

2017

Company Report

A new milestone:
entering the world of health insurance

Línea Directa Aseguradora, S.A.



linea directa

penélope
SEGUROS

n u e z

vivaz

Ask for more from your insurance

2017

Company

Report



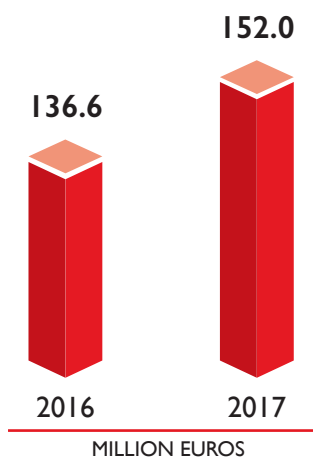
linea directa

Key figures from 2017

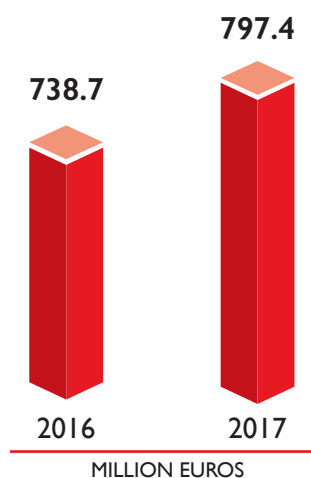
In 2017 the Línea Directa Group beat its record for Gross Written Premiums, profit and its total number of customers, achieving a volume of accrued premiums of 797.4 million euros, representing a pre-tax profit of 152 million euros and a customer base of 2.79 million customers.

These results consolidate its status as one of the most profitable and efficient Spanish insurers in the sector, with a ROE of 35.2%.

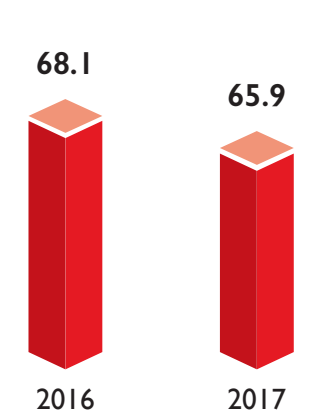
+11.2% Pre-Tax Profit



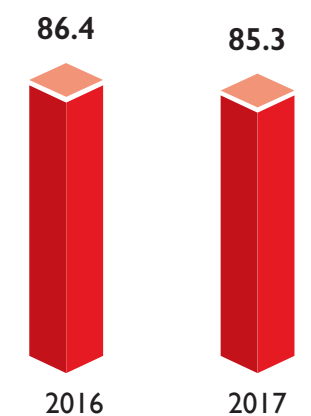
+7.9% Gross Written Premium

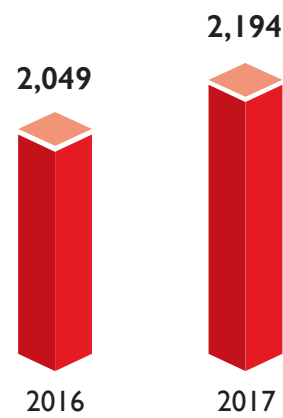
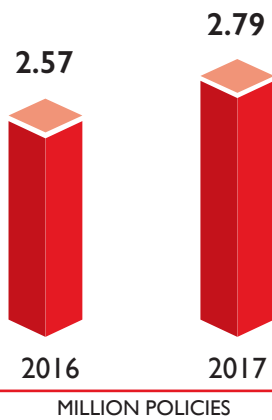


-2.2pp Net Claims Rate (%)

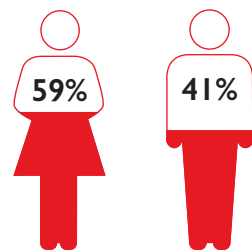


-1.1pp Combined Ratio (%)





IN MOTOR INSURANCE



Permanent contracts



Nationalities



LETTER

FROM THE CHAIRMAN

Once again, it gives me great pleasure to present the Línea Directa Group's Company Report, which, for the seventh consecutive year, follows the methodology established by the Global Reporting Initiative (GRI). This report is an executive summary of our economic, social and environmental activity throughout 2017, and of the different forms of relationships that the company maintains with its main stakeholders.

2017 was a great year for the Spanish economy, which, in addition to experiencing substantial growth, helped to create over 600,000 new jobs, thereby strengthening the economic recovery previously initiated in previous years. Nevertheless, in spite of these positive results, there still remain a number of challenges that our country must address immediately, such as the consolidation of a fiscal and political environment that leads to the creation of companies, a reduction in part-time contracts and ultimately to the alignment of our employment rates with those of the most advanced societies, an objective that must be a priority for us all.

One of the main consequences of the improvement in the economic landscape has been the increase in domestic demand and, as a result, in new car sales, a key indicator for the motor insurance sector. Consequently, the total amount of cars insured increased by 2.6% in 2017, a figure that has helped to boost turnover in the motor insurance sector; which, by the end of the year, had grown by 3.4% compared to 2016, reaching over 10,900 million euros. As for the home insurance sector, it too experienced a positive growth of 3% by the end of the year, representing a total volume of issued premiums in the sector of 3,100 million euros, consolidating the status of this segment as a reliable and safe asset that has maintained

a stable performance in the years corresponding to the economic crisis.

Within this context, the results of the Línea Directa Group in the past year were excellent. In 2017, the gross written premiums accrued stood at 797.4 million euros (+7.9%), which, apart from being the highest in Línea Directa's history, moves the company to 13th place in the ranking of insurers in the non-life insurance sector. This has been achieved not only due to the end of the economic crisis but also largely by the efficiency of our business model and the Group's extraordinary commercial drive, which has seen how two of its more established areas, Motor and Home Insurance, have increased their volume of turnover by 7.1% and 14.5% respectively, a rate of growth that is well above that reached by the sector as a whole.

The total volume of Línea Directa Aseguradora's customer portfolio also experienced a major boost in 2017, reaching a figure of 2.79 million policyholders, which represented a net growth of over 220,000 policies compared to 2016. This commercial strength, together with the considerable operational efficiency of the company, enabled it to end the year with a pre-tax profit of 152 million euros (+11.2%), thereby making the Línea Directa Group one of the most efficient and profitable in the sector, with an ROE of 35.2%.

With regard to offering services, in spite of the fact that the economic recovery and the increase in mobility have produced a slight upturn in the claims rate in Línea Directa's Motor Insurance Area, the operational efficiency shown last year led to an improvement in both the claims rate of the Group (-2.2 percentage points) and the Combined Ratio (-1.1 percentage points), which dropped to 65.9% and 85.3% respectively.

But the main milestone reached in 2017 for Línea Directa Aseguradora was undoubtedly the launch of Vivaz, its new health insurance brand. This product, which will help to energise a very mature and concentrated market, focuses on offering a service of integral healthcare and allows the general public access to private healthcare.

“

In 2017, a total of 2.79 million policyholders was reached, resulting in a net growth of over 220,000 policies compared to 2016.”

”

Vivaz has been set up with the aim of becoming a benchmark in simplicity, efficiency and quality which, in addition to being an ideal complement for the National Health System, will contribute decisively to one of the main corporate objectives of the Group: to make Línea Directa Aseguradora one of the top ten companies of non-life insurance in Spain in the medium term.

work contracts currently standing at 91%.

In 2018, Línea Directa Aseguradora will face an ambitious objective of great strategic significance: to reach the figure of 3 million customers by completely organic methods without resorting to acquisitions or mergers. In order to achieve this, it will have to boost its commitment to health Insurance, in addi-



Twenty-two years after it was founded, Línea Directa remains one of the most admired and recognised companies in the country. Year after year, it is included in the most important reputation rankings in the business world: MERCO Companies, MERCO Talent and MERCO CSR, always occupying very high positions. This achievement has been greatly contributed to by the Group's dedication to the generation of wealth, ethical management, sustainability, and Corporate Responsibility, the latter representing a value that has always been seen as a priority for the Group and its Foundation, and which has converted it into one of the main advocates of road safety in Spain. In addition, the company has become a leader in offering quality employment, an area where it can boast a rate of permanent

tion to undertaking the digital transformation of the company, a challenge that, in the medium term, will help to form a new way of conducting relationships with customers. This commitment to technology, diversification, the synergies between the different business lines and the extraordinary capacity of the Group to construct an attractive, high quality offer, will be decisive in making Línea Directa a pioneering project that has been called upon to continue transforming the insurance sector.

Alfonso Botín-Sanz de Sautuola
Chairman of Línea Directa Aseguradora

DIALOGUE WITH MIGUEL ÁNGEL MERINO

Chief Executive Officer of Línea Directa

Interview with
Nuria Roca



Miguel Ángel Merino, Chief Executive Officer of the Línea Directa Group, speaks to Nuria Roca, one of the best-known Spanish TV and radio presenters. In this interview, both discuss Línea Directa's annual results and the challenges that the company will face in the future.

Nuria Roca.- *The years of crisis produced a sharp fall in employment in Spain, creating a very serious situation, which, fortunately, is gradually being overcome. How has the insurance sector and, more specifically, Línea Directa faced this scenario?*

Miguel Ángel Merino.- The motor insurance sector is, by definition, a countercyclical business in which the recession produces a downturn in mobility and, as a result, in the cost of the services offered. On the other hand, the slowdown in consumption also leads to a drop in the sale of new vehicles and, consequently, in the purchase of more expensive products, which ends up having an impact on the income of companies.

“

The growth in premiums in the Motor Insurance Area was 7.1% and in the Home Insurance area 14.5%, both well above the average in the sector.”

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In this extremely complicated context, the performance of the insurance sector has been exceptional, more than meeting its social obligations and maintaining, on the whole, high levels of profitability.

As for Línea Directa, I believe that the company has emerged from the crisis stronger than before, given the fact that it has greatly improved its results. In fact, the figures speak for themselves: since 2011, the Group's gross written premium has increased by over 20%, pre-tax profit by more than 41% and the customer base by another 50%, results which confirm Línea Directa's considerable capacity for reinvention and adaptation.

N.R.- It is certainly a huge success story, but Línea Directa's results, especially in 2017, were exceptional. This is by no means easy in such a competitive sector as yours.

M.Á.M.- Absolutely, 2017 was a record year for Línea Directa. In fact, last year the company recorded an increase in its volume of earned premiums of 7.9%, which enabled it to record the highest turnover in its history, exceeding 797 million euros. In addition, the growth in the Motor Insurance Area was 7.1% and in the Home Insurance Area it was 14.5%, both well above the average in the sector.

What's more, the total number of customers reached 2.79 million policyholders, a commercial upsurge, which, together with tremendous work carried out in the area of risk selection, has made it possible for us to consolidate our position as one of the most profitable companies in the motor insurance sector, obtaining a pre-tax profit of over 152 million euros, 11.2% more than in 2016.

N.R.- What is the key to Línea Directa's success? Why do you think that, year after year, the company continues to grow and beat records?

M.Á.M.- I believe that it's due to a combination of several different factors. On the one hand, there's our business model, which offers a significant competitive advantage

compared to the traditional model. The fact that we do not use intermediaries or invest in emblematic buildings or have to maintain office networks, allows us to adjust the prices of policies substantially and transfer part of the money saved to the premium, which in such a competitive market as ours, gives us a significant advantage. The direct model also gives us a great capacity for alignment with regard to not only the demands of the market but also the area of personnel management.

Another cornerstone of Línea Directa's success can be found in its capacity for innovation and reinvention. Our company was founded in 1995, practically in the 21st century, something which, in a way, leaves its own special mark in such a traditional and mature sector as ours, where there are several companies over a hundred years old. We were certainly the first insurance company to sell policies on the telephone and the Internet and also the first to allow the purchase of policies via smartphones. We are, therefore, a continuously developing project with a very ambitious objective: to make Línea Directa a multi-line, multi-brand and multi-product company that figures as one of the top 10 non-life insurers in our country.

N.R.- With these results, what challenges has the company set for 2018?

M.Á.M.- In 2018, we have two very specific objectives: first of all, we want to reach a total of 3 million customers; a really extraordinary figure, especially taking into account that it will have been achieved policy by policy, without resorting to buyouts or mergers. The second challenge of the year will be to promote and strengthen our new health insurance, a product that is destined to become one of Línea Directa's main drivers for growth in the next few years.

HEALTH INSURANCE, A NEW AREA FOR LÍNEA DIRECTA

N.R.- Without doubt, the major innovation of the past year was Línea Directa entering the health insurance sector. What expectations do you have concerning this new line of business and why have you chosen this sector?

M.Á.M.- In Spain, health insurance is still considered by a section of society to be an unnecessary luxury; something that is understandable in a country that has one of the best public health systems in the world. As a result, the key for us is to offer a technological, dynamic, high-quality product that, thanks to its competitive prices, constitutes an ideal complement to public health. In fact, our objective is "to democratise" private health insurance and target it



at the general public. As a result of our direct distribution model, where we do not use intermediaries, we will be able to offer a product with the most comprehensive types of cover at an unbeatable price, which will allow Spanish families to save a lot of money when compared to the average product in the sector.

N.R.- *In order to operate in the Health Insurance Sector you have created the brand Vivaz, which you have promoted with the slogan "Ask for more from your health insurance", and which has now been functioning for some months. Why a new brand?*

M.Á.M.- Vivaz is a further step in the strategy of flexibility and growth via the multi-brand and multi-product approach that we undertook seven years ago. Vivaz is, by definition, a digitally based proposal that is characterised by its accessibility, its user-friendliness and its clarity. In fact, thanks to the efficiency of its processes, in which priority is given to the online channel and smartphone apps, Vivaz eliminates a huge number of procedures and up to 60% of prior authorisations in the services it offers, which, is undoubtedly a further asset of the product. In addition, the types of cover it offers are very comprehensive, due to the fact that it features a powerful team of medical staff made up of over 30,000 professionals and 1,000 health centres offering different types of services such as diagnostic methods, hospitalisation, surgical procedures or psychology sessions, to name but a few.

The key to our offer is to provide a technological, dynamic, high-quality product which, thanks to its competitive prices, constitutes an ideal complement to the public health system.

