



linea directa

Results Presentation September 2023

Presentation for analysts and investors

27 October 2023



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1

Highlights for the period

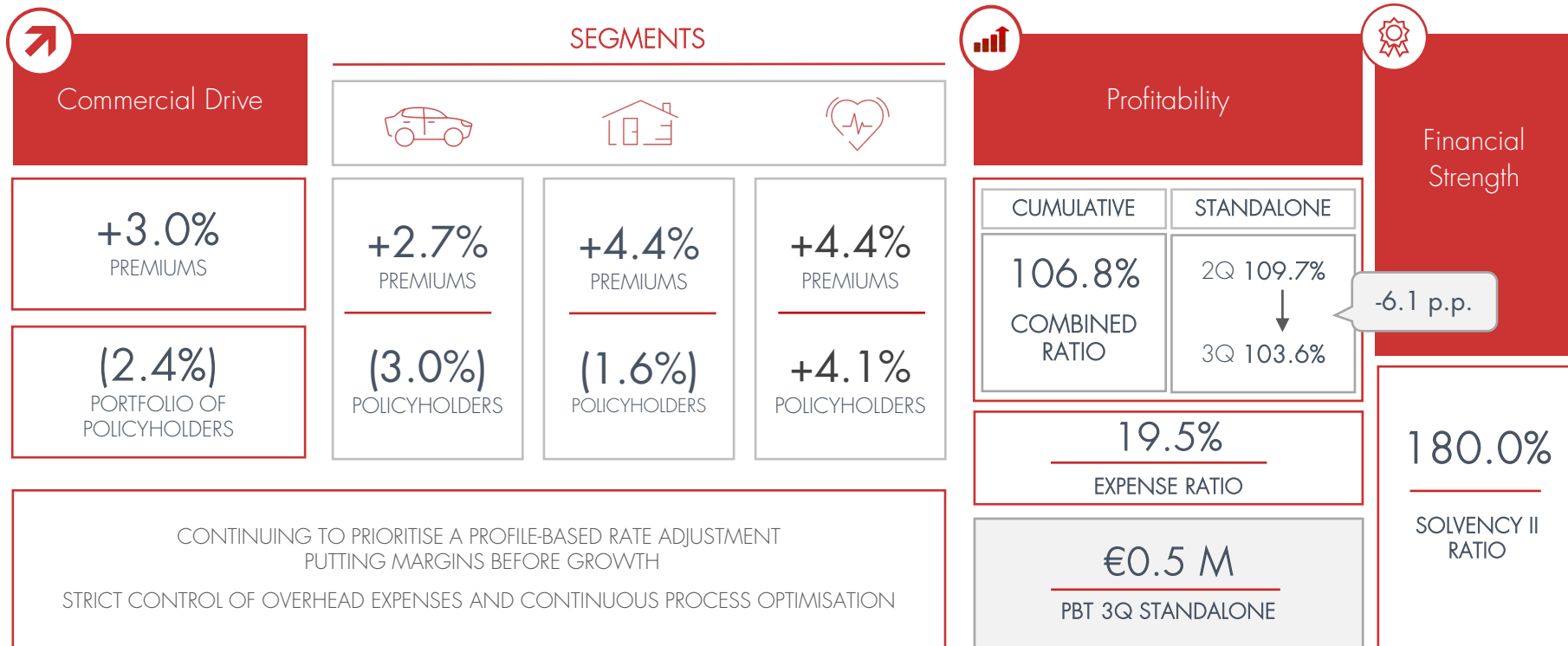
September 2023 Results



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Results – September 2023

Significant improvement of margins in the third quarter



2

Context

September 2023 Results



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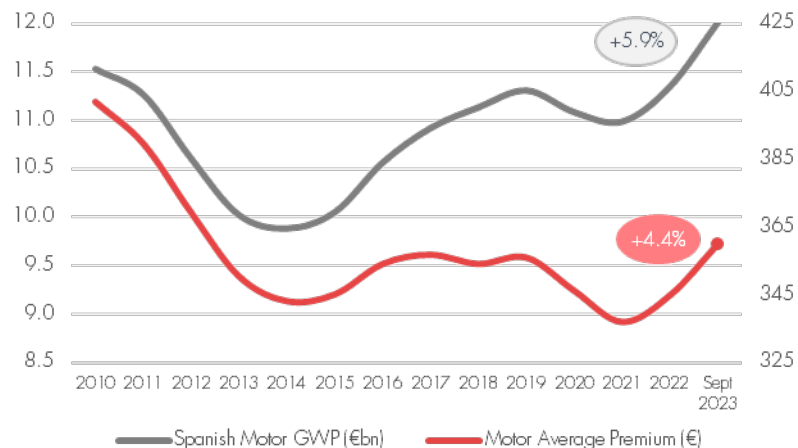
Growth in the Motor segment gains momentum, though still trailing behind costs

TREND IN INFLATION ¹



- Inflation softens... though the increases of 2022 and 2023 are already consolidated
- General CPI projections expected to reach 3.6% at year-end (4.1% for underlying inflation)

