



APPENDIX III

INSURANCE ENTITIES

1st

FINANCIAL INFORMATION CORRESPONDING TO THE YEAR

2021

PERIOD END DATE

06/30/2021

I. COMPANY INFORMATION

Company name: Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros

Registered address: Calle Isaac Newton 7, Tres Cantos (Madrid)

C.I.F.

A80871031

II. ADDITIONAL INFORMATION TO THE INFORMATION PUBLISHED FOR THE PREVIOUS HALF-YEAR

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (1/2)

(PREPARED IN ACCORDANCE WITH THE CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

ASSETS		A		B	
		CURRENT PERIOD	06/30/2021	PREVIOUS PERIOD	12/31/2020
1.	Cash and other equivalent liquid assets	0005	99,149		141,646
2.	Financial assets held for trading	0010			
3.	Other financial assets at fair value, with changes in profit and loss account	0015			
4.	Financial assets available for sale	0020	867,531		891,533
5.	Loans and receivables	0025	128,451		124,461
6.	Investments held to maturity	0030			
7.	Hedging derivatives	0035			
8.	Participation of reinsurance in technical provisions	0041	18,397		12,477
9.	Property, plant and equipment, and real estate investments:	0045	43,146		43,407
	a) Property, plant and equipment	0046	41,209		41,456
	b) Real estate investments	0047	1,937		1,951
10.	Intangible assets:	0050	12,766		12,562
	a) Goodwill	0051			
	b) Acquisition costs of portfolios	0053			
	c) Other intangible assets	0052	12,766		12,562
11.	Equity investments in Group and associated companies:	0055	66,462		60,064
	a) Associated companies	0056			
	b) Multigroup companies	0057			
	c) Group companies	0058	66,462		60,064
12.	Tax assets:	0060	10,482		19,926
	a) Current tax assets	0061	1,333		10,424
	Deferred tax assets	0062	9,149		9,502
13.	Other assets	0075	100,831		92,569
14.	Assets held for sale	0080			
TOTAL ASSETS		0100	1,347,215		1,398,645

IV. SELECTED FINANCIAL INFORMATION

1. INDIVIDUAL BALANCE SHEET (2/2)

(PREPARED IN ACCORDANCE WITH THE CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

LIABILITIES AND EQUITY		A	B
		CURRENT PERIOD 06/30/2021	PREVIOUS PERIOD 12/31/2020
TOTAL LIABILITIES	0170	997,430	962,846
1. Financial liabilities held for trading	0110		
2. Other financial liabilities at fair value, with changes in profit and loss account	0115		
3. Debts:	0120	187,576	162,101
a) Subordinated liabilities	0121		
b) Bonds and other negotiable securities	0122		
c) Debts with credit institutions	0123		
d) Other debts	0124	187,576	162,101
4. Hedging derivatives	0130	10,811	15,167
5. Technical provisions:	0131	732,927	722,586
a) For unearned premiums	0132	456,151	446,423
b) Unexpired risk reserve	0133	4,622	4,622
c) For life assurance	0134		
d) For outstanding claims	0135	272,154	271,541
e) For profit sharing and returned premiums	0136		
f) Other technical provisions	0137		
6. Non-technical provisions	0140	17,076	16,849
7. Tax liabilities:	0145	47,945	44,989
a) Current tax liabilities	0146	385	-
b) Deferred tax liabilities	0147	47,560	44,989
8. Other liabilities	0150	1,095	1,154
9. Liabilities linked to assets held for sale	0165		
TOTAL NET EQUITY	0195	349,785	435,799
SHAREHOLDERS' EQUITY	0180	299,566	391,402
1. Share capital or mutual fund:	0171	43,537	37,512
a) Declared capital or mutual fund	0161	43,537	37,512
b) Less: Uncalled capital	0162		
2. Share premium	0172		
3. Reserves	0173	231,411	228,183
4. Less: Treasury stock and own shares	0174	(765)	
5. Previous years' results	0178		
6. Other contributions from partners	0179		
7. Results for the year	0175	55,433	132,671
8. Less: Interim dividend	0176	(30,050)	(6,964)
9. Other equity instruments	0177		
VALUATION ADJUSTMENTS	0188	50,219	44,397
1. Financial assets available for sale	0181	50,219	44,397
2. Hedging operations	0182		
3. Foreign exchange differences	0184		
4. Correction for accounting asymmetries	0185		
5. Other adjustments	0187		
SUBSIDIES, DONATIONS AND LEGACIES RECEIVED	0193		
TOTAL LIABILITIES AND EQUITY	0200	1,347,215	1,398,645

IV. SELECTED FINANCIAL INFORMATION
2. INDIVIDUAL PROFIT AND LOSS ACCOUNT
(PREPARED IN ACCORDANCE WITH CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

		A	B	C	D
		CURRENT PERIOD (2nd HALF)	PREVIOUS PERIOD (2nd HALF)	ACCUMULATED CURRENT PERIOD 06/30/2021	ACCUMULATED PREVIOUS PERIOD 06/30/2020
(+)	1. Premiums allocated to the period, net	0201		435,993	434,400
(+)	2. Revenue from property and other investments	0202		21,070	32,757
(+)	3. Other technical revenue	0203			
(-)	4. Net claims incurred	0204		(287,959)	(285,622)
(+/-)	5. Net variation of other technical provisions	0205			
(+/-)	6. Profit sharing and returned premiums	0206		(172)	(417)
(-)	7. Net operating expenses	0207		(97,202)	(101,161)
(+/-)	8. Other technical expenses	0209		9,687	9,041
(-)	9. Expenses from property and other investments	0210		(9,577)	(21,537)
A)	TECHNICAL RESULT FROM NON-LIFE OPERATIONS (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	0220		71,840	67,461
(+)	10. Premiums allocated to the period, net	0221			
(+)	11. Revenue from property and other investments	0222			
(+)	12. Revenue from investments on account of the life policyholders bearing the investment risk	0223			
(+)	13. Other technical revenue	0224			
(-)	14. Net claims incurred	0225			
(+/-)	15. Net variation of other technical provisions	0226			
(+/-)	16. Profit sharing and returned premiums	0227			
(-)	17. Net operating expenses	0228			
(+/-)	18. Other technical expenses	0229			
(-)	19. Expenses from property and other investments	0230			
(-)	20. Expenses from investments on account of the life policyholders bearing the investment risk	0231			
B)	TECHNICAL RESULT FROM LIFE OPERATIONS (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18 + 19 + 20)	0240			
C)	TECHNICAL RESULT (A + B)	0245		71,840	67,461
(+)	21. Revenue from property and other investments	0246			
(-)	22. Expenses from property and other investments	0247			
(+)	23. Other revenue	0248		2,265	2,694
(-)	24. Other expenses	0249		(218)	(472)
E)	RESULT BEFORE TAX (C + 21 + 22 + 23 + 24 + 25)	0265		73,907	69,683
(+/-)	25. Corporate Income Tax	0270		(18,474)	(17,603)
F)	RESULT FOR THE PERIOD FROM ONGOING OPERATIONS (E + 26)	0280		55,433	52,080
(+/-)	26. Result after tax from discontinued operations	0285			
G)	RESULT FOR THE PERIOD (F + 27)	0300		55,433	52,080
EARNINGS PER SHARE					
		Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)	Amount (X.XX euros)
	Basic	0290		0.05	0.05
	Diluted	0295		0.05	0.05

IV. SELECTED FINANCIAL INFORMATION
3. STATEMENT OF RECOGNISED INDIVIDUAL INCOME AND EXPENSES
(PREPARED IN ACCORDANCE WITH THE CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

