

March 2023 results

Presentation for analysts
and investors

21 April 2023



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Highlights for the period

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1

Highlights for the
period

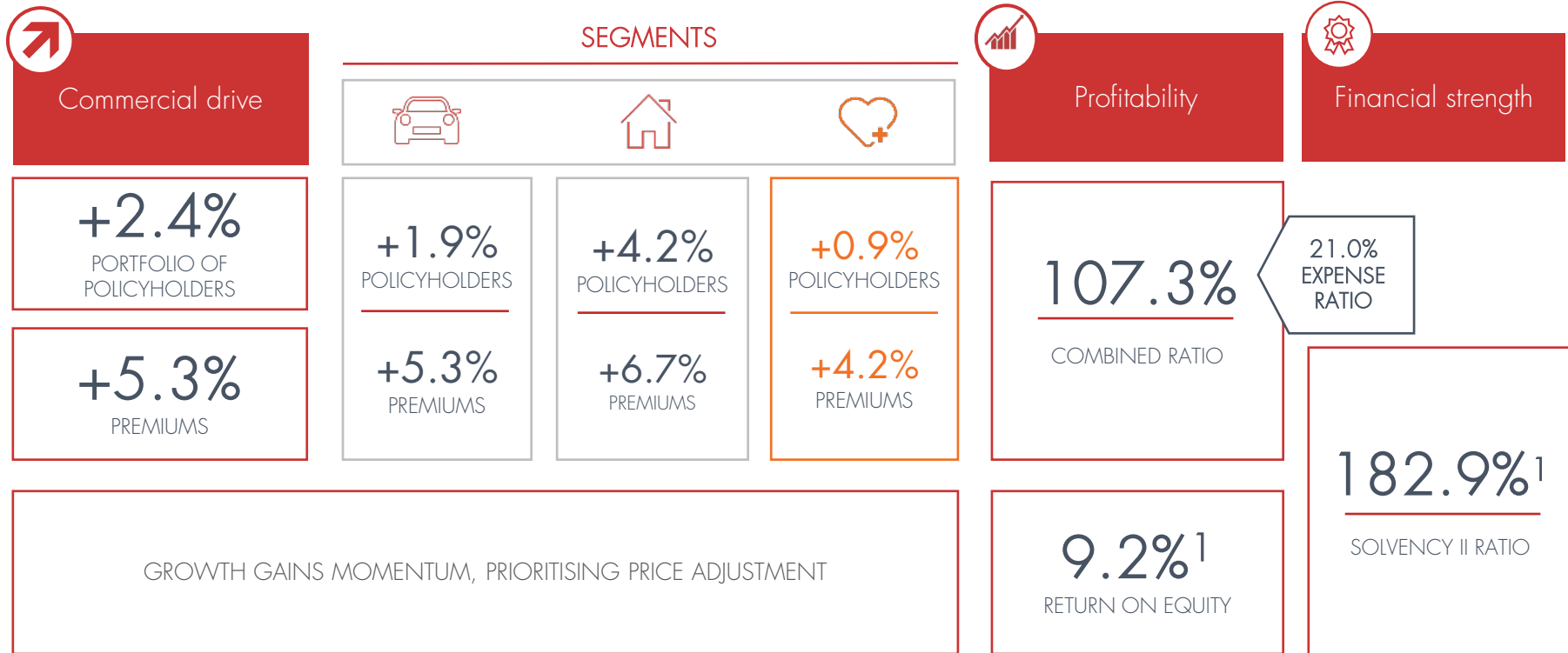
3M RESULTS



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Results in March 2023

A year in transition with a focus on the technical margin



1. Net rolling profit 12 / net average assets

2

Context

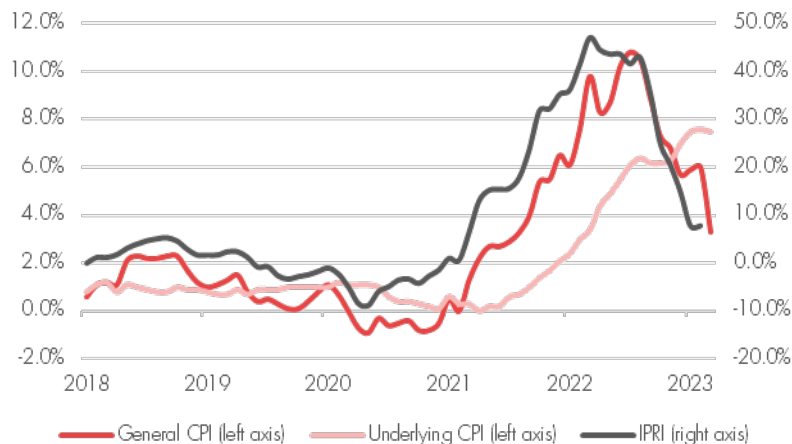
3M RESULTS



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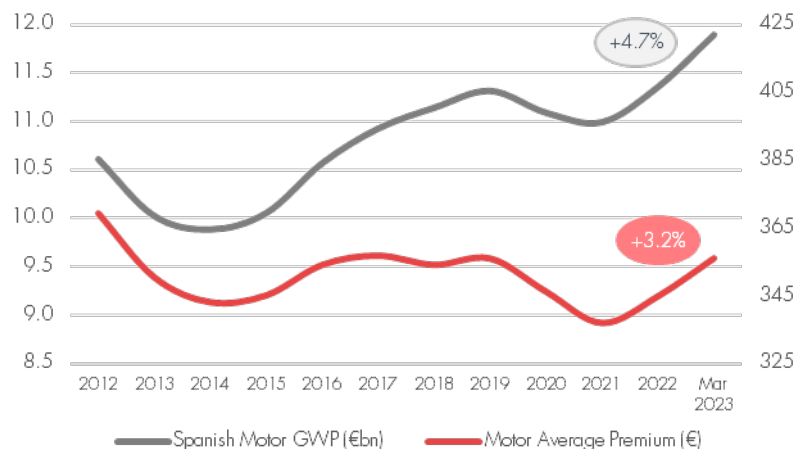
Average premiums are still trending upwards, with a long way yet to go

