



Quálitas

ANNUAL REPORT
2012

THE ROAD
ahead

Qualitas in NUMBERS

PREMIUMS WRITTEN

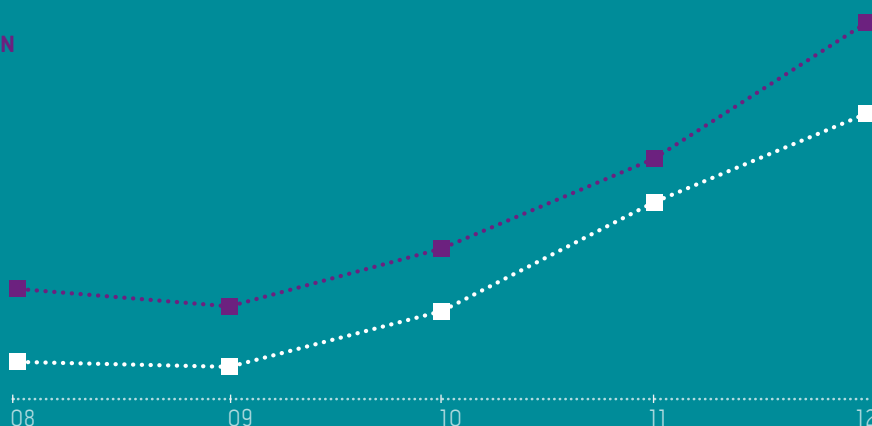
2008 9,123

2009 8,824

2010 9,810

2011 11,341

2012 13,657



NET PREMIUMS EARNED

2008 7,878

2009 7,793

2010 8,743

2011 10,599

2012 12,108

ROE 43.7%

2012

36.5%

2011

19.5%

2010

8.5%

2009

23.6%

2008

MARKET SHARE

2008

19.3%

2009

19.0%

2010

19.6%

2011

20.1%

2012

21.5%

NET INCOME

1,248

MILLIONS OF PESOS

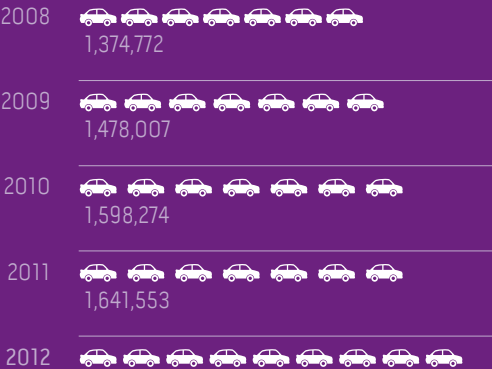
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HISTORIC
MAXIMUM