A	B
CURRENT PERIOD	PREVIOUS PERIOD
06/30/2021	06/30/2020

A) RESULT FOR THE PERIOD	0305	55,433	52,080
B) OTHER RECOGNISED REVENUE / (EXPENSES)	0310	5,822	(11,785)
1. Financial assets available for sale:	0315	7,762	(15,714)
a) Gains/(Losses) due to valuation	0316	7,666	(15,507)
b) Amounts transferred to the income statement	0317	96	(207)
c) Other reclassifications	0318		
2. Cash flow hedging:	0320		
a) Gains/(Losses) due to valuation	0321		
b) Amounts transferred to the income statement	0322		
c) Amounts recognised at initial value of hedged items	0323		
d) Other reclassifications	0324		
3. Hedging of net investments in businesses abroad:	0325		
a) Gains/(Losses) due to valuation	0326		
b) Amounts transferred to the income statement	0327		
c) Other reclassifications	0328		
4. Foreign exchange differences:	0330		
a) Gains/(Losses) due to valuation	0331		
b) Amounts transferred to the income statement	0332		
c) Other reclassifications	0333		
5. Correction of accounting asymmetries:	0335		
a) Gains/(Losses) due to valuation	0336		
b) Amounts transferred to the income statement	0337		
c) Other reclassifications	0338		
6. Assets held for sale:	0340		
a) Gains/(Losses) due to valuation	0341		
b) Amounts transferred to the income statement	0342		
c) Other reclassifications	0343		
7. Actuarial gains/(losses) for long-term remuneration for employees	0345		
8. Other recognised revenue and expenses	0355		
9. Corporate Income Tax	0360	(1,940)	3,929
TOTAL RECOGNISED REVENUE/(EXPENSES) (A+B)	0400	61,255	40,295

IV. SELECTED FINANCIAL INFORMATION
4. STATEMENT OF CHANGES IN INDIVIDUAL EQUITY (1/2)
(PREPARED IN ACCORDANCE WITH THE CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

CURRENT PERIOD		A	B	C	D	E	F	G	H
		EQUITY					Adjustments for changes in value	Subsidies, donations and legacies received	Total equity
		Capital or mutual fund	Share premium and other reserves (1)	Treasury stock and own shares	Result for the period	Other equity instruments			
Opening balance as of 01/01/2021	3010	37,512	228,183		132,671	(6,964)	44,397		435,799
Adjustments for changes in accounting criteria	3011								
Adjustments for errors	3012								
Adjusted opening balance	3015	37,512	228,183		132,671	(6,964)	44,397		435,799
I. Total recognised revenue / (expenses)	3020				55,433		5,822		61,255
II. Operations with shareholders or owners	3025	6,025	(126,025)	(765)		(26,636)			(147,401)
1. Capital increases (decreases)	3026	6,025	(6,025)						
2. Conversion of financial liabilities to equity	3027								
3. Distribution of dividends	3028		(120,000)			(26,636)			(146,636)
4. Operations involving treasury stock or own shares	3029			(765)					(765)
5. Increases / (Decreases) due to changes in business combinations	3030								
6. Other operations with shareholders or owners	3032								
III. Other variations in equity	3035		129,253		(132,671)	3,550			132
1. Payments using equity instruments	3036		132						132
2. Transfers between equity items	3037		125,707		(132,671)	6,964			
3. Other variations	3038		3,414			(3,414)			
Closing balance as of 06/30/2021	3040	43,537	231,411	(765)	55,433	(30,050)	50,219		349,785

IV. SELECTED FINANCIAL INFORMATION
4. STATEMENT OF CHANGES IN INDIVIDUAL EQUITY (2/2)
(PREPARED IN ACCORDANCE WITH THE CURRENT NATIONAL ACCOUNTING CRITERIA)

Units: Thousand euros

PREVIOUS PERIOD		A	B	C	D	E	F	G	H
		EQUITY					Adjustments for changes in value	Subsidies, donations and legacies received	Total equity
		Capital or mutual fund	Share premium and other reserves (1)	Treasury stock and own shares	Result for the period	Other equity instruments			
Opening balance as of 01/01/2020 (period of comparison)	3050	37,512	206,378		115,001	(100,160)	37,179		295,910
Adjustments for changes in accounting criteria	3051								
Adjustments for errors	3052								
Adjusted opening balance	3055	37,512	206,378		115,001	(100,160)	37,179		295,910
I. Total recognised revenue / (expenses)	3060				52,080		(11,785)		40,295
II. Operations with shareholders or owners	3065								
1. Capital increases (decreases)	3066								
2. Conversion of financial liabilities to equity	3067								
3. Distribution of dividends	3068								
4. Operations involving treasury stock or own shares	3069								
5. Increases / (Decreases) due to changes in business combinations	3070								
6. Other operations with shareholders or owners	3072								
III. Other variations in equity	3075		18,335		(115,001)	96,666			
1. Payments using equity instruments	3076								
2. Transfers between equity items	3077		14,841		(115,001)	100,160			
3. Other variations	3078		3,494			(3,494)			
Closing balance as of 06/30/2020 (period of comparison)	3080	37,512	224,713		52,080	(3,494)	25,394		336,205

IV. SELECTED FINANCIAL INFORMATION
5. INDIVIDUAL CASH FLOW STATEMENT (DIRECT METHOD)
(PREPARED IN ACCORDANCE WITH CURRENT NATIONAL ACCOUNTING CRITERIO)

Units: Thousand euros

		A	B
		CURRENT PERIOD	PREVIOUS PERIOD
		06/30/2021	06/30/2020
A) NET CASH FLOW FROM OPERATING ACTIVITIES (1 + 2 + 3)	7435	50,370	64,436
1. Insurance activities:	7405	65,015	68,236
(+) Inflows from insurance activities	7406	479,139	464,523
(-) Outflows from insurance activities	7407	(414,124)	(396,287)
2. Other operating activities:	7410	3,030	2,875
(+) Other operating activities cash inflows	7415	3,986	3,750
(-) Other operating activities cash outflows	7416	(956)	(875)
3. Inflows /(outflows) due to corporate income tax	7425	(17,675)	(6,675)
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (1 + 2)	7460	29,806	(25,589)
1. Inflows from investment activities:	7450	83,081	68,972
(+) Tangible assets	7451		
(+) Investments in property, plant and equipment	7452	103	54
(+) Intangible assets	7453		
(+) Financial instruments	7454	67,896	54,822
(+) Participations	7455		
(+) Other business units	7457	13,350	12,900
(+) Interests collected	7456	1,732	1,196
(+) Dividends collected	7459		
(+) Other income related to investment activities	7458		
2. Payments related to investment activities:	7440	(53,275)	(94,561)
(-) Tangible assets	7441	(1,241)	(691)
(-) Investments in property, plant and equipment	7442		
(-) Intangible assets	7443	(2,576)	(2,764)
(-) Financial instruments	7444	(40,568)	(89,366)
(-) Participations	7445	(7,000)	
(-) Other business units	7447		
(-) Other payments related to investment activities	7448	(1,890)	(1,740)
C) NET CASH FLOW FROM FINANCING ACTIVITIES (1 + 2)	7490	(122,503)	(27,518)
1. Inflows from financing activities:	7480	52	3,808
(+) Subordinated liabilities	7481		
(+) Inflows from the issue of equity instruments and capital increases	7482		
(+) Capital contributions from owners or mutual members	7483		
(+) Sales of treasury stock	7485		
(+) Other income related to financing activities	7486	52	3,808
2. Payments related to financing activities:	7470	(122,555)	(31,326)
(-) Dividends to shareholders	7471	(120,000)	(28,344)
(-) Interest payments	7475		
(-) Subordinated liabilities	7472		
(-) Capital contributions returned to shareholders	7473		
(-) Capital contributions returned to owners or mutual members	7474		
(-) Acquisition of treasury stock	7477	(765)	
(-) Other payments related to financial activities	7478	(1,790)	(2,982)
D) FOREIGN EXCHANGE DIFFERENCES	7492	(170)	6
E) NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS (A + B + C + D)	7495	(42,497)	11,335
F) OPENING CASH BALANCE AND EQUIVALENTS	7499	141,646	118,690
G) CLOSING CASH BALANCES AND EQUIVALENTS (E + F)	7500	99,149	130,025

COMPONENTS OF CASH AND EQUIVALENTS AT PERIOD END

		CURRENT PERIOD	PREVIOUS PERIOD
		06/30/2021	06/30/2020
		(+) Cash and banks	7550
(+) Other financial assets	7552		
(-) Less: Bank overdrafts payable on demand	7553		
TOTAL CLOSING CASH AND EQUIVALENTS	7600	99,149	130,025

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED BALANCE SHEET (IFRS) (1/2)

