equity portfolio, in addition to \$77 million from the surcharge on premiums.

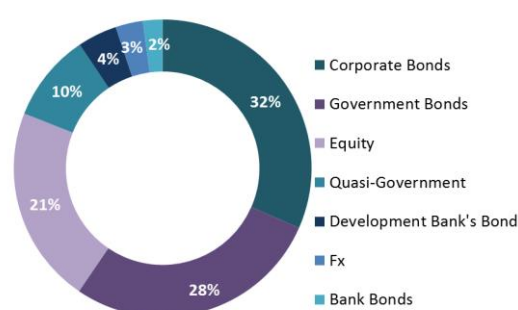
In the quarter, Mexico's Central Bank increased the reference rate twice, each time by 25 basis points, reaching 7.0% in June. Quálitas' quarterly return on investments was 7.6% and 6.3% on a cumulative basis.

22% of the portfolio is invested in equities, figure lower than the 35% of the established internal limit and higher than the 20% invested in the first quarter of 2017.

Portfolio by type of risk



Portfolio by type of issuer



Taxes

During the quarter the Company recorded \$156 million in taxes, an 8.7% increase when compared to the same quarter of the previous year.

Net Result

With an operating profit of \$146 million, investments income of \$479 million and a provision for income taxes payment of \$156 million, the Company recorded net income of \$468 million, figure 94.2% higher than \$241 million recorded in the same period of the previous year.

Investments

Investments amounted to \$23,418 million, an increase of 28.4%, as a result of growth in written premiums and investment income.

Technical Reserves

Technical Reserves reached \$30,304 million, an increase of 40.6%, due to the growth of written premiums in the last twelve months.

Solvency

Quálitas recorded a solvency margin of \$2,555 million, which represents an excess of 79% above the capital requirement.

	Regulatory Capital Requirement*	Solvency Margin	Solvency Margin Ratio
Q MX	2,849	2,067	73%
<i>Q MX (Regulatory)</i>	2,849	1,337	47%
<i>Q MX (Financial)</i>		730	26%
Q ES	41	53	128%
Q CR	83	45	54%
Q IC	271	135	50%
Total	3,244	2,301	
Q Cash		255	
Q	3,244	2,555	79%

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

- » FX Peso-USD June 2017: 18.06
- » FX Colon-USD June 2017: 567.09

Share Buyback Program

	2Q17	2Q16	Δ %
Shares traded in the quarter	3,625,644	3,730,622	-2.8%
Balance of repurchased shares	9,377,426	7,069,606	32.6%

The amount invested in repurchased stocks as of June 2017 was \$263 million. No shares from the buyback program have been canceled.

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30th, 2017
 Figures in Mexican pesos

	2017	2016
Assets		
Investments	<u>23,418,499,177</u>	<u>18,240,065,201</u>
Securities and Derivatives Transactions	<u>20,943,514,961</u>	<u>16,444,423,256</u>
Securities	<u>20,943,514,961</u>	<u>16,444,423,256</u>
Government	6,593,697,731	6,050,503,201
Private Companies: Fixed Rate	9,849,814,266	6,857,863,618
Private Companies: Equity	4,117,854,493	3,096,256,919
Foreign	337,065,899	372,665,860
Restricted Securities	45,082,572	67,133,658
Derivatives		
Overnight	706,671,475	425,281,151
Loans Portfolio (Net)	<u>451,709,208</u>	<u>293,422,751</u>
Current Loan Portfolio	435,966,873	276,301,494
Non-performing Loan	18,817,242	18,600,677
Loan Loss Provisions	3,074,907	1,479,420
Property (Net)	1,316,603,532	1,076,938,042
Investments Related to Labor Obligations	70,554,292	66,861,591
Cash and Cash Equivalents	<u>646,490,363</u>	<u>532,880,525</u>
Cash and Banks	646,490,363	532,880,525
Debtors	<u>17,981,018,739</u>	<u>12,590,578,780</u>
Premiums	16,961,909,329	11,764,607,741
Premiums P&C Subsidy	-	-
Federal Agencies Debts	87,335,111	76,130,275
Agents and Adjusters	118,159,820	71,548,694
Accounts Receivable	4,695,000	54,155,045
Bonds for Claims Debtors	-	-
Other	889,140,476	705,993,709
(-) Allowance for Doubtful Accounts	80,220,997	81,856,684
Reinsurers and Re-Bonding Companies	<u>100,752,814</u>	<u>114,590,165</u>
Insurance and Bonds Intitutions	5,788,485	-
Retained deposits	-	415,290
Amounts Recoverable from Reinsurance	96,340,315	115,234,926
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,318,682	926,451
(-) Provisions for Penalties	57,304	133,600
Permanent Investments	<u>50,175,320</u>	<u>49,141,115</u>
Subsidiaries	-	-
Associates	3,628,481	3,628,481
Other permanent investments	46,546,839	45,512,634
Other Assets	<u>3,300,234,144</u>	<u>2,315,306,648</u>
Furniture and Equipment (Net)	775,120,421	552,976,734
Foreclosed Assets (Net)	-	-
Miscellaneous	2,451,978,006	1,662,965,185
Amortizable Intangible Assets (Net)	43,332,427	99,364,729
Long-lived Intangible Assets (Net)	29,803,290	-
Total Assets	<u><u>45,567,724,849</u></u>	<u><u>33,909,424,025</u></u>

