

Earnings Results

4Q17

QUÁLITAS REPORTS RESULTS FOR THE FOURTH QUARTER OF 2017

Mexico City, January 25th, 2018 – Quálitas Controladora, S.A.B. de C.V. (“Quálitas”, “Q”, or “the Company”) (BMV: Q*), announces its unaudited financial results for the fourth quarter ended December 31st, 2017.

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

4Q17 & 2017 Highlights:

Operating figures

- » During the fourth quarter the company **opened 5 new ODQs** (Quálitas Development Offices) in Mexico and 16 during the year.
- » **Insured vehicles** increased 9.5% in the year, reaching a total of 3.8 million units.
- » As of September (latest data available), Quálitas reached **31.4% market share** in the Mexican Automobile Insurance Industry.

Income Statement and Balance Sheet

- » **Written premiums** increased 3.9% in the quarter and 12.0% in the year, this caused by the slowdown in new car sales in Mexico and to the strategy of price increases to improve profitability.
- » **Earned premiums** had a 17.4% quarterly growth and a 20.3% annual growth. Both increases above written premiums growth derived from the release of reserves related to multiannual policies issued in past years.
- » **Claims cost** increased 11.8% during the quarter and 30.4% during the year. This increases were due to weather factors and the number of stolen cars in Mexico. During the quarter 401,387 claims were assisted and 1,543,510 for the full year.
- » In the quarter, **acquisition cost** decreased 6.5% and **operating expenses** increased 183.9%, both increases caused by the slow growth in written premiums, as this resulted in lower commissions paid to Financial Institutions and less policy fees to reduce operation costs. On a cumulative basis, acquisition cost increased 8.2% and operating expenses increased 13.9% as a result of diverse commission payments and higher administrative expenses.

- » The Company registered for the quarter a **combined ratio** of 89.5% and an **operating result** of \$468 million, figure that compares to the \$140 million loss registered last year. For the year the combined ratio amounted to 92.8% with an operating result of \$778 million.
- » **Integral financing result** totaled \$479 million in the quarter and \$1,829 for the year, an annual increase of 121.4% as a result of an assertive investments portfolio management, México's interest rates hikes and a 23.9% growth in investments.
- » As a result of the operating and financial profitability, **net income** for the quarter was \$843 million and \$2,064 million for 2017. A LTM ROE of 29.4%.
- » The **Q* stock** had a price increase of 21.3% in the quarter and of 24.4% for the year. The daily average traded volume had an increase of 6.8% compared to 2016 and daily average volume in pesos increased 25.4%.
- » The company moved from the 59th place in 2016 to the 54th as of the close of 2017 in the Mexican Stock Exchange (**BMV**) **ranking according to the trading volume** of the stocks listed in the BMV.
- » In 2017, as recognition to the efforts made in sustainability matters, Quálitas was included in a new creation index, the **Dow Jones Sustainability MILA Pacific Alliance Index**.

Financial highlights and comparative analysis without Solvency II adoption effect

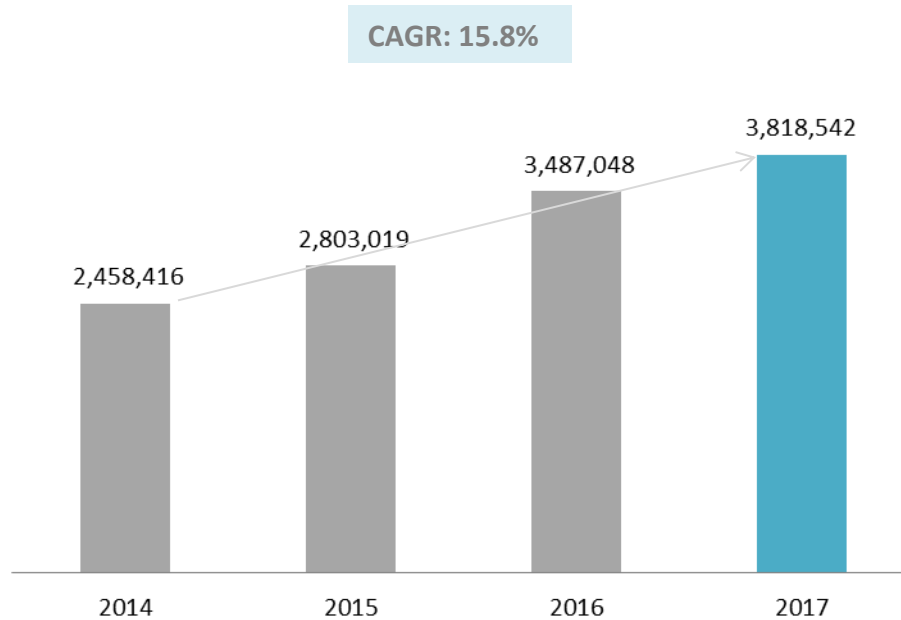
As of January 1st, 2016, Q MX began to operate under Solvency II quantitative models. Due to this change, in the first two quarters of 2016, the company registered an adoption effect that impacted some items of the Financial Statements. For information purposes, a comparison table presenting the main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