Units: Thousand euros

ASSETS	A		B	
	CURRENT PERIOD		PREVIOUS PERIOD	
	06/30/2021		12/31/2020	
1. Cash and other equivalent liquid assets	1005	114,152	162,500	
2. Financial assets held for trade	1010			
3. Other financial assets at fair value, with changes in profit and loss account	1015			
4. Financial assets available for sale	1020	902,658	917,074	
5. Loans and receivables	1025	117,440	110,373	
6. Investments held to maturity	1030			
7. Hedging derivatives	1035			
8. Participation of reinsurance in technical provisions	1041	18,397	12,477	
9. Property, plant and equipment, and real estate investments:	1045	116,000	113,995	
a) Property, plant and equipment	1046	50,094	48,047	
b) Real estate investments	1047	65,906	65,948	
10. Intangible assets:	1050	12,859	12,688	
a) Goodwill	1051			
b) Acquisition costs of portfolios	1053			
c) Other intangible assets	1052	12,859	12,688	
11. Participation in equity-accounted entities	1055			
a) Associated entities	1056			
b) Multigroup entities	1057			
12. Tax assets:	1060	14,871	24,016	
a) Current tax assets	1061	5,586	14,388	
b) Deferred tax assets	1062	9,285	9,628	
13. Other assets	1075	92,985	83,410	
14. Assets held for sale	1080			
TOTAL ASSETS	1100	1,389,362	1,436,533	

IV. SELECTED FINANCIAL INFORMATION
6. CONSOLIDATED BALANCE SHEET (IFRS) (2/2)

Units: Thousand euros

LIABILITIES AND EQUITY	A		B	
	CURRENT PERIOD		PREVIOUS PERIOD	
	06/30/2021		12/31/2020	
A) TOTAL LIABILITIES	1170	1,005,474	969,174	
1. Financial liabilities held for trade	1110			
2. Other financial liabilities at fair value, with changes in profit and loss account	1115			
3. Debts:	1120	202,433	174,445	
a) Subordinated liabilities	1121			
b) Bonds and other negotiable securities	1122			
c) Debts with credit institutions	1123			
d) Other debts	1124	202,433	174,445	
4. Hedging derivatives	1130	11,628	15,167	
5. Technical provisions:	1131	726,457	716,491	
a) For unearned premiums	1132	456,151	446,423	
b) Unexpired risk reserve	1133	4,622	4,622	
c) For life assurance	1134			
d) For outstanding claims	1135	265,684	265,446	
e) For profit sharing and returned premiums	1136			
f) Other technical provisions	1137			
6. Non-technical provisions	1140	17,105	16,849	
7. Tax liabilities:	1145	47,560	45,066	
a) Current tax liabilities	1146			
b) Deferred tax liabilities	1147	47,560	45,066	
8. Other liabilities	1150	291	1,156	
9. Liabilities linked to assets held for sale	1165			
B) TOTAL NET EQUITY (B.1 + B.2 + B.3)	1195	383,888	467,359	
B.1) SHAREHOLDERS' EQUITY	1180	333,668	422,727	
1. Share capital or mutual fund:	1171	43,537	37,512	
a) Declared capital or mutual fund	1161	43,537	37,512	
b) Less: Uncalled capital	1162			
2. Share premium	1172			
3. Reserves	1173	259,322	250,369	
4. Less: Treasury stock and own shares	1174	(765)		
5. Previous years' results	1178			
6. Other contributions from partners	1179			
7. Results for the year	1175	58,210	134,846	
8. Less: Interim dividend	1176	(26,636)		
9. Other equity instruments	1177			
B.2) VALUATION ADJUSTMENTS	1188	50,220	44,632	
1. Items that are not reclassified to the period result	1190			
2. Items that can be recycled after the period result	1183	50,220	44,632	
a) Financial assets available for sale	1181	50,220	44,632	
b) Hedging operations	1182			
c) Foreign exchange differences	1184			
d) Correction for accounting asymmetries	1185			
e) Equity-accounted entities	1186			
f) Other adjustments	1187			
NET EQUITY ATTRIBUTABLE TO THE CONTROLLING COMPANY (B.1 + B.2)	1189	383,888	467,359	
B.3) NON-CONTROLLING INTERESTS	1193			
TOTAL LIABILITIES AND NET EQUITY (A+ B)	1200	1,389,362	1,436,533	

IV. SELECTED FINANCIAL INFORMATION
7. CONSOLIDATED PROFIT AND LOSS ACCOUNT (IFRS)

Units: Thousand euros

		A	B	C	D
		STANDALONE	STANDALONE	ACCUMULATED	ACCUMULATED
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
		(2nd HALF)	(2nd HALF)	06/30/2021	06/30/2020
(+) 1. Premiums allocated to the period, net	1201			435,993	434,400
(+) 2. Revenue from property and other investments	1202			22,769	34,974
(+) 3. Other technical revenue	1203				
(-) 4. Net claims incurred	1204			(284,885)	(279,624)
(+/-) 5. Net variation of other technical provisions	1205				
(+/-) 6. Profit sharing and returned premiums	1206			(172)	(417)
(-) 7. Net operating expenses	1207			(97,485)	(101,365)
(+/-) 8. Other technical expenses	1209			9,888	9,040
(-) 9. Expenses from property and other investments	1210			(9,974)	(21,932)
A) TECHNICAL RESULT FROM NON-LIFE OPERATIONS (1+ 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9)	1220			75,934	75,076
(+) 10. Premiums allocated to the period, net	1221				
(+) 11. Revenue from property and other investments	1222				
(+) 12. Revenue from investments on account of the life policyholders bearing the investment risk	1223				
(+) 13. Other technical revenue	1224				
(-) 14. Net claims incurred	1225				
(+/-) 15. Net variation of other technical provisions	1226				
(+/-) 16. Profit sharing and returned premiums	1227				
(-) 17. Net operating expenses	1228				
(+/-) 18. Other technical expenses	1229				
(-) 19. Expenses from property and other investments	1230				
(-) 20. Expenses from investments on account of the life policyholders bearing the investment risk	1231				
B) TECHNICAL RESULT FROM LIFE OPERATIONS (10 + 11 + 12 + 13 + 14 + 15 + 16 + 17 + 18 + 19 + 20)	1240				
C) TECHNICAL RESULT (A + B)	1245			75,934	75,076
(+) 21. Revenue from property and other investments	1246				
(-) 22. Expenses from property and other investments	1247				
(+) 23. Other revenue	1248			4,632	5,282
(-) 24. Other expenses	1249			(2,948)	(1,838)
E) RESULT BEFORE TAX (C + 21 + 22 + 23 + 24)	1265			77,618	78,520
(+/-) 25. Corporate Income Tax	1270			(19,408)	(19,631)
F) RESULT FOR THE PERIOD FROM ONGOING OPERATIONS (E + 25)	1280			58,210	58,889
(+/-) 26. Result after tax from discontinued operations	1285				
G) RESULT FOR THE PERIOD (F + 26)	1288			58,210	58,889
a) Result attributable to the controlling company	1300			58,210	58,889
b) Result attributable to non-controlling interests	1289				
EARNINGS PER SHARE		Amount	Amount	Amount	Amount
		(X.XX euros)	(X.XX euros)	(X.XX euros)	(X.XX euros)
Reported	1290			0.05	0.05
Diluted	1295			0.05	0.05