REVENUES AND ESTIMATED AVERAGE PREMIUM ²



- The change in cycle is confirmed

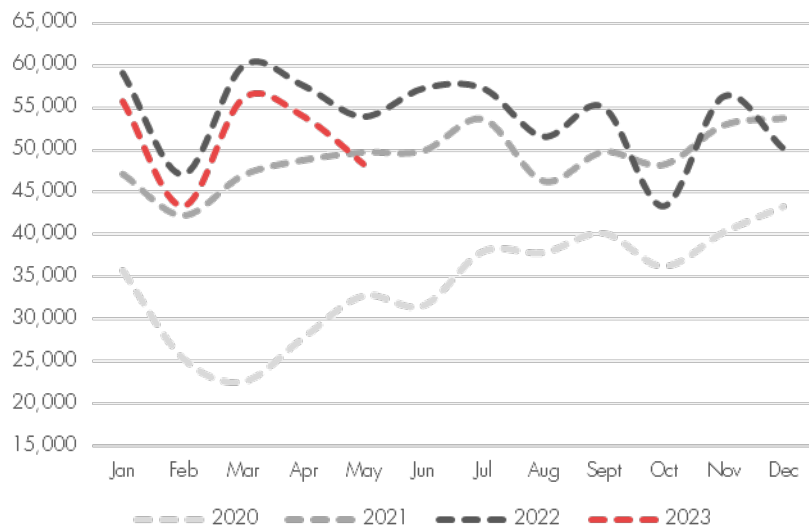
1. Source: INE (latest figures available at September 2023)

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

Home Segment |

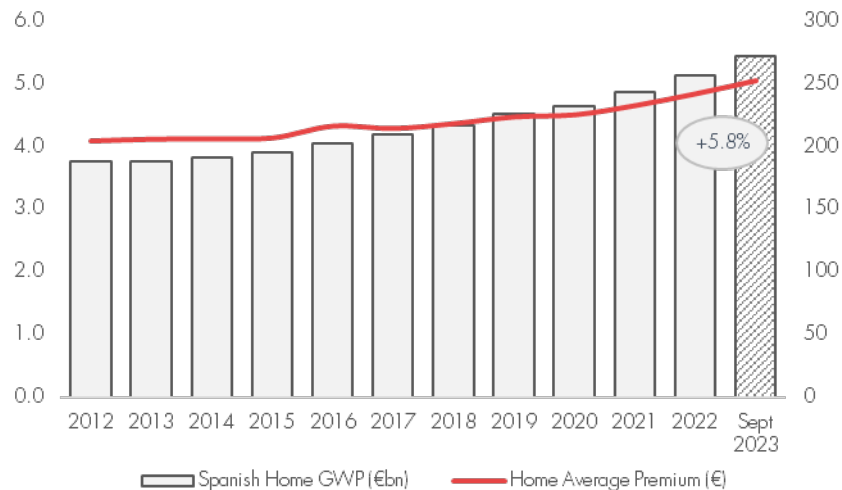
Sales continue to decline, due to high financing costs and loss of household purchasing power

HOME SALES DOWN 7.3% ¹



HOMES INSURED
26.2M ³

TREND IN REVENUES ² AND AVERAGE PREMIUM



HOMES UNINSURED
4.6M ³ (18% of the total)

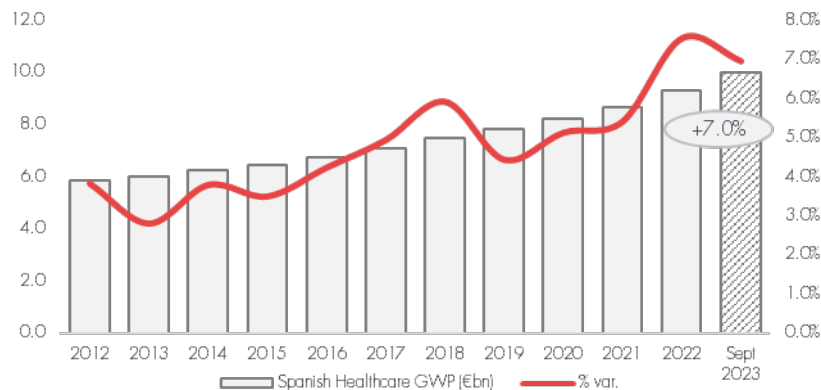
1. Source: INE (latest figures available at May 2023).

2. Source: ICEA (latest figures available at September 2023). Internal calculations on the average premium in the sector by dividing revenues by insured homes

3. Total forecast housing stock at year-end 2023, considering an average increase over the last five years. Ministry of Transport, Mobility and Urban Agenda

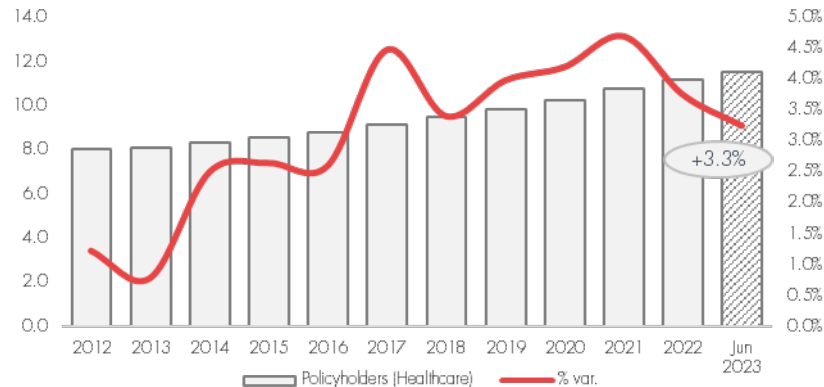
Slower growth due to the current economic environment

REVENUES ¹



- Revenues continue to show significant growth

POLICYHOLDERS ²



Millions of policyholders

- Slowdown in the growth of new policyholders

1. Source: ICEA (Healthcare, latest figures available at September 2023)

2. Source: ICEA (Healthcare, latest figures available at June 2023)

3

September 2023 Results

September 2023 Results



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Results – September 2023 IFRS 4