1.9

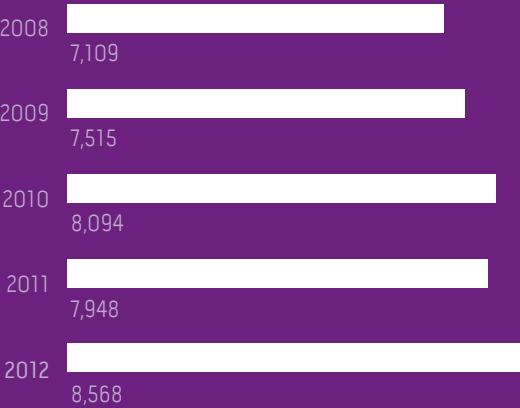
MILLIONS OF INSURED VEHICLES



1,883,407



AGENTS



8,568

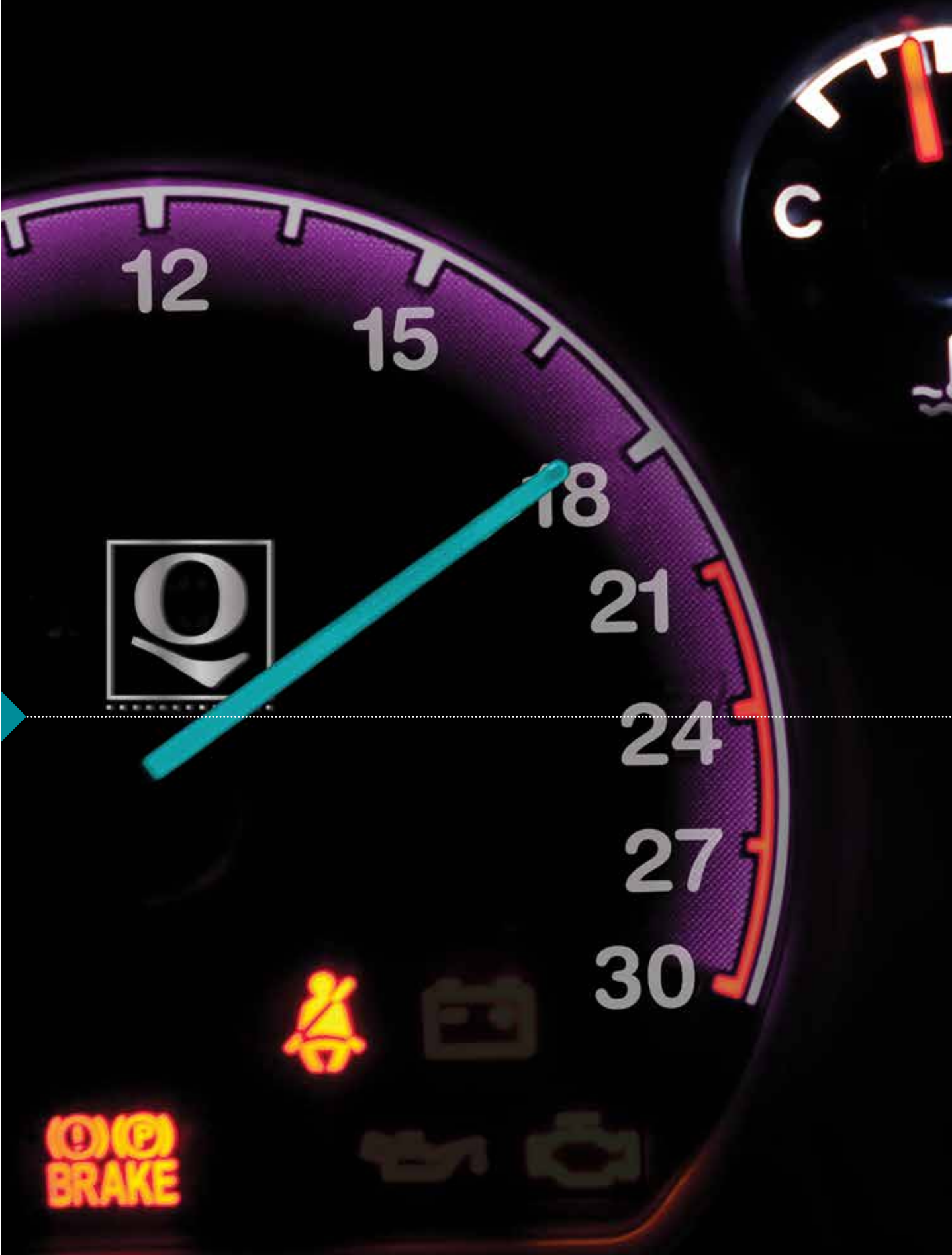
ADJUSTERS



612

899,772

CLAIMS ASSISTED



18 YEARS

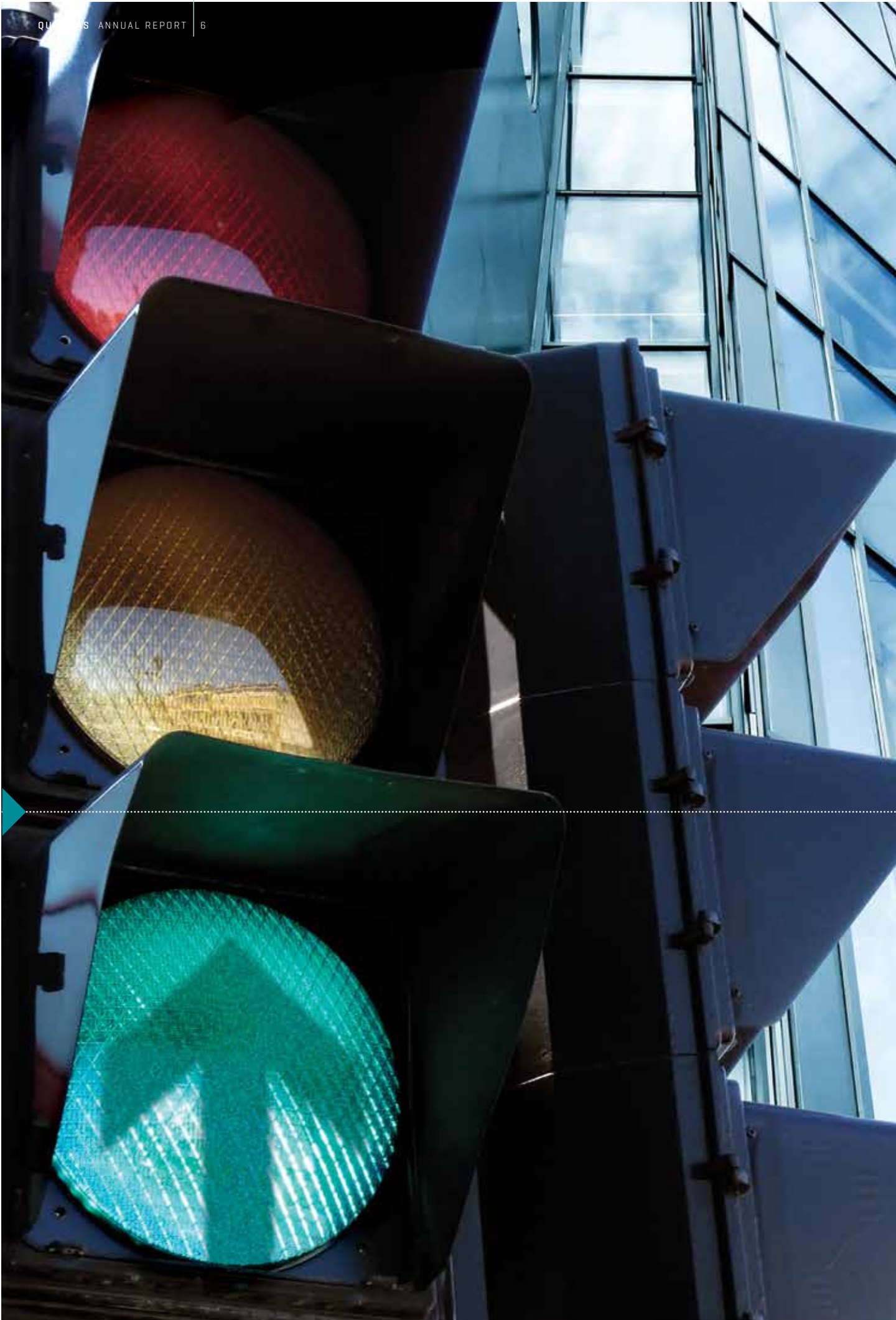
behind us

The past 18 years have been an amazing road, which we travelled with our employees, agents, office directors, policyholders, and all the Quálitas team that believed in us and that made it possible.

great RESULTS achieved

Our achievements are the result of continuous service improvement, of our entrepreneurial philosophy, of our strategic initiatives, as well as of the constant development of innovative solutions.





THE REST is yet to come

During 2012, Quálitas Controladora is born, a company which grants us flexibility to enter into related businesses and foreign markets in a timely and responsive fashion, offering us a platform of development and growth.

Message to SHAREHOLDERS

The achievements attained during 2012 have encouraged us to reflect on the road ahead and the road behind us. Primarily, these achievements are due to the vision, experience and dedication of a team of committed and talented people that has developed throughout 18 years and that today represent the essence of Quálitas.

They are also the result of the way in which we live the value of service every day, striving to surpass expectations and to add value in each interaction with our policyholders, agents, suppliers, shareholders, and other parties. Finally, these achievements are the outcome of a culture focused on solutions and innovation, and able to react to change.

During 2012 we took a decisive step towards the Company's future growth and development as we founded Quálitas Controladora [Quálitas Holding, or "QC"]. QC grants the Company a flexible corporate structure, so that it can enter into related businesses and foreign markets in a more timely and responsive fashion. Moreover, the QC platform allows the Company to reinforce its operating and financial structure, to be better positioned before new investment opportunities.

QC acquired 99.7% of Quálitas Compañía de Seguros' CPO's as the result of a public exchange offer that took place in July. Since this date QC has operated, and plans to continue operating, maintaining the business model, management team and Corporate Governance objectives that have furthered Quálitas' successful development.

The results of our subsidiary, Quálitas, during 2012 were characterized by an outstanding growth in our main business lines, a significant containment in the loss and loss adjustment expenses, and a successful investment strategy.

Written premiums for the year reached \$13,657, growing by 20.4%. Growth in premiums benefited from the nationwide consolidation of our pricing system by zip code, which has facilitated a better valuation of each vehicle's risk.

With regard to costs, there was an outstanding decrease in the loss and loss adjustment expenses ratio, which stood at 66.1%, 455 basis points less than the 70.7% registered in 2011. The strength of these results is due mostly to efficiencies in the recovery of vehicles and to the drop in the thefts' figures, in line with the improvements in national security achieved during the year.

In terms of the investment strategy, we focused during the year in maintaining a stable yield, with a portfolio mainly invested in long term government bonds and targeted investments in equities and inflation-protected bonds. The strategy resulted in an annual yield of 9.0%.

These results enabled us to reach a 43.7% ROE and an important net profit for the period, of \$1,248, the highest in our history.

A key feature to attain these results, both of growth and cost containment, has been the continuous improvement of the strategic initiatives we have been developing in recent years: the risk management advisory for fleet clients was reinforced; the agreements with automakers were renewed and expanded; we opened 59 new Quálitas Development Offices; the services provided by Quálitas Roadside Assistance were customized; the agreements with glass suppliers were refocused; the allocation of spare parts in the auctions site was consolidated; the online training program on the operation of the Claims area was concluded; the seedbed for the development of adjusters and the training program for the directors of the new Quálitas Development Offices were reinforced; the system to process suppliers payments was further automated.