INFLATION TRENDS ¹



- Inflation remains very high
- Repair costs at all-time highs

TURNOVER AND AVERAGE PREMIUM ²



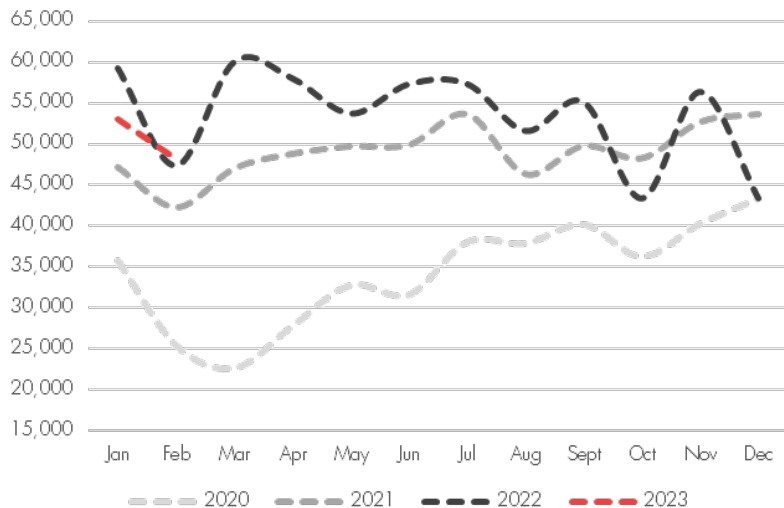
- Average premiums² are still trending upwards, with a long way yet to go

1. Source: INE (latest figures available at March 2023)

2. Sources: ICEA (latest figures available at March 2023), FIVA. Internal calculations on the average premium in the sector by dividing revenues by insured vehicles

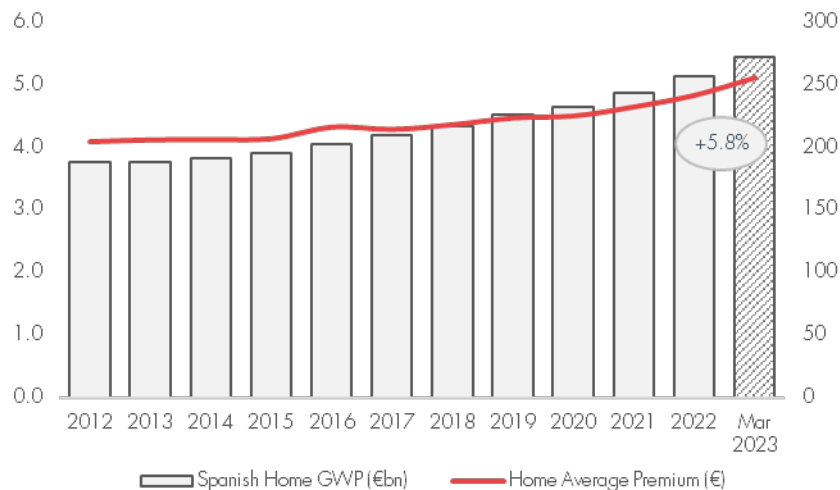
There are signs of deceleration in a context of rising interest rates and worsening financial outlooks

HOUSING SALES AND PURCHASES SLOW DOWN ¹



HOUSING STOCK
26.1M ³ (+0.3% Dec 22 / Dec 21)

TURNOVER ² AND AVERAGE PREMIUM

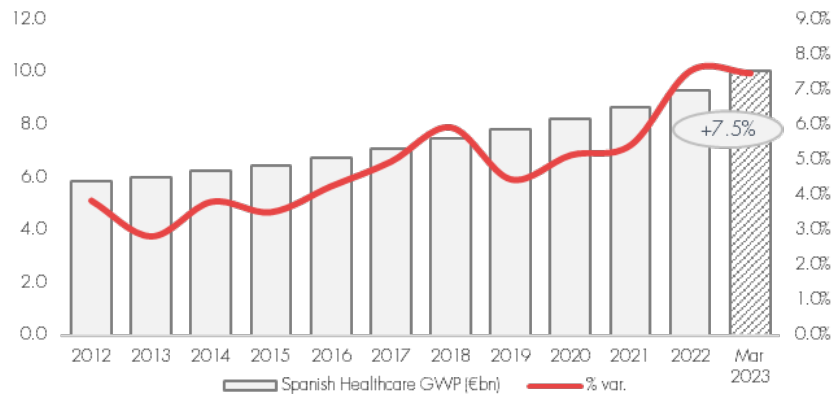


UNINSURED HOMES
4.8M ³ (18% of the total)

1. Source: INE (latest figures available at November 2022). Colegio de Registradores de España (latest figures available at February 2023).
2. Source: ICEA (latest figures available at March 2023). Internal calculations on the average premium in the sector by dividing revenues by homes insured.
3. Total estimated housing stock at year-end 2022, considering an average increase over the last five years. Ministry of Transport, Mobility and Urban Agenda

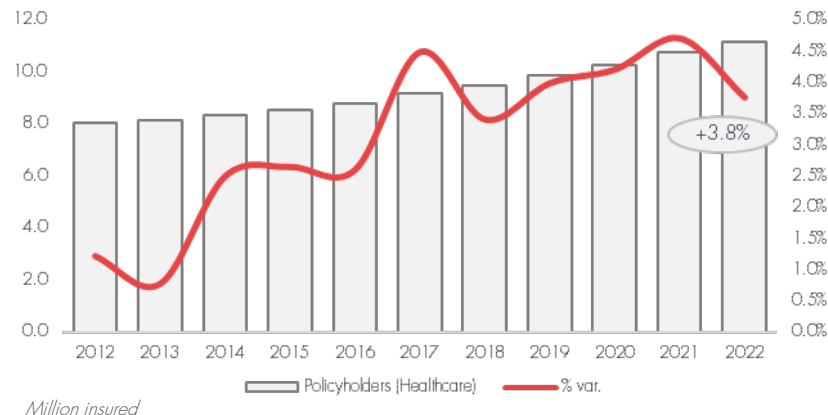
Inflow of new customers slowing

SEGMENT REVENUES ¹



- Turnover continues to show significant growth
- Rising healthcare costs and hospital tariffs