Significant improvement of margins in the third quarter



<i>Thousand euro</i>	9M 2023	9M 2022	% var. 23/22	3Q 2023
Gross written premiums (GWP)	731,947	710,701	3.0%	239,999
Earned premiums, net of reinsurance	698,840	669,797	4.3%	236,824
Technical result	(47,807)	47,447	-200.8%	(8,427)
Financial result	25,072	26,023	-3.7%	8,151
Non-technical result	2,759	3,712	-25.7%	804
Profit/(loss) before tax	(19,976)	77,182	-125.9%	528
Income tax	5,288	(18,872)	-128.0%	343
Profit/(loss) after tax	(14,688)	58,310	-125.2%	871

	9M 2023	9M 2022	p.p. var. 23/22	3Q 2023
Loss ratio	87.3%	72.8%	14.5 p.p	84.3%
Expense ratio	19.5%	20.1%	-0.6 p.p	19.3%
Combined ratio	106.8%	92.9%	13.9 p.p	103.6%
Clients (thousands)	3,356	3,440	-2.4%	-

PREMIUMS

Continuing to adjust rates according to the risk profile under current conditions

TECHNICAL RESULT

Outstanding expense ratio

The claims ratio improved significantly in the quarter, with premiums earned gradually reflecting the adjustments made

FINANCIAL RESULT

Recurring earnings on the rise

Financial result excluding realised capital gains (3.4M as of September 2023 vs. 7.8M as of September 2022) is up 19%

Fixed-income reinvestment rates, remuneration on deposits and revaluation of hedging derivative

Results – September 2023 IFRS 17 & 9

Significant improvement of margins in the third quarter



Thousand euro	9M 2023 IFRS 17 IFRS 9	9M 2022 IFRS 17 IAS 39	% var. 23/22	3Q 2023 IFRS 17 IFRS 9
Ordinary insurance activities income	716,227	688,638	4.0%	242,564
Ordinary insurance activities expenses	(755,588)	(638,185)	18.4%	(247,685)
Ordinary insurance activities result	(39,361)	50,453	-178.0%	(5,121)
Reinsurance recoverable amount	(2,384)	(6,847)	-65.2%	(117)
Technical insurance result	(41,745)	43,606	-195.7%	(5,238)
Net investments result	21,810	27,724	-21.3%	6,276
Result from other activities	2,889	2,766	4.4%	1,799
Profit/(loss) before tax	(17,046)	74,096	-123.0%	2,837
Income tax	4,555	(18,099)	-125.2%	(235)
Profit/(loss) after tax	(12,491)	55,997	-122.3%	2,602
Combined ratio	106.0%	93.5%	12.5 p.p	102.2%

1. Equivalent to the gross premium earned (before reinsurance)
2. The change in the liability for claims incurred included in the technical result follows a similar approach to Solvency II, with a risk adjustment. Claims under settlement agreements are recorded under the loss ratio according to IFRS 17.
3. The financial result under IFRS 9 includes the effect of unwinding the financial discount of provisions for moving forward a period and the MTM for investment funds. It does not include expenses attributable to investments (which are now part of administrative expenses) and capital gains on equity instruments (which are now recorded in equity)

INSURANCE INCOME ¹

Continuing to adjust rates according to the risk profile under current conditions

TECHNICAL RESULT ²

Significant improvement in the quarter, with premiums earned gradually reflecting the adjustments made

FINANCIAL RESULT

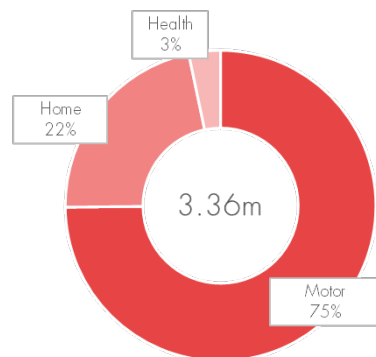
IFRS 9 not restated in 2022 ³

- (+) Fixed-income reinvestment rates, remuneration on deposits, MTM investment funds and revaluation of hedging derivative
- (-) Effect of unwinding the financial discount of the provisions for moving forward a period

Premiums and policyholders

Continuing to prioritise margins ahead of growth

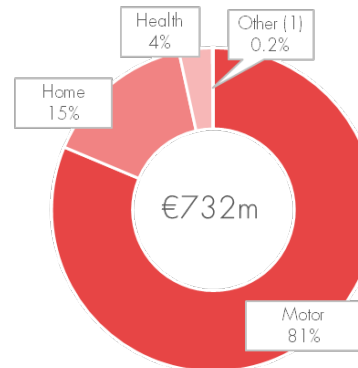
POLICYHOLDERS



- Portfolio of 3,356 thousand policyholders

Thousands	Policyholders		
	9M 2023	9M 2022	% var.
Motor	2,512	2,589	-3.0%
Home	734	746	-1.6%
Health	110	106	4.1%
Total	3,356	3,440	-2.4%