”

N.R.- *This insurance is very straightforward, very clear, and very family-focused. There are fewer processes, there isn't any paperwork and the price is very affordable. The fact that it offers discounts for walking and living a healthy life also seems very innovative to me.*

M.Á.M.- We have focused the product in a very attractive way, constructing a very coherent proposal that rewards a healthy lifestyle. This is quite similar to what we did with motor insurance a few years ago, when we decided to offer substantial discounts to drivers who kept all 15 points on their driving licence. So, walking 10,000 steps a day can result in discounts of up to 150 euros a year, which when added to the flexibility and accessibility of the product, makes it an innovative, fresh and fun offer.

DIGITAL TRANSFORMATION, A GLOBAL CHALLENGE

N.R.- *Línea Directa is a company that is clearly dedicated to digital processes. How do you face the challenge of digital transformation, which so worries companies?*

M.Á.M.- The insurance sector is going to experience a radical change in the next few years; in fact it has already changed. The appearance of new types of insurance cover; the rapid emergence of Big Data as a method of subscription and analysis, the general use of mobile devices as a channel of distribution and processing and the need for immediate responses to incidents and reputation, are all contributing to eradicate the view that insurance is a static, analogical business.

In this context digital transformation represents a global challenge that is destined to implement new methods of customer communication and relations, characterised by flexibility, immediacy, and efficiency, which is going to require a review of all business processes. I sincerely believe that Línea Directa starts from a privileged position in this challenge, due to the fact that it has very few analogical processes, mainly as a result of our business model. It will, therefore, be a natural change; a development that will offer us the possibility of setting ourselves even further apart from our competitors and which will also have a positive impact on efficiency and, consequently, on results.

REPUTATION AND RESPONSABILITY

N.R.- *In recent years, Línea Directa has been recognised as one of the companies that is most concerned about reputation. Why is reputation important and what makes your company different from the rest?*

M.Á.M.- Reputation is an intangible asset that is absolutely essential for a company, in whichever sector it operates, due to the fact that it is of huge significance in the decision-making process when it comes to purchasing, especially in those businesses with commodity products, as is the case with insurance. Until recently it was said, not without reason, that a company is its customers, but the current viewpoint on reputation must go further; a company is its commercial and financial project, its relationships with its stakeholders, its mission, vision and values and its corporate culture, which includes such wide-reaching and fundamental issues as ethical management and sustainability.



Línea Directa is well aware of this and takes special care of the area of responsibility through its Third CSR Master Plan, which will be implemented from 2017-2019. The Plan, approved by the Management Team, lays down three axels based on the different operating areas of Línea Directa: business, organisation and society, in which the different processes and objectives are interlinked, including those of the Línea Directa Foundation, which has enjoyed so much success highlighting road safety issues. This vision is what has allowed us to consolidate our position as one of the most highly regarded and recognised Spanish companies occupying top positions in the country's main reputational rankings, such as MERCO Companies, MERCO Talent or MERCO CSR.

Video Interview



You can see the video of the interview with the CEO on the company's Youtube channel or in the digital version of the Annual Report.

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WELCOME TO OUR COMPANY REPORT

Definition and scope of this report. International Guide.

This Company Report, published by Línea Directa Aseguradora, S.A., contains a description of the economic, social and environmental activity of the Group in 2017, which includes information on Línea Directa Aseguradora, S.A., Insurance and Reinsurance Company, its subsidiaries and its commercial brands, following the same criteria established in the consolidation of financial information and having Spain as its area of activity. Last year Línea Directa Aseguradora, S.A. began to operate in the health insurance sector, without this having implied a significant change in the size, structure or ownership of the organisation due to the fact that the organisation is committed to organic growth as a form of development. The scope and coverage of this report incorporates the new business.

This report has been created in accordance with the "Sustainability Reporting Guidelines" from the Global Reporting Initiative (GRI), a world leader in sustainability reports, using its "Core Conformity" option. As such, its compilation has been guided by different principles relating to quality, such as the principle of balance, comparability, precision, periodicity, clarity and reliability. In addition, by compiling, publishing and distributing its Company Report once a year, Línea Directa makes it possible to draw comparisons with previous years, which allows the different stakeholders to make an objective assessment of the development of the key performance indicators. For a more detailed report on the materiality and relevance of this report, consult pages 58 and 59.



About us

Línea Directa, a company that belongs to the Bankinter Group, its only shareholder, occupies 5th place in the ranking of insurers classified according to the total amount of motor insurance premiums, and, at the end of the third quarter in 2017, was the 16th largest home insurance company. These positions have been reached without resorting to acquisitions or mergers. In addition, Línea Directa is, at the end of 2017, the 13th largest non-life insurer, taking into account the volume of turnover, despite, until its entrance into the health insurance sector in September of 2017, having operated in only two areas. The cornerstones of its growth strategy are based on its extensive commercial capacity and the company's business model, which is direct and does not rely on intermediaries, and which allows it to be better tailored to the demands of the economic environment.

The Línea Directa Group, whose commercial activity is focused on the distribution of insurance via the telephone and Internet and the offer of services relating to this activity, bases its strategy on a multi-brand and multi-product offer whose main attributes are flexibility, competitiveness on price and quality. As a result, by the end of 2017 it managed to reach a total of 2.79 million customers, which represents 7.2% of motor insurance policies.

In the area of home insurance, Línea Directa has over 500,000 customers, a figure which makes it one of the top twenty companies in the sector in spite of having operated in this business for only a decade. In addition, Línea Directa launched its new health insurance in September 2017, introducing a configurable, digitally based, flexible and competitive product that will add synergies and diversification to the Group.

In 2017, Línea Directa, a member of UNESPA, the association responsible for the insurance sector in Spain, was recognised as one of the Spanish companies with the best reputation, reaching 40th position in the MERCO COMPANIES ranking and third in its sector. The company also reached 41st place in the MERCO TALENT and 54th in the MERCO CSR ranking, up 16 places compared to the previous year.

OUR MISSION

To use our experience in direct response for the benefit of our customers, employees, shareholders, suppliers, and, by extension, to the whole of society, creating wealth, safety and an environment for life that is more responsible and sustainable for people.

OUR VISION

To be the insurance company that is considered a benchmark due to our respect for the groups that we deal with, especially customers, employees and suppliers. To be a leader in the insurance sector in terms of innovation and to promote values linked to road safety, safety in the home, the environment and sustainability.

CORPORATE ORGANISATION OF THE LÍNEA DIRECTA ASEGURADORA GROUP

LÍNEA DIRECTA ASEGURADORA, S.A.
Owner of 100% of the capital of its subsidiaries



2.79

MILLION CUSTOMERS

505,000

HOME INSURANCE CUSTOMERS

OPERATING PRINCIPLES

- People.
- Innovation.
- Quality.

VALUES

- Respect for people.
- Spirit of constant improvement.
- Enthusiasm.
- Focus on results.
- Clarity.

• **LÍNEA DIRECTA ASISTENCIA, S.L.U.** Road assistance and damage appraisal company.

• **ADVANCED REPAIR CENTRE S.L.U.** The group's own repairer.

• **CLUB MÁS MOTO, S.L.U.** Exclusive club for Línea Directa's motorbike insurance customers.

• **ÁMBAR MEDLINE, S.L.U.** Company with activities relating to insurance.

• **LDACTIVOS, S.L.U.** The insurance group's asset management company.

12

13







Achievements in 2017

Evaluation of the Third CSR Plan (2017-2019)












Status Indicators. 2017

Projects

Achieved		64
In progress		12
Not achieved		7
Cancelled		2
Total		85



Madrid Excellence seal maturity matrix

	CONCEPTS	START	IN PROGRESS	MATURITY
EXCELLENCE MODULE	Focus on results.			
	Focus on the customer.			
	Leadership and coherence.			
	Process and fact management.			
	People development and involvement.			
	Continuous process of learning, innovation and improvement.			
	Alliance development.			
	Corporate responsibility of the organisation.			
CORPORATE RESPONSIBILITY MODULE	Economic dimension/good governance/Ethics.			
	Environment dimension.			
	Social dimension.			

Madrid Excellence performs an annual audit measuring the progress of the organisation's commitments and improvements. The company presents evidence from each of the aspects assessed.

2017 CSR Action Plan Extract

Line of operation	Stakeholder	Project	Achievement
We take care of the business	Motor	(F) Fourteenth Línea Directa Road Safety Journalism Awards.	▲
		(F) 3 Road Safety Studies.	▲
		(F) Accelerator for Entrepreneurs in Road Safety: 3 rd Entrepreneurs and Road Safety Award.	▲
		(F) Support for the Association of Traffic Accident Victims: 3 rd ASPAYM Road Safety and Disability Congress.	▲
	Home	Study into awareness in the home environment: "Procrastination in Spanish homes".	▲
		Video shorts and projects on the prevention of safety in the home on social networks.	▲
		Extension of culture with regard to safety in the home: Video case studies of operators (social networks).	▶
	Health	Promotion of healthy activity and insurance. Health App Communication / Activity App.	▲
		"Steps for Kilos" campaign to make a donation to FESBAL.	▲
		Study on awareness of a sedentary lifestyle: "A country on the sofa: the problem of a sedentary lifestyle in Spain".	▲
We take care of the organisation	Employees	Fleet of electric cars for travelling between offices and installation of charging points.	▲
		Adhesion to the Luxembourg Declaration. Healthy Company Plan (Projects against obesity and a sedentary lifestyle; "Get moving" for the use of stairs, information on calories and nutrition, Sports Club).	▲
		Línea Directa's Internship Programme.	▲
		"Values that leave a mark" Awards for employees.	▲
		Corporate Volunteer programme.	▲
		Disability programme: "Without Limits" and "You count".	▲
		Fight against Gender-based Violence: Total Commitment & Companies in favour of a society free from gender-based violence.	▲
		Assessment of the Real Estate Investment Portfolio according to the Energy Certificate.	▲
	Shareholders	Promote transparency: compilation of the Company Report in accordance with the GRI international framework.	▲
		Adhesion to international initiatives of Good Governance: the UN Global Compact.	▲
		Inclusion in Reputation Rankings; Merco Companies, Merco Talent and Merco CSR.	▲
		Seventh Línea Directa Suppliers Awards.	▲
	Suppliers	Homologation of suppliers – declaration of ESG (CSR) aspects.	▲
		Awarding and renewal of Quality Seals: Línea Directa Madrid Excelente and CAR Madrid Excelente.	▲
We take care of society	Customers and non-customers	Digital Communication (Transparency and closeness: Videos of the Board of Directors).	▲
		Nuez Challenges.	▶
	Entrepreneurs	Sponsor of IESE Business School – Investment forums.	▲
	Environment	2017 Línea Directa Carbon Footprint (Línea Directa Aseguradora, Línea Directa Asistencia, Nuez Brand, CAR).	▲
		Adhesion to AEDIVE (Spanish Association for the Development and Promotion of the Electric Vehicle).	▲
		ISO Certification for Environmental Management I I 4001:2015.	▲
		Installation of energy efficient systems in air-conditioning and healthy hot water.	▲
		Promotion of the electric vehicle and the dissemination of the "Breathe Policy".	▲

(F) projects corresponding to the Línea Directa Foundation
 The table above shows the main projects from the 2017 CSR plan.
 To consult the complete projects of the CSR Plan you can visit the online version
 of the Línea Directa Company Report (www.infolineadirecta.com).

▲ Project achieved ▶ Project in progress

CSR figures in 2017

131

PROMOTIONS
AND INTERNAL
TRANSFERS

67

PROJECTS RECEIVED
FOR THE ENTREPRENEUR
AND ROAD SAFETY
AWARDS

2016

MADRID
EXCELLENCE SEAL

99%

LOCAL SUPPLIERS

DGT

MEDAL OF MERIT
FOR ROAD SAFETY
DE LA SEGURIDAD VIAL

EFR

"FAMILY-FRIENDLY
COMPANY" CERTIFICATE

41st

PLACE IN
MERCOTALENT

377,000

FOLLOWERS ON SOCIAL
NETWORKS IN THE
DIFFERENT COMMUNITIES
OF THE GROUP

219

TELEWORKERS

118

EMPLOYEES
PARTICIPATING IN
THE CORPORATE
VOLUNTEER NETWORK

79.64

POINTS IN THE
NET SATISFACTION
INDEX

1,907

REPORTS ENTERED
FOR THE ROAD SAFETY
JOURNALISM AWARDS

1.6

MILLION EUROS INVESTED
IN OR ASSIGNED TO SOCIAL
PROJECTS, ROAD SAFETY
PROJECTS AND THE
PROMOTION OF SAFETY

54th

PLACE IN MERCOTALENT CSR

40th

PLACE IN MERCOTALENT
COMPANIES

Línea Directa, the personality of a brand



Over the years, the Línea Directa brand has succeeded in becoming a benchmark for the Spanish public. Its image is strongly linked to values such as quality, service and price, but also to many others such as corporate responsibility, reputation or innovation.

Thanks to a marketing and communication strategy that is particularly notable for being both popular and effective, Línea Directa is one of the brands most highly regarded and recognised by Spanish consumers. By means of a substantial investment in advertising, which places it in the top positions in the rankings every year, the company operates with a commercial strategy based on a highly competitive price and the quality of its services.

In addition, for the last five years, Línea Directa has opted for Matías Prats as the face of the brand. In 2017, the well-known journalist was at the centre of the company's new campaign called "Línea Directa Todistas" ("Línea Directa Have-it-alls"), which features 8 TV advertisements dedicated

to vehicle safety, with a focus on attributes such as price, quality and exclusivity.

Furthermore, 2 advertisements stressing the importance of safety in the home were shot, and, throughout the year, advertising aimed at motorbike users was intensified, highlighting Línea Directa's expertise in this market niche. These powerful advertising campaigns have once again resulted in the level of brand awareness being one of the highest in the sector, as confirmed by IOPE tracking, the TNS brand awareness ranking. As a result of the launch of Vivaz, Línea Directa Aseguradora's health insurance brand, in 2017 several TV advertisements were also created focusing on the benefits offered by the Group's new product.

REPUTATION, A MAJOR ASSET

In 2017, Línea Directa was once again included in the leading MERCO Companies monitor as one of the companies with the best reputation in our country. The Group climbed to 40th place in the ranking, which is 10 positions higher than the previous year. In the insurance sector, Línea Directa reached 3rd place, which has strengthened its position as one of the most prestigious entities in our country. It also featured in MERCO Talent (41st place), making it one of the companies

most able to attract new talent and in MERCO CSR (54th place), as one of the Spanish companies with the best strategies for reputation and sustainability.