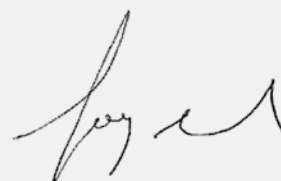
Additionally, during the year we launched numerous developments that significantly increased growth, the containment of loss and loss adjustment expenses, operating efficiencies and the quality of service granted:

- ▶ New agents' portal
- ▶ New fleet management system
- ▶ Policyholder's portal
- ▶ Policyholder's geolocation
- ▶ Q Emergencies Service
- ▶ Mobile device for servicing claims
- ▶ Express adjustment
- ▶ Multibrand agreements with dealers
- ▶ Variable compensation program for senior management
- ▶ Leadership Program for senior management

Attaining such encouraging results 18 years after our foundation represents a great accomplishment that we have all made possible: our employees, office directors and their teams, agents, policyholders, clients, automakers, shareholders, Board members, suppliers, associates, and all those that have contributed to our success and believed in us during difficult times.

At the same time, these achievements represent an important commitment in the road ahead, to be better each day and to do things better.

Thank you very much for your support in 2012 and during these 18 years.



Joaquín Brockman Lozano

STRATEGIC Initiatives

2012 was a key year in Quálitas' history in which we set the basis for its future development.

We founded a new holding company, Quálitas Controladora [Quálitas Holding, or "QC"], whose objective is to grant a flexible corporate structure to enter into complementary businesses in automobile insurance and into foreign markets. QC will also allow the Company to enhance its operating and financial structure to be better positioned before new investment opportunities.

In July, we launched a public exchange offer, in which 1 CPO of Quálitas insurance was exchanged for 1 CPO of Quálitas Controladora, and for year-end 2012, QC had acquired 99.9% of the CPO's in circulation of the insurance company. As a result of the offer, the Shareholders' Meeting approved to delist the Quálitas' share [ticker "Q"] from the Mexican Stock Exchange and to list the Quálitas Controladora one [ticker "QC"].

QC will maintain the business model, management team and specialization in automobile insurance that have furthered Quálitas' successful development, as well as its Corporate Governance objectives

EXCHANGE PROGRAM



Our POSITIONING

The automobile insurance industry in Mexico benefited by numerous economic and social trends that took place during the year.

On one hand, there was a significant recovery of automobile financing and an important upturn in the sales of new cars. On the other hand, improvements in national security reached during 2012 permitted an important drop in the level of thefts, of 11.7%, which favorably impacted the insurance industry. Regulatory measures, like the breathalyzer, also contributed to decrease the severity of claims.

In 2012 our subsidiary, Quálitas, occupied the first place in the market with 1,883,407 insured vehicles and continued positioning to serve policyholders through a wide variety of distribution channels. Of our sales, 56.8% took place through insurance agents in traditional segment, which includes individual sales and specialized services for fleets. Of premiums written, 40.5% was generated in the Financial Institutions and Auto Financing Companies segment, which sell our insurance as part of a car loan in the sale of new cars; and, finally, the toll roads segment contributed with 2.7% of revenues.

Additionally, we continued expanding and reinforcing our office network to be able to distribute the service of automobile insurance to a broader universe of policyholders.

During the year, we opened 59 new Quálitas Development Offices ["ODQs"], reaching a total of 71. The ODQs represent a simplified office model to assist policyholders in communities far from the main cities of each State. This allows us to develop the insurance culture in the region and penetrate in the communities. To achieve this, we continue supporting our efforts with advertising appropriate to each community.

Our ODQs work teams are trained in products, processes, systems, regulatory issues, but specially in granting an "excellent service", in addition to obtaining the appropriate certification for insurance sales by the National Insurance and Bonds Commission.

Our network of offices positions us to offer auto insurance to a broader universe of policyholders.



233 Offices in Mexico and Central America

► MÉXICO	Service Offices	ODQs	Total
Metropolitan	20	-	20
Northeast	26	12	38
Northwest	28	9	37
West-center	25	20	45
East	26	16	42
South	32	14	46
CENTRAL AMERICA			
El Salvador	3	1	4
► Costa Rica	1		1

On the other hand, we also opened new service offices in locations with growth potential, reaching 157 offices nationwide. Moreover, we worked with office Directors to strengthen the service structure for agents and

policyholders, to ensure that, as offices grow, service is kept personal and integral, in line with Quálitas' philosophy. We also reinforced our international operations in Central America. In our



Service Office in Querétaro

Service offices are a key part of our service structure for agents and policyholders.

4th year of operations in El Salvador, we occupied the 5th place in the market among a total of 13 companies that distribute automobile insurance. At year-end 2012, we had 10,571 insured vehicles. During the year, premiums written registered a significant growth, of 30.3%, reaching \$5.4 million dollars. Towards year-end, we opened a Quálitas Development Office in the community of San Francisco Gotera, which adds to our 3 service offices in El Salvador, Santa Ana and San Miguel.



In Costa Rica, our subsidiary in San José already has one year of operations, reaching favorable results. We achieved constant growth, particularly in the Fleet segment, which accounted for 85% of total sales. Insured vehicles amounted to 7,526 and written premiums reached \$2.0 million dollars.

Another strategic initiative undertaken during the year was a bank insurance agreement with Banregio Financial Group, with a term of 10 years. This agreement has enabled Quálitas to fortify its distribution platform by having Banregio's branch network and solutions offer to place its automobile insurance products.

Our SERVICE

We continue striving, in all areas of the Company, towards service excellence, the core of our business model and the hallmark of our subsidiary, Quálitas.

The structure of the Quality area was reinforced. Quality supervisors monitor the repair process, personally attending to the repair shops and keeping policyholders informed when there are delays or changes in the process, or in case the policyholder has not yet showed up at the repair shop. During the year, we had, at least, one Quality supervisor in each service office nationwide, and we followed up on 85% of repaired vehicles. Moreover, we developed a new portal for policyholders, which grants them information on the status of their repair and lets them interact on line with personnel from the Quality area to solve their doubts.

We strengthened our exchange model with automakers, in which our economies of scale and the strength of our relationships encouraged us to design innovative agreements that combine our different interests in the repair and sale processes, as well as in the selection of repair shops.

We also continue signing new agreements with automakers, such as the multi-brand agreements with some dealers, in which they consent to receive vehicles of different brands from our policyholders. This allows us to present policyholders with a greater diversity of options to repair their vehicles.

We worked with the Sales and Administrative personnel of car dealers in numerous training efforts. We carried out approximately 500 face-to-face training sessions on key aspects of the business, such as administrative processes, systems, early detection of complaints and objections management. We also trained the network of dealers of one of our key clients in the Deductible Condonation ["CODE"] process.

At Quálitas' Roadside Assistance, we strived during the year in focusing the services we provide even more so to the policyholders' needs.



Roadside Assistance Quálitas

In Roadside Assistance Quálitas, we strive to focus the services provided, even more so, to the needs of our policyholders.

We included among the services furnished, for instance, maneuvers such as removing automobiles from basements, and we are the only company in the country which provides roadside assistance to trailers. We also signed agreements with suppliers which enrich the service they deliver to policyholders, so that they include bonus plans for features such as arriving before the set-time. As of year-end 2012, we have a 79% share of the roadside assistance market in Mexico.