PREMIUMS



- Prioritising margins through rigorous risk selection

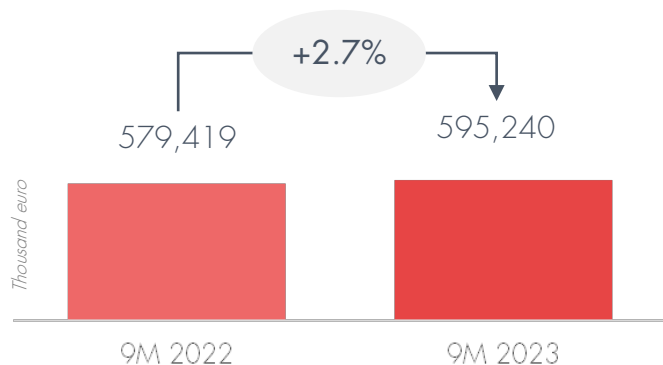
Thousand euro	Gross Written Premiums		
	9M 2023	9M 2022	% var.
Motor	595,240	579,419	2.7%
Home	111,604	106,896	4.4%
Health	24,336	23,304	4.4%
Other	767	1,082	-29.1%
Total	731,947	710,701	3.0%

1. The Other insurance businesses segment mainly shows the travel insurance business for Bankinter cardholders under 10 group policies, the Vivaz Safe&Go insurance product launched in September 2021 as the first pay-as-you-go insurance for users of personal mobility vehicles, and a run-off payment protection insurance. Customers in the "Others" segment amounted to 4.2 thousand and 3.6 thousand as at September 2023 and 2022, respectively

Motor Segment |

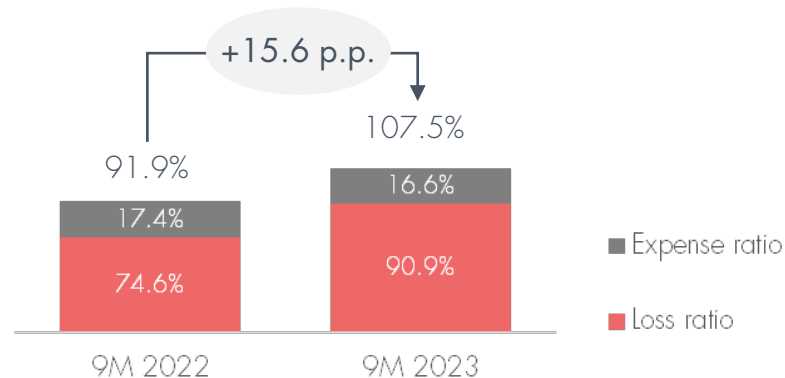
The combined ratio, while still very high, begins to show a change in trend in the quarter

PREMIUMS



- Prioritising premiums over volumes, as we focus on recovering the technical margin

COMBINED RATIO

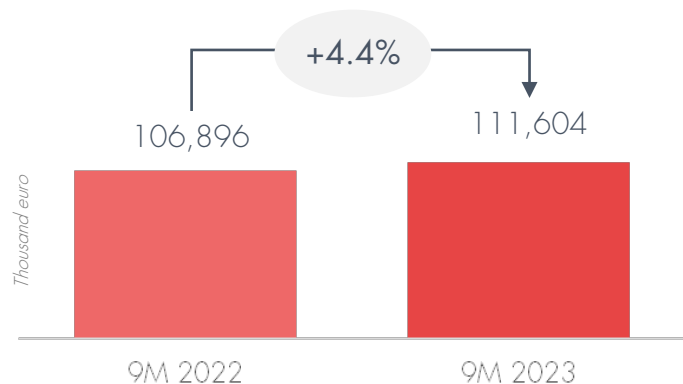


- Outstanding expense ratio
- Notable improvement in the combined ratio, which fell to 102.9% in the quarter

1. Growth of the Motor segment: 5.9% Source: ICEA, September 2023

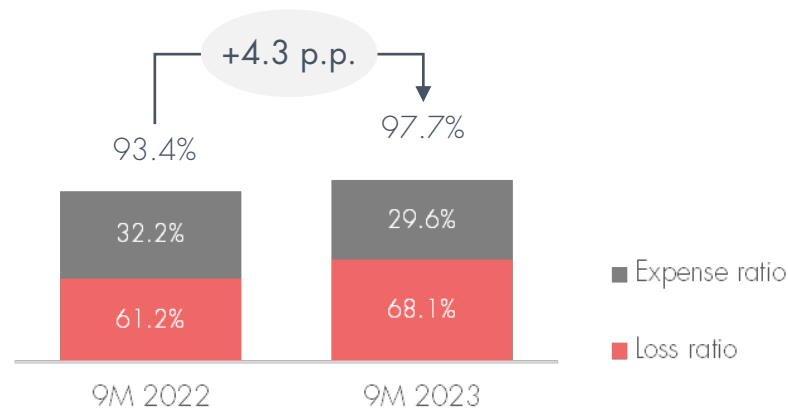
Atmospheric and water damage claims in the quarter

PREMIUMS



- Slowdown in policy growth in response to the economic cycle

COMBINED RATIO

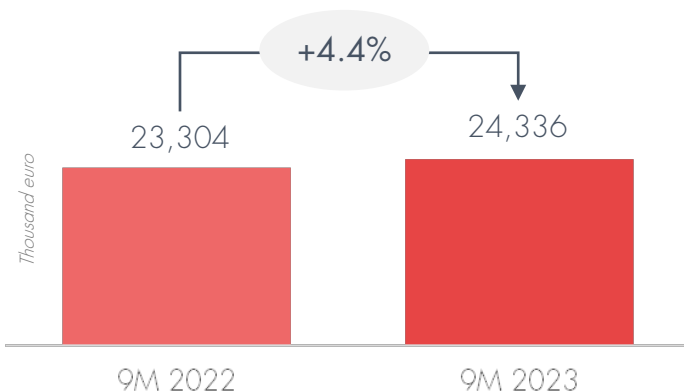


- Loss ratio affected by atmospheric events and water damage in the quarter
- Third quarter expense ratio shows a seasonal effect due to higher rates of deferral