POLICYHOLDERS ²



Million insured

- Slowdown in the growth of new policyholders

1. Source: ICEA (Healthcare, latest figures available at March 2023)
 2. Source: ICEA (Healthcare, latest figures available at December 2022)

3

March 2023
results

3M RESULTS



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Group results

Premiums rising as the pressure on margins continues

<i>Thousand euro</i>	3M 2023	3M 2022	% var. 23/22
Gross written premiums (GWP)	244,211	232,005	5.3%
Earned premiums, net of reinsurance	228,677	218,616	4.6%
Technical result	(16,806)	24,108	-169.7%
Financial result	8,677	6,748	28.6%
Nontechnical result	1,083	1,429	-24.2%
Profit/(loss) before tax	(7,046)	32,285	-121.8%
Income tax	1,764	(8,096)	-121.8%
Profit/(loss) after tax IFRS4	(5,282)	24,189	-121.8%
Profit/(loss) after tax IFRS 17&9	(5,291)	24,026	-122.0%

No significant
differences
IFRS 4
and
IFRS 17 & 9

	3M 2023	3M 2022	p.p. var. 23/22
loss ratio	86.3%	69.2%	17.1 p.p
Expense ratio	21.0%	19.8%	1.2 p.p
Combined ratio	107.3%	89.0%	18.3 p.p
Clients (thousands)	3,467	3,387	2.4%

PREMIUMS

Solid growth in all lines of business
Motor business grows 5.3% during the first three months of the year

TECHNICAL RESULT

Claims costs impacted by heavy cost inflation and greater frequency compared to 1Q 2022 still marked by Covid-19 (Omicron)

FINANCIAL RESULT

Mainly explained by realised gains in fixed income and equities

Fixed income reinvestment rates, remuneration of deposits and income from investment properties rising

IFRS 4 - IFRS 17 & 9 comparison

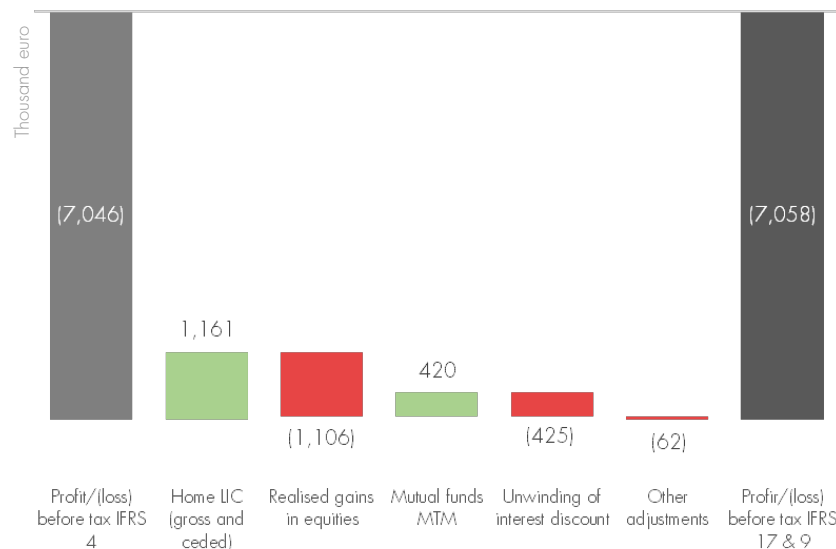
Insignificant difference in results

Consolidated profit and loss under IFRS 17 & 9

<i>Thousand euro</i>	3M 2023	3M 2022	% var. 23/22
Insurance services income	234,569	224,894	4.3%
Insurance services expenses	(247,357)	(198,635)	24.5%
Gross insurance services result	(12,788)	26,259	-148.7%
Reinsurance result	(2,841)	(2,523)	12.6%
Net insurance services result	(15,629)	23,736	-165.8%
Net investments result	7,981	7,429	7.4%
Other income and expenses	590	903	-34.7%
Profit/(loss) before tax	(7,058)	32,068	-122.0%
Income tax	1,767	(8,042)	-122.0%
Profit/(loss) after tax	(5,291)	24,026	-122.0%

Combined ratio	106.8%	89.1%	17.7 p.p
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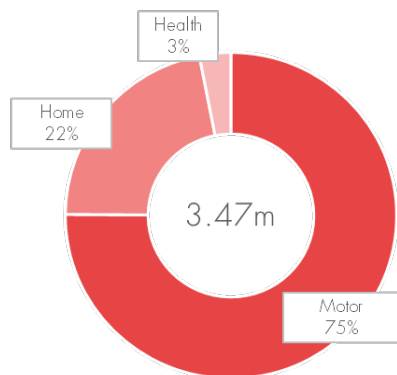
Pre-tax profit/(loss) walk: IFRS 4 to IFRS 17 & 9



Premiums and policyholders

All lines show solid growth and Motor continues to trend upwards

POLICYHOLDERS

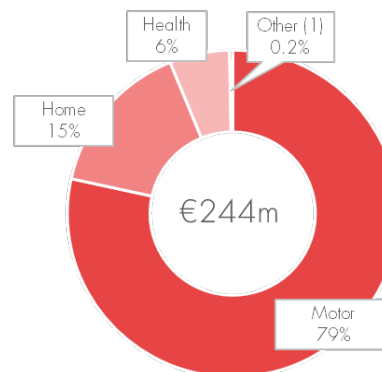


- Portfolio of 3,467 thousand policyholders, up 2.4%
- Solid growth across all lines of business

