



Qualitas  
30  
YEARS



## **EARNINGS**

## **RESULTS**

1<sup>st</sup> Quarter 2024

# Webcast results 1Q24

**Date: Friday, April 19<sup>th</sup> 2024**  
**Hour: 08:00 am MXT (10:00 am EST)**

**Qualitas Controladora S.A.B. de C.V.** cordially invites you to its first quarter 2024 earnings results conference call.

Hosted by:

Ing. José Antonio Correa, Chief Executive Officer QC

Ing. Bernardo Risoul, Deputy Chief Executive Officer QC

Zoom webcast ID: 822 3340 8694

[https://us02web.zoom.us/webinar/register/WN\\_fmaO0zi0TQy47ewm0vGBwQ](https://us02web.zoom.us/webinar/register/WN_fmaO0zi0TQy47ewm0vGBwQ)

The report and presentation will also be available at:

<https://qinversionistas.qualitas.com.mx/financial-information/quarterly-report>

# Qualitas reports 1Q24 results

**Mexico City, April 18<sup>th</sup>, 2024** – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q\*), announces its unaudited financial results for the first quarter 2024.

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

## Highlights

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- Written premiums maintained the positive 2023 year-end trend, increasing +37.3% or \$4,563 million pesos vs 1Q23. This growth reflects the increases in rates carried out throughout 2023, influencing renewals and new policies.
- We reached a quarterly record with 5.5 million units insured by the end of March 2024.
- Quarterly earned premiums had a 28.6% growth when compared to 1Q23. Consistent with its historical behaviour and seasonality, we constituted reserves of \$2,493 million during the quarter, representing \$1,423 million more than in 1Q23.
- The loss ratio stood at 64.1% for the quarter, reflecting the effectiveness of the tariff adjustments implemented during 2023, the decrease in claims during holiday season at March-end, and a reduction in thefts trend.
- The quarterly combined ratio closed at 89.4%. At our Mexican subsidiary, the quarterly loss ratio and combined ratio stood at 62.2% and 87.3% respectively.
- Quarterly comprehensive financial income closed at \$1,058 million, which represents a ROI of 8.9%. This ROI reflects the reclassification of our equity assets now fully as "available for sale," impacting solely our Balance Sheet. As of March, the investment portfolio stood to \$44,393 million; 88% invested in fixed income with a 1.6 year duration.
- Quarterly net result closed at \$1,238 million, a growth of +38.0% or \$341 million more vs 1Q23. The quarterly net margin was 7.4%, 12-month EPS was \$10.3, and 12-month ROE stood at 19.1%. Quarterly earnings were impacted by a 36% tax rate, unusually high, reflecting growth in the provision of the employees' profit-sharing payment and a lower adjustment given inflation stabilization.
- By the end of the quarter, we held 3.9 million shares in treasury with a remaining share buyback fund of \$849.9 million pesos.
- For the upcoming General Shareholders' Meeting to be held on April 25<sup>th</sup>, it is proposed a cash dividend payment of \$8.0 pesos per share payable in two instalments, as well a new amount for the share buyback fund of \$800 million pesos.



5,527,840  
Insured units



32.8%\*  
Market share  
leader since  
2007



7.4%  
1Q24 Net  
margin



\$10.3  
12M EPS



571  
Services offices:  
230  
ODQ's: 341



6,561  
Employees



+37.3%  
Written premium  
growth 1Q24 vs  
1Q23



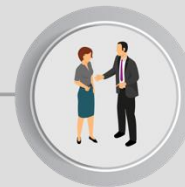
19.1%  
12M ROE



\$3.4  
P/BV



\$18.7  
P/E



\$44,393  
Invested  
assets, Float  
MM MXN



~22,000  
Agents



\*2023 Mexico Market share, AMIS

# Financial highlights 1Q

Income Statement	1Q24	1Q23	Δ %/bp 24 vs 23
Written premiums	16,804	12,241	37.3%
Net written premiums	16,786	12,187	37.7%
Earned premiums	14,293	11,117	28.6%
Acquisition cost	3,577	2,869	24.7%
Loss cost	9,156	7,721	18.6%
<b>Technical result</b>	<b>1,560</b>	<b>527</b>	<b>NA</b>
Operating expenses	679	336	NA
<b>Underwriting result</b>	<b>881</b>	<b>191</b>	<b>NA</b>
Comprehensive financial income	1,058	981	7.9%
Investment income	937	879	6.6%
Income Taxes	701	275	NA
<b>Net result</b>	<b>1,238</b>	<b>897</b>	<b>38.0%</b>
Cost ratios			
Acquisition ratio	21.3%	23.5%	(223)
Loss ratio	64.1%	69.4%	(539)
Operating ratio	4.0%	2.7%	129
Combined ratio	89.4%	95.7%	(633)
Combined ratio adjusted*	93.8%	98.3%	(444)
Profitability ratios			
Return on investments	8.9%	9.8%	(88)
ROE for the period	22.3%	18.0%	436
LTM ROE	19.1%	11.5%	756

\*Adjusted combined ratio refers to the sum of the acquisition, loss, and operating costs, divided by earned premiums and it is presented for comparison reasons with international ratios.