1. Growth of the Home segment: 5.8%. Source: ICEA, September 2023

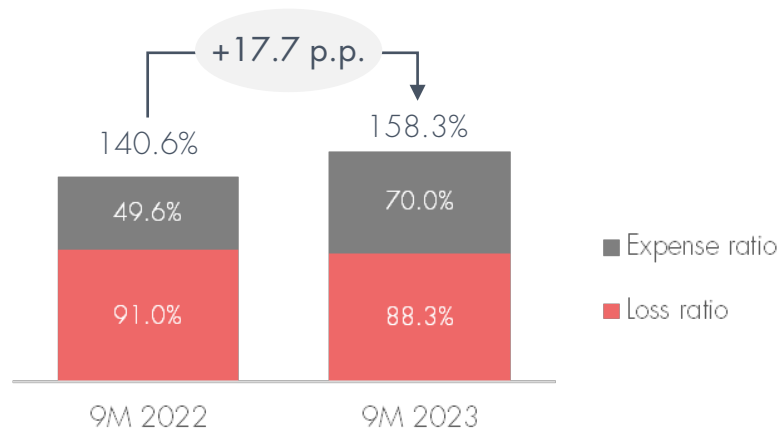
Continuing to focus heavily on underwriting activity

PREMIUMS



- The policyholder portfolio grows by 4.1% and premiums gain 4.4%, linked to the business mix

COMBINED RATIO



- Loss ratio steadily improving, with prudent underwriting
- Expense ratio shows the absence of the proportional reinsurance commission, which is no longer received as of January 2023

1. Growth of the Health segment: 7.0% Source: ICEA, September 2023

Management ratios



	Loss ratio			Expense ratio			Combined ratio		
	9M 2023	9M 2022	p.p. var.	9M 2023	9M 2022	p.p. var.	9M 2023	9M 2022	p.p. var.
Motor	90.9%	74.5%	16.4 p.p	16.6%	17.4%	-0.8 p.p	107.5%	91.9%	15.6 p.p
Home	68.1%	61.2%	6.9 p.p	29.6%	32.2%	-2.6 p.p	97.7%	93.4%	4.3 p.p
Health	88.3%	91.0%	-2.7 p.p	70.0%	49.6%	20.4 p.p	158.3%	140.6%	17.7 p.p
Other	13.0%	4.0%	9.0 p.p	48.0%	46.3%	1.7 p.p	61.0%	50.3%	10.7 p.p
Total	87.3%	72.8%	14.5 p.p	19.5%	20.1%	-0.6 p.p	106.8%	92.9%	13.9 p.p

Loss ratio

- While the loss ratio remains high, Motor shows signs of a change in trend in the quarter
- Home shows the effects of atmospheric events and water damage
- Health steadily improving, with prudent underwriting

Expense ratio

- Outstanding expense ratio, with Motor at 16.6%

Combined ratio

- Significant improvement in the quarter

Combined ratio: loss ratio

Change of trend in the quarter



<i>% over earned premiums net of reinsurance</i>	9M 2023	9M 2022	% var
Claims incurred for the year	(610,177)	(487,814)	25.1%
Motor	(527,284)	(418,306)	26.1%
Home	(72,041)	(58,937)	22.2%
Health	(10,775)	(10,535)	2.3%
Other	(77)	(36)	-
LOSS RATIO	87.3%	72.8%	14.5 p.p

Thousand euro

MOTOR	% IMPACT DISTRIBUTION	
	Average cost	Frequency
9M '23 vs '22	74%	26%
3Q '23 standalone vs '22	78%	22%

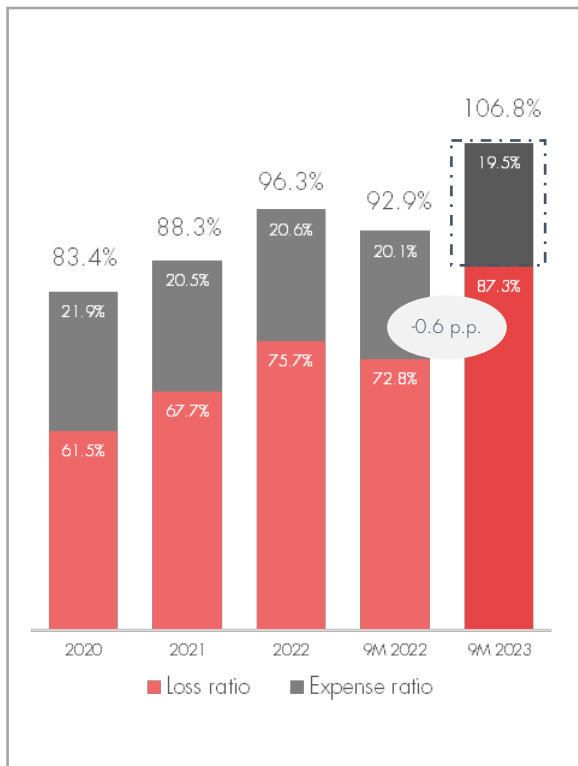
Motor continues to be affected by high average costs and higher frequency of own damage, although we began to see a change in trend in the quarter

Home loss ratio reflects the higher cost of atmospheric events and water damage in the quarter