Policyholders

Thousands	3M 2023	3M 2022	% var.
Motor	2,604	2,556	1.9%
Home	757	726	4.2%
Health	106	105	0.9%
Total	3,467	3,387	2.4%

PREMIUMS



- Motor grows at 5.3%
- Good performance by the Home and Health segments

Gross written premiums

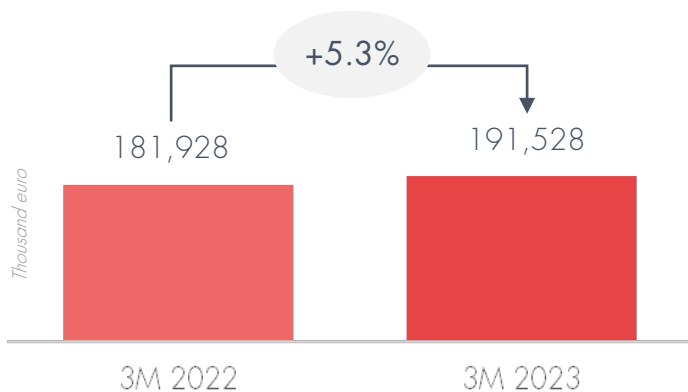
Thousand euro	3M 2023	3M 2022	% var.
Motor	191,528	181,928	5.3%
Home	37,607	35,256	6.7%
Health	14,335	13,760	4.2%
Other	741	1,061	-30.2%
Total	244,211	232,005	5.3%

1. Customers in the "Other" segment amount to 5 and 4 thousand at March 2023 and 2022, respectively.

Motor Segment |

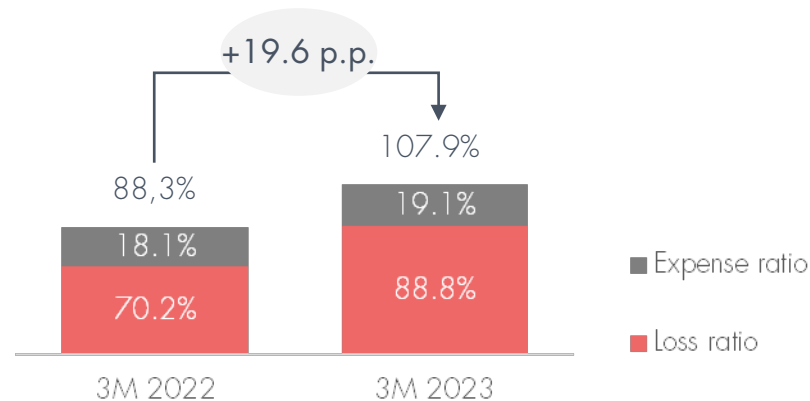
Motor continues to gain momentum

PREMIUMS



- Growth at 0.6 p.p above the market ¹
- Portfolio of policyholders gains 1.9%

COMBINED RATIO

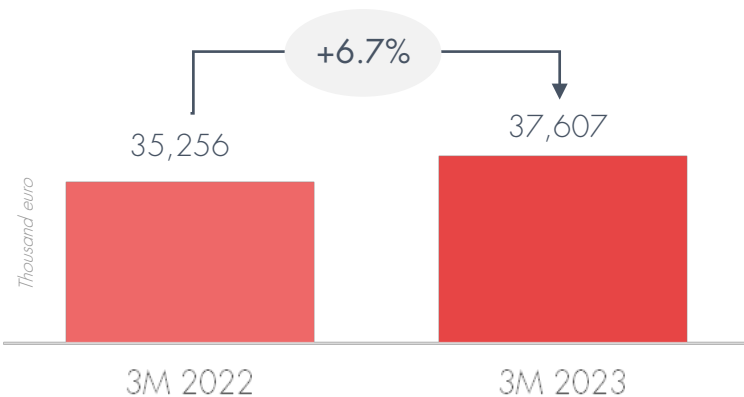


- Excellent expense ratio with more investment in marketing
- Average costs at all-time highs and greater frequency than last year (atypical due to Covid-19 Omicron variant)

1. Growth for the Motor segment: 4.7%. Source: ICEA, March 2023

Home continues to show above-market growth

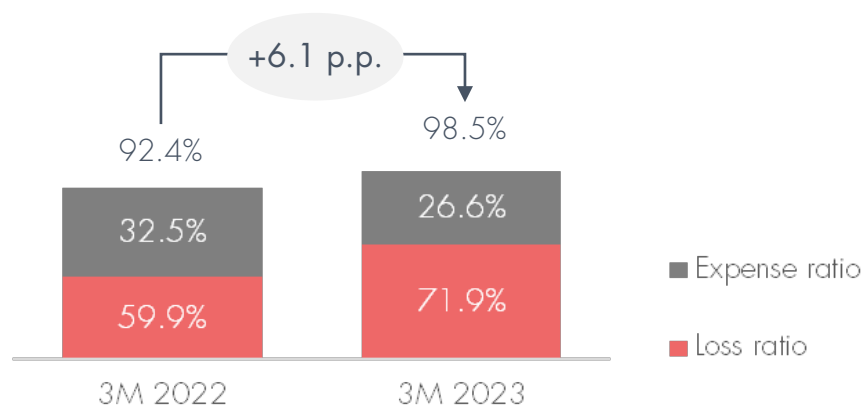
PREMIUMS



- Growth at 0.9 p.p above the market ¹
- Portfolio of policyholders gains 4.2%

¹. Growth for the Home segment: 5.8%. Source: ICEA, March 2023

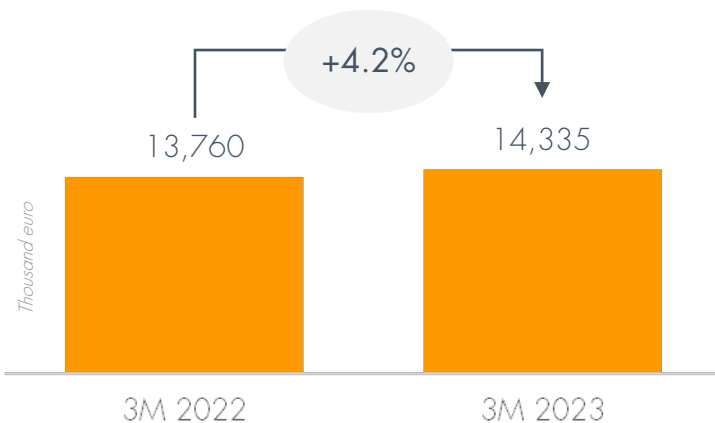
COMBINED RATIO



- Expense ratio for 1Q 2023 reflects a seasonal effect due to greater deferral
- Loss ratio mainly affected an increase in frequency due to greater coverages