Balance Sheet	2024	2023	Δ %/bp 24 vs 23
Assets	93,156	77,701	19.9%
Investments & Real Estate	46,923	39,070	20.1%
<i>Invested assets or float**</i>	44,393	36,855	20.5%
Technical reserves	51,255	43,447	18.0%
Total liabilities	70,360	57,306	22.8%
Stockholders' equity	22,796	20,396	11.8%

\*\*Invested assets or float: investments in debt + overnights + loans portfolio.



# Written premiums

Business line	1Q24	1Q23	Δ %/bp 24 vs 23
Traditional	11,628	8,097	43.6%
<i>Individual</i>	6,383	4,837	32.0%
<i>Fleets</i>	5,244	3,260	60.9%
Financial institutions	4,233	3,317	27.6%
Foreign subsidiaries	927	817	13.4%
<b>Total</b>	<b>16,804</b>	<b>12,241</b>	<b>37.3%</b>

Written premiums by foreign subsidiaries may include differences due to the exchange rate effect.

During the first quarter of 2024, written premiums were \$16.8 billion, +37.3% compared to the same period last year. Following year-end 2023 momentum, around 60% of our written premiums' growth reflects tariff increases from 2023, which continue to influence on renewals and new units; the remaining 40% is related to the increase in insured units.

As has been the case for the past few years, performance in written premiums was mainly driven by the traditional segment, with an increase of 43.6% compared to the first quarter of 2023. Within this segment, the fleet business stood out with a quarterly increase of 60.9%.

The growth through financial institutions of 27.6% is linked to new car sales, an industry that has maintained its continuous growth, reaching +10.9% 1Q24 vs 1Q23. Although sales have remained on the rise, this growth reflects a slower pace compared to the performance in 2023. New car sales are sensitive to economic performance and interest rates, as approximately 60% of new car sales in Mexico are made through credit.

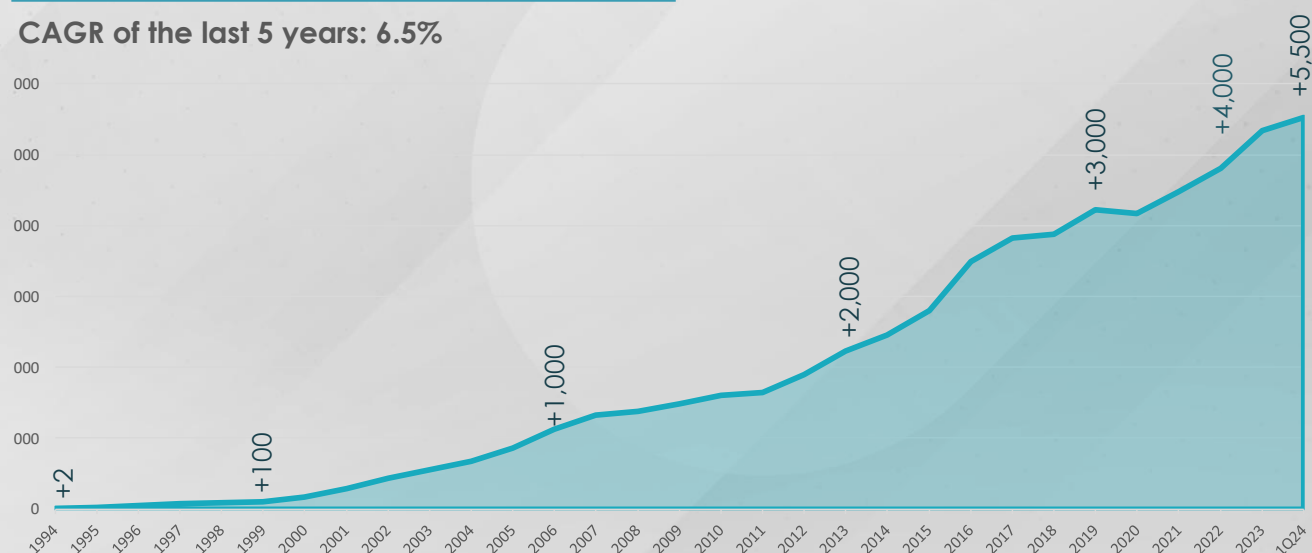
Regarding the operation from international subsidiaries, these reported an increase of 13.4% vs 1Q23. In local currency, the quarterly operation from these subsidiaries increased by 27.1%; considering only the operation of our LATAM subsidiaries, its written premium had a quarterly growth of 42.7% compared to the same period of last year.

# Insured units

During 1Q24, once again, we achieved an all-time high in insured units, closing the quarter with over 5.5 million, maintaining a solid compound annual growth trend of 6.5% over the last 5 years. This translates into an increase of 527 thousand units or 10.5% more compared to the same quarter of the previous year, and +191 thousand units or 3.6% compared to the 2023 year-end.