HOME	% IMPACT DISTRIBUTION	
	Average cost	Frequency
9M '23 vs '22	43%	57%
3Q '23 standalone vs '22	107%	-7%

Combined ratio: expenses

Strict control of overheads and efficiency measures



% over earned premiums net of reinsurance	9M 2023	9M 2022	% var
Net operating expenses	(152,116)	(146,456)	3.9%
Acquisition expenses	(133,784)	(130,853)	2.2%
Administrative expenses	(18,446)	(18,890)	-2.4%
Reinsurance commissions and profit participation	114	3,287	-96.5%
Profit sharing	(227)	(353)	-35.7%
Other technical revenue and expenses	15,873	12,273	29.3%
EXPENSE RATIO	19.5%	20.1%	-0.6 p.p

Thousand euro

OUTSTANDING EXPENSE RATIO

Greater efficiency in marketing investment

Overhead expenses in continuous control

In 2023, we no longer receive reinsurance commissions in the Health segment

Financial result

Recurring results on the rise by reinvesting at higher rates and earning remuneration on deposits

Thousand euro	9M 2023	9M 2022	% var.
Investment income ¹	38,806	51,685	-24.9%
Investment expenses ¹	(13,734)	(25,662)	46.5%
Financial result	25,072	26,023	-3.7%
<i>of which realised gains (losses):</i>			
Fixed income	902	(467)	-293.0%
Equity instruments	2,261	5,103	-55.7%
Foreign currencies	262	3,205	-91.8%
Impairments	-	-	-

Income
FIXED
INCOME²

12.4 M
+17.6%

Income
EQUITIES

3.0 M
+7.2%

Income
PROPERTIES
EARNING
INCOME

3.5 M
+6.5%

Financial result ex capital gains +19.1%.
(3.4M as of September 2023 vs. 7.8M as of September 2022)

Capital gains on equities recognised in
OCI under IFRS 9

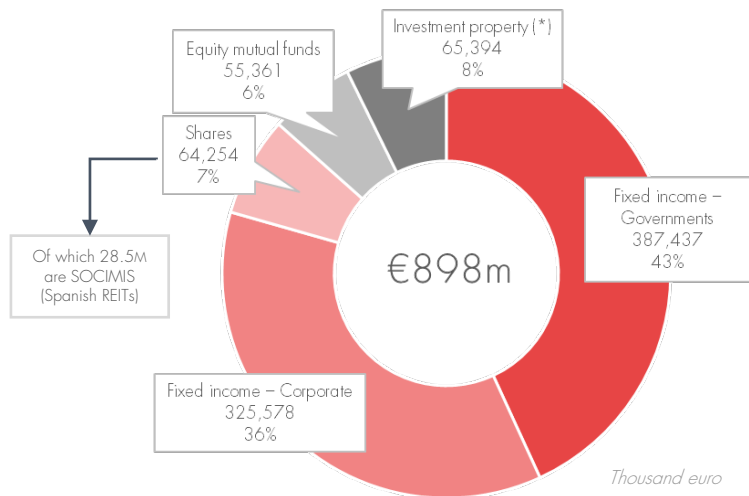
1. The interest rate swap and the underlying government bonds with a nominal value of €50 million are recognised under income and expense on investments, with opposite sign, and are netted against each other

2. Includes implicit interest on the debt and accrual of the swap. Does not include interest earned on deposits (1,1MM as at 9M 2023 vs 0,3MM as at 9M 2022)

Investment portfolio

Portfolio composition and other metrics

PORTFOLIO COMPOSITION



Portfolio Sustainability Score (ESG Risk)



RETURN (Rolling 12 months) ¹

(%)	9M 2023	9M 2022	var. p.p
Fixed income	2.54%	2.46%	+0.08 p.p
Equity instruments	10.93%	10.43%	+0.50 p.p
Investment property	7.18%	6.59%	+0.59 p.p
Total average return	4.15%	4.07%	+0.08 p.p
Portfolio return (ex net realised gains)	2.88%	2.44%	+0.44 p.p

OTHER METRICS

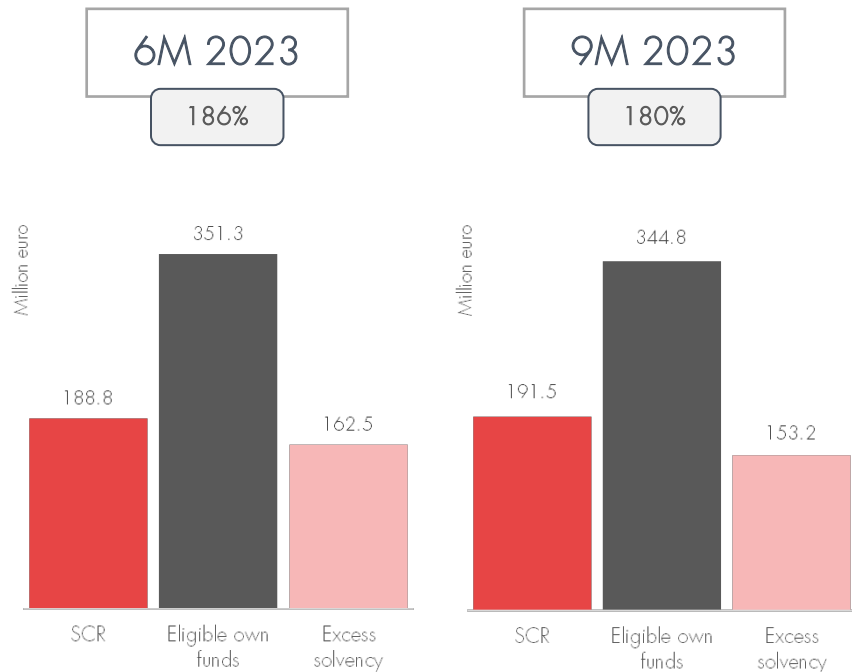
	9M 2023	9M 2022
Fixed income duration	3.00	3.81
Fixed income modified duration	3.12%	4.02%

1. Income recognised in the statement of profit or loss over the last 12 months 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 €33 million before tax.