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30th, 2017

Figures in Mexican pesos

	2017	2016
Liabilities		
Technical Reserves	30,304,336,336	21,557,080,662
Unearned Premiums	22,586,741,662	16,446,559,929
Property and Casualty Insurance	22,586,741,662	16,446,559,929
Reserve for Outstanding Obligations	7,717,594,674	5,110,520,733
Expired Policies and Claims Occurred Pending of Payment	7,045,823,796	4,599,011,758
Occurred but not Reported and Adjustment Costs assigned to Claims	47,190,153	32,301,458
Deposit Premiums	624,580,725	479,207,517
Reserves Related to Labor Obligations	201,820,481	184,618,367
Creditors	4,439,438,721	3,418,319,846
Agents and Adjusters	1,287,764,669	1,045,521,235
Funds for Losses Management	6,851,112	23,208,908
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	3,144,822,940	2,349,589,703
Reinsurers and Re-Bonding Companies	95,394,834	110,532,914
Insurance and Bond Companies	79,484,821	110,532,914
Retained Deposits	15,910,013	-
Funding Obtained	-	-
Other Liabilities	4,046,436,252	2,917,865,098
Provisions for employee profit sharing	154,247,144	154,428,990
Income Tax Provisions	532,878,500	574,157,720
Other Obligations	2,697,136,891	1,864,481,487
Deferred Credits	662,173,717	324,796,901
Total Liabilities	39,087,426,624	28,188,416,888
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,657,024,423	2,498,686,661
Capital Stock	2,684,887,926	2,684,887,926
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	27,863,503	186,201,265
Earned Capital		
Reserves	305,989,726	446,406,366
Legal	210,935,306	146,406,366
For Repurchase of shares	95,054,419	300,000,000
Other	-	-
Valuation Surplus	76,583,923	23,763,653
Permanent Investments	-	-
Retained Earnings	2,518,484,525	1,562,624,817
Net Result	740,776,355	1,004,106,583
Translation effect	136,932,050	147,983,041
Non Monetary Assets Result	-	-
Controlling Interest	6,435,791,001	5,683,571,120
Non-Controlling Interest	44,507,223	37,436,018
Total Stockholders' Equity	6,480,298,224	5,721,007,137
Total Liabilities and Stockholders' Equity	45,567,724,849	33,909,424,025

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the first six months ended June 30th, 2017
 Figures in Mexican pesos

	2017	2016
Premiums		
Written	16,792,902,420	13,360,451,061
(-) Ceded	<u>59,308,233</u>	<u>103,153,046</u>
Net Written Premiums	16,733,594,186	13,257,298,015
(-) Net Increase of Unearned Premiums Reserve	3,164,896,199	2,351,053,201
Earned Retained Premiums	13,568,697,988	10,906,244,814
(-) Net Acquisition Cost	3,953,900,462	3,071,908,982
Agents Commissions	1,068,945,814	811,185,158
Agents' Additional Compensation	201,529,281	178,075,302
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	1,049,774	2,572,513
Excess of Loss Coverage	48,754,376	47,710,984
Other	2,635,720,764	2,037,510,051
(-) Net Claims Cost and Other Contractual Liabilities	9,161,034,882	6,233,334,609
Claims and Other Contractual Obligations	9,161,034,882	6,233,334,609
(-) Losses on non-proportional reinsurance Claims	-	-
Technical Income (Loss)	453,762,644	1,601,001,223
(-) Net Increase in Other Technical Reserves	-	-
Gross Income (Loss)	453,762,644	1,601,001,223
(-) Net Operating Expenses	287,555,248	461,262,642
Administrative and Operating Expenses	-159,650,568	-13,450,591
Employees' compensation and benefits	299,751,224	355,644,671
Depreciation and Amortization	147,454,591	119,068,562
Operating Income (Loss)	166,207,396	1,139,738,581
Comprehensive Financing Result	828,715,086	382,915,503
Investments	453,985,978	339,941,450
Sale of Investments	554,192,053	33,143,965
Fair Valuation of Investments	-442,895,559	-26,904,940
Surcharges on Premiums	144,599,632	88,659,510
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	20,449,244	14,417,992
(-) Preventive Penalties for Amounts Recoverable from Reinsura	7,407	1,479,420
(-) Preventive Penalties for Credit Risks	-323,449	926,451
Other	128,419,044	28,506,192
Foreign Exchange Rate Fluctuation	-30,351,348	-92,442,795
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	994,922,482	1,522,654,084
(-) Provision for Income Taxes	248,427,514	510,037,980
Income (Loss) Before Discontinued Operations	746,494,968	1,012,616,104
Discontinued Operations	-	-
Net Income (Loss)	746,494,968	1,012,616,104
Controlling Interest	740,776,355	1,004,106,583
Non-Controlling Interest	<u>5,718,613</u>	<u>8,509,521</u>
Net Income (Loss)	746,494,968	1,012,616,104