## 5,527,840 insured units

CAGR of the last 5 years: 6.5%



Light vehicle sales grew by 11.0% during 1Q24 compared to 1Q23, having marketed a total of 349,752 units; meanwhile, heavy equipment sales increased by 10.1% by March-end, compared to 1Q23; this resulted in a 10.9% increase in the total number of new units sold during the first quarter of 2024, marketing a total of 376,111 units.

Insured units are distributed as follows:

	1Q24	4Q23	Δ%	1Q23	Δ%
Mexico	5,279	5,102	3.5%	4,788	10.3%
Automobiles	3,412	3,296	3.5%	3,121	9.3%
Trucks	1,300	1,272	2.2%	1,209	7.5%
Tourists	176	179	(1.6%)	145	21.3%
Motorcycles	391	355	10.1%	312	25.5%
El Salvador	35	32	8.6%	31	11.0%
Costa Rica	123	118	4.8%	105	17.9%
USA	36	35	4.3%	17	106.8%
Peru	55	51	6.7%	60	(8.7%)
<b>Insured vehicles</b>	<b>5,528</b>	<b>5,337</b>	<b>3.6%</b>	<b>5,001</b>	<b>10.5%</b>

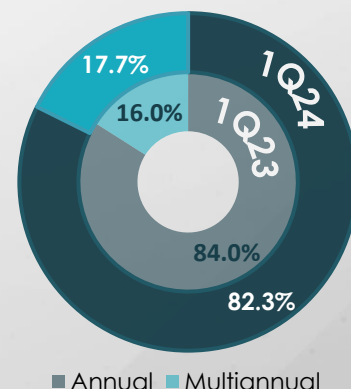
All percentage changes are compared to 1Q24, in thousands of units.

## Earned premiums

During the first quarter, earned premiums closed at \$14,293 million, which represents a 28.6% increase vs 1Q23.

This growth is explained by the solid performance in underwriting, the current mix of our portfolio, and therefore, the actuarial reserve constitution that aligns with the seasonality previously mentioned.

By March-end, 82.3% of the portfolio underwriting was constituted by annual policies and 17.7% by multiannual policies.



## Acquisition cost

The acquisition cost closed the quarter at \$3,577 million, with an acquisition ratio of 21.3%. This ratio falls within the historical and target range, reflecting accelerated growth through the traditional segment, which implies lower commission payments, as well as the recovery in underwriting through financial institutions, linked to the performance in new car sales in Mexico.

It is important to highlight that there have been no changes in the commissions paid to agents nor financial institutions, and that they are related to sales volume; for agents, they are also linked to the profitability of their portfolios.

## Loss cost

The quarterly loss cost was benefited by three main factors: 1) the effect of tariffs' adjustments applied throughout 2023, 2) the holiday season by March-end, and 3) a decrease in the thefts trend.

Headline inflation in Mexico continues its stabilization trend, closing the quarter at 4.4%, while the core inflation stood at 4.6%. On the other hand, the spare parts and accessories inflation stood at 2.5%. This stabilization in inflation resulted in a 4.5% increase in our average claims' cost compared to the same period of the previous year.

Regarding the quarterly claims' frequency, it stood at 6.8%, 20 basis points below 1Q23, reflecting the Holly week period during the last week of March, which occurred in April during 2023, for comparison purposes, our quarterly average claims' attentions decreased ~20%.

The theft of insured vehicles in Mexico showed a slight reduction in the first quarter of the year, decreasing by 4.5% for the industry and 3.4% for Qualitas when compared to the same period of previous year. However, during election seasons, the recovery of units is hindered; Qualitas recovered 42.9% of its stolen units in 1Q24, which is 320 basis points above the industry's average recovery rate but 580 basis points below 1Q19. The thefts represented 15.8% of the company's total loss cost, in line with the proportion during 1Q23.

All the above resulted in a quarterly loss cost and loss ratio of \$9,156 million and 64.1% respectively.



# Operating expenses

Operating expense for the quarter stood at \$679 million, reaching an operating ratio of 4.0% if compared to the same period of previous year, this represents an increase of \$343 million and 129 basis points in the ratio.

The increase is due to three main factors: 1) Annual salary adjustments, driven by inflation and performance, 2) Increase in the number of employees, linked to the growth on our underwriting and insured units over the last 12 months, and 3) 145% increase in the provision for employees' profit sharing, aligned with the company's profits.