INCOME STATEMENT	QUARTERLY			CUMULATIVE			Without SII effect	
	4Q17	4Q16	Δ %/bp	2017	2016	Δ %/pb	2016	Δ %/pb
Written Premiums	9,596	9,231	3.9%	33,820	30,190	12.0%	30,190	12.0%
Net Written Premiums	9,517	9,231	3.1%	33,604	30,086	11.7%	30,086	11.7%
Earned Premiums	8,044	6,853	17.4%	28,668	23,825	20.3%	23,385	22.6%
Acquisition Cost	2,139	2,288	(6.5%)	7,851	7,257	8.2%	7,257	8.2%
Claims Cost	5,145	4,602	11.8%	19,184	14,710	30.4%	15,023	27.7%
Technical Result	759	(37)	NA	1,633	1,858	(12.1%)	1,105	47.8%
Operating Expenses	291	103	183.9%	855	751	13.9%	675	26.6%
Underwriting Result	468	(140)	NA	778	1,107	(29.7%)	430	81.0%
Integral Financing Result	479	42	NA	1,829	826	121.4%	826	121.4%
Investment Income	398	(41)	NA	1,518	583	160.5%	583	160.5%
Income Taxes	104	(3)	NA	544	633	(14.0%)	416	30.8%
Net Result	843	(94)	NA	2,064	1,301	58.7%	840	145.6%
Acquisition Ratio	22.5%	24.8%	(230)	23.4%	24.1%	(76)	24.1%	(76)
Claims Ratio	64.0%	67.2%	(319)	66.9%	61.7%	517	64.2%	268
Operating Ratio	3.0%	1.1%	193	2.5%	2.5%	4	2.2%	29
Combined Ratio	89.5%	93.0%	(357)	92.8%	88.3%	446	90.6%	221
Combined Ratio Adjusted ¹	94.2%	102.0%	(786)	97.3%	95.4%	193	98.2%	(88)
BALANCE SHEET								
Assets	51,059	41,233	23.8%	51,059	41,233	23.8%	41,238	23.8%
Investments	26,735	21,575	23.9%	26,735	21,575	23.9%	21,575	23.9%
Invested Assets or float ²	25,956	20,875	24.3%	25,956	20,875	24.3%	20,875	24.3%
Technical Reserves	32,843	26,922	22.0%	32,843	26,922	22.0%	27,689	18.6%
Total Liabilities	43,108	35,156	22.6%	43,108	35,156	22.6%	35,693	20.8%
Stockholders' Equity	7,951	6,077	30.8%	7,951	6,077	30.8%	5,544	43.4%
PROFITABILITY RATIOS								
Return on Investments	6.5%	(0.8%)	728	6.5%	3.2%	323	3.2%	323
Quarterly ROE	45.3%	(6.2%)	5,155	-	-	-	-	-
LTM ROE	29.4%	23.5%	588	29.4%	23.5%	588	16.0%	1,344

1 Adjusted Combined Ratio refers to the sum of the acquisition, claims and operating costs, divided by earned premiums and it is presented for comparison reasons with international indices.