Policyholder's portal



We continue serving our policyholders through numerous channels in our Contact Center, in which we grant an integral service to the client, in a single place and in a single moment. During the year, we received approximately 500,000 incoming calls from our policyholders, related third parties, agents and institutions, among others. We train the new client service executives in Quálitas' products and philosophy, as well as in phone etiquette. Furthermore, we have created study groups of all the Contact Center personnel which get together every two weeks to review new information on the Company and to comment on incidents and relevant cases.

The new policyholder’s portal provides him with information on the repair process and lets him resolve his doubts.

Service for the Policyholder



In the Contact Center, we also continue carrying out the service quality surveys to obtain the policyholders’ perception on the assistance received from: the telephone operators in the call center, adjusters, the Legal area, Quálitas’ Roadside Assistance; their opinion on express adjustment, or, customized surveys required by some clients.

Likewise, we carried out a survey to evaluate the Company’s internal service quality in which Managers, Vice-presidents and Directors participate. Each employee that participates is evaluated, at least, by 10 colleagues.

Q Emergencies allows the policyholder to be located and receive the service by pressing a single key of his mobile device.

Q Emergencies Service



Geolocation enables the telephone operator to position the policyholder on a map and identify the closest adjuster, in real time.

The survey results are linked to the person’s variable compensation. This survey consists of 16 questions focused on service quality, response time, problem solution and other service indicators, and is applied every six months by an external bureau.

Additionally, during 2012 we introduced various new developments to heighten the experience of our policyholders, fleet clients and agents.

We developed a new agents’ portal, which grants the agent a 360o vision of his portfolio and groundbreaking ways of analyzing the information, with a great variety of filters such as: office, region, executive, adjuster and claim. The portal desktop positions the agents’ policies in their calendar and shows them what to do for each one according to its status.

In the call center, we began the development of a geolocation system to strengthen the quality and timeliness of the service provided to the policyholder involved in a casualty. Geolocation enables the telephone operator to identify and position the policyholder on an electronic map and to assess the adjuster closest to him/her, in real time.

We have worked so that the call center telephone and radio operators attain a greater understanding of the business, being up-to-date on news, accidents and other relevant information which helps them develop a business judgment to improve their decision making and the service they grant to the policyholder.

In the call center we also implemented the Q Emergencies service, an application which allows the policyholder to be located and to receive the service automatically, by sending a message pressing a single key of his mobile device.

Geolocation of the policyholder



Our OPERATIONS

In 2012 our subsidiary, Quálitas, worked with the vision of developing innovative solutions for the policyholders and of contributing to the Company's profitability.

We were benefited by the strategic initiatives implemented in recent years, which had an important impact in the efficiency of operations and in the cost containment. During the year, we continued enhancing them to consolidate their development and their benefits.

We expanded the underwriting program based on claims by zip code, which has facilitated a better valuation of the real risk by region and for a more competitive and fair pricing for the policyholders.

We consolidated the risk management advisory for fleet clients, involving the teams in our offices in the consulting services that are supplied and developing a system to make the delivery of reports more efficient. We continue working under the model of providing the client with full access to information to

enhance his decision making and focus his corrective measures. Likewise, we continue delivering experiential training in defensive driving and operators' certifications.

Automobile valuations are still performed remotely in its entirety, and during the year the valuation of light damages in heavy equipment, which represent approximately 60% of the total, were added to the remote method. The remaining damages in heavy equipment are processed through the traditional valuation. This combination has represented important savings for the Company.

In the salvages of automobiles, which represent approximately 1% of the total vehicles insured, we made important efforts to pay the sum of the total loss to the policyholder in a more timely fashion.

The new mobile devices for servicing claims, allow the adjuster to enhance the immediate assistance to the policyholder.

Mobile device for servicing claims



To achieve this, we advise the policyholder on the administrative processes, even providing the support of an agent for procedures such as termination of license plates and tax payments, if the policyholder wants to. In terms of the salvages of heavy

equipment, we centralized them in Monterrey to sell them from this location to the owners of the transportation companies. We also created a salvages committee in which all personnel of the area participate to share information, results, and service indicators.

With glass suppliers, we attained volume discounts and improvements in costs.

Agreement with glass suppliers



With the towing suppliers, we negotiated to work at agreed upon average costs for each haul. At year-end, we completed this type of agreements in 60% of locations nationwide. This has permitted significant administrative efficiencies, since amount standardization concedes control and electronic invoice payment, and eliminates revisions by accounting and technical areas. In heavy equipment, we signed agreements so that the repair shops and dealers which repair a casualty absorb the towing expenses, up to 500 kilometers.

With the glass suppliers, the agreements were refocused, continuing with volume discounts and attaining improvements in costs. Of the invoices for glass suppliers, 80% is also paid now automatically.

With suppliers of medical services, we also reached favorable agreements with concessions for volume. We have contracts with specialized health centers in 80% of locations nationwide to assist outpatients, which furnish all medical and rehabilitation services that these patients may require. For patients requiring hospitalization, approximately 20% of total, we have agreements with the best hospitals in each location.

Additionally, we made important advancements in the automation of the Treasury system, so that all electronic payments to suppliers, agents, and refunds to policyholders, are now registered automatically in the Company's central accounting system. Considering the volume of some 1,900 payments that we execute each day, such automation implies an important operating efficiency.

We began implementing during the year a multifunctional mobile device for servicing claims, which enables the adjuster to carry out several actions for the immediate assistance of the policyholder, such as: allocate services such as towing, ambulances and hospitals; print out service coupons for policyholders and generate electronic numbers for suppliers; take pictures of the casualty; create files; and collect deductibles or recoveries from a third party. The device also permits the adjuster to have knowledge of specific service parameters which should be granted to policyholders of certain corporate or institutional clients.

Due to the possibilities it generates, this technology presents the adjuster with greater freedom from the call center and enhances the service quality for the policyholder. As of year-end, 60% of the adjusters in the metropolitan area already used this device and it was being implemented in 4 additional locations. The implementation is combined with personal training in small groups, which intends to make the technology user friendly for the adjuster and to develop the required competencies for its use.

We implemented the express adjustment program, which allows the policyholder to take his vehicle to be repaired without requiring an adjuster's assistance when the casualty complies with certain conditions: there are no injured passengers, the corresponding authority is not involved, there is no third party, and the vehicle can move.

Additionally, in 2012, we undertook important systems developments to boost the efficiency of operations and continue to be at the forefront of technology. Today, the use of new systems is 19.2% higher than in 2011. These systems, such as the satellite system for the underwriting process, help us deliver better response times for the policyholder than when we operated solely with the Company's central system.

We implemented a new system for fleets' management, which support executives of service offices nationwide to provide better response times in quotes of fleets of 10 to 30 units. This system delivers quotes based on the experience of the own fleet.

In the call center, we carried out a re-engineering of the central system interface to simplify the report-filling process of the telephone operator, so that the system now has a screen by type of event, such as theft, collision or glass. Also, additional information on the policy was incorporated to the central system automatically, so that telephone and radio operators can be clear on the collection status when interacting with the policyholder.

We undertook an extensive debugging of the Company's central system, which classified all the information over 2 years old, in historic files, and the more recent one, in on line files. Search programs to access the different data bases and processes to debug information on a monthly basis were also developed. This project debugged approximately 60% of the system's information and has represented significant efficiencies to the productive environment.