All of these achievements were due to its financial results and its commercial and external communication strategies, with which it has achieved considerable media attention, as well as through a strong commitment to areas such as innovation and corporate responsibility.

SOCIAL NETWORKS, A BOOMING CHANNEL

Social networks have become an increasingly important element for Línea Directa to be able to communicate with its customers and with the general public, as is shown by the results at the end of 2017. The Línea Directa Group now has over 377,000 followers (including all its brands), which represents an increase of 6.8% of the community compared to 2016. Furthermore, around 5,000 queries and requests for customer services were processed via the different channels – mainly Facebook and Twitter – which represents a rise of 96.1% on the previous year.

The customer response rate was also maintained at over 95% and the pledge to deal with the requests of our followers in less than an hour was successfully met, making social networks a fast, transparent and efficient communication channel.

The basis of the communication strategy in social networks was to provide high-quality, public service content for any user, not only for the Group's customers. To the commitment previously given to sections such as "A coffee with ..." where the directors of different areas of Línea Directa show us the company in an enjoyable and innovative way,

“In MERCO Companies, Línea Directa has reached third place in the ranking of insurance companies, which strengthens its position as one of the most prestigious entities in our country.”

were added "Did you know that ...?" designed to display the curiosities of the insurance world and make it more understandable, and road safety issues from a 3.0 viewpoint. Finally, in 2017 a comprehensive audit was carried out of all the processes relating to the company's social networks, resulting in the award of a grade "A", the highest score possible.

Antonio Valor
Marketing Director



"Over the years, the Línea Directa Group's marketing strategy has always been determined by the considerable growth of the company. In addition, our offer of unique, high-quality products at a very competitive price is undoubtedly our best letter of introduction for consumers."

Línea Directa, a brand with big results

Public leadership	2017	2016	2015
Number of news items	3,411	4,136	2,614
Audience reached (in millions)	713	970	910
Number of press releases	24	27	21
Position in MERCO Companies	40	50	67
Position in MERCO Talent	41	37	36
Position in MERCO CSR	54	69	85
Awards	5	8	8
Followers on social networks	377,119	353,051	331,784

GOVERNING BODIES

Main results of Bankinter in 2017

TOTAL ASSETS:

71,332.7

million euros (+6.2%)

NET INTEREST INCOME:

1,062

million euros (+8.5%)

GROSS MARGIN:

1,851.3

million euros (+7.8%)

PRE-TAX PROFIT:

677.1

million euros (+0.06%)

NET PROFIT:

495.2

million euros (+1%)

ROE:

12.64 %

CET I CAPITAL RATIO PHASED IN :

11.83 %

NON-PERFORMING LOAN RATION :

3.45 %



LÍNEA DIRECTA ASEGURADORA'S BOARD OF DIRECTORS

Alfonso Botín-Sanz de Sautuola

Línea Directa Chairman and Representative
of the Vice Chairman of Cartival in Bankinter

Pedro Guerrero

Bankinter Chairman

María Dolores Dancausa

Bankinter Chief Executive Officer

Rafael Mateu

Bankinter Board Member

Alfonso Sáez

Bankinter Consumer Finance General Manager
and Board Member

Gonzalo de la Hoz

Bankinter Board Member

Gloria Hernández

Bankinter Chief Financial Officer and Capital
Market Director

John de Zulueta

Independent Board Member

Miguel Ángel Merino

Línea Directa Chief Executive Officer

Pablo González-Schwitters

Línea Directa Aseguradora Company Secretary
(non-director)

Board as of January 2018

In 2017 the Bankinter Group obtained a record net profit of 495.2 million euros, 1% higher than in 2016, which means that the entity was able to compensate organically, through its customer-based business, for the results in 2016, which included the extraordinary figures from the buyout of Barclays Portugal. Measured in homogeneous terms, without taking these extraordinary figures into account as part of the comparison and only considering the data from operations in Spain, the Group's net profit increased by 20.2%, which is 19.1% higher before tax.

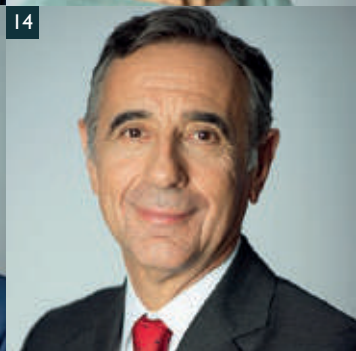
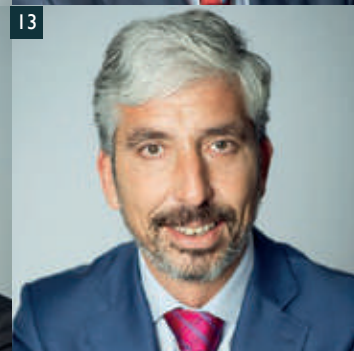
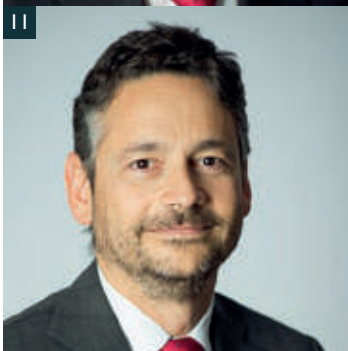
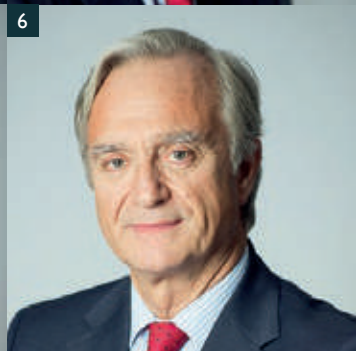
Once again, Bankinter finished the year in a leading position in terms of profitability, with an ROE, or return of invested capital, of 12.64%, the highest of all the listed banks. With regard to solvency, Bankinter closed December with a CET I fully loaded capital ratio of 11.46%, and 11.83% in the CET I phase in, well above that demanded by the BCE in relation to Bankinter in 2018, which stood at 7.125%, the lowest of any Spanish bank.

The bank maintains its position as a leader with regard to the quality of its assets. The non-performing loan ratio has fallen to 3.45%, compared to 4.01% one year ago; a ratio which is reduced to 3.06% only taking into account the figures relating to Spain, which is less than half that of the average in the sector.

Customer-based business was the major contributor to the results; a business based on 5 different areas, all of which are profitable and complement each other and serve to diversify the strategy of the Group: Corporate Banking, Commercial Banking, Línea Directa, Consumption and Bankinter Portugal.

Furthermore, as in recent years, the bank has once again increased its credit investment to customers, which totalled 53,300.2 million euros at the end of last year, 3.8% higher than twelve months ago, and in spite of the sector having reduced its credit volume by 1.7%, according to data in November. Controlled resources reached 79,376.2 million euros, an increase of 5.3%, with off-balance sheet funds (investment funds, pension funds and asset management) performing extremely well, growing by 12.9%. Overall, it was a year that ended with exceptional results, with a profit that is a new record in the Group's history, and with profitability and asset quality levels above those of its main competitors.

Team of Directors



1.- Miguel Ángel Merino

Chief Executive Officer

2.- David Pérez-Renovales

Director of Health Insurance

3.- Patricia Ayuela

Director of Motor Insurance

4.- José Antonio Egido

Director of Services and Claims

5.- Mar Garre

Director of Human Resources and Internal Communication

6.- Francisco Valencia

Corporate Governance Director

7.- Julio Agulló

Director of Línea Directa Asistencia

8.- Olga Moreno

Director of Home Insurance

9.- Antonio Valor

Marketing Director

10.- Ana Sánchez

Director of Technology

11.- José María Maté

Director of the Technical Area

12.- Pablo González- Schwitters

General Secretary

13.- Carlos Rodríguez

Financial Director

14.- José Luis Díaz

Director of Nuez

**EXECUTIVE COMMITTEE**

The Executive Committee is composed of the Chief Executive Officer, the Directors of Marketing, the Motor Insurance Area, the Financial Area, Health, Services and Claims, Nuez, the Technical Area and Home Insurance.

**STEERING COMMITTEE**

The Steering Committee is composed of the members of the Executive Committee plus the Directors of Human Resources and Internal Communication, Línea Directa Asistencia, Corporate Governance, Technology and the General Secretariat Area.

Ethical Management an asset for developing reputation



Línea Directa is one of the most solid and reputable companies in the insurance sector due to its profit levels, its operating principles and its respect for the law. The General Secretariat Area is responsible for ethical management and regulatory compliance, and coordinates the Group's policies on these issues, disseminating them and promoting them within the organisation.

The Línea Directa Group's Code of Ethics, approved by the Board of Directors, aims to set the ethical guidelines according to which the company operates, and which are compulsory for all employees. The code, which is based on respecting the law, human rights and civil liberties, is a process of continuous improvement which serves to keep it up to date with any regulatory changes, especially in the criminal liability of legal persons.

With regard to the dissemination of the Group's Code of Ethics, in 2017 online training between employees and collaborators was further developed, with over 600 individuals receiving it throughout the year. In addition, the Code of Conduct for Suppliers was incorporated into all commercial contracts and specifications for tenders launched by the Purchasing Department.

This process of continuous improvement regarding the Code of Ethics aims to maintain consistency with the new regulatory environments that demand greater risk control and greater accountability from the company for the actions of its employees, directors and administrators.

REGULATORY COMPLIANCE FUNCTION

Línea Directa, taking into account the demands of risk control contained in Solvency II, operates a Regulatory Compliance Function that is designed to integrate the regulatory obligations into the business processes of the organisation, thereby avoiding any additional formalities or requirements.

Throughout last year, efforts were made to update the Regulatory Compliance Policy and its processing system, in order to adapt it to the new trends in compliance and the new regulatory requirements. The automation of legal risk management was developed and a new databank was created for the company's policies and governance documents. Finally, a system was created to approve products including a governance policy and a special committee, designed to respond to the demands of the Distribution Directive and the Product Governance Regulations.



Pablo González-Schwitters
General Secretary of Línea Directa

"In Línea Directa, ethical management is not only focused on criminal liability risk mitigation for the company, but it also constitutes a global tool for creating an ethical culture throughout the whole organisation, which is a great asset for boosting reputation in the market and society in general."

Corporate risks analysis and prevention

The Corporate Risk and Internal Control Department aims to coordinate the management of the different operational and reputational risks to which the organisation is subjected, promoting a coordinated framework for processes with the different areas of the company.

In 2017, after successfully implementing Solvency II, the Corporate Risk and Internal Control Department undertook a migration to a new processing application more in line with the degree of maturity reached by the company in this area, which will make it possible to increase efficiency and improve the information provided to directors and those responsible for operating processes.

A map outlining the risks facing the organisation, which is designed to define each of the control objectives in order to improve the quality of information supplied to the area managers, was also updated. Finally, the list of "technological services" was completed, providing a new map of the current processes in this environment.

In the area of the company's Key Risk Indicator Scorecard, after defining the commercial requirements, the project that will make it possible to automate data extraction and

its monthly publication was also developed, and the plan is to implement it in early 2018.

Last year also saw the introduction of two new methods for testing risk controls that will be further developed in 2018: the automation of sample extraction and autotesting. With regard to the former, several sample extraction programmes for checking a range of control processes were implemented which eliminated the need for manual administration and reduced the number of errors. As for the latter, autotesting will result in a limited review of control processes by means of answering a questionnaire in order to determine if the control objective is covered.

SOLVENCY II, OBJECTIVES MET

The introduction of Solvency II in January 2016 represented a considerable challenge for insurance companies, as it implemented a new system for determining solvency and capital and, as a result, for measuring risks. The regulation consists of three fundamental pillars: measuring assets, liabilities and capital, the control and supervision of processes and the need to promote the transparency of financial information. The new system had a substantial impact on the organisational structure of insurers in general and on the corporate risk departments in particular, and also on the different commercial processes, the capital from which had to be adapted to how it was actually disclosed to the market and the financial environment.



163 CONTROL PROCESSES TESTED IN 2017

>90% of recommendations made completed on time.

COMMERCIAL AREAS

Motor insurance, Línea Directa's engine

Línea Directa Aseguradora's Motor Insurance Area forms the company's real commercial engine. With over 2.1 million customers, it accounts for approximately 90% of the Group's gross written premium and represents around 7.2% of policies in the whole of the motor insurance sector.



Línea Directa Aseguradora's Motor Insurance Area encompasses the business lines of cars, motorbikes, companies, electric vehicles, the International Area and the Penélope brand, which is specifically aimed at female drivers. The area also promotes and coordinates the digital transformation process and includes strategic support departments, such as Quality and Processes, which supervises and designs all the commercial procedures in the area.

AN EXCEPTIONAL YEAR IN SALES

Línea Directa Aseguradora ended 2017 with a significant increase in its total number of customers in the Motor Insurance Area (+7.3%), easily exceeding the targets set and achieving a customer base of over 2.1 million vehicles. As a result, in commercial terms, 2017 has been the second best year in the company's history, only surpassed by the

volume of sales obtained in 2003. In addition, the average premium purchased also increased last year, due, greatly, to the competitiveness of the company's prices in the Fully Comprehensive segments and the reactivation of new vehicle sales. This has led to a sharp growth in the volume of motor insurance premiums issued (+7.1%), which practically doubles the total amount in the insurance sector (+3.4%), according to the ICEA figures corresponding to 2017.

Some of this success was also due to the upsurge in cross selling between the different commercial areas of the department, as well as between the Motor and Home Insurance Areas. Furthermore, there was a substantial growth in the amount of digital data sent, reaching 78% for car insurance policies, and 85% for motorbike insurance, figures that are expected to increase in 2018.

Quality and Processes, providing business support

The Quality and Processes Department designs, supervises and optimises all the commercial procedures of the Motor Insurance Area, promoting the flexibility, immediacy and efficiency of operations.

In 2017, the Quality and Processes Department coordinated and supervised over 150 production processes, which led to significant improvements in the commercial activity of the company. Among these the most noteworthy were the tools for boosting customer satisfaction when renewing policies, the increased efficiency of telephone systems and the improved efficiency of dealing with queries about DGT points. In addition, risk verification was optimised with the aim of facilitating the contract-closing process.