IV. SELECTED FINANCIAL INFORMATION
8. OTHER COMPREHENSIVE INCOME (IFRS ADOPTED)

Units: Thousand euros

	A	B	C	D
	STANDALONE CURRENT PERIOD (2nd HALF)	STANDALONE PREVIOUS PERIOD (2nd HALF)	ACCUMULATED CURRENT PERIOD 06/30/2021	ACCUMULATED PREVIOUS PERIOD 06/30/2020
A) CONSOLIDATED PROFIT AND LOSS FOR THE YEAR	1305		58,210	58,889
B) OTHER GLOBAL RESULTS - ITEMS NOT RECLASSIFIED TO THE RESULT FOR THE PERIOD	1310			
1. Actuarial gains/(losses) for long-term remuneration for employees	1370			
2. Participation in other recognized global results from investments in joint and associated businesses	1371			
3. Other income and expenses not reclassified to the result for the period	1372			
4. Tax effect	1373			
C) OTHER GLOBAL RESULTS - ITEMS THAT CAN BE SUBSEQUENTLY RECLASSIFIED TO THE RESULT FOR THE PERIOD	1345		5,588	(11,785)
1. Financial assets available for sale:	1315		7,528	(15,714)
a) Gains/(Losses) due to valuation	1316		7,432	(15,507)
b) Amounts transferred to the income statement	1317		96	(207)
c) Other reclassifications	1318			
2. Cash flow hedging:	1320			
a) Gains/(Losses) due to valuation	1321			
b) Amounts transferred to the income statement	1322			
c) Amounts recognised at initial value of hedged items	1323			
d) Other reclassifications	1324			
3. Hedging of net investments in businesses abroad:	1325			
a) Gains/(Losses) due to valuation	1326			
b) Amounts transferred to the income statement	1327			
c) Other reclassifications	1328			
4. Foreign exchange differences:	1330			
a) Gains/(Losses) due to valuation	1331			
b) Amounts transferred to the income statement	1332			
c) Other reclassifications	1333			
5. Correction of accounting asymmetries:	1335			
a) Gains/(Losses) due to valuation	1336			
b) Amounts transferred to the income statement	1337			
c) Other reclassifications	1338			
6. Assets held for sale:	1340			
a) Gains/(Losses) due to valuation	1341			
b) Amounts transferred to the income statement	1342			
c) Other reclassifications	1343			
7. Participation in other recognized global results from investments in joint and associated businesses:	1350			
a) Gains/(Losses) due to valuation	1351			
b) Amounts transferred to the income statement	1352			
c) Other reclassifications	1353			
8. Other income and expenses that can be subsequently reclassified to the result for the period	1355			
9. Tax effect	1360		(1,940)	3,929
TOTAL GLOBAL RESULT FOR THE PERIOD (A + B + C)	1400		63,798	47,104
a) Attributable to the controlling company	1398		63,798	47,104
b) Attributable to minority interests	1399			

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) (1/2)

Units: Thousand euros

CURRENT PERIOD		A	B	C	D	E	F	G	H	
		Equity of the controlling company							Non-controlling interests	Total equity
		Shareholders' Equity					Adjustments for changes in value			
		Capital or mutual fund	Share premium and other reserves (1)	Treasury stock and own shares	Result for the period attributable to the controlling company	Other equity instruments				
Opening balance as of 01/01/2021	3110	37,512	250,369		134,846		44,632		467,359	
Adjustments for changes in accounting criteria	3111									
Adjustments for errors	3112									
Adjusted opening balance	3115	37,512	250,369		134,846		44,632		467,359	
I. Total revenue/ (expenses) recognized	3120				58,210		5,588		63,798	
II. Operations with shareholders or owners	3125	6,025	(126,025)	(765)		(26,636)			(147,401)	
1. Capital increases (decreases)	3126	6,025	(6,025)							
2. Conversion of financial liabilities to equity	3127									
3. Distribution of dividends	3128		(120,000)			(26,636)			(146,636)	
4. Operations involving treasury stock or own shares	3129			(765)					(765)	
5. Increases / (Decreases) due to changes in business combinations	3130									
6. Other operations with shareholders or owners	3132									
III. Other variations in equity	3135		134,978		(134,846)				132	
1. Payments using equity instruments	3136		132						132	
2. Transfers between equity items	3137		134,846		(134,846)					
3. Other variations	3138									
Closing balance as of 06/30/2021	3140	43,537	259,322	(765)	58,210	(26,636)	50,220		383,888	

IV. SELECTED FINANCIAL INFORMATION

9. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS) (2/2)

Units: Thousand euros

PREVIOUS PERIOD		A	B	C	D	E	F	G	H	
		Equity of the controlling company							Non-controlling interests	Total equity
		Shareholders' Equity					Adjustments for changes in value			
		Capital or mutual fund	Share premium and other reserves (1)	Treasury stock and own shares	Result for the period attributable to the controlling company	Other equity instruments				
Opening balance as of 01/01/2020 (period of comparison)	3150	37,512	236,122		107,295	(93,048)	37,179		325,060	
Adjustments for changes in accounting criteria	3151									
Adjustments for errors	3152									
Adjusted opening balance	3155	37,512	236,122		107,295	(93,048)	37,179		325,060	
I. Total revenue/ (expenses) recognized	3160				58,889		(11,785)		47,104	
II. Operations with shareholders or owners	3165									
1. Capital increases (decreases)	3166									
2. Conversion of financial liabilities to equity	3167									
3. Distribution of dividends	3168									
4. Operations involving treasury stock or own shares	3169									
5. Increases, (Decreases) due to changes in business combinations	3170									
6. Other operations with shareholders or owners	3172									
III. Other variations in equity	3175		14,247		(107,295)	93,048				
1. Payments using equity instruments	3176									
2. Transfers between equity items	3177		14,247		(107,295)	93,048				
3. Other variations	3178									
Closing balance as of 06/30/2020 (period of comparison)	3180	37,512	250,369		58,889		25,394		372,164	

IV. SELECTED FINANCIAL INFORMATION

10. A. CONSOLIDATED CASH FLOW STATEMENT (DIRECT METHOD) (IFRS)

Units: Thousand euros

A	B
CURRENT PERIOD	PREVIOUS PERIOD
06/30/2021	06/30/2020

A) NET CASH FLOW FROM OPERATING ACTIVITIES (1 + 2 + 3)	8435	53,792	69,056
1. Insurance activities:	8405	68,726	72,823
(+) Inflows from insurance activities	8406	479,429	465,216
(-) Outflows from insurance activities	8407	(410,703)	(392,393)
2. Other operating activities:	8410	2,741	2,909
(+) Cash inflows from other operating activities	8415	6,333	6,336
(-) Cash outflows from other operating activities	8416	(3,592)	(3,427)
3. Inflows / (outflows) due to corporate income tax	8425	(17,675)	(6,676)
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (1 + 2)	8460	21,505	(27,791)
1. Inflows from investment activities:	8450	85,144	70,346
(+) Property, plant and equipment	8451		61
(+) Real estate investment	8452	2,388	1,655
(+) Intangible fixed assets	8453		
(+) Financial instruments	8454	67,896	54,822
(+) Investments in associates	8455		
(+) Controlled companies and other business units	8457		
(+) Interests collected	8456	13,128	12,612
(+) Dividends collected	8459	1,732	1,196
(+) Other income related to investment activities	8458		
2. Payments related to investment activities:	8440	(63,639)	(98,137)
(-) Property, plant and equipment	8441	(1,649)	(811)
(-) Real estate investment	8442	(348)	53
(-) Intangible fixed assets	8443	(2,576)	(2,778)
(-) Financial instruments	8444	(57,176)	(92,861)
(-) Investments in associates	8445		
(-) Controlled companies and other business units	8447		
(-) Other payments related to investment activities	8448	(1,890)	(1,740)
C) NET CASH FLOW FROM FINANCING ACTIVITIES (1 + 2)	8490	(123,475)	(28,331)
1. Inflows from financing activities:	8480	52	3,808
(+) Subordinated liabilities	8481		
(+) Inflows from the issue of equity instruments and capital increases	8482		
(+) Capital contributions from owners or partners	8483		
(+) Sales of treasury stock	8485		
(+) Other income related to financing activities	8486	52	3,808
(+) Sales of interests to external associates	8487		
2. Payments related to financing activities:	8470	(123,527)	(32,139)
(-) Dividends to shareholders	8471	(120,000)	(28,344)
(-) Interest paid	8475		
(-) Subordinated liabilities	8472		
(-) Capital contributions returned to shareholders	8473		
(-) Capital contributions returned to owners or partners	8474		
(-) Acquisition of treasury stock	8477	(766)	
(-) Other payments related to financing activities	8478	(2,761)	(3,795)
(-) Acquisition of non-controlling interests	8479		
D) FOREIGN EXCHANGE DIFFERENCES	8492	(170)	6
E) NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS (A + B + C + D)	8495	(48,348)	12,940
F) OPENING CASH BALANCE AND EQUIVALENTS	8499	162,500	144,937
G) CLOSING CASH BALANCES AND EQUIVALENTS (E + F)	8500	114,152	157,877

COMPONENTS OF CASH AND EQUIVALENTS AT PERIOD END

CURRENT PERIOD	PREVIOUS PERIOD
06/30/2021	06/30/2020

(+) Cash and banks	8550	114,152	157,877
(+) Other financial assets	8552		
(-) Less: Bank overdrafts payable on demand	8553		
TOTAL CLOSING CASH AND EQUIVALENTS	8600	114,152	157,877