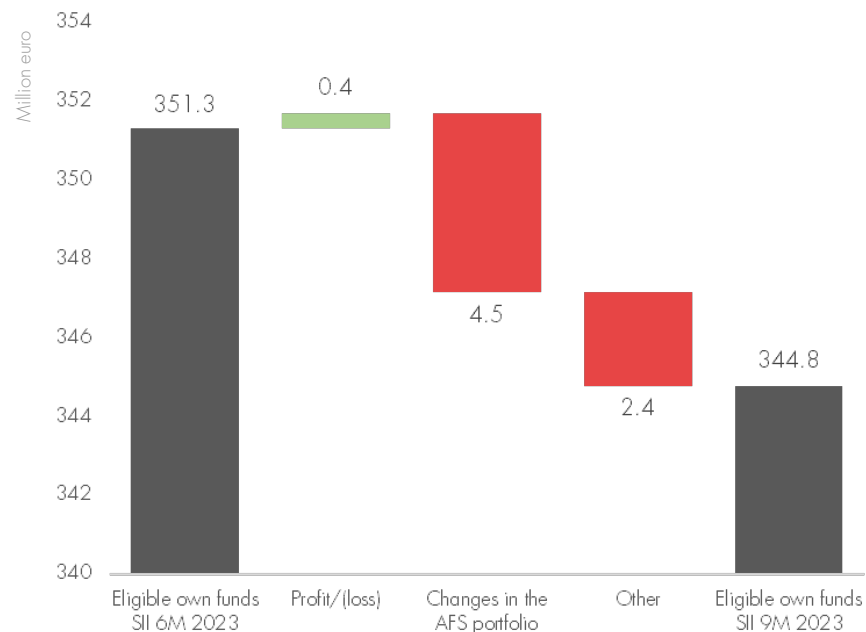
Solvency II

Solvency margin



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

Solvency own funds walk, 6M 2023 – 9M 2023



Breakdown of required capital – SCR

<i>Thousand euro</i>	9M 2023	6M 2022
SCR Market	90,238	94,199
SCR Counterparty	5,693	7,025
SCR Health	3,471	3,250
SCR Non-life	183,035	175,966
BSCR	226,744	223,421
SCR Operational	28,623	28,377
Deferred tax adjustment	(63,842)	(62,949)
SCR	191,525	188,848
Eligible own funds Solvency II	344,767	351,306
Solvency II ratio	180%	186%

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

HIGHLIGHTS

SCR MARKET

- Improvement due to (i) symmetric adjustment for the quarter (provided by EIOPA); (ii) lower exposure to equities; and (iii) lower spread risk due to shorter durations

SCR COUNTERPARTY

- Lower balances of deposits and pending receipts

SCR HEALTH

- In line with business performance

SCR NON-LIFE

- The best estimate reflects the deterioration in the cost of claims incurred

SCR OPERATIONAL

- Stable



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Thank you



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Appendices



September 2023 Results

Consolidated balance sheet – IFRS 4

Assets

Thousand euro

Assets	9M 2023	12M 2022	% var.
Cash and cash equivalents	25,924	51,661	-49.8%
Available-for-sale financial assets	832,630	739,664	12.6%
<i>Equity instruments</i>	119,615	120,886	-1.1%
<i>Debt securities</i>	713,015	618,778	15.2%
Loans and receivables	120,853	123,448	-2.1%
Hedging derivatives	8,513	7,808	9.0%
Reinsurers' share of technical provisions	28,391	19,263	47.4%
Property, plant and equipment and investment property	109,288	110,044	-0.7%
<i>Investment property</i>	65,394	64,676	1.1%
<i>Property, plant and equipment</i>	43,894	45,368	-3.2%
Intangible assets	28,089	14,482	94.0%
Other assets	125,320	129,045	-2.9%
Total assets	1,279,008	1,195,415	7.0%

Liabilities and Equity

Thousand euro

Liabilities and Equity	9M 2023	12M 2022	% var.
Debt and accounts payable	60,855	59,288	2.6%
Hedging derivatives	-	-	-
Technical provisions	885,124	791,040	11.9%
<i>Provision for unearned premiums</i>	486,073	470,783	3.2%
<i>Provision for unexpired risks</i>	2,378	2,378	0.0%
<i>Provision for claims</i>	396,673	317,879	24.8%
Nontechnical provisions	26,719	26,118	2.3%
Other liabilities	28,352	28,469	-0.4%
Total liabilities	1,001,050	904,915	10.6%
Equity	304,481	320,356	-5.0%
Valuation adjustments	(26,523)	(29,856)	-11.2%
Total equity	277,958	290,500	-4.3%
Total liabilities and equity	1,279,008	1,195,415	7.0%