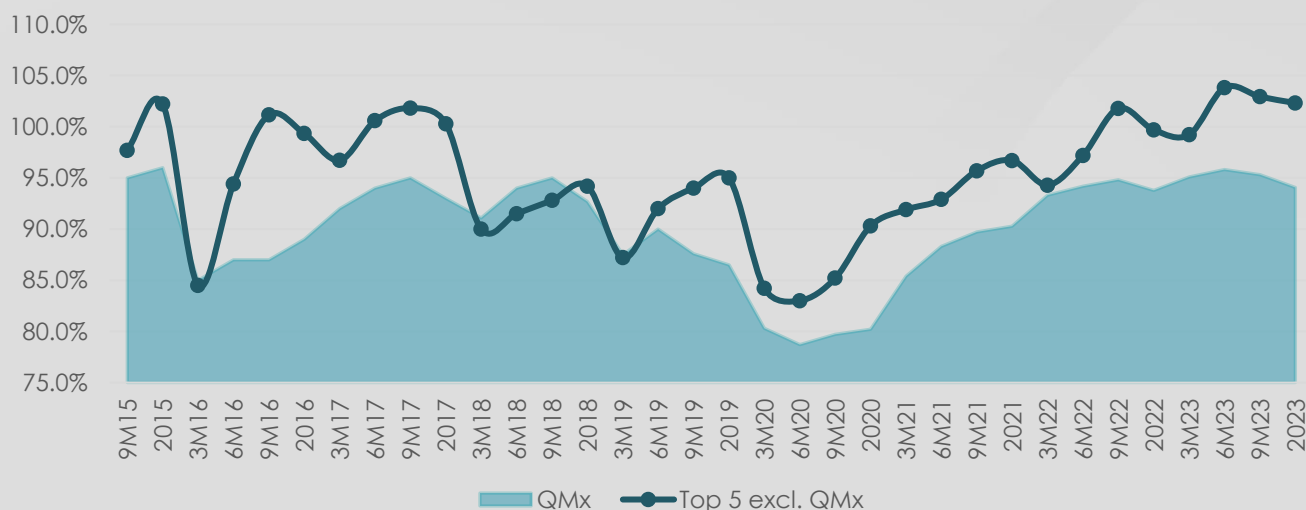
By regulation, the employees' profit-sharing provision is included in the operating expenses. If we were to exclude the effect of it on the ratio, it would have stood at 2.8%, 80 basis points above the same period the previous year.

# Underwriting result

By 1Q24 end, the company had a quarterly underwriting profit of \$881 million, with an operating margin of 6.2%. The combined ratio stood at 89.4%, an improvement of 633 basis points when compared to 1Q23.

According to the latest available figures from AMIS, by December-end of 2023, the auto insurance industry in Mexico, excluding Qualitas México, reported a combined ratio of 101.6%; Qualitas México stands out in terms of profitability, with a combined ratio of 94.1%, 7.6 percentage points less than the average of the rest of the industry.

## Mexico combined ratio



Source: Combined ratio; AMIS as of December 2023.

# Comprehensive financial income

During 1Q24, the reference rate in Mexico experienced its first cut in 3 years, decreasing 25 basis points and closing March at 11.0%, compared to 11.25% at the end of 1Q23. The average rate of 28-day CETES (Mexican Treasuries) for the quarter stood at 11.1%.

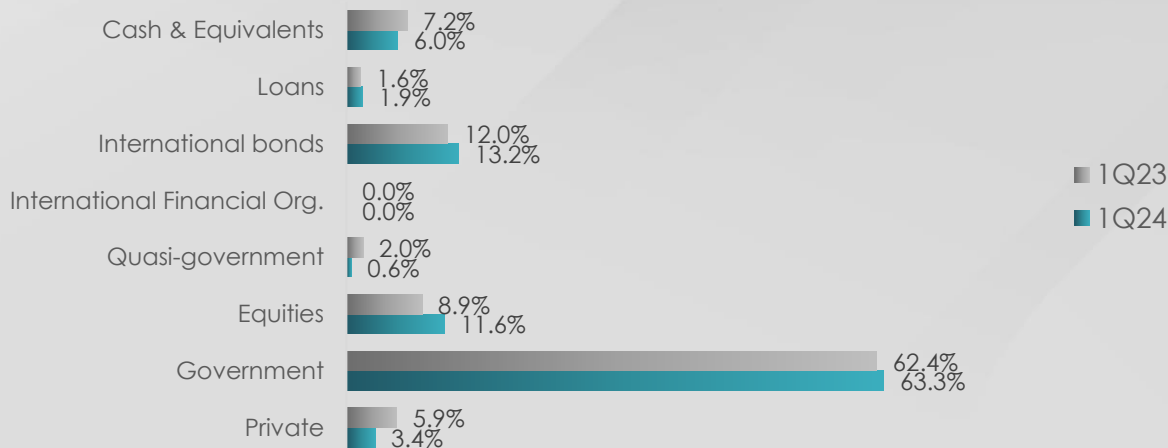
By March-end, 88% of the portfolio was allocated in fixed income and the remaining 12% in equity; the duration of our investment portfolio stood at 1.6 years. Important to highlight that 14% of the total portfolio is geographically allocated to comply with the regulatory capital requirements of our international subsidiaries.

Our equity investment strategy continues to seek a portfolio composition with lower volatility and mostly indexed.