The improvements in our operations were supported by the investments in technology that took place during the year. We grew considerably in storage systems, investing in high-speed solid state drives to improve the operation of the central system and the Company's web services. The communications and links with the service offices were significantly increased and optimized and, in the offices, we tried to boost spaces with the "all in one" equipment which save energy and space.

Express adjustment allows the policyholder to take his vehicle to be repaired without requiring an adjuster’s assistance.

Express Adjustment



Our FINANCIAL RESOURCES

Financial HIGHLIGHTS

Figures Expressed in Millions of Mexican Pesos

Balance Sheet	2012	2011	Ch. %
Cash & Investments ¹	9,025	7,717	16.9%
Total Assets	17,790	15,063	18.1%
Total Liabilities	14,654	12,490	17.3%
Stockholders' Equity	3,136	2,573	21.9%
Income Statement			
Premiums Written	13,657	11,341	20.4%
Net Premiums Earned	12,108	10,599	14.2%
Acquisition Cost	2,987	2,331	28.1%
L&LAE	8,008	7,493	6.9%
Underwriting Income	1,113	776	43.4%
Operating Expensed	201	286	-29.7%
Operating Income	913	491	NA
Integral Financing Result	899	646	39.2%
Net Income	1,248	837	49.1%
Ratios			bp / %
Acquisition + Operating Ratio	24%	21%	102.2
L&LAE Ratio	66%	71%	-454.8
Combined Ratio	90%	94%	-462.0
ROE	44%	36%	748.2
EBTDA	1,950	1,256	55.2%
Insured Vehicles	1,883,407	1,641,553	14.7%
Employees	2,820	2,608	8.1%

[1] See note on Permanent Investments in Financial Statements
NA: Not Applicable

QUÁLITAS CONTROLADORA’S RESULTS

On the Shareholders’ Meeting held on March 15, 2012, shareholders agreed to exchange their CPOs of Quálitas Compañía de Seguros, S.A.B. de C.V. [“Quálitas”] for those of Quálitas Controladora, S.A.B. de C.V. [Quálitas Holding, or “QC”].

To achieve this, they decided to consider the value of QC’s CPOs as equivalent to that of Quálitas stockholders’ equity on March 31, 2012, of \$2,684. QC’s capital stock was then increased to reach this value, even though the material exchange of the shares would take place subsequently, once the public exchange offer of the CPOs had occurred.

Such offer, in which the exchange took place at a ratio of 1 CPO of Quálitas for 1 CPO of QC, concluded on July 16 with an exchange of 99.7% of the CPOs of the insurance company. During the rest of the year, the process continued until an exchange of 99.9% was reached at year-end 2012.

This is why, when analyzing the results of Quálitas Controladora, it is important to consider that the company begun consolidating Quálitas’ results since March, when the increase in its capital stock took place.

QUÁLITAS RESULTS

Business Line	2012	2011	Ch. \$	Ch. %
Individual	4,410	4,143	267	6.4%
Fleets	3,249	2,570	680	26.4%
Sum of Traditional	7,659	6,712	947	14.1%
Toll Roads	368	385	-17	-4.5%
Financial Institutions	5,470	4,138	1,331	32.2%
Subsidiaries	161	105	55	52.6%
Total	13,657	11,341	2,316	20.4%

PREMIUMS WRITTEN

Premiums written reached \$13,657, growing by 20.4%, driven by the Financial Institutions and Fleet segments.

In the Individual segment, we were benefited by the sales of policies to previous years’ models. Additionally, the ODQs project completed its first year of operations with solid results and attaining the expected goals.

On the other hand, the Fleet business grew significantly. During the year, we won important corporate and government accounts, and made significant efforts to maintain our clients in a highly competed sector. Our strength in this segment is based on our differentiated service and on the customized advisory supplied by the Risk Management area.

The Financial Institutions segment was driven by the sale of new automobiles on credit that, according to the Automotive Domestic Market Report published by AMDA^[1], grew by 11.6%. Quálitas is well positioned in this segment due to its exchange model and long term relationships with automakers.

^[1] AMDA. Asociación Mexicana de Distribuidores de Automotores, A.C
[Mexican Association of Automotive Suppliers].

In the Toll Roads business line, we maintained the same roads as in 2011, but with less capacity because of national security reasons in some regions of the country.

On the other hand, sales of our subsidiaries in El Salvador and in Costa Rica represented 1.2% of total sales.

Insured vehicles grew by 14.7% during the year, reaching 1,883,407.

REINSURANCE AND PREMIUMS CEDED

Since the beginning of 2012, we do not keep a proportional reinsurance contract, given the profitability ratios attained. On the other hand, we continue maintaining the contract for catastrophic reinsurance, which covers risks in case of events generated by nature.

Since no proportional reinsurance contract was kept, no premiums ceded were generated by this item. Premiums ceded reached \$102.8, as a result of the biannual Pemex policy underwritten in December 2011. This is a claims management policy, so that Quálitas does not register insured vehicles nor assumes the client's risks, as it cedes 100% of the premiums to a reinsurer designated by Pemex.

NET PREMIUMS EARNED

Net premiums earned grew by 14.2%, in line with sales of multiannual policies mostly generated by our Financial Institutions segment.

NET ACQUISITION COST

The net acquisition cost reached \$2,987, and the net acquisition cost ratio stood at 22.0%. The levels of commissions and UOFs are kept in line with what we have managed with our agents and the Financial Institutions.

There were no revenues from reinsurance commissions. Also, administrative expenses were increased by the payment of a performance bonus for employees for the results attained during the year.

The acquisition cost for 2012 is not comparable with the 2011 figure due to the change in accounting policy that took place in this item during 2011. This change consisted in registering the fees paid to financial institutions and automotive agencies (UOF), when the policy was issued, and not collected.

LOSS & LOSS ADJUSTMENT EXPENSES

L&LAE registered \$8,008, while the L&LAE ratio for the year reached 66.1%, decreasing by 455 bp vis-à-vis the 2011 figure.

These results are due to a number of factors. First, we consolidated during the year, the benefits of the strategic initiatives of previous years.

There was also an important decrease in the occurrence of thefts nationwide, of 11.7%, as a result of the improvements in national security attained during the year. Likewise, thefts were benefited by the higher quality of the portfolio resulting from an underwriting process which values better the risk taken.

Our percentage of recoveries has grown significantly. We are locating and recovering vehicles with high efficiency ratios, supported on satellite GPS devices and on a better coordination with the corresponding authorities.

In the Toll Road segment, L&LAE decreased because of improvements in road safety measures and, in some cases, because of a reduction in capacity for national security reasons.

During the year, we had significant revenues for inter-companies recoveries, which are generated when two insurance companies are involved in the same casualty, due to efficiencies in the collection process. These recoveries resulted both from the SIPAC program for automobiles [Inter Company Payment System], which fosters a more agile collection, at average costs, as well as from the traditional program for public service vehicles, heavy equipment and medical expenses, in which recoveries take place through reimbursement.

OPERATING EXPENSES

Operating expenses rose to \$201, while the operating expenses ratio for the period stood at 1.2%.

Operating expenses grew due to higher fees paid to service offices as they obtained improved L&LAE ratios. The figure was also increased by refurbishment expenses for the properties acquired throughout the year. Depreciations and amortizations reached \$138.