IV. SELECTED FINANCIAL INFORMATION
10. B. CONSOLIDATED CASH FLOW STATEMENT (INDIRECT METHOD) (IFRS)

Units: Thousand euros

A	B
CURRENT PERIOD	PREVIOUS PERIOD
06/30/2021	06/30/2020

A) NET CASH FLOW FROM OPERATING ACTIVITIES (1 + 2 + 3 + 4)	1435		
1. Result before taxes	1405		
2. Result adjustments	1410		
(+/-) Variation in provisions	1415		
(+/-) Other adjustments	1419		
3. Net Increase / (Decrease) in assets and liabilities from operating activities	1420		
4. Other cash flows from operating activities	1431		
(+/-) Inflows / (outflows) due to corporate income tax	1430		
(+/-) Otros cobros/(pagos) de actividades de explotación	1432		
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (1 + 2)	1460		
1. Inflows from investment activities:	1450		
(+) Property, plant and equipment	1451		
(+) Real estate investment	1452		
(+) Intangible fixed assets	1453		
(+) Financial instruments	1454		
(+) Investments in associates	1455		
(+) Controlled companies and other business units	1457		
(+) Interests collected	1456		
(+) Dividends collected	1459		
(+) Other income related to investment activities	1458		
2. Payments related to investment activities:	1440		
(-) Property, plant and equipment	1441		
(-) Real estate investment	1442		
(-) Intangible fixed assets	1443		
(-) Financial instruments	1444		
(-) Investments in associates	1445		
(-) Controlled companies and other business units	1447		
(-) Other payments related to investment activities	1448		
C) NET CASH FLOW FROM FINANCING ACTIVITIES (1 + 2)	1490		
1. Inflows from financing activities:	1480		
(+) Subordinated liabilities	1481		
(+) Inflows from the issue of equity instruments and capital increases	1482		
(+) Capital contributions from owners or partners	1483		
(+) Sales of treasury stock	1485		
(+) Other income related to financing activities	1486		
(+) Sales of interests to external associates	1487		
2. Payments related to financing activities:	1470		
(-) Dividends to shareholders	1471		
(-) Interest paid	1475		
(-) Subordinated liabilities	1472		
(-) Capital contributions returned to shareholders	1473		
(-) Capital contributions returned to owners or partners	1474		
(-) Acquisition of treasury stock	1477		
(-) Other payments related to financing activities	1478		
(-) Acquisition of non-controlling interests	1479		
D) FOREIGN EXCHANGE DIFFERENCES	1492		
E) NET INCREASE / (DECREASE) IN CASH AND EQUIVALENTS (A + B + C + D)	1495		
F) OPENING CASH BALANCE AND EQUIVALENTS	1499		
G) CLOSING CASH BALANCES AND EQUIVALENTS (E + F)	1500		

COMPONENTS OF CASH AND EQUIVALENTS AT PERIOD END

CURRENT PERIOD	PREVIOUS PERIOD
06/30/2021	06/30/2020

(+) Cash and banks	1550		
(+) Other financial assets	1552		
(-) Less: Bank overdrafts payable on demand	1553		
TOTAL CLOSING CASH AND EQUIVALENTS	1600		

IV. SELECTED FINANCIAL INFORMATION

11. DIVIDENDS PAID

		CURRENT PERIOD			PREVIOUS PERIOD		
		Euros per share (X.XX)	Amount (thousand euros)	Total outstanding shares	Euros per share (X.XX)	Amount (thousand euros)	Total outstanding shares
Ordinary shares	2158	0.12	120,000		0.03	28,344	
Other shares (non-voting, reedemable, etc)	2159						
Total dividends paid	2160	0.12	120,000		0.03	28,344	
a) Dividends paid out against results	2155				0.03	28,344	
b) Dividends paid out against reserves or share premium	2156	0.12	120,000				
c) Dividends in kind	2157						
d) Flexible payment	2154						

IV. SELECTED FINANCIAL INFORMATION

12. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (1/2)

Units: Thousand euros

		A	B	C	D	E
		CURRENT PERIOD				
FINANCIAL ASSETS:		Financial assets held for trading	Other financial assets at FV with changes in P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity
NATURE / CATEGORY						
Derivatives	2062					
Equity instruments	2063			128,512		
Debt securities	2064			739,019		
Hybrid instruments	2065					
Loans	2066				27,519	
Deposits established for accepted reinsurance and other deposits	2067					
Receivables on direct insurance, reinsurance, and coinsurance	2068				63,299	
Investments on behalf of life insurance policy holders bearing investment risk	2069					
Other financial assets	2070				37,633	
TOTAL (INDIVIDUAL)	2075			867,531	128,451	

Derivatives	2162					
Equity instruments	2163			154,855		
Debt securities	2164			747,803	15,378	
Hybrid instruments	2165					
Loans	2166					
Deposits established for accepted reinsurance and other deposits	2167					
Receivables on direct insurance, reinsurance, and coinsurance	2168				63,299	
Investments on behalf of life insurance policy holders bearing investment risk	2169					
Other financial assets	2170				38,763	
TOTAL (CONSOLIDATED)	2175			902,658	117,440	

		A	B	C
		CURRENT PERIOD		
FINANCIAL LIABILITIES:		Financial liabilities held for trading	Other financial liabilities at FV with changes in P&L	Debts and payables
NATURE / CATEGORY				
Derivatives	2076			
Subordinated liabilities	2077			
Deposits received on ceded reinsurance	2079			
Due on direct insurance, reinsurance and coinsurance operations	2080			4,323
Debentures and other negotiable securities	2081			
Due to credit institutions	2082			
Due on preparatory operations for insurance contracts	2083			
Other financial liabilities	2084			183,253
TOTAL (INDIVIDUAL)	2090			187,576
Derivatives	2176			
Subordinated liabilities	2177			
Deposits received on ceded reinsurance	2179			
Due on direct insurance, reinsurance and coinsurance operations	2180			4,325
Debentures and other negotiable securities	2181			
Due to credit institutions	2182			
Due on preparatory operations for insurance contracts	2183			
Other financial liabilities	2184			198,108
TOTAL (CONSOLIDATED)	2190			202,433

(Abbreviations- FV: Fair Value / P&L: profit and loss account)

IV. SELECTED FINANCIAL INFORMATION

12. BREAKDOWN OF FINANCIAL INSTRUMENTS BY NATURE AND CATEGORY (2/2)

Units: Thousand euros

FINANCIAL ASSETS: NATURE / CATEGORY		A	B	C	D	E
		PREVIOUS PERIOD				
		Financial assets held for trading	Other financial assets at FV with changes in P&L	Financial assets available for sale	Loans and receivables	Investments held to maturity
Derivatives	5062					
Equity instruments	5063			109,673		
Debt securities	5064			781,860		
Hybrid instruments	5065					
Loans	5066				26,033	
Deposits established for accepted reinsurance and other deposits	5067					
Receivables on direct insurance, reinsurance, and coinsurance	5068				59,499	
Investments on behalf of life insurance policy holders bearing investment risk	5069					
Other financial assets	5070				38,929	
TOTAL (INDIVIDUAL)	5075			891,533	124,461	

Derivatives	5162					
Equity instruments	5163			125,855		
Debt securities	5164			791,219	9,990	
Hybrid instruments	5165					
Loans	5166					
Deposits established for accepted reinsurance and other deposits	5167					
Receivables on direct insurance, reinsurance, and coinsurance	5168				59,499	
Investments on behalf of life insurance policy holders bearing investment risk	5169					
Other financial assets	5170				40,884	
TOTAL (CONSOLIDATED)	5175			917,074	110,373	

FINANCIAL LIABILITIES: NATURE / CATEGORY		A	B	C
		PREVIOUS PERIOD		
		Financial liabilities held for trading	Other financial liabilities at FV with changes in P&L	Debts and payables
Derivatives	5076			
Subordinated liabilities	5077			
Deposits received on ceded reinsurance	5079			
Due on direct insurance, reinsurance and coinsurance operations	5080			3,902
Debentures and other negotiable securities	5081			
Due to credit institutions	5082			
Due on preparatory operations for insurance contracts	5083			
Other financial liabilities	5084			158,199
TOTAL (INDIVIDUAL)	5090			162,101