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the second quarter 2017
 Figures in Mexican pesos

	2017	2016
Premiums		
Written	7,506,272,363	7,017,380,124
(-) Ceded	37,345,019	86,318,199
Net Written Premiums	7,468,927,345	6,931,061,925
(-) Net Increase of Unearned Premiums Reserve	606,211,378	1,042,928,120
Earned Retained Premiums	6,862,715,966	5,888,133,805
(-) Net Acquisition Cost	1,905,186,595	1,694,327,046
Agents Commissions	507,549,808	420,365,887
Agents' Additional Compensation	102,669,066	94,249,607
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	-1,228,372	-54,068
Excess of Loss Coverage	33,775,356	28,426,402
Other	1,259,963,993	1,151,231,082
(-) Net Claims Cost and Other Contractual Liabilities	4,699,118,557	3,233,758,352
Claims and Other Contractual Obligations	4,699,118,557	3,233,758,352
(-) Losses on non-proportional reinsurance Claims	-	-
Technical Income (Loss)	258,410,814	960,048,407
(-) Net Increase in Other Technical Reserves	-	-
Gross Income (Loss)	258,410,814	960,048,407
(-) Net Operating Expenses	112,350,944	286,060,104
Administrative and Operating Expenses	-128,292,462	2,895,411
Employees' compensation and benefits	161,247,811	220,932,391
Depreciation and Amortization	79,395,594	62,232,302
Operating Income (Loss)	146,059,871	673,988,303
Comprehensive Financing Result	478,521,566	303,203,356
Investments	244,669,573	177,279,124
Sale of Investments	445,059,017	31,145,321
Fair Valuation of Investments	-361,916,413	-30,588,484
Surcharges on Premiums	76,954,742	46,944,817
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	10,675,346	6,416,570
(-) Preventive Penalties for Amounts Recoverable from Reinsurers	-195,653	105,493
(-) Preventive Penalties for Credit Risks	-247,989	-94,439
Other	65,334,284	14,599,711
Foreign Exchange Rate Fluctuation	-2,698,626	57,417,352
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	624,581,437	977,191,659
(-) Provision for Income Taxes	156,105,617	333,117,609
Income (Loss) Before Discontinued Operations	468,475,820	644,074,051
Discontinued Operations	-	-
Net Income (Loss)	468,475,820	644,074,051
Controlling Interest	465,828,527	641,823,882
Non-Controlling Interest	2,647,293	2,250,169
Net Income (Loss)	468,475,820	644,074,051

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 = [(End of Period Figure / Beginning of Period Figure) ^ (1/ 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 ÷ Net 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 Equity Requirement: Is the minimum equity 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 Equity Requirement.

Solvency Margin Ratio: Solvency Margin ÷ Regulatory Equity Requirement



We invite you to join us in our **2Q17 Webcast**

Thursday, July 20th
9:00 am Mexico City Time (10:00 am EST)

Hosted by:

- »Wilfrido Castillo, Head of Investor Relations
- »José Antonio Correa, CFO

For the webcast please enter to the following link:

<https://www.webcaster4.com/Webcast/Page/1164/21828>

To participate by telephone, please dial:

- »Mexico: (01-800) 563-0645
- »US & Canada: (888) 419-5570
- »International Dial-In: (617) 896-9871
- »Passcode #: 559 313 10

The replay will be available on our website after the event

Quálitas (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 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 involve 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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