2 Invested Assets, float = investments in debt + overnight + cash + discount and rediscount instruments.

Insured Vehicles



CAGR: Compound Annual Growth Rate

Business Line	dic-17	dic-16	Δ units	Δ %
Automobiles	2,616,672	2,417,514	199,158	8.2%
Trucks	946,390	812,712	133,678	16.4%
Tourists	69,810	93,007	(23,197)	(24.9%)
Motorcycles	106,742	91,851	14,891	16.2%
El Salvador	13,671	12,438	1,233	9.9%
Costa Rica	49,441	43,365	6,076	14.0%
USA	15,816	16,161	(345)	(2.1%)
Insured Vehicles	3,818,542	3,487,048	331,494	9.5%

Insured vehicles increased 9.5% when compared to the previous year, reaching a total of 3,818,542 units in the portfolio. During the quarter, the number of additional insured units decreased in 20,544 units.

The slowdown in insured vehicles corresponds to the deceleration in new car sales in Mexico and a strategy of price increases due to high claims cost. According to the Mexican Association of Automotive Dealers (AMDA), new car sales in México decreased 12.6% in the quarter and 4.6% during the year. Closing 2017 with sales of 1.5 million units.

Written Premiums

Segment	4Q17	4Q16	Δ \$	Δ %	2017	2016	Δ \$	Δ %
Individual	2,022	1,707	315	18.4%	7,516	6,156	1,360	22.1%
Fleets	3,288	2,096	1,192	56.9%	9,303	6,754	2,549	37.7%
Financial Institutions	3,794	4,855	(1,061)	(21.8%)	14,656	15,272	(615)	(4.0%)
Foreign subsidiaries	292	412	(120)	(29.1%)	1,537	1,358	179	13.2%
Other	200	161	38	23.9%	807	649	158	24.3%
Total	9,596	9,231	365	3.9%	33,820	30,190	3,630	12.0%

Period	4Q17	%	4Q16	%	2017	%	2016	%
Annual	7,055	73.5%	4,955	53.7%	22,873	67.6%	17,310	57.3%
Multiannual	2,541	26.5%	4,277	46.3%	10,947	32.4%	12,880	42.7%

Note: Figures of 2016 may vary from those reported before due to a reclassification of accounts.

During the quarter written premiums totaled \$9,596 million, a 3.9% growth when compared to the amount recorded in 4Q16. For the year, premiums amounted to \$33,820 million, a 12.0% increase.

The \$365 million increase in the quarter was driven by the decrease in the Financial Institutions segment and negative sales in pesos of the foreign subsidiaries. Both decreases were more than offset by double digit growth in the Individual and Fleets segments. These segments that continued to grow imply lower acquisition costs and most of them are annual policies.

For the year, the Insurance company in Mexico grew 11.8% and continues to represent 95% of total written premiums. Foreign subsidiaries increased their written premiums in dollars as follow; 11.7% *Qualitas Insurance Company*, 13.4% Costa Rica and 12.2% El Salvador.

Ceded Premiums, Earned Premiums and Reinsurance

The Company registered ceded premiums of \$79 million during the quarter. It is worth mentioning that Quálitas holds a catastrophic reinsurance agreement for its subsidiaries.

Earned Premiums

Earned premiums for the quarter totaled \$8,044 million, a growth of 17.4% when compared to the \$6,853 million recorded in 4Q16. In 2017, earned premiums increased 20.3%, for a total of \$28,668 million.

A higher growth in earned premiums when compared to written premiums' growth is derived from the release of reserves related to multiannual policies issued in past years.

Net Acquisition Cost

Net acquisition cost for the quarter amounted to \$2,139 million, a decrease of 6.5% when compared to the \$2,288 million recorded in 4Q16. On cumulative basis, this cost grew 8.2% and compares to the increase in written premiums of 12.0%.

The quarterly decrease in this cost, or in annual terms, the inferior increase compared to written premiums variation, is mainly explained by lower commissions and compensations paid to Financial Institutions due to a slowdown of sales in this segment.

The acquisition ratio for the quarter was 22.5% compared to the 24.8% registered the same period last year. For the full year, the ratio stood at 23.4%, 76 basis points below 2016.

