



*14 annual
report*

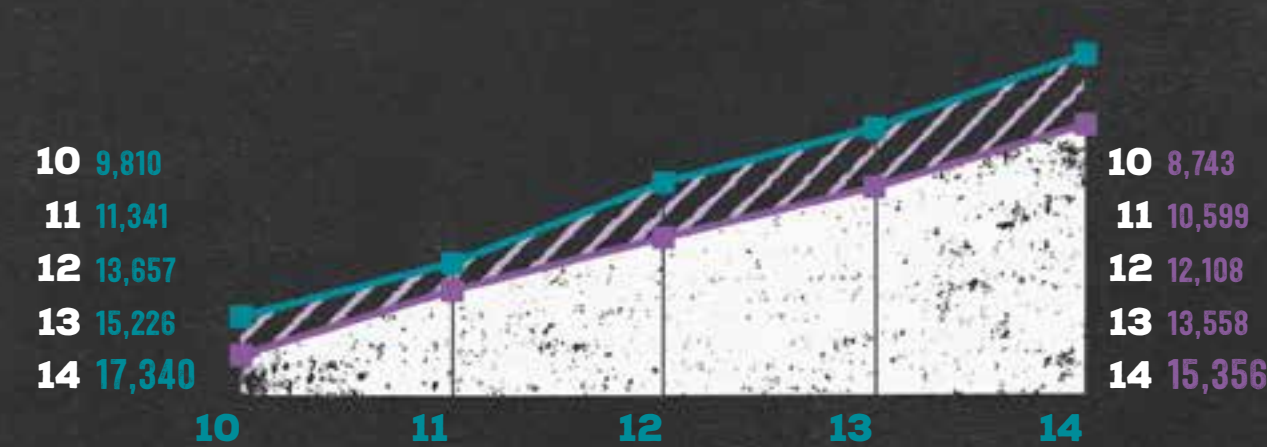
QUÁLITAS IN NUMBERS

WRITTEN PREMIUMS

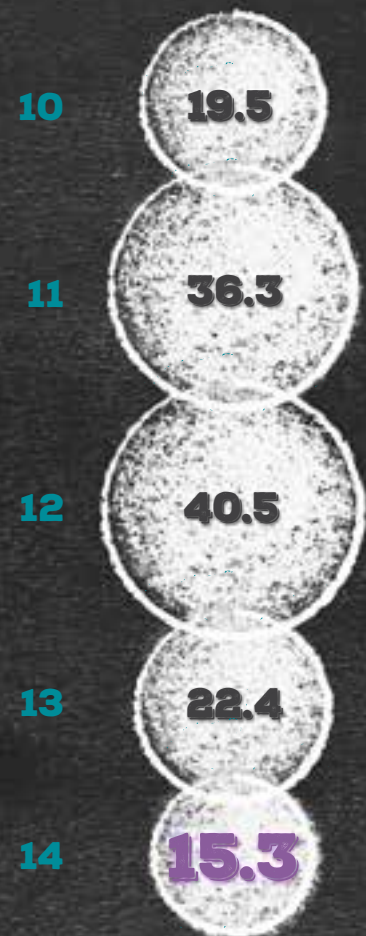
17,340

EARNED PREMIUMS

15,356



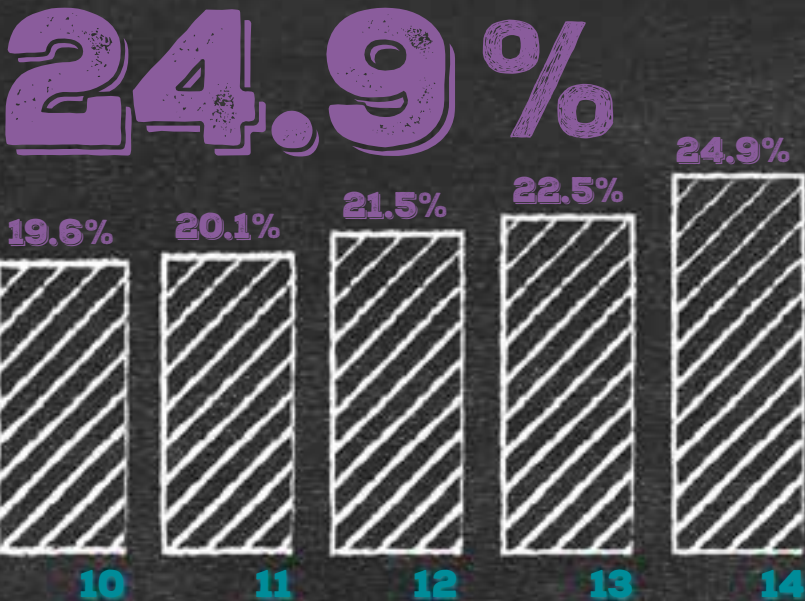
ROE %



NET INCOME

624 MILLION PESOS

MARKET SHARE QMX



INSURED VEHICLES



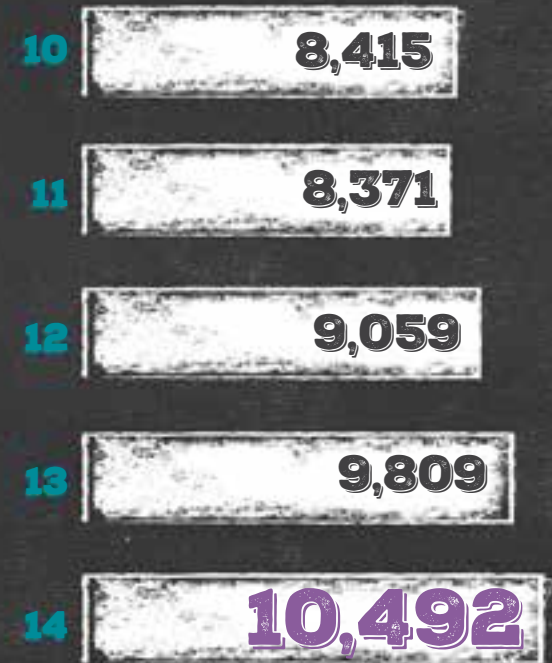
CLAIMS OFFICERS



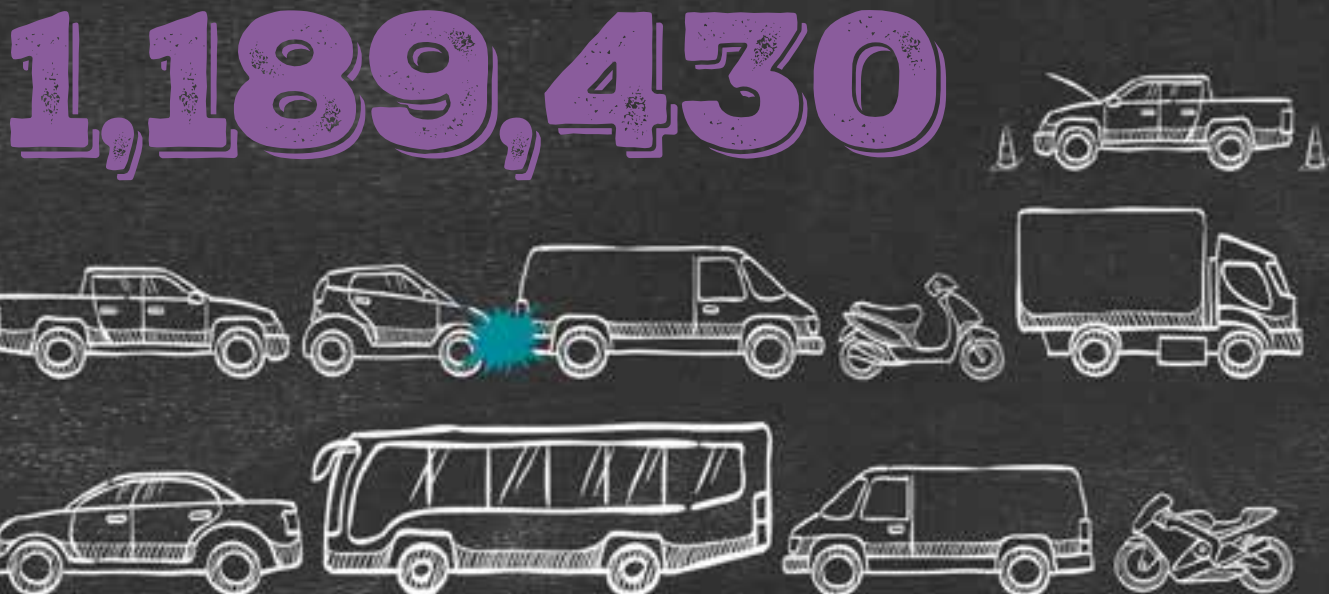
EMPLOYEES



AGENTS



CLAIMS ASSISTED





QUÁLITAS IS THE LARGEST AUTO INSURANCE COMPANY IN MEXICO IN TERMS OF MARKET SHARE. **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**

AFTER **20 YEARS IN THE MARKET** THE COMPANY HAS:

- » **2.5 MILLION** INSURED VEHICLES
- » A NETWORK OF **303 OFFICES**
- » OPERATIONS IN **EL SALVADOR, COSTA RICA AND THE UNITED STATES**

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QUÁLITAS FINANCIAL HIGHLIGHTS

Figures Expressed in Million of Pesos

Balance Sheet	2014	2013	Δ %
Cash and Investments ¹	12,295	10,368	18.6%
Total Assets	24,423	20,369	19.9%
Total Liabilities	20,055	16,612	20.7%
Stockholders' Equity	4,368	3,757	16.3%
Income Statement			