The first of these projects forms part of SUMA, Línea Directa's loyalty programme, to which new resources have been added, such as the possibility for customers to receive free fuel for their car when renewing with the company. As for the improved efficiency of the telephone systems, in 2017 a number of projects were undertaken that were designed to identify the policyholder in an efficient and proactive manner, thereby making it possible to reduce the length of the call and transfer it to the department that can best respond to its requirements. In order to achieve this, work has been carried out on optimising the IVR decision tree, greatly reducing its complexity.



Digital Transformation

Digital transformation represents a global challenge for all companies and sectors, in which immediacy, flexibility and an improvement on face-to-face processes are helping to create a new method of communicating with customers, stakeholders and society in general. The insurance sector faces challenges that are decisive for its business operations, such as the use of *Big Data* as a method of subscription, the proliferation of the *mobile* channel in purchasing processes and policy management and the need for immediate response to the requirements of customers who are increasingly more connected and less reliant on analogical systems.

As a result, since 2016 Línea Directa has carried out its operations with the introduction of a specialised group which, last year, actively participated in the launch of important projects such as the Digital Policy in the Home Insurance Area, which follows on from the one already established in the Motor Insurance Area and which will make it possible to improve the customer documentation process.



Patricia Ayuela

Director of the Motor Insurance Area

"In 2017, Línea Directa's Motor Insurance Area recorded a substantial increase in its customer base and gross written premium compared to 2016, which encourages us to persevere in our quest to position the company as one of the leading insurers in the country."

Companies a year of success



In 2017, Línea Directa's Company Insurance Division doubled its growth compared to the previous year, thanks to its commercial strategy and major commercial agreements attained this year.

2017 was a successful year for the Línea Directa Group's Company Insurance Division, having achieved 20% more policies than the previous year, thereby doubling its growth compared to 2016. This has led to it experiencing an excellent increase in its customer base, due, largely, to major commercial insurance agreements on fleet sharing and high customer loyalty.

In 2018, plans for growth will be based on focusing the commercial activity on fleet sharing and specialising the offer with the aim of adapting it to the requirements of the different profiles that coexist in the Company Insurance Division.

penélope SEGUROS specialisation and growth

Penélope Seguros, a product designed for female drivers, is the result of Línea Directa's strategic commitment to multi-branding and specialisation.

The Línea Directa Group operates a growth strategy based on specialisation and flexibility, with an offer of products that are adapted to the personal requirements of each customer. This represents a clear commitment that ultimately aims to make Línea Directa the leading insurer in different market niches.

In line with this philosophy, in 2012 the Penélope Seguros brand was launched, with a policy created to respond to the specific demands of female drivers. As such, Penélope Seguros offers a wide range of services and cover, which include roadside assistance for pregnant women, handbag theft cover, or the Car Agenda service. Its customers can also benefit from all the advantages offered by the "SUMA en Línea" loyalty programme, an initiative which makes it possible to obtain discounts when renewing car or motorbike insurance by means of the typical costs resulting from the use of the vehicle such as fuel consumption, repair work or maintenance.



PÓLIZA RESPIRA

Business, sustainability and the environment

With the aim of supporting more sustainable mobility that reduces CO2 emissions, Línea Directa has introduced a wide range of responsible business initiatives that include a ground-breaking product in the sector: the “Póliza Respira” (Breathe Policy).

In 2017, Línea Directa maintained its dedication to protecting the environment by reinforcing the positioning and promotion of the Póliza Respira. This initiative, launched in 2016, aims to encourage electric-based mobility among private motorists, offering fully comprehensive cover with excess for only €100 for the first year. The Póliza Respira also incorporates special features such as roadside assistance without any limit on the number of kilometres travelled or cover for the theft of the built-in charging cable. In 2017, Línea Directa won an award for this idea from Actualidad Económica as one of the 100 best ideas of the year in the business world.

As part of its strategy of responsible business, in 2017 Línea Directa also introduced other projects including the alliance with IOSCOOT, a leading company in motorbike sharing, to insure its fleets of electric motorbikes in Madrid and Barcelona.

This year the company also acquired a set of electric cars, “smart electric drive”, to be used by its employees for journeys between the different work centres of the Línea Directa Group and it was the first insurer to form part of the Commercial Association for the Development and Promotion of the Electric Vehicle (AEDIVE) in 2017.



28
29

International Division, a strategic segment



In 1998 Línea Directa was the first insurance company to offer a special personalised service to foreign customers residing in Spain. 20 years later, the expatriate business area has become a strategic segment as a result of its profitability and loyalty.

The International Division offers personalised services to English and German speaking customers residing in Spain and constitutes, 20 years after being created, one of the most profitable areas of the company. 2017 was especially positive in terms of business, with sales targets being fully met, reaching a degree of achievement that stood at 105% of the original plan, which resulted in a notable increase in sales compared to the previous year. This increase in the total number of customers was fundamentally due to two factors: the increase in the generation of demand with a considerable rise in the number of quotations compared to 2016 and a powerful strategy in areas of diversification and the search for new channels, as well as in the specific promotional campaigns for this segment.

Home insurance, a decade of success



A decade ago, the LÍnea Directa Group revolutionised the sector, offering a different type of home insurance that was tailor-made, did not require brokers and offered the best value for money on the market. As the years have gone by, its Multi-risk Business policy has become a strategic tool that guarantees the organic growth of the Group.

In 2017, LÍnea Directa's Home Insurance Division reached an important milestone in its history: 10 years insuring homes on the basis of a completely different concept. Throughout this decade, multi-risk insurance has become a key platform for growth for the Group, bringing it diversification and profitability.

The results that the LÍnea Directa Home Insurance Area achieved last year are most satisfactory. The volume of written premiums reached almost 89.6 million euros, which represents an increase of 14.5% on the previous year, and 11.2% of the Group's total turnover. These results make LÍnea Directa the home insurance company with the 16th

highest turnover in the sector. As for profit levels, 2017 was also a very positive year due to the fact that pre-tax profit stood at 16.26 million euros, 15.9% up on the previous year.

In 2017 the Home Insurance Division reached a total of over 500,000 customers, which represents a totally organic growth of 13.5% compared to the previous year and 27% of the total growth of the company.

DIGITALIZATION AT THE CUSTOMER'S SERVICE

With the aim of making the customer experience more rewarding and simplifying insurance processes, in 2017 LÍnea Directa's Home Insurance worked towards including in its processes the benefits offered by new technology.

One example was the launch of the Digital Policy, an initiative that allows policyholders to sign the special conditions featured in their insurance electronically, which makes the procedure shorter and offers a clear environmental benefit. This dedication to technology will be maintained in 2018 with an ambitious project designed to digitalise all documentation including significant improvements in the voice response unit (VRU), which will make it possible to offer the customer a better, more efficient service.

In 2017 work was also undertaken to improve the specialisation of the sales operators in the demand generation channels, thereby achieving more effective processing, which has led to an increase in the number of policies purchased. In addition, the cross selling process was optimised in order to increase efficiency and reinforce the synergies between all the company's commercial areas. Foundations were also put in place for a project that will be developed throughout 2018 that will offer the possibility of insuring the policyholder as a legal person.

REPORT: "PROCRASTINATION IN SPANISH HOMES"

In 2017, Línea Directa's Home Insurance Division published the report "Procrastination in Spanish Homes" with the aim of analysing this phenomenon in the domestic environment. One of the main findings was that over 12 million Spaniards (37%) between the ages of 18 and 75 admit that they regularly procrastinate, postponing a task out of laziness or lack of interest. Moreover, it was found that young males, between the ages of 18 and 24, procrastinate more than anybody else.

With regard to the type of housework, reorganising and replacing clothes in the wardrobe according to the season of the year, ironing, cleaning the oven or microwave, clearing out the refrigerator and cleaning bathrooms are the obligations most often postponed in Spanish homes.

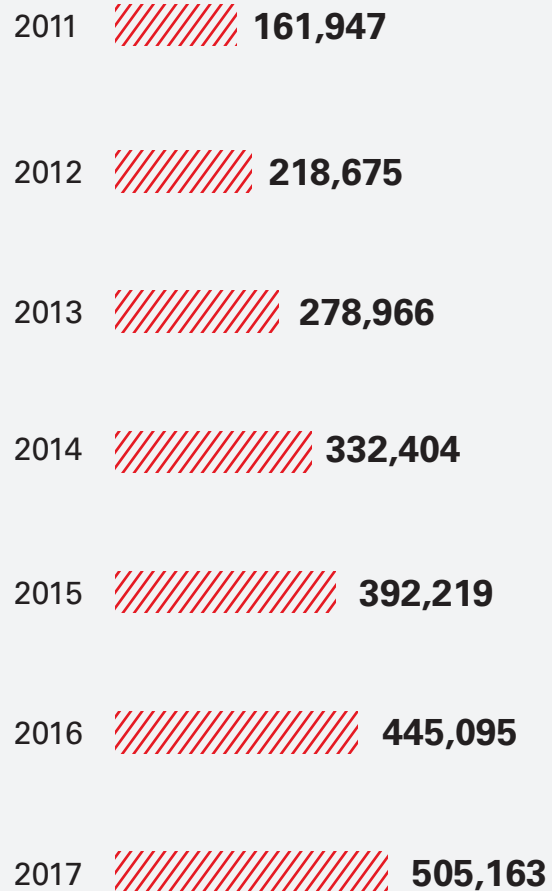
Reasons people give for this include lack of time (48%), laziness (45%) and the preference for carrying out more enjoyable or less important activities (36%). In fact, Spanish people admit that they waste too much time on videogames, TV, instant messaging apps such as WhatsApp and social networks.

Olga Moreno
Director of the Home
Insurance Area



"In the Línea Directa Home Insurance Division we are aware that we are taking care of one of the most important assets that people have: their home. As a result, we work towards offering our policyholders the best service that includes the most comprehensive benefits."

SUSTAINED GROWTH



Gross Written
Premium

14.5%

89.6 Million euros

Multi-risk contributes 11.2% of the Línea Directa Group's total gross written premium.

Health,
the new area of
Línea Directa Aseguradora, S.A.



In 2017, Línea Directa Aseguradora, S.A. created another milestone in its history by beginning its journey into the world of health insurance. This is a new commercial area that has been founded under the Vivaz brand name and which is designed to revolutionise the insurance sector with a product that is characterised by its innovation, simplicity and its excellent price/quality ratio.

2017 saw the launch of Vivaz, the new brand from Línea Directa Aseguradora, S.A. with which it embarks upon its journey into the health insurance sector. It is a new commercial area that represents a major milestone in the history of the company and with which it maintains its commitment for growth and diversification in order to meet its objective of becoming one of the 10 biggest non-life insurers in Spain.

The new Vivaz health insurance aims to revolutionise the sector, facilitating access to private health treatment for the general public with a product that is up to €400 more economical per family than the market average and provides more comprehensive cover. Vivaz offers three different types of policy designed to cover different necessities: Essential Vivaz, Complete Vivaz and Complete Dental Vivaz.



With the slogan “Ask for more from your health insurance”, Vivaz offers a medical team made up of over 30,000 professionals and over 1,000 health centres, and features a wide range of services. In addition, in line with its philosophy of simplifying processes for customers, it has reduced by over 60% the number of tests required for prior authorisation and allows the policyholder to manage his or her policy through its Vivaz App, which includes a range of features such



as the digital health card, the option of searching for a specialist according to symptom or geolocation, the possibility of speaking to a doctor 24 hours a day or the online payment of bills.

The new brand featured an advertising campaign on television starring Matías Prats, which highlights the main characteristics of the product: simplicity, accessibility, flexibility and quality. The Vivaz brand was also endorsed by Nuria Roca in a campaign aimed at online channels and social networks that was designed to raise awareness about this new insurance product.



LEADING A HEALTHIER LIFE HAS ITS REWARDS

Through a clearly digital focus and an emphasis on offering people total healthcare, Vivaz is designed to improve everybody's health by making use of new technology. To this end, it offers the free app “Vivaz Activity” that can be used by both customers and non-customers and awards prizes for



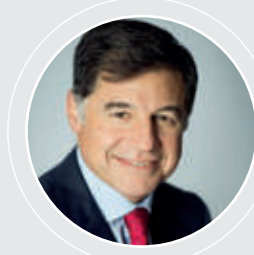
leading a healthy lifestyle. By means of this app, users who reach the objective of walking 10,000 steps a day, the minimum amount of activity recommended by the WHO, will be able to obtain discounts of up to 150 euros on their Vivaz health insurance, in addition to a wide range of other prizes. As a result, Vivaz has become the first health insurance on the market to reward customers that show a dedication for incorporating more physical activity into their daily routine.

COMMITTED HEALTH INSURANCE

Vivaz health insurance has been set up with a corporate responsibility strategy based on 3 pillars: Research, Social Action and Health and Happiness, the main objective being to raise public awareness on the benefits of a healthy lifestyle.

2017 saw the presentation of the study “A Country on the sofa: the problem of a sedentary lifestyle in Spain” which analyses the habits of Spanish people with regard to physical activity and the dangers of a sedentary lifestyle. In addition, within the area of Social Action, Vivaz undertook, in conjunction with FESBAL (the Spanish Food Bank Federation), a challenge in aid of charity called “Steps for Kilos”, which had the double objective of encouraging Spaniards to walk and helping families with low economic resources.

By the end of 2017 the new Health Insurance Area of Línex Directa Aseguradora, S.A. had managed to obtain over 5,400 policyholders in only 3 months since its launch.



David Pérez Renovaes

Director General of Health Insurance
at Línex Directa Aseguradora, S.A.

“The philosophy of Vivaz is simple: give more for less. Or, in other words, a better medical team and cover; more innovation, greater personalisation and flexibility, but at a lower price, with fewer complications and with no small print. Our goal is to improve the customer's experience in every aspect of health insurance.”

Línea Directa Asistencia, innovation and efficiency



Línea Directa Asistencia is the Línea Directa Group's roadside assistance and damage appraisal company; two support processes that are vital for developing customer relations.

In 2017, Línea Directa Asistencia recorded a rise in the number of breakdown callouts compared to previous years, due, mainly, to the increase in mobility and the greater number of accidents. However, in spite of the rise in the number of services offered, the company achieved one of the highest Net Satisfaction Indices (NSI) in the whole Group, with a score of 83.9 out of 100, 4 tenths above the rating recorded the previous year; a result which underlines Línea Directa Asistencia's firm commitment to quality and excellence.