Derivatives	5176			
Subordinated liabilities	5177			
Deposits received on ceded reinsurance	5179			
Due on direct insurance, reinsurance and coinsurance operations	5180			3,843
Debentures and other negotiable securities	5181			
Due to credit institutions	5182			
Due on preparatory operations for insurance contracts	5183			
Other financial liabilities	5184			170,602
TOTAL (CONSOLIDATED)	5190			174,445

(Abbreviations- FV: Fair Value / P&L: profit and loss account)

IV. SELECTED FINANCIAL INFORMATION

13. INFORMATION BY SEGMENTS

Units: Thousand euros

		A	B	C	D
		Distribution of net premiums attributed to business by geographical area			
		INDIVIDUAL		CONSOLIDATED	
GEOGRAPHICAL AREA		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
National market	2210	435,926	434,356	435,926	434,356
International market	2215	67	44	67	44
a) European Union	2216	67	44	67	44
a.1) Euro Zone	2217	67	44	67	44
a.2) Non-Euro Zone	2218				
b) Rest	2219				
TOTAL	2220	435,993	434,400	435,993	434,400

		CONSOLIDATED			
		Total ordinary revenues		Result	
SEGMENTS		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
Motor	2221	370,806	374,155	70,776	69,150
Home	2222	58,166	54,284	6,661	7,530
Health	2223	6,343	4,885	(1,986)	(1,871)
Other (Roadside Assistance)	2224	679	1,076	483	267
Other activities (non-technical)	2225	4,632	5,282	1,684	3,444
	2226				
	2227				
	2228				
	2229				
	2230				
TOTAL	2235	440,626	439,682	77,618	78,520

IV. SELECTED FINANCIAL INFORMATION

14. AVERAGE WORKFORCE

		INDIVIDUAL		CONSOLIDATED	
		CURRENT PERIOD	PREVIOUS PERIOD	CURRENT PERIOD	PREVIOUS PERIOD
AVERAGE WORKFORCE	2295	2,236	2,133	2,590	2,492
Men	2296	874	860	1,099	1,089
Women	2297	1,362	1,273	1,491	1,403

IV. SELECTED FINANCIAL INFORMATION

15. REMUNERATIONS RECEIVED BY DIRECTORS AND MANAGERS

DIRECTORS:

Remuneration concept:		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Remuneration for being a member of the Board and/or Board Committees	2310	226	39
Salaries	2311	250	292
Variable remuneration in cash	2312	221	123
Share-based remuneration system	2313		
Compensation	2314		
Long-term savings system	2315	161	158
Other items	2316	14	12
TOTAL	2320	872	624

MANAGERS:

		Amount (thousand euros)	
		CURRENT PERIOD	PREVIOUS PERIOD
Total remuneration received by managers	2325	2,107	2,290

IV. SELECTED FINANCIAL INFORMATION
16. TRANSACTIONS WITH RELATED PARTIES (1/2)

Units: Thousand euros

		CURRENT PERIOD				
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties	Total
REVENUE AND EXPENSES:						
1)	Financial expenses	2340	605			605
2)	Leases	2343				
3)	Reception of services	2344				
4)	Purchase of goods (completed or in progress)	2345				
5)	Other expenses	2348	3,060			3,060
EXPENSES (1+2+3+4+5)		2350	3,665			3,665
6)	Financial income	2351	287			287
7)	Dividends received	2354				
8)	Provisions of services	2356	945			945
9)	Sale of goods (completed or in progress)	2357				
10)	Other revenue	2359	657			657
REVENUE (6+7+8+9+10)		2360	1,889			1,889

		CURRENT PERIOD				
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties	Total
OTHER TRANSACTIONS:						
	Financing agreements, credit and capital contributions (lender)	2372				
	Financing agreements, credit and capital contributions (borrower)	2375				
	Guarantees and sureties provided	2381				
	Guarantees and sureties received	2382				
	Commitments made	2383				
	Dividends and other benefits distributed	2386	120,000			120,000
	Other operations	2385				

		CURRENT PERIOD				
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties	Total
CLOSING BALANCE:						
1)	Clients and commercial debtors	2341	528			528
2)	Loans and credits granted	2342				
3)	Other collection rights	2346				
TOTAL BALANCE RECEIVABLE (1+2+3)		2347	528			528
4)	Providers and commercial creditors	2352	370			370
5)	Loans and credits received	2353				
6)	Other payments due	2355	11,755			11,755
TOTAL BALANCE OWED (4+5+6)		2358	12,125			12,125

IV. SELECTED FINANCIAL INFORMATION

16. TRANSACTIONS WITH RELATED PARTIES (2/2)

Units: Thousand euros

		PREVIOUS PERIOD			
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties
REVENUE AND EXPENSES:					
1) Financial expenses	6340	538			538
2) Leases	6343				
3) Reception of services	6344				
4) Purchase of goods (completed or in progress)	6345				
5) Other expenses	6348	2,968			2,968
EXPENSES (1+2+3+4+5)	6350	3,506			3,506

6) Financial income	6351				
7) Dividends received	6354				
8) Previsions of services	6356	1,598			1,598
9) Sale of goods (completed or in progress)	6357				
10) Other revenue	6359	634			634
REVENUE (6+7+8+9+10)	6360	2,232			2,232

		PREVIOUS PERIOD			
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties
OTHER TRANSACTIONS:					
Financing agreements, credit and capital contributions (lender)	6372				
Financing agreements, credit and capital contributions (borrower)	6375				
Guarantees and sureties provided	6381				
Guarantees and sureties received	6382				
Commitments made	6383				
Dividends and other benefits distributed	6386	28,344			28,344
Other operations	6385				

		PREVIOUS PERIOD			
		Significant shareholders	Directors and Managers	People, companies or undertakings of the Group	Other related parties
CLOSING BALANCE:					
1) Clients and commercial debtors	6341	754			754
2) Loans and credits granted	6342				
3) Other collection rights	6346				
TOTAL BALANCE RECEIVABLE (1+2+3)	6347	754			754
4) Providers and commercial creditors	6352	839			839
5) Loans and credits received	6353				
6) Other payments due	6355				
TOTAL BALANCE OWED (4+5+6)	6358	839			839

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Consolidated interim
management report

June 2021



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CONSOLIDATED INTERIM MANAGEMENT REPORT

Línea Directa Aseguradora, S.A.

June
2021



Contents

1. Main figures in the first half of the year.....	3
2. Relevant economic events.....	4
2.1 Coronavirus crisis (COVID-19).....	4
2.2 Most significant impacts of the pandemic on the Spanish insurance market	5
3. Macroeconomic conditions and financial markets.....	5
3.1 Prospects for the insurance sector	6
4. Business performance	6
4.1 Relevant corporate events.....	6
4.2 Share performance and dividends.....	7
4.3 Business performance.....	7
4.3.1 Key figures.....	7
4.3.2 Management ratios.....	8
4.3.3 Statement of profit or loss by segment	9
4.4 Consolidated balance sheet	13
4.4.1 Balance sheet.....	13
4.4.2 Investment portfolio	14
5. Risks and uncertainties for the second half of the year	15
6. Own shares	16
7. Solvency II.....	16
8. Other non-financial information.....	16
9. Corporate governance.....	17
10. Events after the reporting period	18
Annexes.....	19
Consolidated balance sheet.....	19
Consolidated statement of profit or loss – Non-life insurance business.....	21
Consolidated statement of profit – Other activities	22
Alternative performance measures - APMs.....	23



1. Main figures in the first half of the year

At 30 June 2021, premiums amounted to 456.5 million euros, up 1%. Profit after tax came to 58.2 million euros, while EPS were 0.05 euros. The combined ratio was 85.5%, showing the excellent technical performance of the business.