Net Claim Cost

Net claims cost reached \$5,145 million during the quarter, an increase of 11.8% when compared to the fourth quarter of 2016. In 2017 this cost increased 30.4% to reach an amount of \$19,184 million.

The claims coverages with higher increases, in number of claims and in average cost, were total theft and collision. This situation has been a constant during the year. It is worth mentioning that the trend for the quarter is slightly better when compared to what has been observed during the full year.

According to the Coordinator Office of Insured Risks (*Oficina Coordinadora de Riesgos Asegurados*, OCRA, as per its acronym in Spanish) in Mexico, car theft to insurance companies has increased 27% in the period of January to December; figure marginally lower than the 28% reported in the period of January to September.

During the fourth quarter, collision, theft and medical expenses coverage had shown an improvement because of:

- » The implementation of “*ajuste exprés*” (express adjustment) for claims in which there are no third parties involved and the policyholder can take his or her own vehicle to the repair shop without having a claims officer going to the site of the accident.
- » The use of technological devices like Mobileye, Guardian or Encontrack, to reduce collision risk and to facilitate tracking of trucks.
- » Agreements with medical providers to get fixed costs for inpatients and ambulatory patients.

Claims ratio for the quarter was 64.0%, against the 67.2% recorded during 4Q16. In 2017 the ratio stood at 66.9%, figure 517 basis points higher than last year's.

Operating Expenses

Operating expenses had an increase of 183.9%, totaling \$291 million. This is mainly explained by higher administrative expenses, less revenues from policy fees due to lower premiums sales and the employee profit sharing. During the full year operating expenses increased 13.9%.

Operating ratio for the quarter was 3.0%, that compares to 1.1% reported in the same period last year. On cumulative basis, the ratio reached 2.5%, 4 basis points above 2016.

Depreciation and amortization registered during the quarter increased 37.8%, for a total of \$94 million. The annual amount sums up to \$328 million, a 28.8% growth.

Underwriting Result

Underwriting profit for the quarter was \$468 million, figure that favorably compares to the \$140 million loss registered in 4Q16. Also, the quarterly combined ratio decreased from 93.0% to 89.5%.

For the year, in line with the efforts to enhance underwriting discipline and the cost contention measures, underwriting result amounted to \$778 million. Figure 81.0% higher when compared to last year's number without the Solvency II adoption effect.

Integral Financing Result

The 4Q17 integral financing result reached \$479 million, and compares to the \$42 million registered in the fourth quarter of 2016. For the year, this line increased 121.4% and totals \$1,829 million. This increase is a result of the assertive investments management, México's interest rates hikes, a good performance of the stock market and the growth in premiums financial surcharges. This concept is the financial surcharge to policyholders that choose to pay premiums in installments.

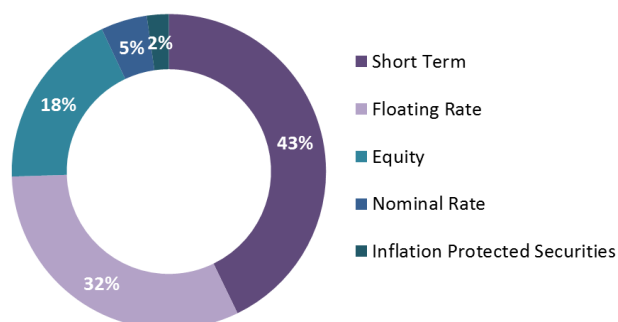
Invested assets or float increased 24.3%. Due to this growth, and to the focus of the investment strategy on the stability of the debt portfolio and long-term and value investments in the equity portfolio, the investment income amounted to \$398 million for the quarter and to \$1,518 for the year.

In accordance to its debt strategy, the company gave priority to short term and variable rate instruments and has kept an important position in liquidity to remain flexible and benefit from future opportunities and changes in interest rates. In equities, the company focus primarily on long term investments in Mexican small and midcaps.