Written Premiums	17,340	15,226	13.9%
Earned Premiums	15,356	13,558	13.3%
Acquisition Cost	4,143	3,554	16.6%
Claims Cost	10,674	9,031	18.2%
Technical Result	538	972	-44.6%
Operating Expenses	724	508	42.5%
Operating Result	-185	465	-139.8%
Investment Income	1,036	782	32.6%
Net Result	624	822	-24.1%
Ratios			Δ %/bp
Acquisition Ratio	23.9%	23.5%	39.3
Claims Ratio	69.5%	66.6%	290.0
Operating Ratio	4.2%	3.4%	81.6
Combined Ratio	97.6%	93.5%	410.9
Return on Investments	8.1%	6.5%	156.1
Leverage	4.59	4.42	3.8%
ROE	15.3%	22.4%	-712.3

[1] Cash and Investments = Security Investments + Cash + Repurchase Agreements + Discounts and Re-discounts

MESSAGE TO SHAREHOLDERS

» **THIS YEAR HAS A SPECIAL MEANING FOR US SINCE WE ARE CELEBRATING OUR FIRST 20 YEARS IN THE MARKET, A TIME PERIOD WHERE WE HAVE EXCEEDED THE GOALS AND EXPECTATIONS WE SET IN THE BEGINNING.**

We took advantage from the changes in insurance regulation and became the first specialized insurance company in the automobile industry. By being specialized and service oriented we have managed to develop competitive advantages that have led us to an outstanding performance.