In order to achieve this success, it was essential to launch new services offered by the company, including courtesy vehicle delivery by tow truck, the smartphone request project and the Facetruck service. With the first of these, Línea Directa Asistencia provides a courtesy vehicle at the place and time indicated by the customer when his or her vehicle cannot be used after being involved in an accident. This initiative, which has proven to be highly popular with

policyholders, is available 24 hours a day, seven days a week, and was used for a total of over 15,000 days in 2017.

The second of these offers the "mobile web" project for requesting a tow truck, whereby the customer can ask for breakdown assistance via his or her smartphone, thereby increasing the number of channels that were already available, such as making the request via an app or by telephone. Finally, the Facetruck service sends the customer a photograph of the tow truck driver; thereby making facial recognition easier. The policyholder can also be informed of the characteristics of the recovery vehicle that has been sent to assist him or her with the geolocation of its route and can also carry out an online assessment of the service provided.

RISK APPRAISAL

Risk appraisal is a key process in the containment of claim expenses and the fight against fraud. In order to optimise it, Línea Directa Asistencia implemented significant improvements in 2017, designing an easier, quicker and more comfortable service for new customers that allows damage appraisal to be undertaken both remotely and onsite, whereby the service provider travels to the required location on the day and at the time indicated by the policyholder.

As a result of this service, last year the value of the damage appraised exceeded 35 million euros and the value of pre-existing damage reached 500,000 euros, which represents a crucial contribution in the fight against fraud.



Julio Agulló
Director of Línea Directa Asistencia

"Línea Directa Asistencia is a support company that is renowned for offering outstanding customer service. We consider breakdown assistance as an opportunity to show policyholders that we are able to meet all their demands and expectations."

Nuez, digitalisation and solidarity



Una idea Bankinter

Nuez Insurance is a brand forming part of the Línea Directa Group and specialising in the sale and distribution of insurance in a digital environment. In addition, since 2011, it has introduced nearly 1,200 projects for the benefit of society, the environmental and charities, that have received the support of almost 100,000 Internet users.

Nuez was created in 2011 as a Línea Directa brand specialising in the sale of motor and home insurance via the Internet. In its 6 years of history, Nuez has sent out over 2.2 million quotations, which has enabled it to sell 550,000 insurance policies.

A large part of its success is based on its commercial strategy, which combines competitive prices with flexibility and the efficiency of its processes. It has used this method successfully to adapt its offer to the personal requirements of each customer, reinforcing the brand as the most accessible option in the market. In fact, in 2017, Nuez succeeded in being the most competitive option in over 60% of the quotations on online aggregators, a fact that has greatly contributed to it multiplying its sales by 15 on digital channels.

Last year Nuez also consolidated its status as one of the brands making the greatest impact on social networks, a platform where it currently has over 223,000 followers on Facebook, over 6,600 on Instagram, almost 30,000 on Twitter and it has received a total of over 315,000 views on YouTube.

THE NUEZ CHALLENGES

Challenges form a major cornerstone of Nuez's reputational strategy. The brand employs them to make up to 1 million euros available to society for developing a number of projects of social, cultural or environmental interest that are voted for by Internet users whether they are customers of the brand or not. For each vote that a challenge receives, Nuez donates between 7 and 16 euros towards its implementation. The idea, which has enjoyed great success, has kick-started 1,200 projects from all parts of the country, with a total of almost 100,000 votes received online.




José Luis Díaz
General Director of Nuez

"Nuez is dedicated to the digital sale of its insurance with the aim of making customer purchasing and processing procedures easier. This has allowed us to establish price competitiveness, participation and responsible business practices as the chief values that identify us."

SUPPORT AREAS

Services and Claims managing excellence



The Services and Claims Area is Línea Directa's main cost centre and is responsible for managing all the claims procedures, including processes as complicated and varied as repairing material damage, compensation and rehabilitation for injuries and third-party claims.

MATERIAL DAMAGE

In 2017, The Material Damage Department underwent an internal reorganisation process designed to offer a more streamlined and efficient service via the Internet and on the telephone, which can be adapted to match the personal profile of each policyholder. In order to achieve this, the area's process map was reviewed, eliminating and automating all the administrative tasks that did not benefit the customer. In addition, further progress was made on implementing, developing and optimising the different agreements for each sector, including those that have been newly created (SGR), with the aim of improving the operational response capacity and reducing the number of claims that lead to court proceedings.

Another of the main areas of work in 2017 was the reduction of average repair times, and, as a result, the average

length of time required for each claim to be processed, an objective that, apart from resulting in substantial cost savings, provides an opportunity for increasing customer satisfaction levels. This was achieved by notably shortening the average damage appraisal times with a powerful software tool that integrates the network repairer, the damage appraiser, the spare part supplier and the Línea Directa operator.

PERSONAL INJURY

The appropriate and effective processing of injuries caused by traffic accidents forms one of the fundamental priorities of any insurance company. As a result, the Personal Injury and Network Management Department has continued to develop a powerful programme designed to adapt the processes, the organisational structure and the preparation of its specialists to the new injury appraisal system.

Work has also begun on the implementation of new processing systems for personal injury in each sector, a challenge that the insurance sector will face throughout 2018 and which will include new tools for communicating between companies. Other major corporate projects will be added to this challenge, such as the optimisation of medical expenses, legal defence and out-of-court strategies and the care of injury victims.

COMMERCIAL DEVELOPMENT

With the aim of providing a global perspective to the company's quality-control policies and processes, 2017 saw the creation of the Commercial Development Department, which offers cover for services in Línea Directa's Motor and Home Insurance Areas and its Nuez brand.

The new department aims to become a hub for the organisation of the Area, undertaking major strategic operations, such as the implementation and development of the commercial plan relating to the cost of claims, the results of which have been very positive, due to the fact that, in spite of experiencing a slight deterioration in Home Insurance, where it worsened by 0.8%, it improved by 2.5% in the area of Motor Insurance and 11.3% in Nuez. The new department also publishes information on the company's Reserves System, the compensation paid to injury victims or cover and payments relating to home insurance claims.

HOME INSURANCE REPAIRS

With regard to the payment of the services offered in the home insurance area, in 2017 Línea Directa created Repairs, an in-house team consisting of plumbers, builders and painters which, in barely 3 months of operations, has already offered its services in over 800 homes achieving results that have signalled a turning point in the quality/cost ratios of the department. This structure will coexist with claims processing carried out by very loyal SMEs, which will greatly increase the speed of communication between the policyholder, the company and the repairer.

CAR

In 2017, CAR, the Línea Directa Group's Advanced Repair Centre, situated in the municipality of Torrejón de Ardoz (Madrid), celebrated its tenth year of operations, strengthening its position as a groundbreaking project that has allowed the company to vastly increase its knowledge and experience in the area of vehicle repair. CAR forms an excellent test laboratory in which it has been possible to test tools that are vital for the company, such as the IT system that makes it possible to manage processes relating to spare parts with the network repairers, so that they can be certified as original.

2018 will see the creation of CAR Barcelona, offering drivers almost 7,000 m² of latest generation installations dedicated to vehicle repair. The new repair centre, which will be located less than 5 kilometres from Barcelona's Avenida Diagonal, will be completely digitalised and will guarantee a courtesy car for all Línea Directa customers.

José Antonio Egido

Director of Services and Claims



"In Línea Directa, our goal is not only limited to dealing with the obligations arising from an insurance policy: we aim to offer so much more by also ensuring the peace of mind and satisfaction of all our customers. This is why we strive every day to improve so that we might reach our true objective: to achieve a standard of excellence in all the commitments that we have acquired with the policyholder"

FRAUD AFFECTS US ALL

In January 2018, Línea Directa presented its Fourth Motor Insurance Fraud Barometer, a study that, for many years, has been considered as a benchmark by the insurance sector. The report, which made a huge impact on the media, tackled the issue of the quantification and analysis of the role of organised mafias in the insurance world for the first time. The main conclusion was most alarming: in the last 5 years the number of organised networks has increased by 152% in Spain. It therefore comes as no surprise that, since 2013, Línea Directa has detected at least 400 bands operating throughout the country. Furthermore, with regard to scams carried out by the general public, the level of fraud remains stable, which is clearly illustrated by the fact that, in spite of the crisis coming to an end, 6 out of every 100 insurance claims made in Spain are false, the same figure as two years ago.



Technology, a key ally for business

In the type of business model operated by Línea Directa, which does not employ office networks or intermediaries, technology acquires a vital role for the company's success. As a result, the Group's Technological Area continuously works towards remaining at the forefront of innovation and technological development.



Línea Directa is aware that technology is a vital tool for commercial growth, due to the fact that it improves quality and efficiency, increases productivity, offers valuable solutions and improves the overall service and the customer experience. As a result, Línea Directa's Technological Area occupies a strategic position in the company, maintaining its role as a key ally that works very closely with all the departments of the Group.

THE COMMITMENT TO BIG DATA AND KNOWLEDGE

For Línea Directa, data and information form an exceptionally valuable asset within the strategy of the Group. As a result, the Technological Area has worked for several years to incorporate Big Data tools into the Group, thereby offering a further productive environment. In 2017, major initiatives were reinforced in areas of data management that optimised the considerable volume of information that the company must process. This commitment to Big Data allows Línea Directa to manage its processes more efficiently, and lends it a greater analytical capacity and improved commercial ratios. At the same time, another important success last year for the Technological Area was the Exadata project.

DIGITALISATION, Línea Directa's Technological Area occupies a key role in the digital transformation process in which the Group finds itself immersed. In 2017, a huge effort was undertaken to implement the renewal process and introduce the change to more innovative infrastructures that facilitate the digitalisation process and which also have a positive impact on the costs incurred by the company.

“

The commitment to Big Data allows Línea Directa to manage its processes more efficiently, and lends it a greater analytical capacity and greatly improved commercial ratios.

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Work has also been carried out on the migration of customer-based and commercial aspects, such as document generation, to the online ecosystem, and event-driven architectural projects have been implemented to improve fraud detection and the assessment of other issues that are vital for the company, thereby making it possible to conduct a thorough analysis of data in real time.

lopment of new applications deeply rooted in new technology. Therefore, in 2017, pilot schemes were introduced that will, in the near future, notably improve customer experience. These include the Vocal Fingerprint and Humanised IVR, based on artificial intelligence, which will result in a faster; more efficient service, providing each policyholder with the best response in accordance with his or her personal requirements.



Also in the area of digitalisation, throughout 2017 projects such as the Separation of Application and Services, which minimises the risk of an incident affecting the whole system, were further developed, and work was carried out on the DevOps methodology, which makes it possible to implement a wide range of benefits, such as the delivery of developments more quickly and more reliably, resulting in a lower number of incidents. At the same time, collaboration with third parties in the SaaS (Software as a Service) model was increased, making it possible to access technological and innovative data services that have been updated and have an optimum service level.

CUSTOMER SERVICE INNOVATION

For Línea Directa, the telephone channel is a key tool for customer communication and represents one of its main sources of incoming information. As a result, work is currently being undertaken from the Technological Area that focuses on two main areas of its operations: data optimisation and the deve-



Ana Sánchez

Director of the Technological Area

"In today's world, technology has become an essential tool for offering innovative solutions that benefit our customers, improving internal processes and responding to a market that is increasingly more competitive and demanding."

OUR COMMITMENTS

Línea Directa, we take care of what matters

2017 was the first year of application for the Third Línea Directa Corporate Responsibility Master Plan, which will operate until 2019. It has allowed the company to refocus its strategy in the area of responsibility developing a more comprehensive concept of supporting and caring for people.

THIRD CSR MASTER PLAN (2017-2019)

In order to create the Third Corporate Responsibility Master Plan, which will operate until 2019, Línea Directa counted on support and advice from the SGS consultancy firm, which specialises in sustainability. It was drawn up after carrying out a sectorial benchmarking process in which the different initiatives, strategies and attitudes of several companies were analysed. In addition, by means of personal interviews, focus groups and questionnaires, a series of interviews with directors, mid-managers and suppliers were conducted with the aim of reshaping its opinions on and its evaluation of the previous plans and its suggested improvements. Once completed, the Plan was approved by the company's CSR and Reputation Committee, composed of Línea Directa's Board of Directors and presided over by the company's Chairman.

The new plan aims to focus on the person as the centre of the CSR policy, a concept that ties in with two of Línea Directa's corporate values: the desire for constant improvement and respect for others. Inspired by the slogan: "We take care of what matters", three main operational areas were established: the economy, society and the environment, which were reflected in three complementary concepts: "We take care of the business", "We take care of the organisation" and "We take care of society".

With respect to the company's relations with its stakeholders, the new plan structures their identification and subsequent relations according to two different dimensions. The first of these consists of the stakeholders with whom the company has a contractual relationship, in other words, the shareholder, customers, employees and suppliers. The second is made up of the stakeholders with whom there is no contractual relationship, which include the media, institutions, entrepreneurs, trade associations, opinion leaders, charity organisations, non-customers and society in general.

WE TAKE CARE OF THE BUSINESS

Under the slogan "We take care of the business", are grouped the three different CSR projects corresponding to the three areas in which the Línea Directa Group operates: Motor, Home and Health Insurance.

The motor insurance area includes projects such as Línea Directa's Fraud Barometer; which has become a benchmark within the insurance sector and which makes a substantial impact on the media every year. In addition, the Línea Directa Foundation, which heads the corporate projects in road safety issues, will continue to promote such powerful initiatives as carrying out and publishing studies on road safety, holding the Road Safety Journalism Awards and the Suppliers Awards and supporting traffic accident victims and those groups that are vulnerable when travelling by road.

In the Home Insurance Area, Línea Directa will continue to conduct interesting sociological studies into different aspects of Spanish homes, and will continue to disseminate its initiatives regarding safety in the home on social networks. Finally, in the area of healthcare, the Group will also publish studies into healthy lifestyle habits and continue to organise a number of challenges for charity in order to help a wide range of people and groups.

WE TAKE CARE OF THE ORGANISATION

Within the corporate environment, the Third Línea Directa CSR Master Plan is structured according to three different stakeholders: the shareholder; the employees and the suppliers. With respect to its employees, the Plan aims to construct an image of Línea Directa as a brand that is a top quality employer. It also operates initiatives such as the Corporate Volunteer Programme, the promotion of healthy habits, or the support for values such as flexibility and the work / life balance. It also plans to improve and develop the Mobility and Road Safety Plan for employees, which includes several projects for car sharing and the promotion of the electric car.