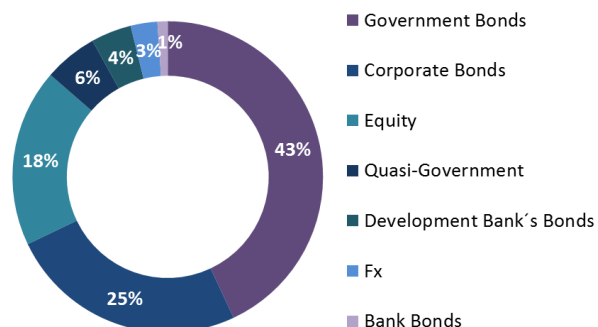
The return on investment for the quarter and for the year was 6.5%, figure lower than the annual objective of Cetes 28 days rate plus 100 basis points.

18% of the portfolio is invested in equities; figure lower than the 35% of the established internal limit.

Portfolio by type of risk



Portfolio by type of issuer



Taxes

During the quarter the company recorded \$104 million in taxes, and \$544 million for the year, figure 14.0% lower when compared to 2016.

Net Result

As a consequence of the operating and financial profitability of the quarter and the year, net result amounted to \$843 million from October to December and \$2,064 million for the full year. An annual increase of 58.7% and a LTM ROE of 29.4%. The return comes from an operating ROE of 8.8% and a financial ROE of 20.6%.

Investments

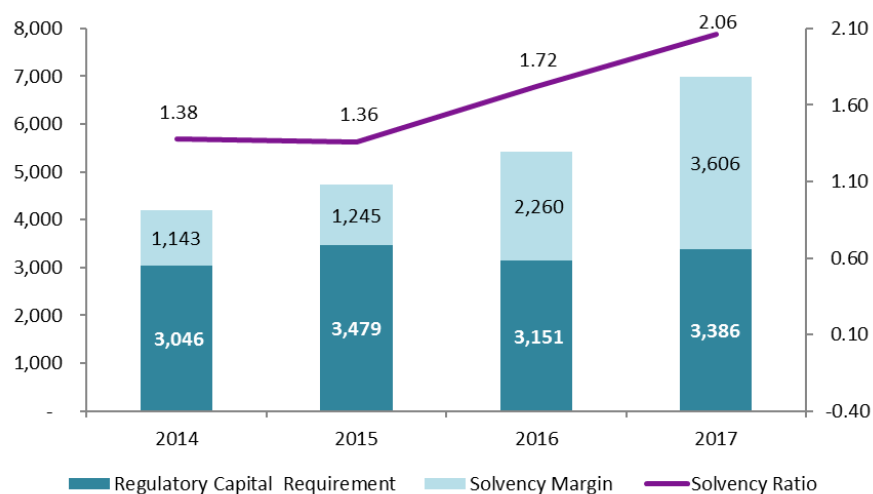
Investments amounted to \$26,735 million, an increase of 23.9%. This item comprises: securities, overnight, cash and cash equivalents, loans portfolio and property.

Technical Reserves

Technical Reserves reached \$32,843 million, an increase of 22.0% as a consequence of a 19.8% hike in unearned premiums and 28.4% in the reserve for outstanding obligations.

Solvency

Quálitas recorded a solvency margin of \$3,606 million, which represents a solvency ratio of 2.06.



Share Buyback Program

	4Q17	4Q16	Δ %
Shares traded in the quarter	9,367,388	3,583,076	161.4%
Balance of repurchased shares	8,647,566	10,158,355	(14.9%)

Figures in shares

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

Performance of the stock (Q*)

	Daily average						
	Traded Volume	Δ%	Peso (MXN) Volume	Δ%	Dollar (USD) Volume	Δ%	Return
Quarter	527,482	2.6%	17.0	3.0%	0.90	7.8%	21.3%
Year	463,041	6.8%	14.4	25.4%	0.76	23.9%	24.4%

Figures: traded volume is expressed in number of shares, and peso and dollar volume in millions.
Δ%: percentage change vs. the same period of 2016



The company moved from the 59th place in 2016 to the 54th as of the close of 2017 in the Mexican Stock Exchange (BMV) ranking according to the trading volume of the stocks listed in the BMV.

Sustainability

Quálitas is aware that for keeping business continuity, it has to focus on both, the financial and the non-financial dimensions of the company, following up its sustainability model and its commitments with stakeholders.