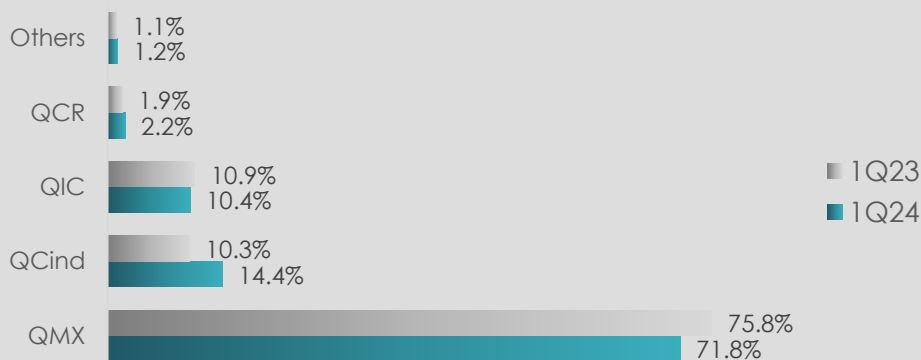
Considering the above, quarterly financial income closed at \$1,058 million with an ROI of 8.9%; a decrease of 88 basis points compared to the ROI of the same period in 2023. The quarterly ROI reflects a change in the classification of our equity assets, which are now fully classified as available for sale, with an impact on the Balance Sheet.

## Portfolio allocation

### → By subsidiary



### → Total



# Net result

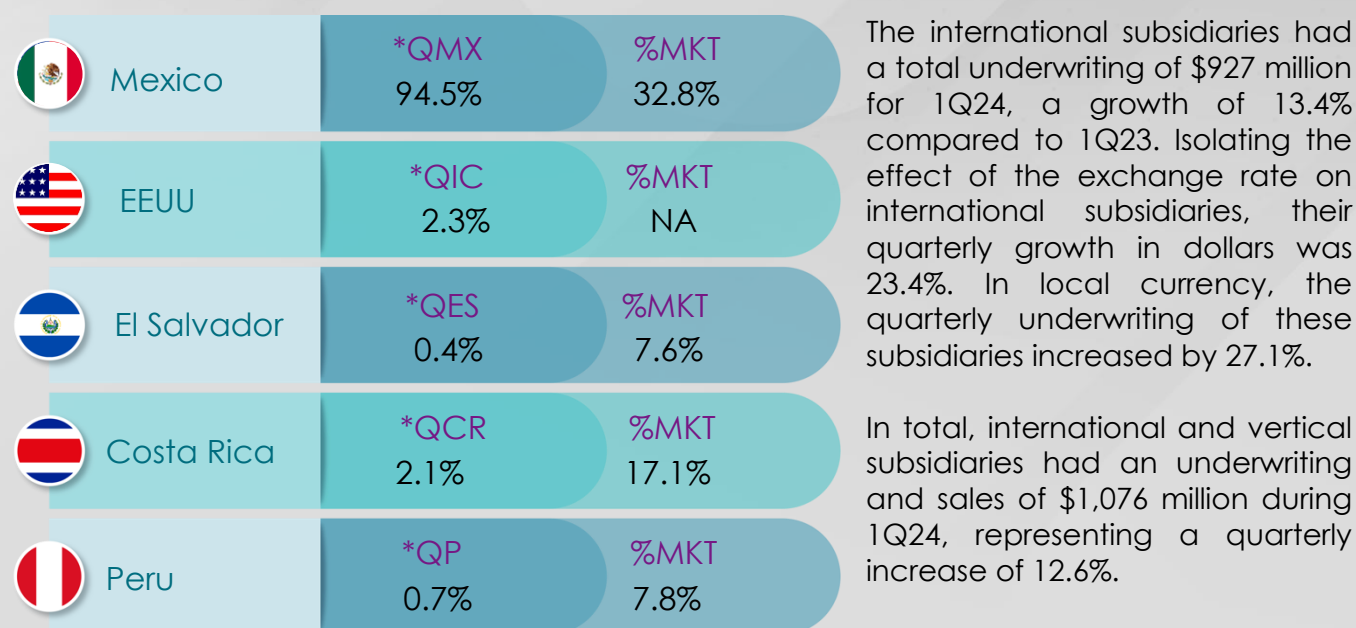
As a result of the above, quarterly net income reached \$1,238 million, a growth of 38.0% or \$341 million more vs 1Q23.

We reported a quarterly net margin of 7.4%; a growth of 4 basis points compared to the same period in 2023, achieving our long-term target range.

The 12-month ROE stood at 19.1% by the end of the quarter, comprised by an operating ROE of 5.5% and a financial ROE of 13.7%. Such performance demonstrated the improvement in the operational side of the business, as well as a sustainable financial result.

## Subsidiaries as of 1Q24

International subsidiaries represented 5.5% of company's total written premiums:



\*Percentage as a proportion of written premium by Qualitas Controlador

In the table below, our subsidiaries underwriting and sales performance:

	Written premium		
	1Q24	1Q23	Δ %
Q ES	70	59	17.8%
Q CR	359	286	25.7%
Q IC	381	380	0.3%
Q P	117	93	26.7%
Vertical*	149	138	8.0%
<b>Total</b>	<b>1,076</b>	<b>955</b>	<b>12.6%</b>

\*Excludes intercompany operations & includes QSalud, Autos y Salvamentos, O&T and Activos Jal