Income Statement

	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	456,465	451,910	1.0%
Profit/(loss) before tax	77,618	78,520	-1.1%
Profit/(loss) after tax	58,210	58,889	-1.2%
Earnings per share (euro)	0.0535	0.0541	-1.2%
Loss ratio	65.3%	64.4%	1.0 p.p
Expense ratio	20.2%	21.3%	-1.2 p.p
Combined ratio	85.5%	85.7%	-0.2 p.p

Employees

	6M 2021	6M 2020	% var.
Average number of employees	2,590	2,492	3.9%

Balance sheet

	6M 2021	12M 2020	% var.
Available-for-sale financial assets	902,658	917,074	-1.6%
Total assets	1,389,362	1,436,533	-3.3%
Technical provisions	726,457	716,491	1.4%
Equity	383,888	467,359	-17.9%
RoAE	34.9%	34.0%	0.9 p.p

Solvency

	6M 2021	12M 2020	p.p var.
Solvency II ratio	203%	213%	-9.9 p.p

Clients

	6M 2021	6M 2020	% var.
Number of clients (thousand)	3,306	3,185	3.8%

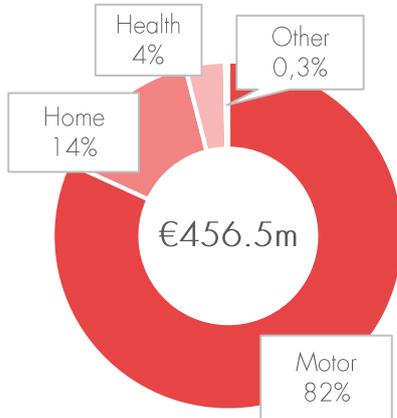
The Línea Directa Aseguradora share

	6M 2021	29/04/2021 *	% var.
Market capitalisation (€ thousand)	1,923	1,765	8.9%
Share price (€)	1.767	1.622	8.9%
Number of shares	1,088,416,840	1,088,416,840	-
Treasury shares	520,948	239,678	117.4%
Number of shares outstanding	1,087,895,892	1,088,177,162	-0.03%

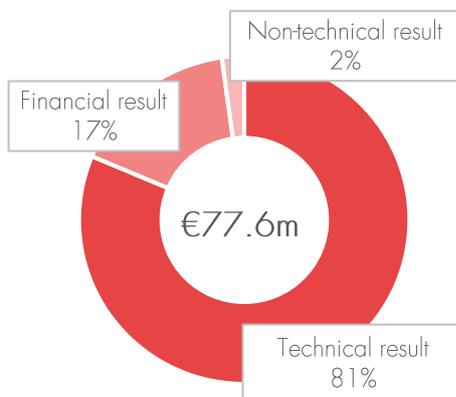
* LDA first trading day



In the first half of 2021, premiums were up 1.0% on the same period of the previous year to reach 456.5 million euros. The Motor segment accounted for 82% of the total premium figure, followed by the Home, Health and Other insurance business segments, which accounted for 14%, 4% and 0.2%, respectively:



Profit before tax exceeded 77.6 million euros. Technical insurance results remained the largest component, accounting for 81%, with investments and the non-technical account contributing 17% and 2%, respectively.



The combined stood at 85.5%, showing the excellent technical performance of the business. The technical result gained 1.8% to reach 63.1 million euros.

The Company closed the first half of the year with a profit after tax of 58.2 million euros.

Own funds amounted to 383.9 million euros, while the return on equity stood at 34.9% at June 2021.

The solvency ratio was 203%, 217.2 million euros above the solvency capital requirement (SCR) and therefore comfortably exceeding the regulatory thresholds.

At the issue date of this management report, the Company had over 3.3 million policyholders, revealing an increase of 121,975 policyholders since June 2020, when this figure stood at 3.2 million.

During the early months of 2021, Línea Directa continued to develop its digital acceleration process by adding new functionalities, making applications more robust and improving the customer experience. As at June 2021, 50% of customers had requested towing via the App. Meanwhile, 47% and 29% of dispatches in Motor and Home, respectively, were requested digitally. Customers who interact digitally with the Company already add up to more than 83% of the total portfolio.

2. Relevant economic events

2.1 Coronavirus crisis (COVID-19)

Since the WHO declared the COVID-19 health crisis to be a global pandemic on 11 March 2020, governments from around the world have taken many measures to normalise economic activity.

During the first half of 2021, Spain found itself in an exceptional situation due to the declaration of a new state of emergency on 25 October 2020, the end date of which was set for 9 May 2021.

Despite recent favourable developments, the macroeconomic environment remains heavily conditioned by uncertainty about the timeframe needed to fully overcome the health crisis. The current acceleration of the immunisation process is helping to contain the rates of the pandemic's spread,



providing a favourable context for the Spanish economy to enter a period of sustained growth.

However, the lifting of the lockdown measures is slowing the decline in the infection rate, making it impossible to completely rule out the possibility of a new upsurge in the pandemic. The new variants of the virus also merit special mention. These problems in keeping the disease under control in the short run are a cause for concern in Spain, and indeed in other neighbouring economies, since Spain's productive structure relies on tourism to a greater degree than other countries. The relevance of this situation is growing as the peak summer season approaches.

2.2 Most significant impacts of the pandemic on the Spanish insurance market

Regarding insurance, the beginning of 2021 was heavily marked by the mobility restrictions. It was not until May and June when the accident frequency rate in the Motor segment picked up and this is now approaching pre-pandemic levels.

The Motor, Home and Health business lines showed uneven performance in the first half of 2021. Business volumes in terms of premiums issued in the Motor insurance sector cushioned its fall, with the segment dipping by just 1% in the first six months of the year by (compared to -2.9% as at June 2020). Meanwhile, the Home and Health segments posted gains of nearly 5% (Source: ICEA, latest figures available at May 2021).

3. Macroeconomic conditions and financial markets

Assuming a high vaccination rate among the Spanish population, the performance of economic activity in Spain in the second half of this year would no longer depend mainly on epidemiological factors.

The Bank of Spain and the National Statistics Institute expect to see further significant expansion of economic activity through to the end of 2021, in line with the recovery of the productive sectors that have so far been most heavily affected by the restrictions put in place amid the pandemic. A number of additional factors will also drive output growth. First, growth prospects for Spain's trade partners are gradually improving, aided by continued support from global economic policies. The recovery of the global market is being led by advanced economies, whose progress in the vaccination process has been much greater than in the case of emerging countries as a whole.

GDP growth is expected to reach 6.2% in full-year 2021. This phase of high output growth rates until the end of 2021 would then be followed by another phase of more moderate growth.

This GDP growth, plus a stabilisation of solvency and liquidity levels at Spain's largest companies, suggests a relatively stable financial position.

In recent months there has been a stronger than expected price increase, which is largely explained by various transitory factors. However, inflation is expected to remain at moderate levels in the mid run.

Additionally, the increase in the unemployment rate, which closed 2020 at above 16%, is expected to see a slower recovery. The situation is unlikely to improve until 2022.

Spain	6M 2021	3M 2021	12M '20	12M '19
CPI % var.	+2.73%	+1.34%	-0.53%	+0.79%
GDP % var.	n.a.	-4.17%	-10.84%	+1.95%
Unemployment	n.a.	16.0%	16.1%	13.8%
Debt+GDP ratio	n.a.	125.3%	120.0%	95.5%

Source: INE, EPA, Bank of Spain

A two-speed recovery is also discernible, with the United States leading the economic recovery ahead of the Eurozone. This recovery is reflected in the stock



market performance and in US bond yields versus Europe.



Country	Bond Yield (%)		
	1Y	5Y	10Y
Spain	-0.5	-0.3	0.3
Germany	-0.7	-0.6	-0.3
United States	0.1	0.8	1.4

Source: Refinitiv

3.1 Prospects for the insurance sector

Despite this context, and while results will vary by segment, the insurance industry has established itself as a counter-cyclical sector able to withstand adverse economic environments much better than other industries.

In terms of total insured vehicles, there are currently more than 32.3 million vehicles insured in Spain, with year-on-year growth of 1.2%, equivalent to 379,253 new vehicles (Source: FIVA). Vehicle sales and purchases are still below the 2019 level, thus resulting in an ageing fleet with an average vehicle age of 13.2 years. The economic environment has prompted a migration from all-risk with deductible to third party and extended third party, with a consequent reduction in the average premium of around 2.8% (source: in-house data based on ICEA and FIVA figures)

In the Motor insurance segment, mobility and accident frequency continue to increase. There has also been an increase in accident severity. Fatal accidents were up 34% in the first half of the year (Source: DGT).

Meanwhile, house sales are picking up again and there is now greater awareness among the population of the need to insure their homes, having had to spend long times at home during the pandemic. Segment turnover was up 4.9% through to May 2021 (source: ICEA, latest figures available at May 2021).