During the quarter the company performed campaigns addressed to different stakeholders:

- » Quálitas DNA Campaign, “The Quálitas’ values that live in you” aimed to employees to reinforce the knowledge and compliance of the Code of Ethics and Quálitas’ values.
- » All employees of Quálitas Mexico were informed about the adjustment to the conflict of interest policy through the Quálitas University online platform.
- » A campaign to collect books and toys was carried out among different offices in Mexico to later give them to children and young people living in poverty.
- » As part of the Financial Education program, Quálitas supported the National Commission for the Protection and Defense of Users of Financial Services (CONDUSEF), with a sponsorship for didactic board games.
- » An art book, “*Cruce de Caminos, Arte de México y España*”, sponsored by Quálitas was launched in November.
- » A campaign for employees was held to promote and encourage a saving culture through the Savings Account at Quálitas.
- » In some offices in the metropolitan area, talks about “How to invest your money?” were given to employees as well as an introduction on how to invest in the Mexican Stock Exchange (BMV).
- » The “*Dulceton*”, 15 minutes to share sweets between employees was held in all offices in Mexico to practice the value of cordiality.

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Guidance 2018

The following guidance was approved in the January 25, Board of Directors meeting:

	2018
Written Premiums growth	8 - 12%
Earned Premiums growth	16 - 20%
Ratios	
Acquisition	23 - 24%
Claims	68 - 69%
Operating	2 - 3%
Combined	93 - 96%
Operating Margin (<i>op result/ earned premiums</i>)	1.5% - 2.5%
Return on Investments	Annual average of Banxico's interest rate*
Average Invested Assets, <i>float</i>	\$27,000 - \$28,000 million

* As of the date of this report Banxico's interest is 7.25%.

Note: Guidance may vary due to changes in macroeconomic conditions of the countries in which Quálitas operates.

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of December 31st, 2017
 Figures in Mexican pesos

	2017	2016
Assets		
Investments	<u>26,734,929,884</u>	<u>21,575,355,739</u>
Securities and Derivatives Transactions	<u>24,379,186,062</u>	<u>18,082,932,105</u>
Securities	<u>24,379,186,062</u>	<u>18,082,932,105</u>
Government	11,371,416,494	4,505,048,223
Private Companies: Fixed Rate	8,566,640,973	8,917,133,890
Private Companies: Equity	4,106,985,405	3,949,293,679
Foreign	347,654,422	711,456,313
Value impairment	13,511,232	-
Derivatives	-	-
Overnight	539,749,905	1,745,674,162
Loans Portfolio (Net)	<u>401,388,167</u>	<u>422,836,981</u>
Current Loan Portfolio	374,437,585	406,536,256
Non-performing Loan	30,343,004	19,699,081
Loan Loss Provisions	3,392,422	3,398,356
Property (Net)	1,414,605,750	1,323,912,491
Investments Related to Labor Obligations	59,827,988	68,405,674
Cash and Cash Equivalents	<u>746,632,032</u>	<u>753,995,698</u>
Cash and Banks	746,632,032	753,995,698
Debtors	<u>19,244,075,159</u>	<u>15,757,448,712</u>
Premiums	18,213,615,893	14,996,166,140
Premiums P&C Subsidy	-	-
Federal Agencies Debts	131,553,979	42,527,919
Agents and Adjusters	134,814,171	109,756,972
Accounts Receivable	4,695,000	4,695,000
Bonds for Claims Debtors	-	-
Other	880,279,595	689,922,882
(-) Allowance for Doubtful Accounts	120,883,479	85,620,201
Reinsurers and Re-Bonding Companies	<u>88,684,481</u>	<u>117,515,573</u>
Insurance and Bonds Intitutions	4,322,290	2,782,263
Retained deposits	-	-
Amounts Recoverable from Reinsurance	86,125,830	116,141,324
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,733,933	1,311,275
(-) Provisions for Penalties	29,706	96,739
Permanent Investments	<u>48,364,995</u>	<u>50,174,320</u>
Subsidiaries	-	-
Associates	1,818,156	3,628,481
Other permanent investments	46,546,839	46,545,839
Other Assets	<u>4,136,765,930</u>	<u>2,909,925,530</u>
Furniture and Equipment (Net)	824,290,745	599,924,094
Foreclosed Assets (Net)	-	-
Miscellaneous	3,228,074,147	2,268,277,686
Amortizable Intangible Assets (Net)	51,957,254	41,723,751
Long-lived Intangible Assets (Net)	32,443,785	-
Total Assets	<u>51,059,280,470</u>	<u>41,232,821,245</u>