In 1994, our first year of operations, we had one single office and recorded sales of \$4.7 million pesos, with 115 agents and 38 employees, our automobile market share was 0.08%. Twenty years later we have a network of 303 offices in four countries, and our sales have grown to \$17,340 million pesos, working with 10,492 agents and 3,626 employees. Our market share in Mexico grew to 25%, positioning ourselves as market leaders for the past 8 years.

We are very pleased with the growth of 14% achieved during 2014, when the market only recorded a 3% increase. With this performance our market share went from 23% to 25%, keeping a healthy profitability taking into account the low growth registered by the industry and the competition from insurance companies in order to maintain or increase their market share. It is worth mentioning that one of our big challenges for next year will be to enhance our underwriting practices.

In Mexico, we continue strengthening our distribution network finishing the year with 293 service offices, out of which 128 are ODQs (Quálitás Development Offices). The opening to new distribution channels, combined with the internet and call center platforms, made an additional contribution to the sales of the Company.

We are very glad we started operations in the United States, in the border states of Arizona, California and Texas, with the view to complement the service to our customers in the neighboring country. In Costa Rica and El Salvador we continue growing surrounded by a very complex environment.

Regarding costs, we had an increase in claims costs in our Mexican subsidiary mainly explained by the rise on the average cost of compensation in third party liability, as well as severe weather conditions, such as heavy rains and hail, that affected great part of the country. On the other hand, competitive environment in the industry had an impact price wise.

It is important to highlight that we continue implementing concrete measures to control costs, a key element for the success of our business model. We have strengthened our departments for fraud prevention, suppliers and commercial agreements. We also have adequate information to detect any diversion of funds we could experience and take corrective actions.

Low operating profitability was largely offset by the excellent investment income, which allowed us to register net income of \$624 million pesos at the end of the year.

We have made significant progress with Solvency II implementation and we are ready to fulfill with all requirements in this subject.

The business model, together with the investments in human resources, technology and our corporate values, place us in an advantageous position to seize future opportunities in the industry. We will continue with the effort to provide superior service with a strict cost control policy, which should be reflected in higher profitability in years to come.

We see the future with great optimism and believe Quálitas should continue to show a sound performance.

Finally, I want to take this opportunity to thank our employees, customers and investors for their trust and loyalty over all these years, since they have been a cornerstone for the growth and consolidation of Quálitas.

Truly, 

Joaquín Brockman Lozano
Chairman of the Board



20 YEARS WORKING WITH EXPERTS...



» 1994

Offices: **1**

Employees: **38**

Agents: **115**

» 2014

Offices: **303**

Employees: **3,626**

Agents: **10,492**



OUR HISTORY OF SUCCESS

» THE SUCCESS OF QUÁLITAS' BUSINESS MODEL IS BASED ON FOUR CORNERSTONES, EXCELLENCE IN SERVICE, COST CONTROL, DECENTRALIZATION AND SPECIALIZATION, LED BY A TEAM OF PROFESSIONALS THAT COMBINE THEIR ENTREPRENEURIAL VIEW WITH A LONG STANDING EXPERIENCE ON CAR INSURANCE INDUSTRY.

Quálitas issued its first policy in March 1994. Joaquín Brockman, current CEO and Chairman of the Board, founded the Company hand-by-hand with experienced professionals in the insurance and financial sector.

Joaquín Brockman had a long history on Mexican insurance industry and he identified a niche market with high growth potential, this is how he decided to create a new company **specialized** in automobiles only.

The business model of this new organization was grounded in two basic principles, **excellence in service** and **cost control**, cornerstones which to date, represent great part of the success of the Company. Given that automobile insurance environment in Mexico is extremely complex and human capital intensive, a top notch service is paramount to build loyalty and long term relationships with agents and policyholders.



First identity proposals (1993)



First policy issued (1994)



Publication (1994)



Internal documentation (1994)

Part of the complexity that dominates Mexican market has to do with the lack of public records of vehicles and drivers, as well as a reliable data base of stolen cars. This is why being able to meet the expectations of a policyholder during and after a car accident is decisive for the continuity of regular operations of an automobile insurance company.

Under this conditions, Quálitas started operations focusing in the individual segment that up until then had been unattended by other market participants, setting the ground for a story of growth and continuous improvement.

In 1996, the Company developed a unique expansion model. With the purpose of growing outside Mexico City it established service offices partnering with entrepreneurs with deep knowledge of both insurance industry and main players within each city. This is how the Company started operations outside the metropolitan area, introducing the fourth cornerstone of its business model, **decentralization**, given that each office has the empowerment for decision-making in accordance with every location needs.

In 2005, Quálitas takes a big leap and following with their growth strategy, it was listed on the Mexican Stock Exchange, having access to a new shareholders universe, making the commitment with the investor community to release transparent, accurate and timely information.



First cars of Claims Officers (1995)

After the listing on the Mexican Bolsa, Quálitas began a comprehensive institutionalization process by automating existing procedures in order to form sound corporate governance, in compliance with applicable regulations and best corporate practices.

During 2006, Quálitas made a strategic alliance with Financial Institutions, the financial arm of main automakers, and achieved to penetrate into a new market segment with strong dynamism and high relevance for the Industry.

By being **specialized**, Quálitas has gained great responsiveness and flexibility to face different changes that have affected the economy and the insurance industry since the Company started operations. The Firm has been able to allocate its most valuable assets, human talent and technology, to adapt to new market conditions.

That is why, in 2007, Quálitas reached the first place in terms of market share penetration, and has hold the first place ever since.

Later, the Company decided to widen its horizon and opened its first office in El Salvador in 2008 and in Costa Rica in 2011, looking to capture new clients and opportunities, replicating its business model, on the ongoing quest to find local entrepreneurs.