# Technical reserves

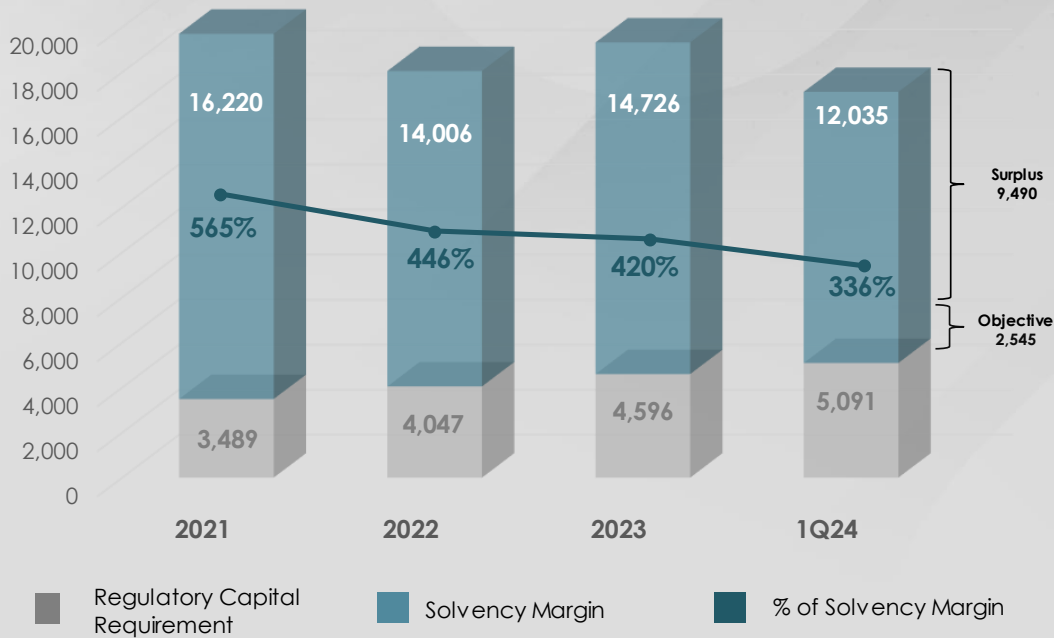
During the quarter, there was a reserve constitution of \$2,493 million related to the company's underwriting growth and the inherent cyclical and seasonality of the business. This represents \$1,423 million more than during the first quarter of the previous year.

The company's technical reserves stood at \$51,255 million at the end of March 2024, a growth of \$7,808 million vs the same period the previous year.

# Solvency

The regulatory capital requirement stood at \$5,091 million by year end, with a \$12,035 million solvency margin, equivalent to a solvency ratio of 336%.

Our capital allocation strategy will continue to focus on: 1) strengthening our leadership in Mexico, 2) accelerating the growth of our subsidiaries, and 3) expanding our service to new business lines within the insurance ecosystem.



**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31<sup>st</sup> 2024 & 2023**  
 Figures in Mexican pesos

	2024	2023
<b>Assets</b>		
<b>Investments</b>	<b>46,922,619,112</b>	<b>39,070,389,527</b>
<b>Securities and Derivatives Transactions</b>	<b>43,598,325,928</b>	<b>36,135,372,426</b>
<b>Securities</b>	<b>43,598,325,928</b>	<b>36,135,372,426</b>
Government	36,041,599,763	26,747,035,979
Private Companies: Fixed Rate	2,059,607,656	3,221,660,245
Private Companies: Equity	5,540,254,282	6,197,413,148
Foreign	-	0
Dividends Receivable on Capital Securities	-	-
(-) Value Impairment	43,135,773.1	30,736,945.5
Securities given in Loan Investments	-	-
Restricted Securities	-	-
<b>Derivatives</b>	-	-
<b>Overnight</b>	41,181,418	16,190,820
<b>Loans Portfolio (Net)</b>	<b>753,844,857</b>	<b>703,468,165</b>
Current Loan Portfolio	825,004,532	722,176,532
Non-performing Loan	31,007,636	31,729,686
(-) Loan Loss Provisions	102,167,311	50,438,053
<b>Property (Net)</b>	2,529,266,909	2,215,358,116
<b>Investments Related to Labor Obligations</b>	93,909,771	84,200,657
<b>Cash and Cash Equivalents</b>	<b>2,919,747,470</b>	<b>2,950,603,960</b>
Cash and Banks	2,919,747,470	2,950,603,960
<b>Debtors</b>	<b>33,554,887,701</b>	<b>27,313,647,487</b>
Premiums	32,221,859,535	25,887,949,655
Premiums P&C Subsidy	-	-
Federal Agencies Debts	33,751,680	115,623,496
Agents and Claims Officers (Adjusters)	157,469,355	139,329,522
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	1,277,049,747	1,286,039,554
(-) Allowance for Doubtful Accounts	135,242,616	115,294,740
<b>Reinsurers and Re-Bonding Companies</b>	<b>325,684,850</b>	<b>276,436,641</b>
Insurance and Bonds Intitutions	39,313,052	12,363,592
Retained deposits	-	-
Amounts Recoverable from Reinsurance	289,062,172	266,003,113
(-) Loan Loss Provisions for Foreign Reinsurers	2,643,558	1,871,634
Reinsurance and Bonding Brokers	-	-
(-) Provisions for Penalties	46,816	58,429
<b>Permanent Investments</b>	<b>47,269,660</b>	<b>46,760,489</b>
Subsidiary	-	-
Associates	-	-
Other permanent investments	47,269,660	46,760,489
<b>Other Assets</b>	<b>9,292,036,665</b>	<b>7,959,358,794</b>
Furniture and Equipment (Net)	1,236,524,653	1,135,095,414
Foreclosed Assets (Net)	-	-
Miscellaneous	7,696,462,255	6,706,166,644
Amortizable Intangible Assets (Net)	214,833,864	86,589,276
Long-lived Intangible Assets (Net)	144,215,893	31,507,460
<b>Total Assets</b>	<b>93,156,155,229</b>	<b>77,701,397,555</b>