The Plan also aims to generate increased value for the shareholder by means of the report on socially responsible investment and transparency, creating its Annual Report in accordance with the GRI Guidelines. Finally, it will encourage the company's compliance to good corporate governance initiatives, such as the UN Global Compact and the presence of the company in major reputation rankings.

As for the suppliers, Línea Directa will continue to recognise levels of excellence in performance and collaboration with the Group by means of the Suppliers Awards, and will work with them in order to prioritise sustainable processing.

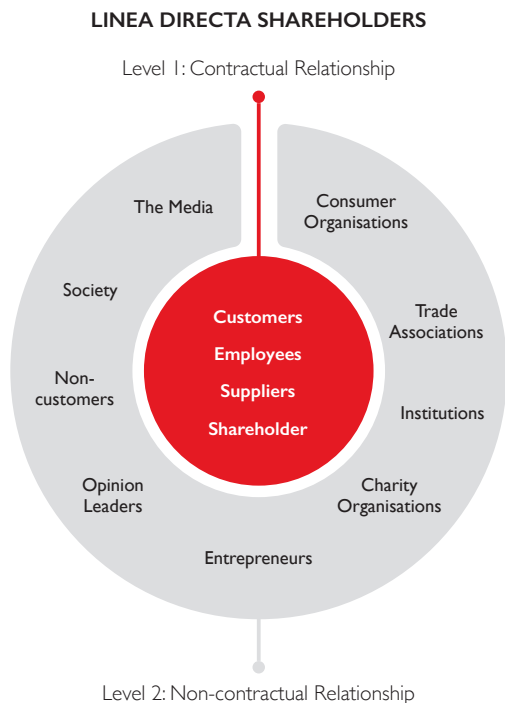
WE TAKE CARE OF SOCIETY

The Third CSR Master Plan plans to continue launching responsible products and services onto the market, thereby extending the company's long trajectory in this area. These include discounts for drivers who do not lose any of their 15



points on the driving licence, Young Person's Night-time Assistance, Full Medical Treatment for traffic accident injury victims, or the Póliza Respira (Breathe Policy) for electric vehicles. The company will also continue to be certified with prestigious seals of quality, such as Madrid Excelente, and will continue to dedicate itself to digital communication as a means of boosting transparency, immediacy and its closeness to society.

Via the Nuez brand, the Línea Directa Group will continue to support and finance a number of projects of social, economic, cultural and environmental interest, contributing up to a million euros. In the latter of these, Línea Directa will continue to measure and report on the Group's Carbon Footprint and will promote several projects designed to reduce it and increase environmental efficiency, among which feature the promotion of the electric vehicle and the total implementation of the Digital Policy, thereby eliminating waste paper.



Dialogue with employees, commitment and experience, key values



We live in an ever-changing world of challenges in which talent has become a driving factor for company success. Over the years, Línea Directa has reinforced its own model of managing people that benefits the organisation substantially. In 2017, efforts were directed towards improving the employee experience.



PROFESSIONAL EXPERIENCE

With the spotlight focused on the employee, in 2017 Línea Directa's Human Resource and Internal Communication Area strengthened the key aspects relating to the experience of the people inside the company. Examples of this include the dedication for professional development based on career opportunities, training, individual contributions to the company objectives and the support of managers.

Furthermore, priority was given last year to the work carried out in the area of training with the launch of strategically important projects designed to boost in-house talent. One example was the launch of the PI programme designed to attract and develop the analytic profile within the organisation. Others included initiatives for the acquisition of the knowledge required for the launch of the new health insurance operations, Línea Directa's main milestone in 2017. Further commitment was also given to the Technical Schools, a professional growth programme designed for those individuals that occupy technical positions in the company.

At the same time, in order to guarantee that the strategic objectives are aligned and that each employee is aware of his or her individual contribution to Línea Directa's success, the Performance Management System was improved by simplifying the assessment process and giving the team leaders tools that can provide better tracking and analysis.



LIFE EXPERIENCE

With the aim of making Línea Directa much more than a good place to work and developing a personal link with

its employees, the company has introduced a wide range of projects that allow people to address their everyday personal concerns. Under the heading Healthy Company, a number of projects have been launched that are designed to promote healthy lifestyle habits among the workforce. As a result, in 2017 the company's Runners Club had over 200 members, its highest number to date.

Moreover, in order to respond to the concerns of its employees for social causes, Línea Directa operates a Volunteer Network which last year continued to work with a number of groups on the risks of social exclusion. In 2017, Family Commitment was also introduced, a programme that develops projects such as Family Days or training sessions on a wide range of topics relating to children or looking after family members.



DIGITAL EXPERIENCE

In an increasingly digital environment, Línea Directa understands that the challenges set by this new scenario require the involvement of everybody that forms part of the organisation. As a result, in order to address digital transformation successfully within the company it is essential to prepare the employees to become the driving force behind the change and to develop a collaborative culture that is committed to this new environment. In order to achieve this, in 2017 the Human Resources and Communication Area worked very hard to develop a common viewpoint on the strategic opportunity offered by new technology.

In this area important training programmes were introduced such as How to Innovate Digitally, aimed at supervisors, or Business Project Academy, a programme for managerial development led by the Bankinter Innovation Foundation which, with its extensive experience in the Future Trends Forum, detects, selects and analyses innovation trends that will modify our immediate future. This initiative, aimed at key profiles within Línea Directa, is designed to inspire and promote an innovative attitude.

The digital revolution also offers new possibilities for employee relations within the company. As a result, in 2017 saw the implementation of projects such as the use of the digital signature for signing contracts and annexes and Infolínea, an app designed exclusively for those professionals that form part of Línea Directa. The Peoplesoft tool was also redesigned, making it faster and more intuitive and more accessible from mobile devices, and the first training programme based on smartphone gaming was launched.



RISK PREVENTION IN THE WORKPLACE

With a continuous focus on the health and safety of its employees, in 2017 Línea Directa's Risk Prevention Service in the Workplace continued to work to guarantee the wellbeing of its workforce. Major reforms were undertaken in the work centres, improving acoustic comfort and lighting in the different buildings belonging to the Group.

The emergency plans were also updated and a new group of employees was set up to take charge of the protocol required in the event of extinguishing a fire and administering first aid procedures. The company also passed the risk prevention audit required by law once every 4 years. In 2017, further commitment was given to the Mobility and Road Safety Plan with the aim of reducing the number of road accidents on the way to and from work and the annual flu vaccination campaign was once again launched.

These are just a few of the initiatives that have led to a reduction in the accident rate in the workplace of 15% compared to the previous year, a figure which puts Línea Directa below the average in the sector in terms of the number accidents per employee.



Mar Garre

Human Resources and Internal Communication Director

"It is people that transform businesses and organisations. With this idea in mind, Línea Directa works towards developing the talent and commitment of all its employees."

Dialogue with clients quality as a starting point



For Línea Directa customers represent a fundamental *stakeholder* for the development and consolidation of its reputational and commercial strategy. As a result, it monitors and supervises its relations and communication with them, assessing their opinions and concerns and interpreting every incidence as an opportunity for improvement.

OBJECTIVE QUALITY

In the area of objective quality, Línea Directa Aseguradora has successfully continued to develop the Monday Monday programme, which aims to reduce the number of abandoned calls, setting at a limit of 5% the maximum number of missed calls, something of vital importance for a direct company. In addition, the operations of new telephone system suppliers have been further supervised, with their performance indicators and the quality of their services being checked.

Two reports on telephone systems have also been created focusing on transfers (TEA) and the Skillset Report. In the first

of these, there has been an optimisation of the tracking and control of the commercial areas with regard to the transfers made and received in all the call centres of the Group. Furthermore, a summary chart has been created that offers comparative data arranged by month and year that improve the accessibility and speed of obtaining data, a key process for streamlining analysis. The Skillset report has the same functions as the application report, but gives detailed information on skills and allows for the selection of specific areas and dates, as well as a new online skill function.

With regard to the activity relating to the different departments, the launch of the new Health Insurance Division Area has made it necessary to create a new telephone system tree with the subsequent implications in the IVR (Interactive Voice Response), in applications and in Skillnet, a project that has counted on the participation of the Corporate Quality Department. In addition, in the roadside assistance process the IVR has been modified creating options in the telephone system tree that make it possible to direct the call in a more efficient way and avoiding unnecessary transfers.

As for the Quality Information System (SIC) a wide range of measures for improving the indicators have been undertaken in two areas: Home Insurance and Complaint-handling. In the

first of these, an indicator has been implemented to measure change over a period of 35 days and in the second, to track and analyse those indicators that show negative results, suggesting improvements in the handling of home insurance claims and the process of policy cancellation.

DEVELOPING QUALITY

The Captur@ Project is designed to optimise the quality of customer data, especially relating to email, mobile telephone numbers and postal addresses, which have greatly improved thanks to the introduction of the Digital Policy and the migration of satisfaction surveys to the company's IVR. The correction and updating of postal addresses has also been improved, thereby increasing the number of customer contact channels.

Furthermore, as a result of the celebration of World Quality Day, a total of 21 telephone operators received awards for their high performance and excellent customer service levels, one for each call centre of the company. In each case the weighted result obtained in the telephone customer service surveys was considered.

Surveys on telephone customer service by area and processes

AREA	CALL CENTER	YEARLY AVERAGE
Motor	National Sales	88.21
	Sales issued	93.19
	Retention	87.24
	Recovery	88.30
	International	88.39
	Companies	87.28
Home	Sales	91.10
	Customers	88.24
Services and Claims	Home Insurance	80.39
	Services and claims	
	Material Damage	78.03
	Services and claims	
	Motor Insurance	77.54
	Material Damage	
	Home Insurance	81.32
	Material Damage	
	Personal Injury	73.10
	Material Obligations	69.80
Corporate Governance	Motor Insurance	69.09
	Material Obligations	
	Home Insurance	73.63
	Material Obligations	
LDAAsistencia	Complaints Handling	85.28
	Assistance	89.63
LÍNEA DIRECTA TOTAL		86.95

NSI: Net Satisfaction Index: Scale from 0 to 100

Customer satisfaction

LÍNEA DIRECTA ASEGURADORA GLOBAL SATISFACTION		NSI 2017
Motor Insurance	National Sales	80.02
	Motor Insurance Retention (Cars)	75.46
	Motor Insurance Retention (Motorbikes)	75.39
	International Motor Insurance Services and Obligations	82.90
Home Insurance	National Sales	81.61
	Home Insurance Retention	70.77
Services and Claims	Home Insurance	72.24
	Motor Insurance	74.17
	CAR	75.83
	Windscreen and windows	85.76
LDAAsistencia	Spanish	80.18
	English	90.99
General Secretariat	Fines	77.39
	Legal Assistance	76.86
LÍNEA DIRECTA TOTAL		78.64

NSI: Net Satisfaction Index: Scale from 0 to 100



COMPLAINTS, A MEANS OF IMPROVEMENT

In 2017, Línea Directa recorded a total of 4,014 incidences of which 2,945 (73.4%) were objections and 1,413 (26.6%) were official complaints. Of these, 51.5% were resolved in the customer's favour. Furthermore, the Net Satisfaction Index for complaint resolution was 85.45%, nearly 3 points more than in 2016.

The distribution per processing area of incidences recorded by Línea Directa in 2017 was as follows:

- Accident Management: 1,933 (48.2%)
- Policy Management: 1,798 (44.8%)
- Quotation and Policy Closing: 131 (3.3%)
- Roadside Assistance: 88 (2.2%)
- Wellbeing: 27 (0.6%)
- Additional Services: 27 (0.6%)
- New Products: 8 (0.2%)
- Customer Service: 2 (0.1%)

PERCEIVED QUALITY

In the area of perceived quality the satisfaction survey process has been optimised, leading to a reduction in costs of almost 30%, which has also made it possible to strengthen its functions, such as measuring the satisfaction levels in the new segments and conducting regular surveys on more processes. It also offers a better adaptation of the tool to the necessities of Línea Directa, offering the possibility of obtaining the results in real time, of monitoring the questionnaire and the audit process and storing audio material recorded as part of the surveys.

In 2017 new satisfaction surveys were also implemented, such as that relating to the risk assessment process whatever the channel used (in person, photo-appraisal or via mobile). This has allowed a number of projects to be introduced that have led to an improvement in global satisfaction levels of over 3 points in only nine months, such as the increase in the number of days available for assessment before the policy comes into effect, the possibility of carrying out assessment on a Saturday or the creation of high-quality processes for the best profiles. Several studies were also undertaken on suppliers offering their repair work services for damage caused by accidents in the home and on uncovered damage, in order to increase the number of services offered by this commercial area.



Jose María Maté

Director of the Technical Area

"In the insurance business the construction of a balanced relation between the risk policy and quality is required that responds to the necessities of each segment of the customer portfolio in an efficient and profitable way, thereby constructing a solid and well-respected company."



“SUMA EN LÍNEA”, THE KEY TO LOYALTY

In 2017, The Loyalty Programme “Suma en Línea”, which has become an efficient tool in the customer retention process, allowed the company’s policyholders to obtain substantial discounts on the renewal of their insurance buying products and services from Cepsa, Midas and Norauto, all of whom are partners in the initiative. “Suma en Línea” has been very popular with customers, with 120,000 policyholders having used it by the close of the year, which represents an increase of 60% compared to the previous year.

The key to the growth of the programme has been the use of the different company call centres as a distribution platform, which also implied the adaptation of the applications and processes of all the Motor Insurance Area. In addition, as part of the customer loyalty strategy, in 2017 the Bankinter Consumer Finance Loyalty programmes were merged with Línea Directa’s, thereby taking advantage of the synergies between both organisations. Finally, as part of the strategy for promoting loyalty as a means of growth, in 2018 the programme will be extended to include the Home Insurance Area, which will strengthen the volume of its customer portfolio.

Dialogue with suppliers, a strategic partner

As part of the Línea Directa Group's strategy, suppliers and partners play a vital role in the success of the company. The involvement and close cooperation of its collaborators allow the company to attain a level of excellence in customer service and satisfaction.