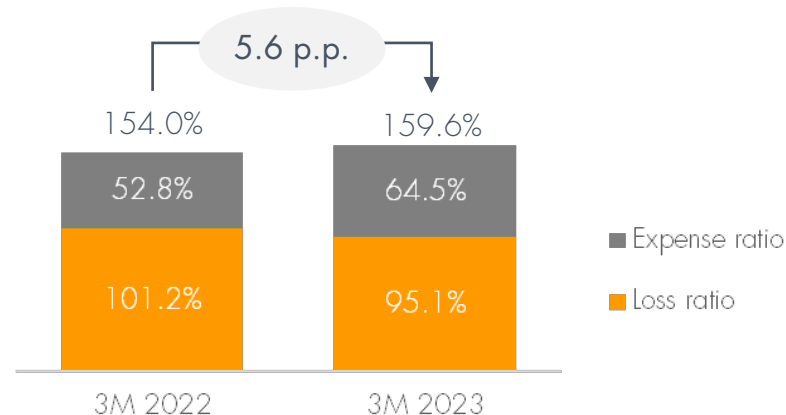
Growth has slowed considerably

PREMIUMS



- Policyholders up by 0.9% and Premium growth up by 4.2%

COMBINED RATIO



- Continuing to improve the loss ratio, with strict risk selection and subscription

1. Growth for the Healthcare segment: 7.5%. Source: ICEA, March 2023

2. Proforma expense ratio: the 2022 expense ratio has been adjusted to take into account a lower first quarter expense deferral (unadjusted ratio decreases to -3.2% in Q1 2022).

Management ratios



	Loss ratio			Expense ratio			Combined ratio		
	3M 2023	3M 2022	p.p. var.	3M 2023	3M 2022	p.p. var.	3M 2023	3M 2022	p.p. var.
Motor	88.8%	70.2%	18.6 p.p	19.1%	18.1%	1.0 p.p	107.9%	88.3%	19.6 p.p
Home	71.9%	59.9%	12.0 p.p	26.6%	32.5%	-5.9 p.p	98.5%	92.4%	6.1 p.p
Health	95.1%	101.2%	-6.1 p.p	64.5%	-3.2%	67.7 p.p	159.6%	98.0%	61.6 p.p
Other	8.1%	10.2%	-2.1 p.p	47.9%	34.9%	13.0 p.p	56.0%	45.1%	10.9 p.p
Total	86.3%	69.2%	17.1 p.p	21.0%	19.8%	1.2 p.p	107.3%	89.0%	18.3 p.p

Loss ratio

- Motor reflects steep inflation of costs
- Increase in frequency of claims in Motor and Home compared with last year

Expense ratio

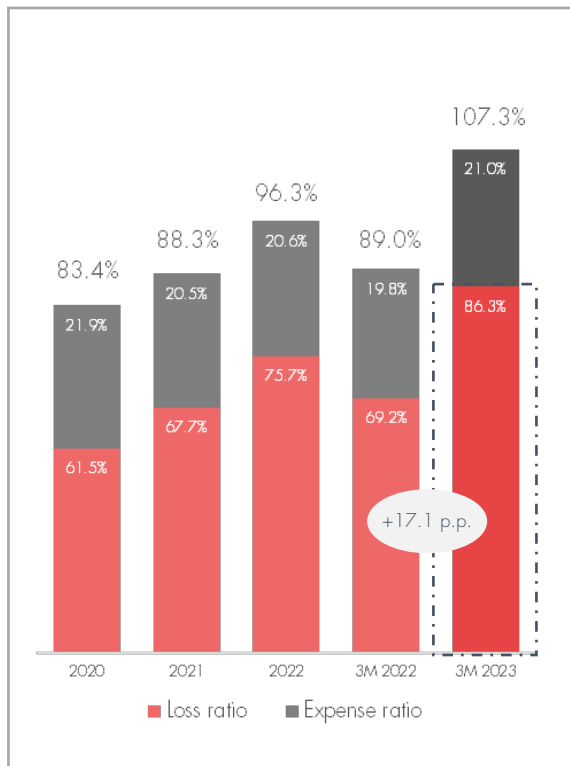
- Control and containment

Combined ratio

- Reflects increase in loss ratio

Combined ratio: loss ratio

Premiums earned lag behind heavy cost inflation



% over earned premiums net of reinsurance	3M 2023	3M 2022	% var
Claims incurred for the year	(197,357)	(151,164)	30.6%
Motor	(168,784)	(128,817)	31.0%
Home	(24,748)	(18,499)	33.8%
Health	(3,806)	(3,799)	0.2%
Other	(19)	(49)	-
LOSS RATIO	86.3%	69.2%	17.1 p.p