On the other hand, operating expenses were benefited by a non-recurring credit to earnings, net of taxes, of \$94. This credit was generated during the first quarter of 2012, as a result of the changes in accounting policy in the policies fees, which took place in 2011.

Policies fees are revenues targeted to cover administrative expenses generated when the policy is issued and that, until 2011, were registered when the policy was collected, while starting 2012, they are registered when the policy is issued.

This circumstance caused, moreover, that the operating expenses figure for 2012 could not be compared with the 2011 number.

INTEGRAL FINANCING RESULT

During 2012, our investment portfolio obtained a solid 9.0% yield, above the objective established by the Investments, Finance and Planning Committee of CETES [Treasury Bills rate] plus 200 basis points, benefiting mainly from the rally in the equity markets and the decline in nominal and real rates.

The year was characterized by an international economic environment still complicated, even though there was also a notable decrease in the markets volatility. Throughout the year, the concern with regard to the crisis in the Euro zone, the fiscal imbalance in the U.S., and the general weakness in the global economy continued. On the other hand, situations such as the agreements reached in the Euro zone and the improvement of the economies of the U.S. and of some emerging countries helped to stabilize the markets and to have a positive year-end.

During the year, the local market resisted certain downward trends of the global markets, due to internal favorable conditions such as the change in government, interest rates at historic lows, a controlled inflation and solid fundamentals, which allowed it to close at a historic high.

Quálitas investment portfolio was managed within the ranges of the investment strategy planned for 2012, which considered a maximum of 12% in equities, 7.5% in M Bonds, 7.5% in Udibonos [inflation-protected bonds], 8% in debt of international financial organizations, 30% in quasi-governmental debt and 20% in private and bank debt.

TAXES

Taxes for the period were \$563, which represents an effective rate of 33.1%.

NET INCOME

Net income reached \$1,248, registering a significant growth of 49.1% vis-à-vis the 2011 figure. This result is explained by the important growth in premiums written, the substantial containment in LG&LAE and the solid investments yield.

CASH AND INVESTMENTS

Cash and investments registered \$9,025, growing considerably during the year, by 16.9%. Cash benefited significantly from the high levels of growth in premiums, cash flow, and profitability that were steady throughout the year.

On the other hand, during 2012 cash was diminished by the acquisition of properties and by dividend payments.

At the beginning of the year, we purchased an office building South of Mexico City, for \$200. The objective of this acquisition was to satisfy our needs for growth, which in recent years have multiplied. The property has an excellent location with regard to our offices in the San Ángel and Ajusco areas.

Towards year-end, we bought a property on the Anzures zone, in Mexico City, for \$27, to furnish a better service to the policyholders and agents in the area. Additionally, we acquired a property in Oaxaca and another one in Cuajimalpa to expand the call center.

Moreover, we carried out two dividend payments during the year. The first payment was aimed for shareholders, took place in March, and amounted to \$225, equivalent to \$0.50 per CPO. The second payment totaled \$450, equivalent to \$1.00 per CPO, which were received by QC, and had effect on December 26. This liquidity permitted QC to pay \$25 for the exchange offer expenses.

TECHNICAL RESERVES

Technical reserves increased by 18.4%, supported by the 20.8% growth in the properties and casualties reserve as a result of the growth in premiums.

The growth in insured vehicles stood at 14.7%, below that of the properties and casualties reserve. In times of growth, this implies that reserves are at adequate levels to fulfill the obligations with our policyholders.

On the other hand, the contractual obligations reserve increased by 12.0% on account of the agreements for early payment that we maintain with our suppliers in exchange for discounts.

STOCKHOLDERS' EQUITY

Stockholders' equity rose to \$3,136, registering during the year a 21.9% growth. The book value per CPO was of \$6.97.

SOLVENCY

Solvency indicators improved as a result of the profitability attained. The solvency margin registered \$749. The minimum equity requirement, in turn, increased by 10.8%, reaching \$2,157. In consequence, the solvency margin ratio improved to 34.7%.

The leverage ratio progressed from 4.9x in 2011, to 4.7x in 2012.

Our HUMAN VALUE

The results obtained by our subsidiary, Quálitas, are explained, above all, by the talent and experience of its employees and of all the Quálitas team, as well as by the commitment and conviction with their work.

In 2012, we launched numerous initiatives to bolster the talent of Quálitas' employees, as well as to ensure an approachable and productive organizational climate for the successful development of their work.

We focused training towards a more strategic development model. We delivered training to 5,208 participants face-to-face and to 419 on line.

We developed a Program on Strategic Leadership Competencies for Directors, service offices Directors, Vice-presidents, Managers and service offices Managers. The program consists of 12 online modules which review 6 competencies of Quálitas' leadership. These competencies were defined in 2011 and evaluated through numerous psychometric tests and an assessment center. According to the results of this evaluation, managers take a leveling workshop, or only the development module delivered for each topic. The program combines a virtual classroom, in which participants work with practical cases and simulations, with self-study.

A key part of the strategy during the year was the training of new directors of Quálitas Development Offices. These entrepreneurs, and their administrative personnel, were trained in several features of sales, such as proposals, presentations, follow up and closing; in the Company's products, in processes and systems; and in regulatory issues. They are also certified in insurance sales by the National Insurance and Bonds Commission. Additionally, they work with a Foundation to develop a life plan and human competencies.

We continue developing the adjusters' seedbed, one of the major programs of the Company. This program has an approximate length of 3 months and is targeted to employees without previous experience in the subject. It comprises classroom sessions, delivered by personnel of the Claims area, and field work, coached by active adjusters with whom they work in a weekly basis. The seedbed offers new adjusters theoretic training in the job and the opportunity to develop the required competencies, as well as an approach to Quálitas' culture.