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of December 31st, 2017

Figures in Mexican pesos

	2017	2016
Liabilities		
Technical Reserves	32,843,345,756	26,922,361,436
Unearned Premiums	24,106,291,723	20,119,047,953
Property and Casualty Insurance	24,106,291,723	20,119,047,953
Reserve for Outstanding Obligations	8,737,054,033	6,803,313,483
Expired Policies and Claims Occurred Pending of Payment	8,049,950,518	6,104,325,437
Occurred but not Reported and Adjustment Costs assigned to Claims	72,276,161	35,126,316
Deposit Premiums	614,827,354	663,861,730
Reserves Related to Labor Obligations	216,485,721	182,660,397
Creditors	4,678,402,066	4,047,906,028
Agents and Adjusters	1,473,920,976	1,225,841,000
Funds for Losses Management	5,618,558	6,390,501
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	3,198,862,532	2,815,674,528
Reinsurers and Re-Bonding Companies	67,367,583	93,477,623
Insurance and Bond Companies	48,793,218	93,477,623
Retained Deposits	15,910,013	-
Other	2,664,352	-
Funding Obtained	-	-
Other Liabilities	5,302,846,172	3,909,304,670
Provisions for employee profit sharing	368,132,732	217,720,251
Income Tax Provisions	1,108,672,626	891,209,925
Other Obligations	3,042,713,088	2,343,884,334
Deferred Credits	783,327,726	456,490,160
Total Liabilities	43,108,447,298	35,155,710,154
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,683,091,335	2,421,343,016
Capital Stock	2,684,887,926	2,684,887,926
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	1,796,591	263,544,910
Earned Capital		
Reserves	299,706,486	446,406,366
Legal	210,935,306	146,406,366
For Repurchase of shares	88,771,180	300,000,000
Other	-	-
Valuation Surplus	162,632,242	99,801,279
Permanent Investments	-	-
Retained Earnings	2,518,628,729	1,562,624,403
Net Result	2,056,233,236	1,290,578,805
Translation effect	184,042,491	217,390,326
Non Monetary Assets Result	-	-
Controlling Interest	7,904,334,519	6,038,144,195
Non-Controlling Interest	46,498,652	38,966,896
Total Stockholders' Equity	7,950,833,171	6,077,111,091
Total Liabilities and Stockholders' Equity	51,059,280,470	41,232,821,245

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the twelve months ended December 31st, 2017
 Figures in Mexican pesos

	2017	2016
Premiums		
Written	33,819,940,707	30,189,526,472
(-) Ceded	215,952,678	103,153,046
Net Written Premiums	33,603,988,029	30,086,373,426
(-) Net Increase of Unearned Premiums Reserve	4,936,254,551	6,261,775,172
Earned Retained Premiums	28,667,733,478	23,824,598,254
(-) Net Acquisition Cost	7,850,765,635	7,256,605,579
Agents Commissions	2,190,917,148	1,793,428,327
Agents' Additional Compensation	435,961,223	329,752,324
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	1,820,189	4,939,083
Excess of Loss Coverage	56,842,099	103,875,447
Other	5,168,865,354	5,034,488,565
(-) Net Claims Cost and Other Contractual Liabilities	19,183,573,927	14,710,247,823
Claims and Other Contractual Obligations	19,183,573,927	14,710,247,823
(-) Losses on non-proportional reinsurance Claims	-	-
Technical Income (Loss)	1,633,393,916	1,857,744,851
(-) Net Increase in Other Technical Reserves	-	-
Gross Income (Loss)	1,633,393,916	1,857,744,851
(-) Net Operating Expenses	854,952,733	750,707,848
Administrative and Operating Expenses	(163,549,425)	(130,681,562)
Employees' compensation and benefits	690,760,651	626,885,920
Depreciation and Amortization	327,741,507	254,503,489
Operating Income (Loss)	778,441,182	1,107,037,003
Comprehensive Financing Result	1,829,192,521	826,171,418
Investments	978,849,168	657,211,824
Sale of Investments	671,659,825	(69,238,596)
Fair Valuation of Investments	(511,386,846)	145,460,425
Surcharges on Premiums	326,603,507	197,873,405
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	43,433,110	29,791,708
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	422,658	3,398,356
(-) Preventive Penalties for Credit Risks	(6,841)	1,311,275
Other	251,604,753	67,025,267
Foreign Exchange Rate Fluctuation	68,844,821	(197,242,984)
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	2,607,633,704	1,933,208,421
(-) Provision for Income Taxes	544,012,870	632,589,872
Income (Loss) Before Discontinued Operations	2,063,620,833	1,300,618,550
Discontinued Operations	-	-
Net Income (Loss)	2,063,620,833	1,300,618,550
Controlling Interest	2,056,233,236	1,290,578,805
Non-Controlling Interest	7,387,598	10,039,744
Net Income (Loss)	2,063,620,833	1,300,618,550