Thousand euro

MOTOR	% IMPACT DISTRIBUTION	
	Average cost	Frequency
3M '23 vs '22	61%	39%

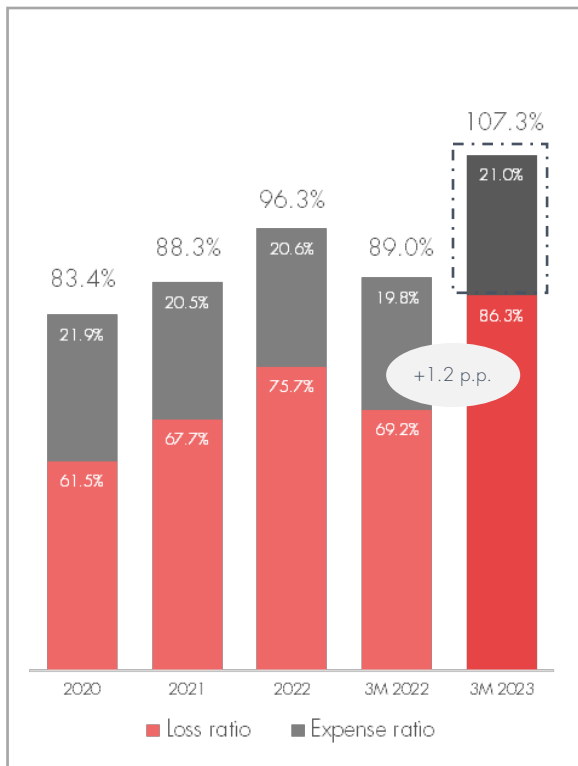
Motor sees sharp cost inflation

Increase in claims frequency in **Motor** (1Q 2022 with less mobility due to Omicron) and **Home**

HOME	% IMPACT DISTRIBUTION	
	Average cost	Frequency
3M '23 vs '22	3%	97%

Combined ratio: expense ratio

Maintaining a strict control of overhead expenses



% over earned premiums net of reinsurance	3M 2023	3M 2022	% var
Net operating expenses	(50,440)	(45,654)	10.5%
Acquisition expenses	(44,505)	(40,661)	9.5%
Administrative expenses	(5,977)	(6,584)	-9.2%
Reinsurance commissions and profit participation	42	1,591	-97.4%
Profit sharing	(76)	(118)	-35.6%
Other technical revenue and expenses	2,390	2,428	-1.6%
EXPENSE RATIO	21.0%	19.8%	1.2 p.p

Thousand euro

STRICT CONTROL OF OVERHEAD EXPENSES

Other movements:

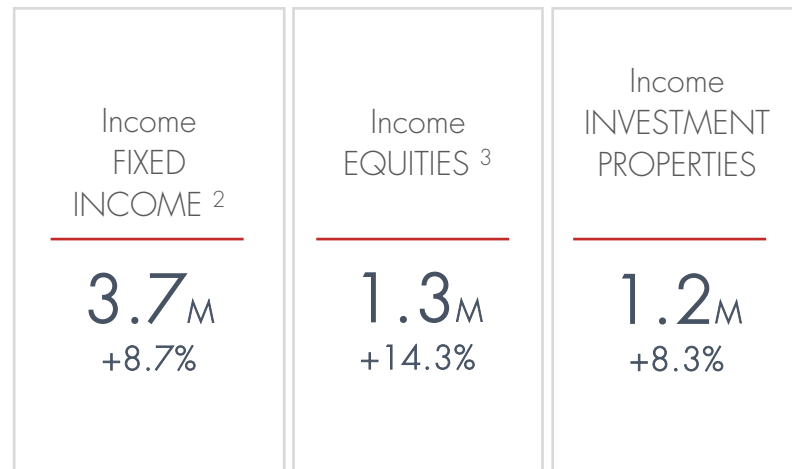
Acquisition expenses reflect higher investment in marketing.

We ceased to receive reinsurance commission in the health business.

Financial result

Realised capital gains on bonds and equities

Thousand euro	3M 2023	3M 2022	% var.
Investment income ¹	15,432	16,337	-5.5%
Investment expenses ¹	(6,755)	(9,589)	29.6%
Financial result	8,677	6,748	28.6%
<i>of which realised gains (losses):</i>	2,003	808	147.9%
<i>Fixed income</i>	897	208	331.8%
<i>Equity instruments</i>	1,106	498	121.8%
<i>Foreign currencies</i>	-	102	-100.0%
<i>Impairments</i>	-	-	-



Financial result (ex capital gains) +12.4%

Equity gains recorded in OCI under IFRS 9

1. The interest rate swap and the underlying government bonds with a nominal value of €50 million are recognised under income and expense on investments, with opposite sign, and are netted against each other

2. Includes implicit interest on debt and interest rate swap accrual

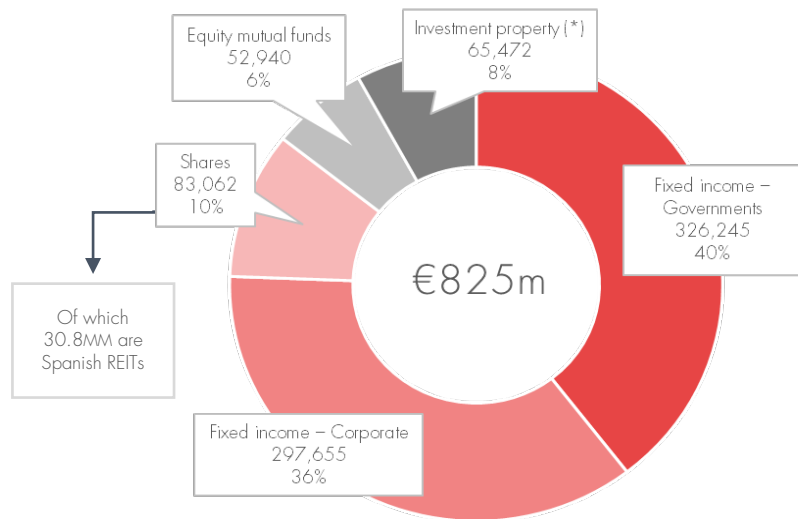
Investment portfolio

Portfolio composition and other metrics



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PORTFOLIO COMPOSITION



Thousand euro

PROFITABILITY (Rolling 12) ¹

(%)	3M 2023	3M 2022	var. p.p
Fixed income	2.63%	1.90%	+0.73 p.p
Equity instruments	12.68%	10.74%	+1.94 p.p
Investment property	6.97%	6.43%	+0.54 p.p
Total average return	4.62%	3.55%	+1.07 p.p
Portfolio return (ex net realised gains)	2.68%	2.27%	+0.41 p.p