In 2012 the holding Company was created and listed on the Mexican Stock Exchange in order to have a corporate structure with more flexibility and transparency.

During 2014 Quálitas opened its frontiers, entering the American market, by complementing current coverages to many of their customers in the border area. With this service, policyholders avoid several stops in the same route. The Company started operating in Arizona, California and Texas.



AT YEAR END AND TWENTY YEARS AFTER THE FIRST POLICY WAS ISSUED UNDER THE BRAND “QUÁLITAS”, THE COMPANY HAS ACHIEVED TO:

- » RECORD **\$17,340 MILLION PESOS** AS WRITTEN PREMIUMS
- » HAVE A STRUCTURE OF **3,626 EMPLOYEES**, INCLUDING MORE THAN **800 CLAIMS OFFICERS**, WORKING TOGETHER WITH MORE THAN **10,000 AGENTS**, WHO HAVE BEEN A CRUCIAL LINK IN THE HISTORY OF THE FIRM
- » INSURE **2.5 MILLION VEHICLES**
- » OPERATE A NETWORK OF **303 OFFICES**



**...COMMITTED TO
SERVICE...**



» 1994

Insured vehicles: **2,970**

Claims assisted: **179**

Claims officers: **2**

» 2014

Insured vehicles: **2.5 million**

Claims assisted: **1,189,430**

Claims officers: **816**

Quality supervisors: **96**

Roadside Assistance



SERVICE CHAIN

» SINCE 1994 QUÁLITAS HAS MADE SIGNIFICANT INVESTMENTS IN HUMAN TALENT AND STATE OF THE ART TECHNOLOGY, WHICH HAS BEEN TRANSLATED IN THE DEPLOYMENT OF THE LARGEST CLAIMS INFRASTRUCTURE IN THE COUNTRY.

Considering service as a key element, Quálitas has developed a comprehensive system supported by different websites designed for policyholders and agents.

These websites have different features that allow them to speed up processes before and after a car accident occurs.

The Company also has an online operator system (OPL) designed for customers with specific distribution needs, who have great variety of vehicles. With these resources Quálitas has the ability to offer tailor made solutions, helping them reduce their administrative costs.

The call center concentrates all policyholders' calls in order to provide a complete service, the call center has more than two hundred operators focused on personalized and bilingual attention 365 days a year. The average answering time is six seconds and they receive more than 7,000 calls per day.



The request for assistance can be done either by telephone or through the Qmovil app designed for mobile devices.

Once the operator locates an accident, he or she uses an advanced GPS system and sends a claims officer by its proximity to the site of the accident. Currently, Quálitas has on its payroll more than 800 certified claims officers.

When it is necessary, they can send legal or medical assistance to the site of the accident. The Company has more than 300 in-house lawyers, specialists in the field, who receive constant training to be aware of new conditions in the industry.

The claims officer grants a pass for the repair shop or car dealer shop that better suits policyholders' needs. In order to shorten the average repair time of a vehicle, Quálitas has signed agreements with main auto dealers and workshops to offer better options to customers. In addition, all repair shops working with Quálitas are certified to meet highest quality standards.

Quality supervision department has an essential role in the process, quality supervisors follow up the claims since the vehicle is transported to the repair center until it is delivered and are in constant communication with policyholders.

» CONSIDERING SERVICE AS A KEY ELEMENT, QUÁLITAS HAS DEVELOPED A COMPREHENSIVE SYSTEM SUPPORTED BY DIFFERENT WEBSITES DESIGNED FOR POLICYHOLDERS AND AGENTS



Throughout the whole process, several satisfaction surveys are done to rate, among other things, call center attention and claims officer arrival time.

Roadside Assistance may include flat tire change, locksmithing, travel assistance, medical transportation, tow service, etc.

In 2014 Quálitas insured 2.5 million cars, more than 2.3 million calls were received, between claims and roadside assistance, with a network of 224 call center operators, 816 claims officers and 96 quality supervisors.

Quálitas network allows it to provide full service to policyholders in every country zone without discriminating by security level, easy access or any other peculiarity of the area. Company's priority always has been to assist the policyholder in every need.

Additionally, during 2014 the Company developed a fraud detection and prevention program that was launched during the last months of the year, which seeks to diminish costs in order to offer more competitive prices to its customers.



QUÁLITAS SERVICE PYRAMID



This service pyramid allows the Company to build long term relationships based on equity, honesty, good faith and mutual trust.



...CREATING VALUE...