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

	2017	2016
Premiums		
Written	9,596,045,109	9,231,471,282
(-) Ceded	79,389,338	-
Net Written Premiums	9,516,655,771	9,231,471,282
(-) Net Increase of Unearned Premiums Reserve	1,472,842,578	2,378,888,065
Earned Retained Premiums	8,043,813,193	6,852,583,217
(-) Net Acquisition Cost	2,139,392,976	2,288,035,173
Agents Commissions	640,651,212	538,317,195
Agents' Additional Compensation	129,607,380	67,318,805
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	424,571	2,248,741
Excess of Loss Coverage	4,016,390	30,525,033
Other	1,365,542,565	1,654,122,880
(-) Net Claims Cost and Other Contractual Liabilities	5,145,116,432	4,601,635,957
Claims and Other Contractual Obligations	5,145,116,432	4,601,635,957
(-) Losses on non-proportional reinsurance Claims	-	-
Technical Income (Loss)	759,303,785	(37,087,913)
(-) Net Increase in Other Technical Reserves	-	-
Gross Income (Loss)	759,303,785	(37,087,913)
(-) Net Operating Expenses	291,458,303	102,676,588
Administrative and Operating Expenses	(11,725,289)	(68,861,367)
Employees' compensation and benefits	208,986,062	103,189,568
Depreciation and Amortization	94,197,530	68,348,388
Operating Income (Loss)	467,845,482	(139,764,501)
Comprehensive Financing Result	478,562,810	42,306,371
Investments	272,088,708	110,759,825
Sale of Investments	58,061,799	(152,516,764)
Fair Valuation of Investments	(115,529,887)	103,866,165
Surcharges on Premiums	95,067,252	59,060,405
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	11,825,844	6,304,426
(-) Preventive Penalties for Amounts Recoverable from Reinsura	213,035	1,604,090
(-) Preventive Penalties for Credit Risks	820,846	305,151
Other	63,700,023	26,856,275
Foreign Exchange Rate Fluctuation	94,382,952	(110,114,719)
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	946,408,292	(97,458,130)
(-) Provision for Income Taxes	103,808,389	(3,174,351)
Income (Loss) Before Discontinued Operations	842,599,903	(94,283,779)
Discontinued Operations	-	-
Net Income (Loss)	842,599,903	(94,283,779)
Controlling Interest	843,563,172	(93,455,255)
Non-Controlling Interest	(963,269)	(828,524)
Net Income (Loss)	842,599,903	(94,283,779)

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 **4Q17 Webcast**

**Friday, January 26th
8:00 am Mexico City Time (9:00 am EST)**

Hosted by:

»Wilfrido Castillo, Head of Investor Relations

For the webcast please enter to the following link:

<https://www.webcaster4.com/Webcast/Page/1164/23923>

To participate by telephone, please dial:

»Mexico: (01-800) 563-0645

»US & Canada: (888) 419-5570

»International Dial-In: (617) 896-9871

»Passcode #: 588 251 23

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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