**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of March 31<sup>st</sup> 2024 & 2023**  
 Figures in Mexican pesos

	2024	2023
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>51,254,701,427</b>	<b>43,446,985,308</b>
<b>Unearned Premiums</b>	<b>34,954,695,349</b>	<b>29,677,551,698</b>
Life Insurance	-	-
Accident and Illness Insurance	31,871,539	7,827,481.4
Property and Casualty Insurance	34,922,823,809	29,669,724,216
Rebonding	-	-
In Force Bonding	-	-
<b>Reserve for Outstanding Obligations</b>	<b>16,300,006,078</b>	<b>13,769,433,610</b>
Expired Policies and Claims Occurred Pending of Payment	19,167,466,719	16,243,341,786
Occurred but not Reported and Adjustment Costs assigned to Claims	(3,301,562,046)	(3,136,638,822)
Funds Under Administration	-	-
Deposit Premiums	434,101,406	662,730,647
<b>Contingency Reserve</b>	-	-
<b>Specialized Insurance Reserve</b>	-	-
<b>Catastrophic Risks Reserves</b>	-	-
<b>Reserves Related to Labor Obligations</b>	616,363,320	514,550,324
<b>Creditors</b>	<b>8,705,303,732</b>	<b>7,137,173,371</b>
Agents and Adjusters	3,103,435,645	2,301,401,928
Funds for Losses Management	68,531,365	54,604,705
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	5,533,336,722	4,781,166,738
<b>Reinsurers and Re-Bonding Companies</b>	<b>63,369,933</b>	<b>135,491,324</b>
Insurance and Bond Companies	63,336,225	135,298,450
Retained Deposits	-	-
Other	33,708	192,874
Rebonding and Reinsurance Broker	-	-
<b>Derivatives (Fair Value)</b>	-	-
<b>Funding Obtained</b>	<b>0</b>	<b>0</b>
Debt Issuance	-	-
Subordinated Obligations not exchangeable into shares	-	-
Other Debt Securities	-	-
Financial Reinsurance Agreement	-	-
<b>Other Liabilities</b>	<b>9,720,358,136</b>	<b>6,071,373,654</b>
Provisions for employee profit sharing	773,159,016	419,298,060
Income Tax Provisions	2,261,028,745	251,009,357
Other Obligations	5,564,226,529	4,420,055,156
Deferred Credits	1,121,943,846	981,011,081
<b>Total Liabilities</b>	<b>70,360,096,548</b>	<b>57,305,573,981</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,363,436,479</b>	<b>2,353,248,546</b>
Capital Stock	2,386,567,046	2,386,567,046
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	23,130,566	33,318,499
<b>Subordinated Obligations of Mandatory Conversion into Stockholders' Equity</b>	-	-
<b>Earned Capital</b>	-	-
<b>Reserves</b>	<b>1,929,057,536</b>	<b>1,888,730,735</b>
Legal	507,142,999	507,142,999
For Repurchase of shares	466,744,632	809,661,031
Other	955,169,905	571,926,705
<b>Valuation Surplus</b>	511,712,396	299,566,944
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	16,977,385,356	14,980,765,282
<b>Net Result</b>	1,234,154,564	895,772,912
<b>Translation effect</b>	(246,562,264)	(47,567,794)
<b>Non Monetary Assets Result</b>	-	-
<b>Remeasurements for Benefits granted to Employees</b>	(22,264,575)	3,810,626
<b>Controlling Interest</b>	22,746,919,494	20,374,327,251
<b>Non-Controlling Interest</b>	49,139,187	21,496,324
<b>Total Stockholders' Equity</b>	<b>22,796,058,681</b>	<b>20,395,823,575</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>93,156,155,229</b>	<b>77,701,397,555</b>