» 1994

Written Premiums: **Ps. 4.7 million**

Earned Premiums: **Ps. 1.4 million**

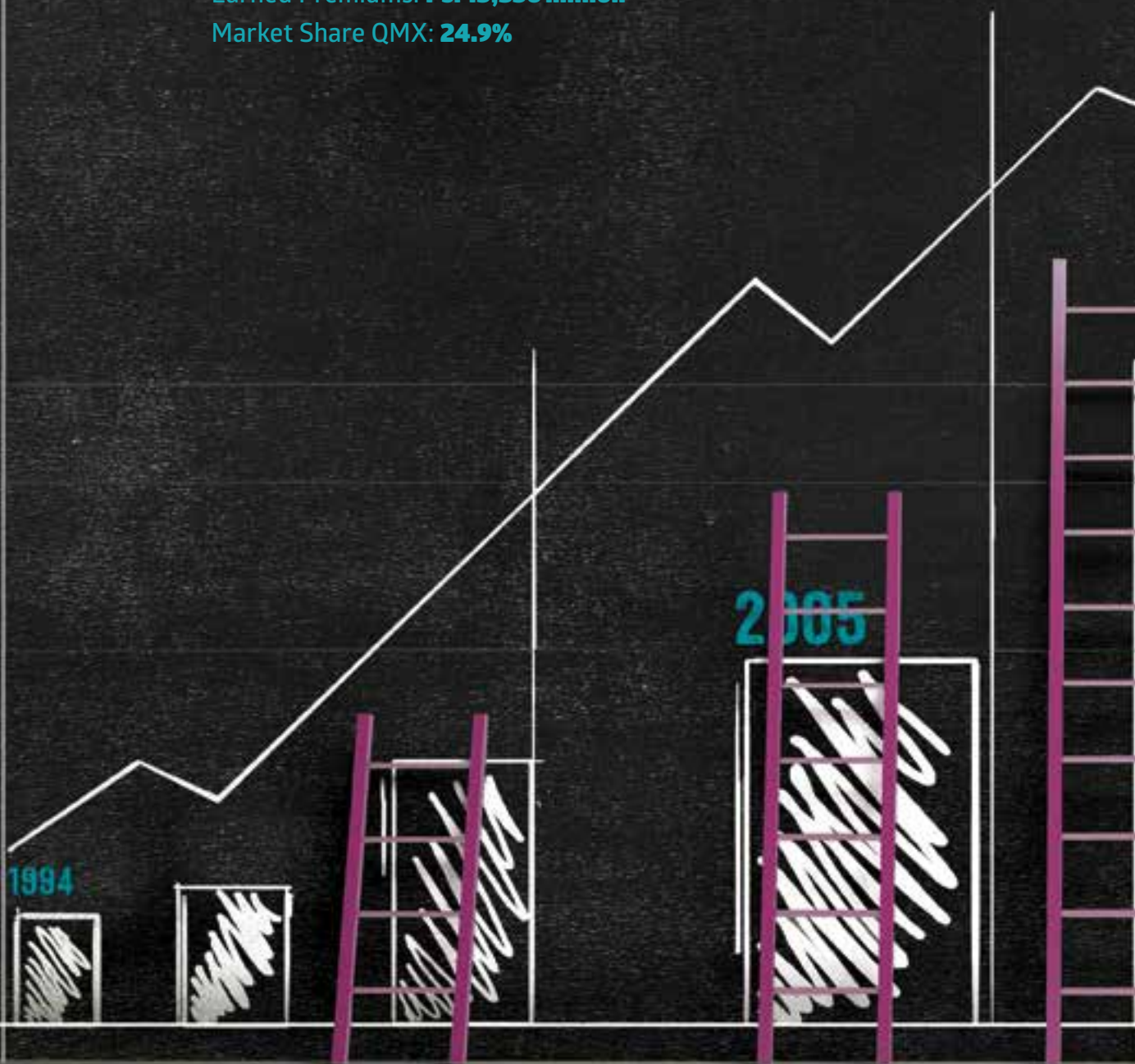
Market Share QMX: **0.08%**

» 2014

Written Premiums: **Ps. 17,340 million**

Earned Premiums: **Ps. 15,356 million**

Market Share QMX: **24.9%**





QUÁLITAS IN THE MARKET



QUÁLITAS HAS BECOME THE FIRST OPTION FOR POLICYHOLDERS, DIFFERENTIATING ITSELF AMONG MAIN PLAYERS IN THE SEGMENT.

During recent years volatility has been the common denominator for global economies and financial markets. Mexico, as an active player in the world economy, has not been a stranger to such circumstances, recording GDP growth of roughly 2%.

Notwithstanding regulatory, economic and political changes experienced by the country over the past five years, Quálitas has achieved an outstanding growth of 14.5%, whereas the industry only recorded a 7.7% growth during this period.

Quálitas business takes place in a highly competitive environment, however, when there's the need to insure a vehicle, it has become the first option for policyholders, differentiating itself among main players in the segment.

At the end of 2014, the Company had a market share in the automobile insurance sector of 25%, with 31% market share on trucks and an important share on new vehicles.

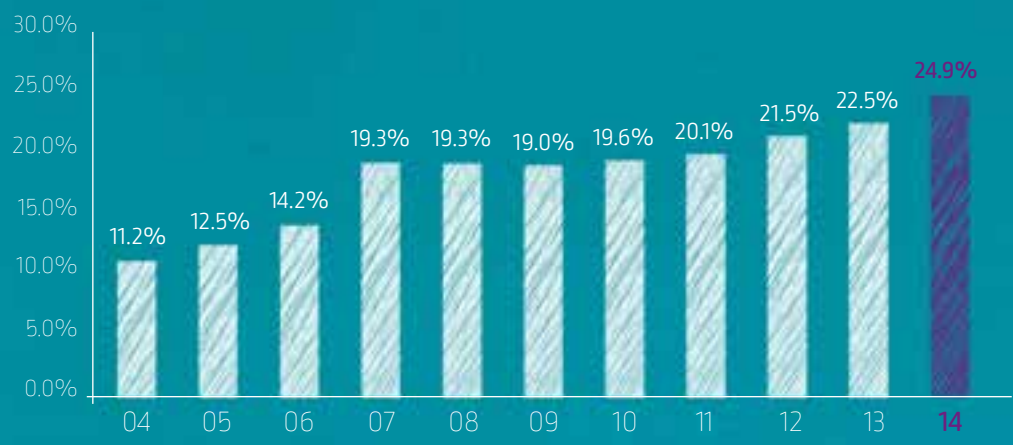
The following table shows the breakdown of Mexican automobile insurance industry's main variables.