Consolidated balance sheet, IFRS 4 – IFRS 17

IFRS 4

Thousand euro

Assets	9M 2023	12M 2022	% var.
Cash and cash equivalents	25,924	51,661	-49.8%
Available-for-sale financial assets	832,630	739,664	12.6%
Hedging derivatives	8,513	7,808	9.0%
Property investments	65,394	64,676	1.1%
Deferred acquisition expenses	92,828	94,608	-1.9%
Reinsurance share in technical provisions	28,391	19,263	47.4%
Insurance recoveries	34,885	34,885	0.0%
Other assets	190,443	182,850	4.2%
Total assets	1,279,008	1,195,415	7.0%
Liabilities and Equity	9M 2023	12M 2022	
Reserve for claims	396,673	317,879	24.8%
Unearned premium reserve and ongoing risks	488,451	473,161	3.2%
Nontechnical provisions (settlement agreements)	26,329	25,338	3.9%
Other liabilities	89,597	88,537	1.2%
Total liabilities	1,001,050	904,915	10.6%
Total equity	277,958	290,500	-4.3%
Total liabilities and equity	1,279,008	1,195,415	7.0%

IFRS 17 & 9

Thousand euro

Assets	9M 2023	12M 2022	% var.
Cash and other equivalent liquid assets	25,924	51,661	-49.8%
Financial investments	840,880	747,472	12.5%
Property investments	65,394	64,676	1.1%
Reinsurance contract assets	29,983	21,956	36.6%
Other assets	136,908	126,691	8.1%
Total assets	1,099,089	1,012,456	8.6%

Liabilities and Equity	9M 2023	12M 2022	% var.
Liability incurred claims	367,389	285,226	28.8%
Liability for remaining coverage	349,032	335,087	4.2%
Other liabilities	93,361	91,812	1.7%
Total liabilities	809,782	712,125	13.7%
Total equity	289,307	300,331	-3.7%
Total liabilities and equity	1,099,089	1,012,456	8.6%

Statement of profit or loss by segment, IFRS 4

Statement of profit or loss – Motor Segment



<i>Thousand euro</i>	9M 2023	9M 2022	% var.
Gross written premiums (GWP)	595,240	579,419	2.7%
Premiums earned, net of reinsurance	580,288	561,078	3.4%
Claims incurred, net of reinsurance	(527,284)	(418,306)	26.1%
Net operating expenses	(112,198)	(110,044)	2.0%
Other technical expenses and income	15,875	12,636	25.6%
Technical result	(43,319)	45,364	-195.5%

	9M 2023	9M 2022	p.p. var.
loss ratio	90.9%	74.6%	16.3 p.p
Expense ratio	16.6%	17.4%	-0.8 p.p
Combined ratio	107.5%	91.9%	15.6 p.p
Clients (thousands)	2,512	2,589	(77)

Statement of profit or loss – Home Segment



<i>Thousand euro</i>	9M 2023	9M 2022	% var.
Gross written premiums (GWP)	111,604	106,896	4.4%
Premiums earned, net of reinsurance	105,756	96,242	9.9%
Claims incurred, net of reinsurance	(72,041)	(58,937)	22.2%
Net operating expenses	(31,321)	(30,785)	1.7%
Other technical expenses and income	0	(181)	-100.0%
Technical result	2,394	6,339	-62.2%

	9M 2023	9M 2022	p.p. var.
loss ratio	68.1%	61.2%	6.9 p.p
Expense ratio	29.6%	32.2%	-2.6 p.p
Combined ratio	97.7%	93.4%	4.3 p.p
Clients (thousands)	734	746	(12)

Statement of profit or loss by segment, IFRS 4



Statement of profit or loss – Health Segment ¹

<i>Thousand euro</i>	9M 2023	9M 2022	% var.
Gross written premiums (GWP)	24,336	23,304	4.4%
Premiums earned, net of reinsurance	12,204	11,576	5.4%
Claims incurred, net of reinsurance	(10,775)	(10,535)	2.3%
Net operating expenses	(8,540)	(5,563)	53.5%
Other technical expenses and income	(2)	(182)	-98.9%
Technical result	(7,113)	(4,704)	51.2%

	9M 2023	9M 2022	p.p. var.
Loss ratio	88.3%	91.0%	-2.7 p.p
Expense ratio	70.0%	49.6%	20.4 p.p
Combined ratio	158.3%	140.6%	17.7 p.p
Clients (thousands)	110	106	4

Statement of profit or loss – Other Insurance Businesses ²

<i>Thousand euro</i>	9M 2023	9M 2022	% var.
Gross written premiums (GWP)	767	1,082	-29.1%
Premiums earned, net of reinsurance	592	901	-34.3%
Claims incurred, net of reinsurance	(77)	(36)	113.9%
Profit sharing and premiums refunds	(227)	(353)	-35.7%
Net operating expenses	(57)	(64)	-10.9%
Other technical revenues and expenses	-	-	-
Technical result	231	448	-48.4%

	9M 2023	9M 2022	p.p. var.
Loss ratio	13.0%	4.0%	9.0 p.p
Expense ratio	48.0%	46.3%	1.7 p.p
Combined ratio	61.0%	50.3%	10.7 p.p
Clients (thousands)	4	4	(1)

1. In 2023, we no longer receive reinsurance commissions under the Health segment quota share contract

2. The Other insurance businesses segment mainly shows the travel insurance business for Bankinter cardholders under 10 group policies not included in the number of customers; the Vivaz Safe&Go insurance product launched in September 2021 as the first pay-as-you-go insurance for users of personal mobility vehicles, as well as run-off payment protection insurance