The suppliers, partners and collaborators that work with the Línea Directa Group are essential for guaranteeing an excellent level of customer service and satisfaction. As a result, in 2017 further work was undertaken to strengthen the links and cooperation between the company and its collaborators.

The Group places its suppliers at the centre of its strategy and pays special

attention to its relationship with them. Línea Directa selects its collaborators according to criteria such as productivity, trust, national origin, innovation or the respect for corporate values. Furthermore, the establishment of new synergies is governed by the Ethical Code of Conduct for Suppliers, approved by the Board of Directors, which is based on 5

basic principles: ethics and transparency, regulatory compliance and respect for free competition, confidentiality and respect for intellectual property, respect for employment legislation and human rights and the protection of the environment.

Furthermore, in order to encourage the dialogue with its collaborators, Línea Directa has set up a Purchasing Portal where details on the terms and conditions relating to tenders for suppliers or the Partners Website and a number of other tools can be found.

319 TOTAL N° OF PURCHASING PROCESSES IN 2017

54.5 MILLION EUROS PERIMETER / TRADING VOLUME

16.1 MILLION EUROS SAVING

99% SPANISH SUPPLIERS

46
47

LÍNEA DIRECTA PARTNERS AWARDS

With the aim of boosting commitment and in recognition of the excellent work of its suppliers, partners and collaborators, in 2017 Línea Directa celebrated the 8th edition of its Partners Awards. This initiative, open to all the companies of the Group, has enjoyed the support of the directors and employees of the company since it was first held 7 years ago.

It is the heads of the different departments of the company that nominate the candidates with whom they have worked throughout the year. The winning suppliers also hold the Awards in high regard due to the fact that by seeing their professionalism rewarded, their degree of commitment to Línea Directa is strengthened.

The Línea Directa Partners Awards have three different categories: the "Excellent Service Award", the "Innovation Award", and the "Social Value Award". The first two of these categories are also divided into "Business to Consumer" (B2C) and "Business to Business" (B2B), depending on whether the service is offered directly to the customer or to Línea Directa.



**WINNERS OF THE
8TH EDITION OF
THE PARTNERS
AWARDS**

Excellent Service Award:

B2B: MÁSFAMILIA FOUNDATION
B2C: AUDI

Innovation Award:

B2B: PPG IBÉRICA
B2C (shared):
• LAMBDA AUTOMOTIVE
• BANKINTER PARTNET

Social Value Award:

CHROMAGEN SPAIN

Commitment to the Environment

More than words, facts

Línea Directa is a company that is committed to protecting the environment. Its business model, without office networks, gives it an excellent opportunity to consolidate its role as a benchmark in sustainability. In order to achieve this, it has introduced an Environmental Management System that is designed to control energy consumption, improve the treatment of residues and avoid any type of environmental impact.

2016 VS 2017 ELECTRICITY CONSUMPTION

	2016	2017	
Línea Directa	3,945,600	3,520,679	kWh per employee
Aseguradora	2,256	1,865	kWh per employee

In 2017, electricity consumption dropped by 10.8% compared to 2016, a total of 424,921 kWh, due to a wide range of energy-efficient projects and a lower consumption per employee throughout the year. This represents the attainment of a substantial milestone in the implementation of sustainable measures within the company.

	2016	2017	
Línea Directa	237,230	232,581	kWh per employee
Asistencia	1,031	1,011	kWh per employee

2017 saw a fall of 2% in electricity consumption compared to the previous year. In general, energy consumption has remained stable if the number of employees is taken into consideration, with a reduction of 20kWh per employee throughout the year.

Other emissions	Electricity consumption	Generators	Heating	Total (G)
	g	g	g	
SOx (a)(b)	1,390,885.49	7,638.61	-	1,398,524.10
NOx (a)(b)	991,860.97	403,755.10	528,747.41	1,924,363.48
COVNM (c)	-	76,386.10	26,437.37	102,823.47
CO (c)	-	174,596.80	68,737.17	243,333.97
CH4 (b)	-	-	7,402.47	7,402.47
N2O (b)	-	-	12,689.93	12,689.93

- (a) Sources: WWF Electricity Observatory Spain for electricity consumption.
 (b) 2007 and 2009 CORINEAIR Guide and the Basque Government's Technical Guide for the Measurement, Estimation and Calculation of air emissions.
 (c) Estimated from the sulphur content in used fuel.

G4-I4, G4-I5, G4-EC2, G4-DMA, G4-EN3, G4-EN5,
 G4-EN6, G4-EN7, G4-EN21, G4-EN27

Línea Directa firmly believes in values such as sustainability and ecological efficiency. As a consequence, and with the aim of encouraging respect for the environment, optimising the management of energy resources and fighting against climate change, it has implemented an Environmental Management System which, in 2017, was certified according to the ISO 14001:2015.

Línea Directa has also approved a general policy on environmental management that is outlined in the Good Environmental Practices Manual. The manual, aimed specifically at employees, covers different rules and recommendations on energy, paper and water consumption that, in addition to its participation in initiatives such as the WWF's "The Earth Hour", is designed to create a greater environmental awareness within the organisation.

ENERGY EFFICIENT MEASURES

En 2017, the company carried out extensive reconstruction work in its buildings with the aim of obtaining greater energy efficiency. The three most significant aspects of this work were the improvement of air conditioning systems with the installation of heat recuperators, which improve thermal equilibrium, the better use of natural light in the work centres and the improvement to its residue management policy, which has made it possible to recycle 14.6 tons of paper and over 17,000 plastic containers.

In addition, the Línea Directa Group has continued its commitment to reducing its CO2 emissions, and, as a result, each year it calculates its carbon footprint, an action that forms part of its Corporate Responsibility Plan. It is measured following the GHG Protocol recommendations, including the direct, indirect and induced emissions of the organisations that make up the Group (Línea Directa Aseguradora, Línea Directa Asistencia and the Nuez brand). In addition, after the introduction of the Digital Policy in 2016, the company has continued to consolidate its plan to reduce paper consumption whilst maintaining levels of safety, confidentiality and validity in the policy purchasing process.

EFFICIENT MOBILITY AND ROAD SAFETY PLAN

Línea Directa has introduced its own Efficient Mobility and



Road Safety Plan for employees, which, apart from promoting road safety on journeys to and from work, also helps to reduce CO₂ emissions. This is achieved by means of a computerised car sharing platform through which employees can coordinate their journeys to and from work with their colleagues. In 2017, there were a total of 231 users registered that shared their journeys with 3 or more colleagues in 64% of cases. Furthermore, as part of its strategy regarding responsible business practices, the company employs the "Póliza Respira" (Breathe Policy), which is designed to promote the use of electric vehicles and it was the only insurance company to belong to AEDIVE (Spanish Association for the Development and Promotion of the Electric Vehicle) in 2017.

CARBON FOOTPRINT	Línea Directa Aseguradora		Línea Directa Asistencia		Nuez	
	2016	2017	2016	2017	2016	2017
DIRECT CO₂ EMISSIONS (IN METRIC TONS)						
From Gas*/Diesel Fuel* *Consumption	408.1	332.4	32.58	30.59	1.41	1.53
Emissions/employee * Gas (1,629,495 Kwh/Nm ³) ** Type A Diesel Fuel (In 2017 no diesel fuel was acquired)	0.23	0.18				
Emissions/employee * Gas (From 2015 this source of emissions has not been applicable) ** Type A Diesel Fuel (11,205l)			0.14	0.13		
Emissions/employee * Gas (640.5l Kwh/Nm ³) ** Type A Diesel Fuel (This source of emissions is not applicable)					0.09	0.12

Emission factor sources "GEI Inventories Report 1990-2008" and "Renewable Energy Plan in Spain 2005-2010".

INDIRECT CO₂ EMISSIONS (IN METRIC TONS)						
From electricity consumption	935.1	612.6	56.22	41.66	11.57	6.98
Emissions/employee	0.53	0.32	0.24	0.18	0.77	0.54

Emission factor source: WWF Observatory in Spain

INDUCED CO₂ EMISSIONS (IN METRIC TONS)						
Commuting	1,582	1,525.5	179.47	159.55	7.4	5.1
Business trips	12	9.4	3.7	6.33	N.A.	N.A.
Water	5	5.8	0.61	0.49	0.03	0.04
Internal paper consumption	187.3	153.1	2.97	2.92	0.45	0.4
TOTAL	1,786.3	1,693.79	186.8	169.3	7.88	5.51
Emissions/employee	1.02	0.90	0.81	0.74	0.53	0.42

Emission factor source : 2017 European Environment Agency (EEA) reciclapapel.org
(The emissions from water consumption include distribution and purification by the municipal supplier)

Línea Directa offers its employees electric vehicles

Since October 2017, Línea Directa employees have been offered a fleet of electric cars with charging points at all the work centres for their journeys to and from work. In just three months, the vehicles have been reserved more than 400 times, and it is estimated that every year they will cut CO₂ emissions by almost a ton.



LÍNEA DIRECTA FOUNDATION

Línea Directa Foundation, the value of life

With the slogan “For Road Safety. Here and Now”, the Línea Directa Foundation develops its activity according to four lines of operation: research, training, dissemination and social action. Its main objective is to reduce the death toll on our roads, laying the foundations on which to create a society that is free from traffic accidents.

The Línea Directa Foundation was created in 2014 as a non-profit organisation with the aim of reducing the number of road accidents, a scourge that, in the last two decades, has caused almost 80,000 deaths in Spain. As a result, in order to increase awareness on the necessity of following responsible driving habits, the foundation promotes a number of projects and initiatives.

In 2017, the Línea Directa Foundation published three important studies on the occurrence of accidents, celebrated the fourteenth edition of the Road Safety Journalism Awards, whose Honorary President was Her Majesty the Queen Letizia, and organised the third edition of the Entrepreneurs and Road Safety Award, which recognises those commercial initiatives which, in addition to being profitable, can help to save lives on our roads.



Medal of Merit for Road Safety



In the month of December 2017, the Línea Directa Foundation was awarded the Bronze Medal of Merit for Road Safety with Blue Decoration by the Ministry of the Interior and the Directorate General of Traffic (DGT). This award, which has been presented by the Autho-

rities over the last 40 years, recognises the commitment of various public and private organisations in the fight to reduce the number of traffic accidents.

The award was presented to Miguel Ángel Merino, Chief Executive

Officer of Línea Directa, at the Ministry of Interior headquarters by Gregorio Serrano, Director General of the DGT, who outlined the commitment and determination of the Línea Directa Foundation to put an end to the terrible scourge of road deaths.

Social Action, safety can be profitable

Being responsible can be profitable. As a result, Línea Directa encourages entrepreneurs to develop projects that, in addition to offering a viable, innovative commercial plan, make it possible to reduce the death toll on our roads. The objective is clear: to work together to save lives.

In 2017, the Línea Directa Foundation held the third edition of the "Entrepreneurs and Road Safety Award", an accelerator that is designed to encourage entrepreneurial activity in the area of road safety with a single objective: to save lives.

The winner of the award, chosen by a jury made up of a number of personalities from the world of finance and road safety, receives a prize of 20,000 euros, which is given in the form of a co-investment. The award also includes training and mentoring programmes. In a more advanced phase, the winning project undergoes a personalised study and is given the possibility to be included in funding rounds, with support from the Bankinter Foundation for Innovation, Línea Directa Aseguradora itself and the IESE Business School.

The winner of the third edition was Help Flash, selected from 67 entries from all over the country. Help Flash consists of an LED device that emits a flashing light visible from a distance of one kilometre away. It is designed to prevent people from being run over in the event of a breakdown or an accident. Because the device is magnetised, the driver can place it on the roof of the vehicle without having to get out of the car.

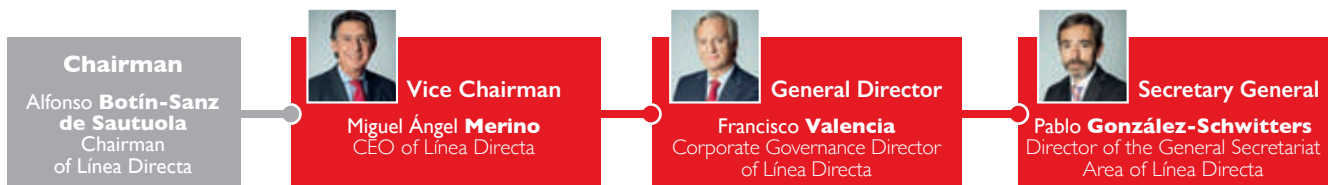


Francisco Valencia

General Director of the Línea Directa Foundation

"In the last decade, Spanish society has taken a huge step forward in the area of road safety. However, in recent years, the number of deaths has risen. As a result, in the Línea Directa Foundation we believe that every effort must be made to put an end to a problem that, each year, affects the lives of thousands of people."

BOARD OF TRUSTEES OF THE LÍNEA DIRECTA FOUNDATION AS OF JANUARY 2018



Trustees



Research, the strength of knowledge



The Línea Directa Foundation continues its work on research into road safety issues started over 20 years ago by Línea Directa Aseguradora. The objective is to inform society about the most relevant aspects of the phenomenon of road accidents, thereby raising awareness on the need to follow regulations.

The Línea Directa Foundation is one of the most important and respected organisations in our country in the area of research on traffic accidents. Each year it conducts a number of studies that attract a great deal of media attention, due to the fact that the subject matter is interesting and offers useful advice to drivers.

The studies conducted by the Foundation have a dual purpose: the first of these is analytical and consists of obtaining a deeper understanding of the problem from the official data on accidents, and the second consists of presenting

an interesting standpoint designed to gear public opinion towards key aspects of road safety, such as legislation and its possible modifications and the behaviour of drivers.

En 2017, the Línea Directa Foundation, in collaboration with FESVIAL (Spanish Road Safety Foundation), conducted 3 studies:

- **“Road Crimes and Criminality in Spain. The development of delinquency in road safety issues (2012-2015)”.**
- **“Effect of drowsiness in traffic accidents in Spain (2011-2015)”.**
- **“The impact of injured victims of traffic accidents on road safety. Analysis and evolution of a decade (2006-2015)”.**

The reports featured widely in the media, being broadcast over 1,400 times in the press, on the radio, television and Internet, reaching a total audience of over 300 million.