	WRITTEN PREMIUMS	GROWTH 2014-2013	OPERATING RESULT	INVESTMENT INCOME	NET RESULT	CLAIMS RATIO	COMBINED RATIO
Quálitas	17,049	14.0%	(95)	994	680	70%	97%
Others (25)	39,016	-0.8%	(985)	1,762	1,234	68%	102%
Insurance Companies (26)	56,065	3.3%	(1,080)	2,757	1,914	69%	100%
Insurance Companies from Financial Groups (10)	12,503	2.7%	2,056	1,208	2,592	61%	82%
TOTAL MARKET (36 Comp)	68,568	3.2%	976	3,964	4,506	67%	97%

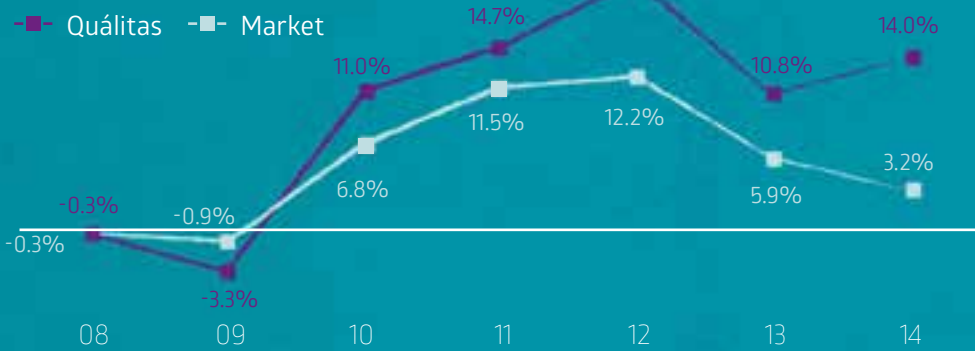
Note: Figures for Quálitas Mexico
Source: AMIS (Mexican Association of Insurance Institutions)

GROWTH OVER
THE LAST
FIVE YEARS 14.5%

MARKET SHARE IN MEXICO



AUTOMOBILE INSURANCE INDUSTRY GROWTH IN MEXICO



Source: AMIS (Mexican Association of Insurance Institutions)



In 2014 the growth in Mexican industry was 3.2%, whereas Quálitas grew 14.0%. Claims cost increased mainly on account of higher compensation costs related to third party liability and higher claims frequency due to severe weather events.

Low profitability at the operational level was largely offset by the excellent investment income of Ps.1,036 million, generating a net profit of Ps.624 million and a ROE of 15.3%.

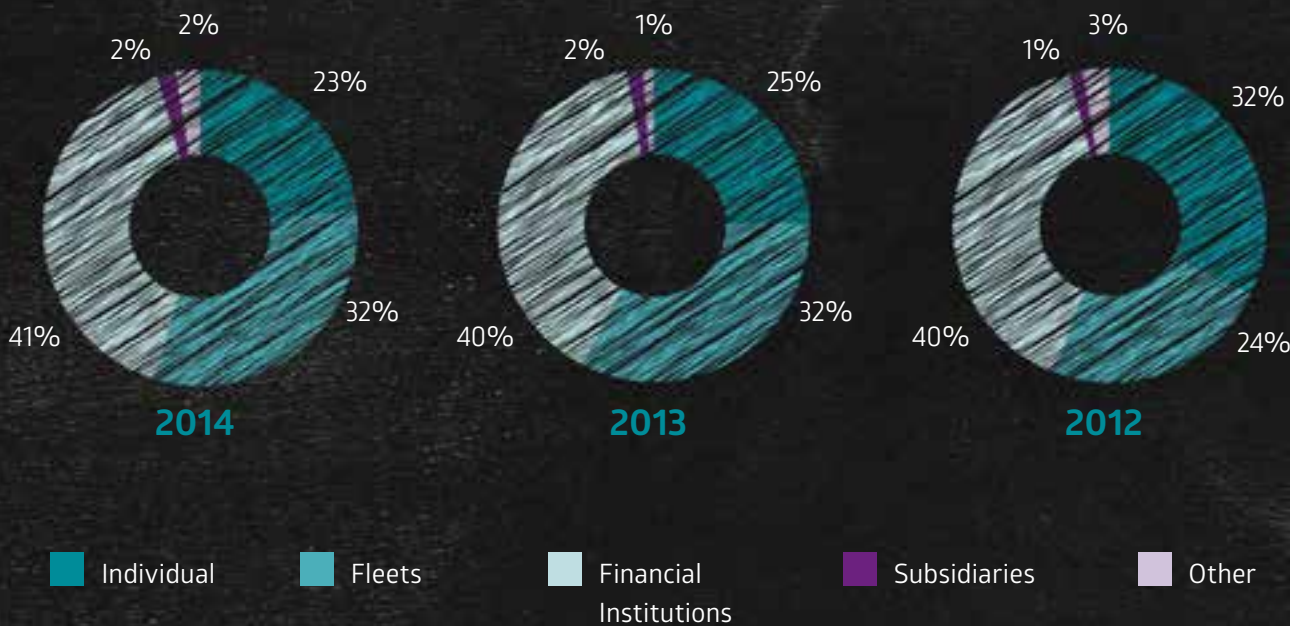
Quálitas has taken significant measures in order to control costs and adapt to regulatory changes regarding third party liability issues, such as fine-tuning the underwriting system and enhancing the claims infrastructure.

This should be translated into lower combined ratios going forward, since Company’s main objective is to keep a balance between profitability and growth.

Quálitas has always been noted for providing service to different clients throughout all automobile segments, taking into consideration the differences of each and every policyholder, working continuously on identifying and better adapting its products and systems to fulfill their every need.