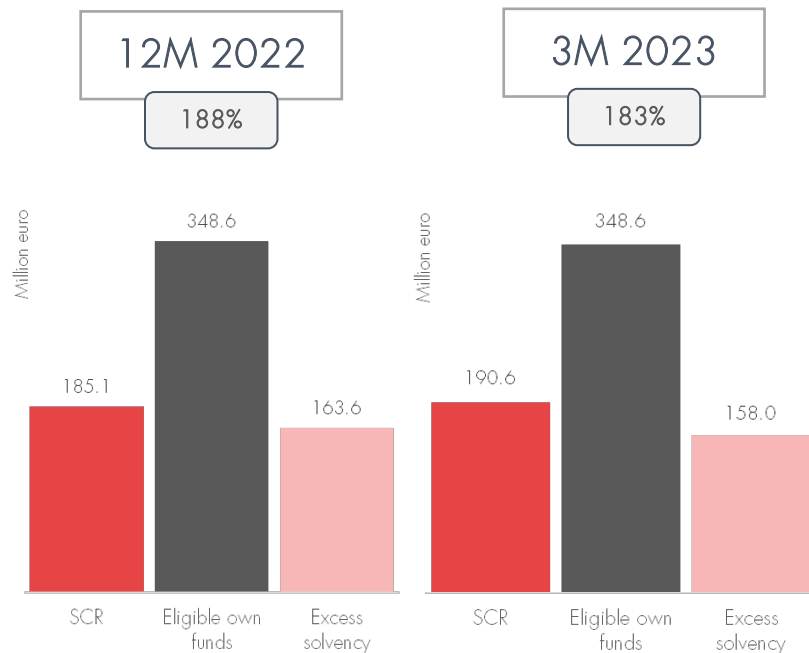
OTHER METRICS

	3M 2023	3M 2022
Fixed income duration	3.68	3.97
Fixed income modified duration	3.69%	4.84%

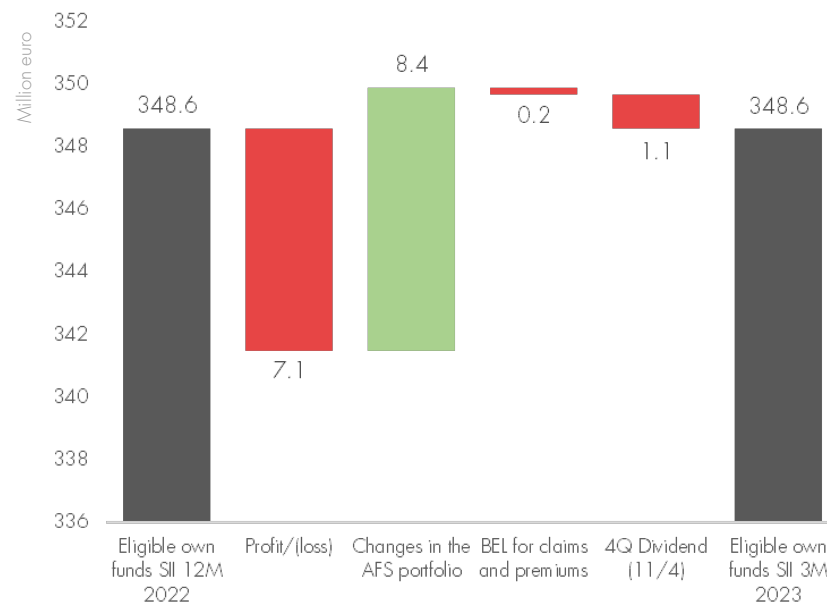
1. Income recognised in the statement of profit or loss during the period divided by assets under management (fixed income and equity portfolios and investment property). Includes capital gains and losses realised and impairment losses.

(*) Off-balance sheet capital gains on investment property and property for own use amount to €32.4 million before tax.

Solvency margin



Solvency own funds walk 12M 2022 – 3M 2023



1. Solvency ratio and eligible own funds refer to Línea Directa Aseguradora stand-alone

Breakdown of required capital – SCR

<i>Thousand euro</i>	3M 2023	12M 2022
SCR Market	99,098	91,899
SCR Counterparty	6,860	7,027
SCR Health	3,218	3,142
SCR Non-Life	175,541	172,651
BSCR	226,064	218,947
SCR Operational	28,087	27,795
Deferred tax adjustment	(63,538)	(61,686)
SCR	190,613	185,057
Eligible own funds Solvency II	348,616	348,621
Solvency II ratio	183%	188%

HIGHLIGHTS

MARKET SCR

- Increased exposure to equities
- Reduction of the symmetric adjustment (+0.68% at March 2023 vs. -3.02% at December 2022)

COUNTERPARTY SCR

- In line with the past quarter

HEALTH SCR

- In line with business performance

NON-LIFE SCR

- Increase in premiums and motor BEL for claims

OPERATIONAL SCR

- In line

1. Solvency ratio and eligible own funds refer to Línea Directa Aseguradora stand-alone



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Thank you



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3M RESULTS

Appendices



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Consolidated balance sheet IFRS 4

Assets

Thousand euro

Assets	3M 2023	12M 2022	% var.
Cash and cash equivalents	47,018	51,661	-9.0%
Available-for-sale financial assets	759,898	739,664	2.7%
<i>Equity instruments</i>	135,997	120,886	12.5%
<i>Debt securities</i>	623,901	618,778	0.8%
Loans and receivables	126,689	123,448	2.6%
Hedging derivatives	7,190	7,808	-7.9%
Reinsurers' share of technical provisions	23,280	19,263	20.9%
Property, plant and equipment and investment property	109,699	110,044	-0.3%
<i>Investment property</i>	65,472	64,676	1.2%
<i>Property, plant and equipment</i>	44,227	45,368	-2.5%
Intangible assets	14,670	14,482	1.3%
Other assets	134,169	129,045	4.0%
Total assets	1,222,613	1,195,415	2.3%