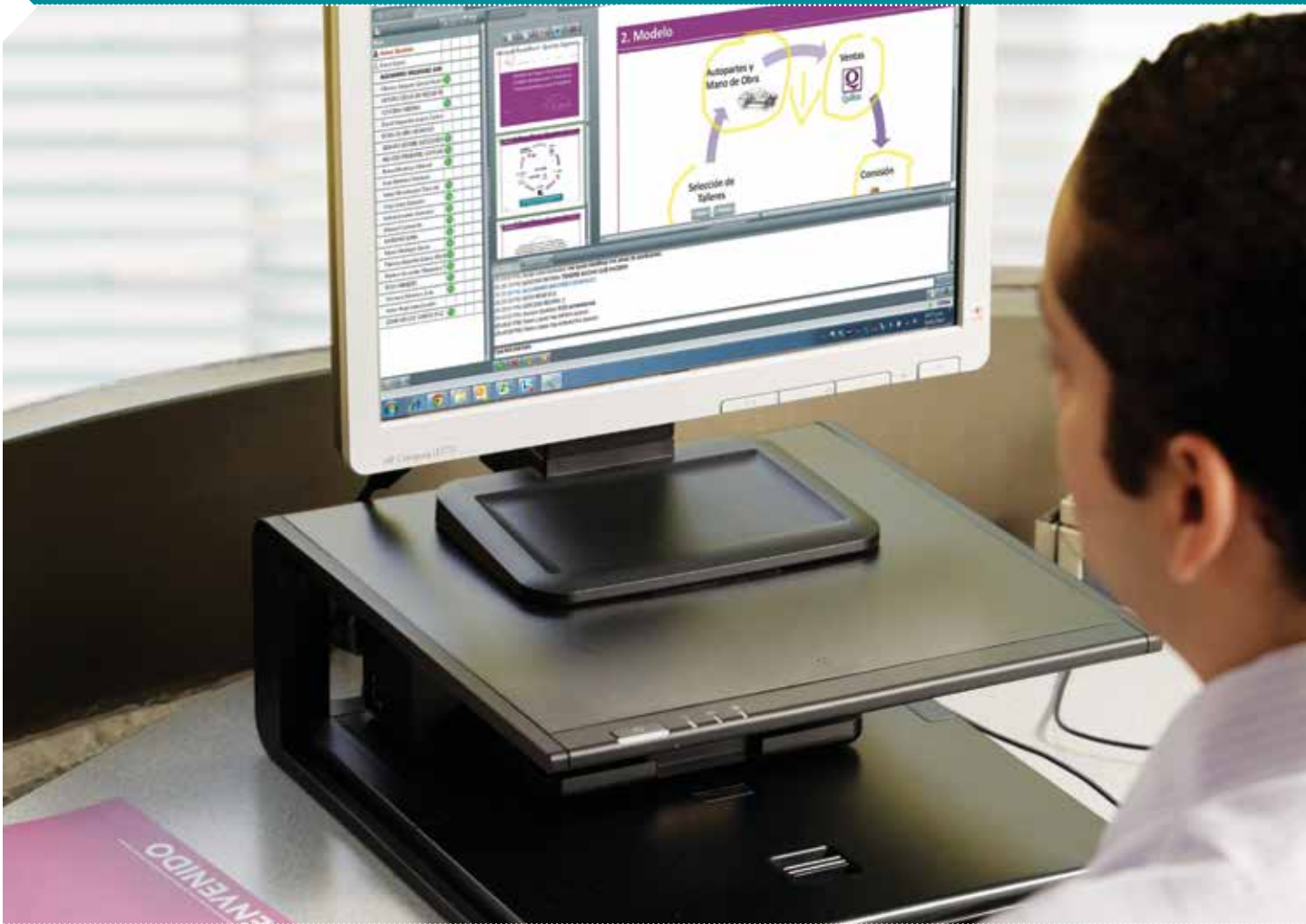
Corporate Office in Guadalajara

The online training program for the operation of the Claims area was concluded. The program contains 20 courses on claims operations and 6 additional courses for service offices on Quálitas’ philosophy, technological tools, technical features, processes and products.

Also in the Claims area, we certified all our adjusters and claims coordinators nationwide in the parameters of the Delimitation Guide, which allows for a more clear and transparent assessment of an accident’s responsibility.

A strategic initiative for the management of human capital and the achievement of results during 2012 was the development and implementation of a variable compensation program for senior management. The program is based on internal and external indicators assessed by each manager for his

area and in strategic projects which contribute to the Company's vision. This permitted to further align each manager results with the expectations for his business unit. Thus, this model has succeeded in focusing senior management on the same path and in rewarding outstanding achievements.



Leadership Program for Senior Management

Our Program of Strategic Leadership Competencies for senior management includes 6 competencies of Quálitas' leadership.

On the other hand, we continue using variable compensation models in operations. In the call center, these programs are linked to several performance indicators such as incoming calls, percentage of abandoned calls and average response time, as well as to individual and team results. With adjusters, variable compensation has been linked to savings and recoveries indicators such as the liability before a third party indicator.

These programs have enabled us to align management's goals with operators' goals, to have greater transparency in the objectives, and to decrease personnel turnover significantly.

In Quálitas, we believe in the value of social responsibility in our daily work and on our environment.

Through our trainees program, we supported the development of 60 pre-college teenagers between 15 and 18 years which work in the Company's offices during several weeks. This program includes activities of community service organized by the Fomento Social area (Social Advancement area), which this year took place in the Nuestra Señora del Camino Asylum, in which the trainees carried out manual activities and a theater play with the senior citizens, in addition to making repairs and other services at the venue.

To supply better tools to our employees with visual impairment, we acquired 5 licenses of the Jaws Program, which advises the person in use of the computer. We also gave personal advisory to an employee with visual impairment who was promoted from the Reception area to the Recoveries area.

We encouraged the continuous education of our employees with several initiatives. We provided advisories on the INEA program (National Institute for Adults' Education) for employees in the Maintenance area to study primary and secondary education. We also furnished weekly advisories for the self-study high school program, as well as continuous preparation and payment for the CENEVAL exam (National Center for Superior Education Evaluation). During the year, 16 employees obtained their high school certificate with these options. Moreover, we delivered preparation programs for the CENEVAL Bachelor's degrees, in which currently 18 employees are enrolled.

Furthermore, we supported 54 employees with scholarships for Bachelor's degrees, Master's degrees, certifications and specializations. A scholarship committee and a scholarship policy were implemented to define the criteria for their allocation, such as seniority in the company, authorizations from executives of the area, and percentage granted according to the person's income.

Through Fomento Social Quálitas we granted financial support, contributions and personal visits, to the following institutions:

Fundación Proempleo Productivo:

Benefitted: 12 training scholarships.

Casa Hogar Kamami:

Benefitted: 22 girls with problems of rape and abuse.

Fundación de Ayuda a la Ancianidad IAP:

Benefitted: 10 scholarships to develop the asylum personnel.

Unidos... Asociación Pro Trasplante de Médula Ósea, Francisco Casares Cortina:

Benefitted: 2 leukemia patients.

Cadena de Ayuda contra la Fibromialgia:

Benefitted: 1 sick underprivileged woman.

Renovación, Unión de fuerzas, Unión de Esfuerzos:

Benefitted: training of 26 Family Heads who serve the community.

Pro educación:

Benefitted: Benefitted: 8 scholarships for systems teachers.

Metamorfosis Global:

Benefitted: 80 scholarships granted by Quálitas employees to abandoned children with mental disability.

Casa Santa Clara:

Benefitted: 9 homeless girls.

Internado Infantil Guadalupano:

Benefitted: 6 boys with full scholarships for tuition and food.

Todos en Crecimiento:

Benefitted: 22 young people with mental disability.

Fundación San Ignacio de Loyola:

Benefitted: 6 scholarships for kindergarten.

Oficinas de D.F. Guadalajara y Monterrey:

Benefitted: 350 children with packages of school articles.

Despensas Navideñas

Benefitted: 150 employees of the Maintenance and Logistics Areas.

Our Risk Management professionals worked in raising the awareness of fleet operators to avoid accidents or violations to the transit regulations.

Risk Management



We also carried out a series of initiatives to promote the wellbeing of our employees. In terms of health prevention, we continue keeping medical offices in our San Ángel and Ajusco offices, signing agreements with suppliers of health products and services and sport clubs at preferential prices, offering exercise programs at our offices and maintaining the weight challenge program.