Revenues of the Company by segment are shown below.

QUÁLITAS' REVENUES BY SEGMENT



The opening of credit in the industry fueled the market with great dynamism, which is why in recent years Financial Institutions segment has been a decisive growth factor.

SOLVENCY II

In 2014 efforts were concentrated on complying in time and form with Solvency II conditions on three main aspects: quantitative, qualitative and disclosure requirements. Several tests, policies and handbooks have been made and authorized to fully implement new guidelines.

MANDATORY INSURANCE

During the year Quálitas continued to offer this product, it has the IT and underwriting infrastructure to capture this potential market.

» **624** MILLION
NET
INCOME

» **15.3 %** ROE



...TO REACH NEW GOALS...

» 1994

Territories: **Mexico**

Business segments: **Individual**

Distribution channels: **Traditional**

» 2014

Territories: **Mexico, El Salvador, Costa Rica, United States**

Business segments: **Individual, Fleets, Financial Institutions**

Distribution channels: **Traditional, ODQs, Call Center, Internet**





The insurance you would have,
if you had insurance.



COVERAGE



THE NETWORK IS A KEY COMPETITIVE ADVANTAGE SINCE MANY CLIENTS DEMAND NATIONWIDE SUPPORT, LOGISTICS AND CLAIMS STRUCTURE TO INSURE THEIR VEHICLES.

For the past twenty years the Company has experienced an incredible expansion, at its inception it concentrated its operations in Mexico and with a view to grow in other cities it established service offices by partnering with entrepreneurs who had deep knowledge of local insurance industry.

With this growth model the Company laid the basis for a nationwide network that by the end of 2014 had 293 offices in Mexico, out of which 165 were service offices and 128 were ODQs (Quálitás Development Offices). In addition to 5 offices in El Salvador, 3 in Costa Rica and 2 in the United States.

The network is a key competitive advantage since many clients demand nationwide support, logistics and claims structure to insure their vehicles, especially fleets and heavy trucks.

DISTRIBUTION CHANNELS

Sales in the traditional channel are made mainly through independent agents, who are mostly focused on the Individual and Fleets segments.

Financial Institutions relate to financial branches of automakers and other financial groups that grant automobile credit.

ODQs are small offices deployed in remote towns far from main cities that offer highly personalized service.

The call center and the internet platforms have been developed to adapt to latest market trends, seeking to capture new drivers that are more familiar with these channels.





BUSINESS MODEL

Quálitas business model was designed to provide complete service to all participants involved in the operational chain.





The Company has developed a highly sophisticated underwriting system allowing it to segment its portfolio products by customer type, with the view to assign the price that matches with the risk posed by each policyholder. Quálitas determines and fixes all tariffs.

Besides the support with underwriting, the Company provides all offices with its strong IT and claims platforms.

NEW GOALS

Looking to replicate its successful business model, the Company opened its borders to new territories in pursuit of new markets. That is how in 2008 it set up its first office in El Salvador and in Costa Rica in 2011.

Whilst the countries in question have similarities with Mexico, the Company has a big challenge in finding and shaping local entrepreneurs.

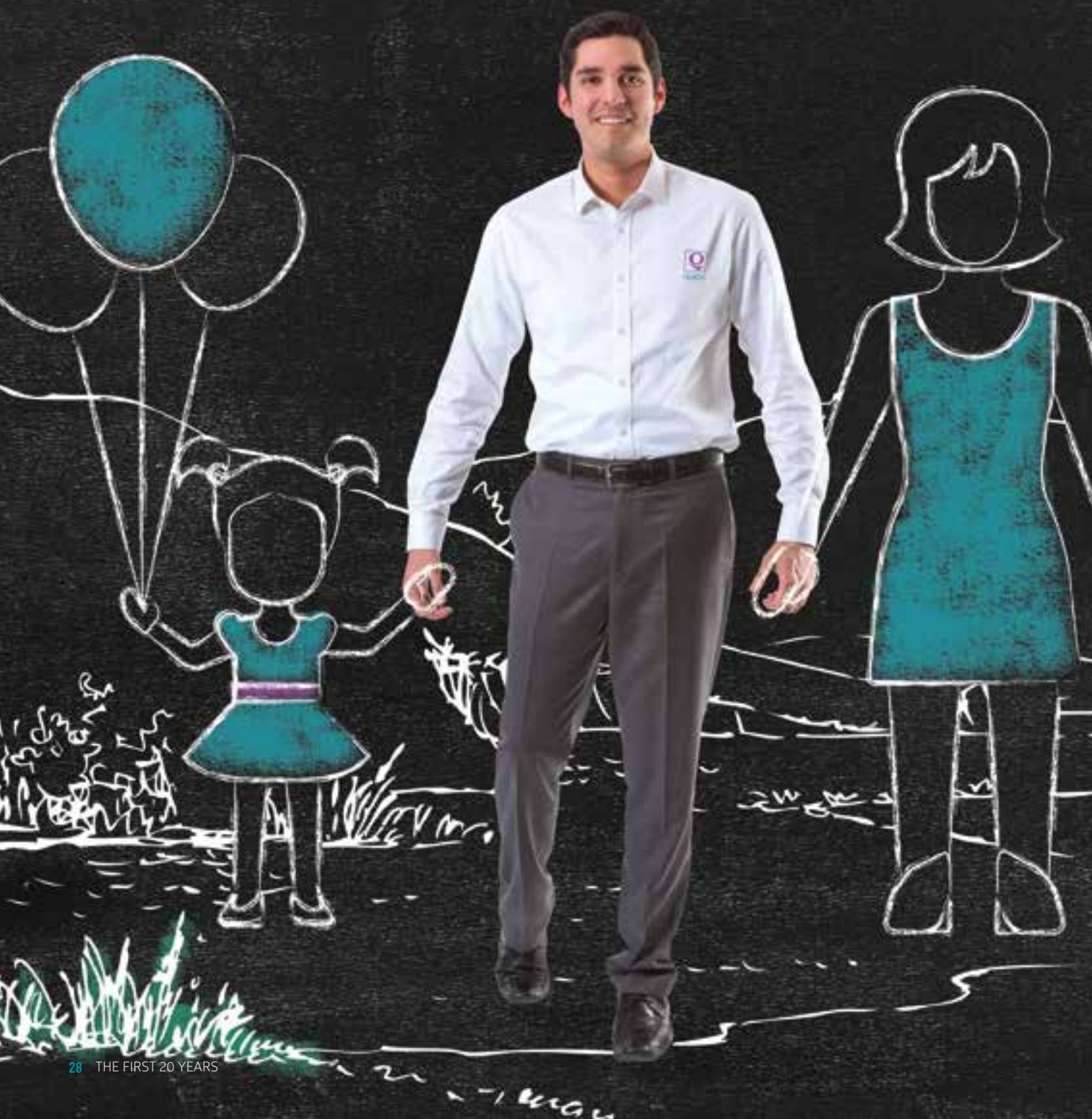
In 2014 Quálitas entered the US market by identifying a potential segment in the border zone, and started operations in Arizona, California and Texas, offering complementary policies to customers that demand several coverages within one single route.