**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement for the first quarter 2024 & 2023**

Figures in Mexican pesos

	<b>1Q 2024</b>	<b>1Q 2023</b>
<b>Premiums</b>		
Written	16,803,657,173	12,240,502,328
(-) Ceded	18,093,860	53,566,811
<b>Net Written Premiums</b>	<b>16,785,563,313</b>	<b>12,186,935,517</b>
(-) <b>Net Increase of Unearned Premiums Reserve</b>	2,492,891,377	1,069,525,823
<b>Earned Retained Premiums</b>	<b>14,292,671,937</b>	<b>11,117,409,694</b>
<b>(-) Net Acquisition Cost</b>	<b>3,576,770,944</b>	<b>2,868,919,693</b>
Agents Commissions	1,307,116,380	957,554,144
Agents Additional Compensation	439,246,119	337,930,664
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	79,567	2,015,000
Excess of Loss Coverage	5,099,048	2,737,505
Other	1,825,388,964	1,572,712,380
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>9,156,201,070</b>	<b>7,721,012,685</b>
Claims and Other Contractual Obligations	9,161,326,645	7,724,300,605
(-) Losses on non-proportional reinsurance	5,125,574	3,287,920
Claims	-	-
<b>Technical Income (Loss)</b>	<b>1,559,699,922</b>	<b>527,477,316</b>
<b>(-) Net Increase in Other Technical Reserves</b>	-	-
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
<b>Result of Analog and Related Operations</b>	-	-
<b>Gross Income (Loss)</b>	<b>1,559,699,922</b>	<b>527,477,316</b>
<b>(-) Net Operating Expenses</b>	<b>679,013,927</b>	<b>336,435,419</b>
Administrative and Operating Expenses	74,170,681	(113,447,209)
Employees' compensation and benefits	491,421,849	321,011,809
Depreciation and Amortization	113,421,397	128,870,820
<b>Operating Income (Loss)</b>	<b>880,685,995</b>	<b>191,041,897</b>
<b>Comprehensive Financing Result</b>	<b>1,058,130,614</b>	<b>980,819,616</b>
Investments	807,443,226	749,471,686
Sale of Investments	1,986,734	21,011,430
Fair Valuation of Investments	113,183,903	130,801,752
Surcharges on Premiums	124,187,171	99,745,333
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	27,280,716	17,599,813
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(508,163)	(320,009)
(-) Preventive Penalties for Credit Risks	(4,732,783)	(1,809,128)
Other	(3,452,662)	1,762,192
Foreign Exchange Rate Fluctuation	(17,739,422)	(41,701,727)
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	-	-
<b>Income (Loss) Before Taxes</b>	<b>1,938,816,608</b>	<b>1,171,861,513</b>
<b>(-) Provision for Income Taxes</b>	700,812,836	274,993,214
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,238,003,772</b>	<b>896,868,299</b>
<b>Discontinued Operations</b>	-	-
<b>Net Income (Loss)</b>	<b>1,238,003,772</b>	<b>896,868,299</b>
Controlling Interest	1,234,154,564	895,772,912
Non-Controlling Interest	3,849,208	1,095,387
<b>Net Income (Loss)</b>	<b>1,238,003,772</b>	<b>896,868,299</b>

# Glossary

**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.

**AMDA:** Mexican Association of Automotive Distributors.

**CAGR:** Compound Annual Growth Rate =  $[(\text{End of Period Figure} / \text{Beginning of Period Figure}) ^ (1 / \text{Number of periods})]$ .

**Combined Ratio:** Acquisition Ratio + Operating Ratio + Loss Ratio.

**CNSF:** National Insurance & Bonds Commission, the regulator of the insurance sector in México.

**Financial Institutions:** Financial branch of major automakers and Financial Groups that provide automotive financing.

**IBNR:** Incurred but not reported reserves.

**Loss Cost:** Includes costs incurred in the payment of claims: third party liability, theft, repair costs, among others.

**Loss Ratio:** Loss 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 Margin:** Net income/written premiums

**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.

**Operating Margin:** operating income/ earned premiums.

**Policies' Fees:** Administrative fee charged when the policy is issued and recorded as an income in operating expenses.

**PTU:** Employee profit sharing.

**Premium Debtor:** Records the portion of sold policies which will be paid in installments.

**Premiums Surcharge:** Financial penalty imposed to policyholders that choose to pay premiums in installments.

**Regulatory Capital 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:** Qualitas Costa Rica

**Q MX:** Qualitas Mexico

**Q ES:** Qualitas El Salvador

**Q P:** Qualitas Peru

**QIC:** Qualitas Insurance company.

**Solvency Margin:** Stockholders' equity – Regulatory Equity Requirement.

**Solvency Margin Ratio:** Solvency Margin ÷ Regulatory Equity Requirement.

**UOF:** Fees paid to Financial Institutions for the use of their facilities.

**OCRA:** (Oficina Coordinadora de Riesgos Asegurados)

## About Qualitas:

**Qualitas Controladora (Q)** is the company with the largest market share in the auto insurance industry in Mexico and has presence in the United States, Peru, Costa Rica, and El Salvador. Its unique business model, based on excellence service and a strict cost control policy, has allowed it to offer a first quality service under the largest coverage network in the country. Qualitas is listed on the Mexican Stock Exchange under the symbol "Q" (Bloomberg: Q \*: MM).

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*This document may include forward-looking statements that involve risks and uncertainties. Information may include forward-looking statements regarding the company's results and prospects, which are subject to risks and uncertainty. Actual results may differ materially from what is discussed here today, and the company cautions you not to place undue reliance on these forward-looking statements. Qualitas undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise.*

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