Liabilities and Equity

Thousand euro

Liabilities and Equity	3M 2023	12M 2022	% var.
Debt and accounts payable	61,034	59,288	2.9%
Hedging derivatives	-	-	-
Technical provisions	816,070	791,040	3.2%
<i>Provision for unearned premiums</i>	480,306	470,783	2.0%
<i>Provision for unexpired risks</i>	2,378	2,378	0.0%
<i>Provision for claims</i>	333,386	317,879	4.9%
Nontechnical provisions	24,424	26,118	-6.5%
Other liabilities	28,544	28,469	0.3%
Total liabilities	930,072	904,915	2.8%
Equity	313,959	320,356	-2.0%
Valuation adjustments	(21,418)	(29,856)	-28.3%
Total equity	292,541	290,500	0.7%
Total liabilities and equity	1,222,613	1,195,415	2.3%

Balance sheet IFRS 4 - IFRS 17

IFRS 4

Thousand euro

Assets	3M 2023	12M 2022	% var.
Cash and cash equivalents	47,018	51,661	-9.0%
Available-for-sale financial assets	759,898	739,664	2.7%
Property investments	65,472	64,676	1.2%
Receivables on direct insurance business	67,622	58,524	15.5%
Deferred acquisition expenses	98,223	94,608	3.8%
Reinsurance share in technical provisions	23,280	19,263	20.9%
Insurance recoveries	40,347	42,551	-5.2%
Other assets	120,753	124,468	-3.0%
Total assets	1,222,613	1,195,415	2.3%
Liabilities and Equity	3M 2023	12M 2022	
Reserve for claims	333,386	317,879	4.9%
Unearned premium reserve and ongoing risks	482,684	473,161	2.0%
Nontechnical provisions (settlement agreements)	23,632	25,338	-6.7%
Other liabilities	90,370	88,537	2.1%
Total liabilities	930,072	904,915	2.8%
Total equity	292,541	290,500	0.7%
Total liabilities and equity	1,222,613	1,195,415	2.3%

IFRS 17 & 9

Thousand euro

Assets	3M 2023	12M 2022	% var.
Cash and other equivalent liquid assets	47,018	51,661	-9.0%
Financial investments	772,322	751,987	2.7%
Property investments			
Reinsurance contract assets	25,458	21,956	16.0%
Other assets	108,274	110,421	-1.9%
Total assets	1,018,544	1,002,426	1.6%
Liabilities and Equity	3M 2023	12M 2022	% var.
Liability incurred claims	301,102	285,225	5.6%
Liability for remaining coverage	321,871	325,056	-1.0%
Other liabilities	93,548	91,814	1.9%
Total liabilities	716,521	702,095	2.1%
Total equity	302,023	300,331	0.6%
Total liabilities and equity	1,018,544	1,002,426	1.6%

Statement of profit or loss by segment IFRS 4

Statement of profit or loss – Motor Segment



<i>Thousand euro</i>	3M 2023	3M 2022	% var.
Gross written premiums (GWP)	191,528	181,928	5.3%
Premiums earned, net of reinsurance	190,008	183,489	3.6%
Claims incurred, net of reinsurance	(168,784)	(128,817)	31.0%
Net operating expenses	(38,667)	(35,791)	8.0%
Other technical expenses and income	2,391	2,550	-6.2%
Technical result	(15,052)	21,431	-170.2%

Combined ratio	107.9%	88.3%	19.6 p.p
Clients (thousands)	2,604	2,556	48

Statement of profit or loss – Home Segment



<i>Thousand euro</i>	3M 2023	3M 2022	% var.
Gross written premiums (GWP)	37,607	35,256	6.7%
Premiums earned, net of reinsurance	34,433	30,892	11.5%
Claims incurred, net of reinsurance	(24,748)	(18,499)	33.8%
Net operating expenses	(9,156)	(9,994)	-8.4%
Other technical expenses and income	0	(61)	-100.0%
Technical result	529	2,338	-77.4%

Combined ratio	98.5%	92.4%	6.1 p.p
Clients (thousands)	757	726	31

Statement of profit or loss by segment IFRS 4

Statement of profit or loss – Health Segment ¹



<i>Thousand euro</i>	3M 2023	3M 2022	% var.
Gross written premiums (GWP)	14,335	13,760	4.2%
Premiums earned, net of reinsurance	4,002	3,754	6.6%
Claims incurred, net of reinsurance	(3,806)	(3,799)	0.2%
Net operating expenses	(2,581)	181	-1526.0%
Other technical expenses and income	(1)	(61)	-98.4%
Technical result	(2,386)	75	-3281.3%

Combined ratio	159.6%	98.0%	61.6 p.p
Clients (thousands)	106	105	1

Statement of profit or loss – Other Insurance Businesses ²

<i>Thousand euro</i>	3M 2023	3M 2022	% var.
Gross written premiums (GWP)	741	1,061	-30.2%
Premiums earned, net of reinsurance	234	481	-51.4%
Claims incurred, net of reinsurance	(19)	(49)	-61.2%
Profit sharing and premiums refunds	(76)	(118)	-35.6%
Net operating expenses	(36)	(50)	-28.0%
Other technical revenues and expenses	-	-	-
Technical result	103	264	-61.0%

Combined ratio	56.0%	45.1%	10.9 p.p
Clients (thousands)	4	5	(1)

1. We ceased to receive reinsurance commission in the quota share contract for the health business

2. The Other insurance businesses segment mainly shows the travel insurance business for holders of Bankinter cards under 10 collective policies not included in the customer figure, as well as a payment protection policy in run-off