The sound business platform combined with the proved experience and background in the insurance industry place Quálitas at a unique position to seize future opportunities.



...SHARING VALUES.

» Throughout its history Quálitas has fostered institutional values and has encouraged actions aimed at sustainability of its business and its environment.





SHARING VALUES

» **SINCE ITS INCEPTION TWENTY YEARS AGO QUÁLITAS HAS THOUGHT OF THE INDIVIDUAL AS A PRICELESS ELEMENT FOR ITS BUSINESS.**

Aware of the diversity and talent of a person, the Company has created working and business relationships based on ethics and mutual respect.

Through its Social Responsibility Committee, Quálitas has focused its efforts in three basic principles, welfare of the individual, corporate governance and care for the environment. This Committee is composed of staff members and two independent board members who report to the Board of Directors the strategy and results from the areas involved.

The Company has identified stakeholders with whom it has made commitments throughout its history, and in order to thoroughly cover all fields where it holds operations, Quálitas has classified them as follow: Employees, Policyholders, Office Representatives and Agents, Suppliers, Shareholders and Communities.

WELFARE OF THE INDIVIDUAL EMPLOYEES

Quálitas is an inclusive Company that respects the individual and its diversity, offering its employees equal opportunities to achieve a comprehensive development. For this purpose it has implemented several continuing education actions that include specialized courses, support to finish high school and earn a Bachelor's or Master's Degree.



Seeking to encourage their welfare Quálitas provides tools and programs that promote savings, prevention, health, nutrition, fitness, child support and support for critical situations for them and their families.

POLICYHOLDERS

The Company promotes protection for its policyholders' in their person and their assets, as well as in third party liability related issues, through an efficient service. For this purpose Quálitas has developed secure communication channels and automated systems for quoting, issuance, payments and claims support by making use of several tools such as the call center, internet webpages and satisfaction surveys.

OFFICE REPRESENTATIVES AND AGENTS

The Company has established business relations based on transparency, respect and equity, without distinction for their portfolio size. Also, it has pushed for their professional development by providing continuing education, health, fitness and financial education plans, as well as family activities aimed at creating a sense of community with Quálitas.

SUPPLIERS

Quálitas has created relationships with its suppliers based on ethics and transparency, sharing with them institutional values and principles of conduct. It has implemented processes that facilitate greater efficiency and fairness when complying with mutual obligations established.





SHAREHOLDERS

Quálitas has a longstanding commitment with the investor community to release transparent, accurate and timely information.

COMMUNITIES

Quálitas aims at supporting the most vulnerable communities in education, health and environment matters, through partnerships with civil associations that have proven to be effective, promoting its connection with the community through mutual cooperation.

CORPORATE GOVERNANCE

Quálitas conducts operations following values and principles dictated on the code of ethics.

The Board of Directors is comprised of twelve board members, out of which eight are independent that have great experience and entrepreneurial vision to question and propose business strategies.

The Company has a sound Corporate Governance on the basis of which several committees have been

created and empowered, which promote a business culture for accountability and transparency.

Currently Quálitas has seven committees that are mainly comprised by staff and board members that actively fulfill with the roles that were appointed to them. Additionally, internal and external auditors perform a joint effort through the internal control area.

CARE FOR THE ENVIRONMENT

Quálitas encourages the efficient use of natural resources with actions oriented to the best use of them.

Some of the measures implemented in order to take better care of the environment involve: reduction and optimization of energy consumption, paper recycling, organic, inorganic and electronic waste management efforts.







**QUÁLITAS THANKS ITS EMPLOYEES, AGENTS,
POLICYHOLDERS AND INVESTORS FOR THEIR
TRUST AND LOYALTY OVER ALL THESE YEARS,
SINCE THEY HAVE BEEN A CORNERSTONE FOR THE
GROWTH AND CONSOLIDATION OF THE COMPANY.**





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Every effort counts, that is why we used paper certified by the FSC (Forest Stewardship Council) to print this report, to ensure the paper is made of trees specially cultivated for this use. With actions like this, Quálitás reaffirms its commitment with environment protection.





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