We promoted our Savings Accounts, which represent for our employees a safe investment instrument and an efficient financing choice. We expanded the savings options to respond to our employees' needs, such as liquidity; term; retirement, with a minimum term of 5 years; college; and additional, in which an employee can include the savings of a third party. The Savings Accounts are regulated by a technical committee and by an administrative one. The technical committee makes decisions on investment options, types of savings available, and loans required that exceed the policy, while the administrative committee is in charge of employees' enrolments, releases, withdrawals and deposits.

We carried out numerous initiatives to promote the well-being of our employees.



Medical service in offices



Our ORGANIZATIONAL structure

The Board of Directors, both of Quálitas Controladora and of our subsidiary, Quálitas, consists of the following 10 members and their corresponding alternates, of which 5 are independent members.

BOARD OF DIRECTORS

► MEMBERS

Joaquín Brockman Lozano
Wilfrido Javier Castillo Sánchez Mejorada
Ricardo Escamilla Ruiz
Juan Enrique Murguía Pozzi
Héctor Rosas Rivera
José Francisco Torres Olmos*
Harald Feldhaus Herrmann*
Juan Orozco y Gómez Portugal*
Raúl Alejandro Jiménez-Bonnet García*
Mauricio Domenge Gaudry*

*Independent Members

ALTERNATES

Eduardo Brockmann Lozano
Wilfrido Javier Castillo Miranda Olea
María del Pilar Moreno Alanís
Martín Rueda de León Castillo
Arturo Membrillo Romero
José Antonio Zarur Ménez*
Carlos Humberto Sauri Campos*
Juan Marco Gutiérrez Wanless*
Juan Felipe Sottil Achutegui*
Fernando Velarde Muro*

CORPORATE GOVERNANCE

The objectives of our corporate governance, both of Quálitas Controladora and of our subsidiary, Quálitas, are:

- Management transparency
- Adequate disclosure to investors
- Equal treatment for all shareholders
- Identification, dissemination, monitoring and, if appropriate, solution of key matters.

Both Quálitas Controladora and our subsidiary, Quálitas, have an Audit Committee and a Business Practices Committee, whose role is detailed below:



AUDIT COMMITTEE

Consists of 3 members, who are Independent Board Members.

- Monitor the management, performance and execution of the matters of its competence according to the Mexican Stock Exchange Law.
- Evaluate the performance of the external auditor.
- Analyze the financial statements and the financial information of the Company.
- Investigate possible breaches to guidelines, operating policies and internal control systems.
- Monitor that the CEO complies with the agreements reached in the Assemblies.

BUSINESS PRACTICES COMMITTEE

Consists of 3 members, who are Independent Board Members.

- Monitor the management, performance and execution of the matters of its competence according to the Mexican Stock Exchange Law.
- Monitor that the CEO complies with the agreements reached in the Assemblies.
- Evaluate the compensation of the CEO and other significant directors.
- Inform the Board of Directors of operations with related parties.

On the other hand our subsidiary, Quálitas, has four additional Committees, which are: Investments, Finance and Planning Committee; Reinsurance Committee; Communication and Control Committee; and the Financial Risks Integral Management Committee.

INVESTMENTS, FINANCE AND PLANNING COMMITTEE

Consists of 7 members, of which 4 are Board Members, 2 are Independent Board Members, and one is a Company executive.

- Evaluate and suggest investment policies aligned to the organizational vision.
- Propose the guidelines for the Company’s strategic planning.
- Maintain a balanced investment portfolio under the investment regime established by the authority.
- Give an opinion on the budget’s assumptions and monitor the budget.
- Identify risk factors and evaluate policies to manage them.

REINSURANCE COMMITTEE

Consists of 10 members, of which 5 are Board Members, and 5 are Company executives.

- Propose objectives and policies for hiring, monitoring, evaluating and managing the reinsurance operations.
- Propose the mechanisms for monitoring and evaluating the policies and rules in matters of reinsurance.
- Evaluate periodically the achievement of the strategic objectives set by the Board of Directors in matters of reinsurance.
- Inform on the results of its operations and on the corrective measures implemented to adjust deviations.

COMMUNICATION AND CONTROL COMMITTEE

Consists of 9 members, of which 2 are Board Members, and 7 are Company executives.

- Make recommendations about contracts or operations that could favor terrorism or money laundering operations.
- Establish and circulate the criteria for the classification of clients, in terms of their level of risk.
- Dictate the operations that should be reported to the Finance Ministry by way of the National Insurance and Bonds Commission, as unusual or troubling.

FINANCIAL RISKS INTEGRAL MANAGEMENT COMMITTEE

Consists of 5 members, of which 3 are Board Members, and 2 are Company executives.

- Propose the objectives and policies for the management of risks; the global limits and per type of risk; and the resource allocation policy.
- Approve the methodology to identify, measure, monitor, limit and reveal the different kinds of risks.
- Approve the models, parameters and scenarios to be used to measure and control risks.
- Approve the undertaking of new operations and services that imply risk.

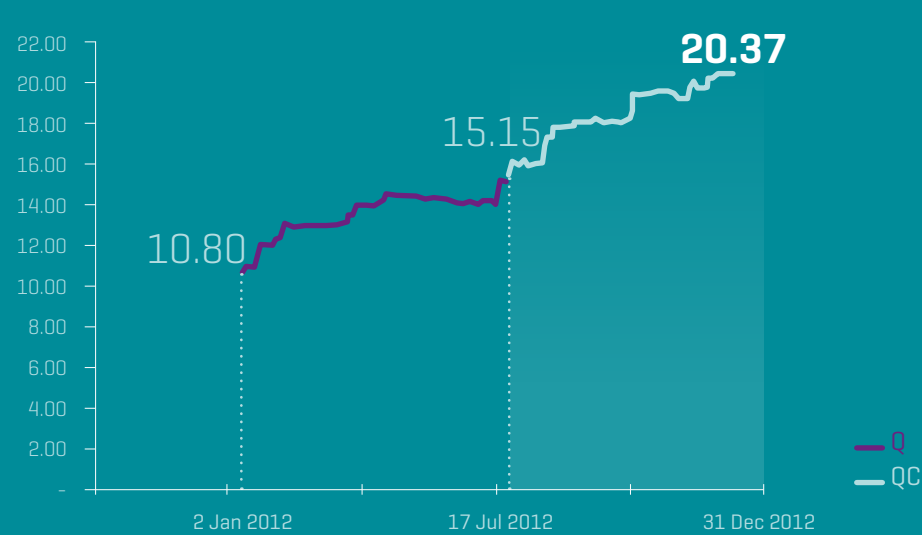
STOCK

Information

EPS	2.8
Book Value	7.0
CPOs in Circulation	450 millions
Float	32%

*Figures in millions of pesos

CPO PRICE



DIVIDEND PAYMENTS

DATE OF PAYMENT	AMOUNT (000,000)	DIVIDEND PER CPO
March 22, 2004	\$30.00	\$0.08
April 25, 2005	\$12.50	\$0.03
July 1, 2005	\$12.50	\$0.03
October 3, 2005	\$12.50	\$0.03
January 2, 2006	\$12.50	\$0.03
May 29, 2009	\$67.50	\$0.15
June 30, 2009	\$67.50	\$0.15
May 11, 2010	\$90.00	\$0.20
July 30, 2010	\$90.00	\$0.20
March 28, 2012	\$225.00	\$0.50

INVESTOR Relations

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THE ROAD
behind