“Road Crimes and Criminality in Spain. The development of delinquency in road safety issues (2012-2015)”

In order to carry out this study, the Línea Directa Foundation analysed almost 900,000 legal proceedings resulting from traffic offences, of which around 650,000 ended in convictions. The aim of the report, which received a great deal of media coverage, was not only to measure the changes in the last 10 years, but also to analyse the real behaviour of Spanish drivers. The results were quite amazing, with 4.5 million drivers recognising that they had at some time committed driving offences.



“Effect of drowsiness in traffic accidents in Spain (2011-2015)”

The study, launched in the month of July, was the first of its kind to estimate the number of deaths and injuries caused by driver fatigue each year. In order to achieve this, the Línea Directa Foundation and FESVIAL identified those accidents that, as a result of the time of their occurrence, their type, the presence of distraction and the number of vehicles involved, could be directly related to drowsiness. The figures are alarming: in only the last 5 years 20,600 accidents of this type have taken place and around 800 people have lost their lives as a result of tiredness.



“The impact of injured victims of traffic accidents on road safety. Analysis and evolution of a decade (2006-2015)”

In 2017, the Línea Directa Foundation also wanted to focus the spotlight on a problem that, very often, is undervalued in the fight to reduce the number of accidents on roads: injured victims of traffic accidents. The analysis, which was carried out in conjunction with FESVIAL, reached a striking conclusion: almost 1.3 million Spaniards, equivalent to nearly 3% of the total population of the country, have been injured in a traffic incident in the last 10 years. Furthermore, 70% of those suffering serious injuries in traffic accidents are affected by them for the rest of their lives.

Dissemination, raising awareness through awards



For the last 15 years, the Línea Directa Foundation has presented awards for the dissemination and publishing of articles and reports on road safety. The aim is to support the media in its efforts to inform society about the danger of traffic accidents. As a result, each year the foundation holds the Road Safety Journalism Awards, one of the most prestigious journalism contests in Spain.

The Línea Directa Foundation Road Safety Journalism Awards recognise those reports that, as a result of their quality and their contribution towards raising awareness and encouraging reflection, play a fundamental role in promoting responsible driving habits.

Awards are given in three journalistic categories (Written Press, Online Media and Radio and Television), with each winner receiving a prize of 10,000 euros. The Línea Directa Foundation also gives awards in two other categories: the Solidarity Award and the Honorary Award. The first of these has a more social focus and is aimed at those NGO's, organisations and foundations that have shown a commitment to road safety. The candidates for this award, which also offers a prize of 10,000 euros, are nominated as follows: the first candidate is selected from a list of three candidates presented by the General Traffic Directorate Board of Directors, and the second one from the four candidates directly nominated by the Committee of Experts responsible for the Awards. It is then left to the jury of each edition to select the winner.

The Honorary Award for Journalism recognises the professional achievements of those journalists that, over the years, have been committed to the fight to prevent road accidents. The prize, which has no economic value, is awarded by the jury following the proposals of the Foundation itself.



JURY OF THE 14TH JOURNALISM AWARDS

The jury of the 14th edition was made up of the following personalities:

- **Gregorio Serrano**, General Director of the DGT and President of the Jury.
- **María del Pilar González de Frutos**, President of UNESPA (Spanish Union of Insurance and Reinsurance Organisations).
- **Sergio Álvarez Camiña**, President of the General Directorate of Insurance and Pension Funds.
- **Pedro Guerrero**, Chairman of Bankinter.
- **Pere Macias i Arau**, Chairman of the Spanish Parliament's Road Safety Commission during the legislature 2011-2015.
- **Pepa Bueno**, Director of "Hoy por Hoy" on Cadena Ser.
- **Pedro Piqueras**, General Director of Telecinco News Programmes.
- **José Manuel González Huesa**, General Director of Servimedia.
- **Lourdes Maldonado**, Editor-in-chief of Antena 3 News.
- **Carlos García Hirschfeld**, TVE journalist and winner of the 13th edition in the television category.



WINNERS OF THE 14TH EDITION

A jury, presided over by Gregorio Serrano, General Director of the DGT, chose the winners of the 14th edition of the awards from over 1,900 entries.

The winners were as follows:

- **Written Press and Online Media:** **Félix Cerezo**, from El Mundo, for his report "The boom of cyclists. A variety of protective measures".
- **Radio:** **José María Puente**, from Radio Nacional de España for his project "The infringement of the rights of road accident victims".
- **Televisión:** **Manuel Centeno**, journalist of La 8 Valladolid for his report "Valladolid Fire-fighters: road rescue, intervention and emotional effects".

The Solidarity Award went to Alcoholics Anonymous for its work on raising awareness and offering support in the fight against alcoholism, one of the major causes of road accidents. The Honorary Award for Road Safety Journalism went to Wenceslao Pérez from Gestiona Radio for his long professional career devoted to motoring issues and the fight to reduce the number of road accidents.

The Canal Theatres in Madrid were used as the venue for the award ceremony, whose President of Honour was HRH Queen Letizia. It was closed by Gregorio Serrano, General Director of the DGT.



Audience with Her Majesty the Queen

In March 2017, **HRH Queen Letizia** received the Línea Directa Foundation's Board of Trustees and the members of the jury from the 14th Road Safety Journalism Awards at the Zarzuela Palace. At the reception, the Queen was informed of the Foundation's work to reduce the number of road accidents and its other various initiatives, one of the most prominent being the Journalism Awards.



Social Networks form an important support tool for the dissemination of the Línea Directa Foundation's projects, which, apart from focusing on road safety, are largely made up of components that are direct, fresh and strongly audiovisual. The Foundation currently has over 3,500 followers on Facebook, Twitter and YouTube.

2017 Financial Results



Carlos Rodríguez
Financial Director

In 2017 Línea Directa has once again beaten its own records in profit, turnover and the total number of customers, with a healthy solvency margin surplus and one of the strongest Combined Ratios, making it one of the most solid and reputable insurers in the sector:

RESULTS	2017	2016	2015
I. GROUP INCOME STATEMENT			
Earned Premiums (€)	797,422,437	738,661,351	679,665,694
Profit Before Tax	152,003,353	136,603,070	139,006,037
Profit After Tax	112,000,887	105,592,508	99,415,281
2. GROUP MANAGEMENT RATIOS			
Net Claims Incurred	65.96%	68.12%	66.43%
Net Combined Ratio	85.32%	86.40%	85.37%
Own Resources	403,638,547	377,081,269	224,378,671
Solvency Margin Surplus	225,814,055	213,803,493	114,516,133
3. GROUP BALANCE SHEET			
Technical Reserves	713,681,289	663,439,179	612,436,485
Total Assets	1,218,785,234	1,193,819,857	1,223,433,259
Equity	307,170,668	305,910,558	321,776,307
4. CUSTOMERS			
Total Customers	2,793,529	2,569,771	2,369,760
Motor Insurance Policies	2,207,070	2,056,737	1,921,140
Home Insurance Policies	505,163	445,095	392,219
Wellbeing Insurance	81,296	67,939	56,401
Employees	2,194	2,049	1,983

CONSOLIDATED TECHNICAL ACCOUNT	2017	2016	2015
Net Accrued Reinsurance Premiums	761,302,984	703,732,832	658,654,921
Net Cost of Reinsurance Claims	(502,151,170)	(479,412,302)	(437,527,185)
Net Operational and Technical Costs	(147,375,017)	(128,599,353)	(124,791,913)
Net Financial Income	35,121,136	35,911,686	37,178,155
RESULT OF TECHNICAL INSURANCE ACCOUNT	146,897,933	131,632,863	133,513,978
Other Net Financial Income	0	0	(25,660)
Other Income	14,879,819	12,558,009	11,594,179
Other Expenses	(9,774,399)	(7,587,802)	(6,076,460)
NON-TECHNICAL ACCOUNT RESULT	5,105,420	4,970,207	5,492,059
PRE-TAX CONSOLIDATE INCOME	152,003,353	136,603,070	139,006,037
CONSOLIDATED INCOME AFTER TAX	112,000,887	105,592,508	99,415,281

CONSOLIDATED BALANCE	2017	2016	2015
ASSETS			
Liquid Assets	148,916,932	78,439,247	54,929,727
Investment Portfolio, Available for Sale	734,517,862	797,987,456	835,529,414
Loans, Deposits and Receivables	103,708,539	92,514,090	113,852,440
Share of the Reinsurer in Technical Provisions	5,719,171	3,827,665	2,878,002
Fixed Assets and Property Investments	113,860,565	113,862,463	112,886,444
Intangible Assets	7,036,438	8,068,593	10,951,549
Advance Payments and Accruals	81,026,371	76,973,590	73,208,301
Tax Assets	23,999,355	22,146,753	19,197,382
TOTAL ASSETS	1,218,785,234	1,193,819,857	1,223,433,259
NET LIABILITY AND EQUITY			
Debts and Accounts Payable	120,177,804	155,040,427	218,213,066
Technical Provisions	713,681,289	663,439,179	612,436,485
Non-Technical Provisions	23,199,046	19,714,791	16,773,152
Other Liabilities	720,937	673,437	355,414
Current and Deferred Tax Liabilities	53,835,490	49,041,465	53,878,835
TOTAL LIABILITIES	911,614,566	887,909,299	901,656,952
Own Resources	268,305,762	265,953,675	273,417,167
Adjustments for Changes in Value	38,864,906	39,956,883	48,359,140
TOTAL NET EQUITY	307,170,668	305,910,558	321,776,307
TOTAL LIABILITIES AND NET EQUITY	1,218,785,234	1,193,819,857	1,223,433,259
CONSOLIDATED SOLVENCY MARGIN			
Minimum Solvency Required	177,824,492	163,277,776	109,862,538
Available Funds	403,638,547	377,081,269	224,378,671
SOLVENCY MARGIN SURPLUS	225,814,055	213,803,493	114,516,133
SOLVENCY RATIO	227%	231%	204.2%

Summary of the consolidated annual accounts of the Línea Directa Aseguradora Group, S.A in Insurance and Reinsurance and its subsidiaries, whose individual and consolidated financial statements and company report have been audited in full by the auditor PwC. The summary contained herein is only an extract from these annual accounts, which can be consulted in their entirety in the Commercial Registry.

From 2016, the Solvency Margin has been calculated by using the Solvency II parameters, which make it obligatory for insurers to follow more extensive and more demanding control processes.

About this report

Relevance and materiality of this report

In creating its annual report Línea Directa analyses and systemises all the information it receives from its main stakeholders (customers, employees and suppliers). This information is collected through the different channels of communication, with the sustainability framework and the principle of exhaustiveness having been taken into consideration.

Materiality is provided in the 3rd Corporate Social Responsibility Master Plan, which is approved by the Senior Directors and the Chairman of the company, and applies to all the companies in the Línea Directa Group and its commercial brands with the aim of providing a strategic response to communication with its different stakeholders. In this respect, the relevant areas identified are: road safety, safety in the home, the promotion of healthy habits, the protection of the environment, best practices in corporate governance and the ethical management of people. In this plan the key stakeholders for the organisation and the main lines of action relating to sustainability are identified, including the challenges resulting from the new commercial area.

The 3rd Corporate Social Responsibility Plan incorporates conclusions from surveys, which, in collaboration with the SGS consultancy firm, were conducted with directors, mid-managers, employees and suppliers in addition to an analysis of a sectorial benchmarking process, which determined the degree of maturity of Línea Directa. The Plan prioritises the stakeholders of the company according to their importance for the business and in response to the new challenges of the sector. As a result of this analysis, new operations were approved that will help the Group to give a response to the input from stakeholders.

PRINCIPLES WE ARE COMMITTED TO



Red Pacto Mundial España

Línea Directa has been a signatory to the United Nations Global Compact since 2011. Having published its first report in 2013, it has continued its commitment towards

promoting, protecting and extending the 10 principles of the Global Compact. With its 2017 Communication On Progress, it has reported on its initiatives in areas of human and labour rights, respecting the environment and fighting against corruption.

VALIDATION

The CSR and Reputation Committee met twice in 2017 to discuss the progress of each of the objectives, to review the status of the performance indicators and to take decisions when required.

VERIFICATION

The economic information published in this report has been checked by an independent auditor. Línea Directa also plans to carry out an external review of the contents of the report and its adaptation to the GRI in future editions.

STAKEHOLDERS

The Línea Directa Group has two different levels in its relations with its stakeholders. The first consists of the stakeholders with whom it maintains a contractual relationship: the shareholder, customers, employees and suppliers. The second features the stakeholders with whom it does not maintain a contractual relationship: the media, institutions, entrepreneurs, trade associations, opinion leaders, charity organisations, non-customers and society in general. Furthermore, it collaborates with different associations, companies and institutions related to the activity of the Group that have become staunch allies for the fulfilment of its goals and objectives. All of these form the groups with which Línea Directa maintains relations, combining financial objectives with those relating to Corporate Social Responsibility.

To consult the GRI G4 Index, click on the following link: <http://info.lineadirecta.com/quienessomos/memoria-corporativa>

Communication Channels with Stakeholders

STAKEHOLDERS						
Communication channel	Customers	Employees	Partners	Others (journalists, entrepreneurs etc)	Society	Third sector
Commercial Website	^				^	
Telephone Assistance	^		^	^		
Postal Delivery	^		^	^		
Focus Group	^	^	^			
Group's Corporate Website	^		^	^	^	^
Línea Directa Foundation Website	^		^	^	^	^
E-mail	^	^	^	^		^
Supplier Portal			^			
Feedback forms	^	^	^			
Facebook	^			^	^	^
Twitter	^			^	^	^
Youtube	^			^	^	^
LinkedIn	^	^		^	^	^
Ethical Management Channel		^	^			
Employee Care		^				
Climate Survey		^				
Internal Yearbook		^				
Virtual Communities		^				
Intranet		^				
In-company events: breakfasts and conventions		^				



linea directa

By printing with CyclusPrint instead of non-recycled paper the following savings were made:



259 kg of residues



51 kg of CO₂ from greenhouse gases



511 km driven in a standard European car



7,194 litres of water



663 kWh of energy



422 kg of wood

The calculation of the Carbon footprint has been made by the Labelia Conseil Company using the Bilan Carbone method. The calculations compare the paper chosen, produced from recycled fibres, and virgin fibre paper, and are based on European BREF data (paper produced from virgin fibre).

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