Last but not least, the Health segment has seen a recovery in levels of activity, which ground to a halt during the crisis. The cost of health care is rising, with hospital fees on the up. Segment turnover gained 4.9% (Source: ICEA, latest figures available at May 2021).

4. Business performance

4.1 Relevant corporate events

On 19 March 2020, the Bankinter S.A. General Shareholders' Meeting approved the distribution in kind of its entire share premium reserve, amounting to 1,184 million euros, through the delivery to its shareholders of securities consisting of shares that represent approximately 82.6% of the share capital of its subsidiary, Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (Línea Directa Aseguradora). This transaction was completed on 15 April 2021, with the filing at the Spanish National Securities Market Commission (CNMV) of the prospectus for the shares of Línea Directa Aseguradora S.A. and their subsequent admission to trading on 29 April 2021 at a reference price of 1.3175 euros per share.



Bankinter S.A. had previously obtained the pertinent regulatory authorisations from the European Central Bank on 22 March 2021, and on 26 March it obtained confirmation of no-objection from the Spanish Directorate General of Insurance and Pension Funds to the acquisition by certain shareholders of Bankinter of a significant direct stake in Línea Directa Aseguradora.

4.2 Share performance and dividends

The Línea Directa Aseguradora share closed the first half of 2021 at 1.767 euros per share.

Since its closing price on its first day of trading on 29 April 2021, the share has appreciated by 8.9% (34.1% compared to the reference price of 1.3175 euros). Market capitalization at 30 June 2021 amounted to 1,923 million euros.



The number of shares outstanding at 30 June 2021 amounted to 1,087,895,892, less treasury stock of 520,948 shares.

	6M 2021
LDA	+8.94%
Ibex 35	+9.20%
EuroStoxx Insurance	+8.08%

Other figures

	6M 2021	29-abr-21
Number of shares	1,088,416,840	1,088,416,840
Treasury shares	520,948	239,678
Par value per share	0.04	0.04
Daily average trading volume (shares)	3,146,103	n.a.
Daily average trading volume (€)	5,232,589	n.a.

The Company has paid a first interim dividend of 26.6 million euros against 2021 earnings.

The Company's Board of Directors, at a meeting held on 29 June, agreed to pay out an interim cash dividend against 2021 earnings, for a gross amount of 0.0244840 euros per share, representing a gross pay-out of total amount of 26.6 million euros. The dividend was paid on 7 July.

This dividend is equivalent to 90% of the after-tax profit from the company's first three months.

4.3 Business performance

4.3.1 Key figures

Despite the still complex economic environment, Línea Directa Aseguradora performed remarkably well during the period. Turnover amounted to 456.5 million euros, up 1%, while after-tax profit reached 58.2 million euros.



The following table presents a summary of the consolidated statement of profit or loss as at June 2021, showing its different components and their changes with respect to the same period of the previous year.

<i>Thousand euro</i>	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	456,465	451,910	1.0%
Earned premiums, net of reinsurance	435,993	434,400	0.4%
Technical result	63,139	62,034	1.8%
Financial result	12,795	13,042	-1.9%
Profit/(loss) before tax	77,618	78,520	-1.1%
Profit/(loss) after tax	58,210	58,889	-1.2%
EPS (euro)	0.053	0.054	-1.2%

	6M 2021	6M 2020	p.p. var.
Loss ratio	65.3%	64.4%	1.0 p.p
Expense ratio	20.2%	21.3%	-1.2 p.p
Combined ratio	85.5%	85.7%	-0.2 p.p

Clients (thousands)	3,306	3,185	3.8%
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Despite the still uncertain environment, premiums issued showed growth of 1.0% to reach 456.5 million euros.

Meanwhile, premiums earned, net of ceded reinsurance, grew 0.4% in the first half of the year.

In terms of profitability, the technical result amounted to 77.6 million euros, mainly on the back of the Motor segment, whose technical result was up 3.8%. The consolidated combined ratio was down 0.2 percentage points to an excellent 85.5%.

The financial result, affected by a climate of historically low rates, came to 12.8 million euros, showing a modest decline on the previous year. Portfolio returns were 2.3% (2.74% at June 2020). The return on fixed income came to 2.16% (2.50% as at June 2020), while the return on equities and mutual funds was 1.17% (2.09% as at June 2020). Income from the real estate portfolio grew by 5.6% (2.2 million euros and 2.0 million euros as at June 2021 and 2020, respectively, with a return of 6.36% and 6.51%).

Profit after tax totalled 58.2 million euros, down 1.2% on the same period of the previous year, as a result of lower profits from other activities.

4.3.2 Management ratios

The combined ratio was 85.5% in the first six months of 2021, down 0.2 p.p. on the first six months of 2020. The excellent technical performance demonstrates the Group's strict control over underwriting activity and cost control.



	Loss ratio			Expense ratio			Combined ratio		
	6M 2021	6M 2020	p.p. var.	6M 2021	6M 2020	p.p. var.	6M 2021	6M 2020	p.p. var.
Motor	66.0%	65.7%	0.3 p.p	17.7%	18.8%	-1.1 p.p	83.7%	84.4%	-0.7 p.p
Home	57.5%	52.3%	5.2 p.p	33.8%	36.5%	-2.7 p.p	91.2%	88.8%	2.5 p.p
Health	105.3%	107.6%	-2.3 p.p	42.1%	46.8%	-4.7 p.p	147.4%	154.4%	-7.0 p.p
Other	4.7%	30.3%	-25.6 p.p	26.9%	46.6%	-19.7 p.p	31.6%	77.0%	-45.4 p.p
Total	65.3%	64.4%	1.0 p.p	20.2%	21.3%	-1.2 p.p	85.5%	85.7%	-0.2 p.p

The loss ratio turned in an excellent performance as the Motor segment returned to normal and in response to recurrent impacts of atmospheric events in the Home segment.

The consolidated expense ratio continues to show ongoing cost control across all business lines.

4.3.3 Statement of profit or loss by segment

Below is a detailed summary of changes in the statement of profit or loss by line of business:

Motor

The Motor segment experienced a slight decrease of 1.0% in premiums, in line with the market, which fell by 0.9% (source: ICEA, figures for May 2021). The slow recovery in vehicle sales —a key market indicator— has led to an ageing of total insured vehicles, which average vehicle age now being 13.2 years (source: FIVA).

In this context, new policy origination was challenging while the existing portfolio grew solidly within a price competitive environment.

The number of policyholders was up 3.0%, or 74,216, to reach 2.5 million at 30 June 2021.



Thousand euro	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	373,700	377,491	-1.0%
Premiums earned, net of reinsurance	370,806	374,155	-0.9%
Claims incurred, net of reinsurance	(244,740)	(245,650)	-0.4%
Net operating expenses	(75,358)	(79,437)	-5.1%
Other technical expenses and income	9,882	9,281	6.5%
Technical result	60,590	58,349	3.8%

	6M 2021	6M 2020	p.p. var.
Loss ratio	66.0%	65.7%	0.3 p.p
Expense ratio	17.7%	18.8%	-1.1 p.p
Combined ratio	83.7%	84.4%	-0.7 p.p
Clients (thousands)	2,516	2,442	74

The excellent performance of the technical result is a product of:

- a loss ratio of 66.0%, with claims frequency still slightly lower than in 2019 but with worsening severity;
- an expense ratio down 1.1 p.p., reflecting sound cost discipline.

Home

The Company has continued to grow in the Home segment. The 8.5% increase in revenue in the first six months of 2021 was enough to outpace the market as a whole, which gained 4.9% (Source: ICEA, figures for May 2021):

The number of policyholders in the segment was up 7.1% to reach 688 thousand at 30 June 2021.

Thousand euro	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	64,779	59,706	8.5%
Premiums earned, net of reinsurance	58,166	54,284	7.2%
Claims incurred, net of reinsurance	(33,435)	(28,390)	17.8%
Net operating expenses	(19,550)	(19,678)	-0.7%
Other technical expenses and income	(91)	(120)	-24.2%
Technical result	5,090	6,096	-16.5%

	6M 2021	6M 2020	p.p. var.
Loss ratio	57.5%	52.3%	5.2 p.p
Expense ratio	33.8%	36.5%	-2.7 p.p
Combined ratio	91.2%	88.8%	2.5 p.p
Clients (thousands)	688	643	46

The change in the technical result is a result of:

- A worsening of the loss ratio by 5.2 p.p., as a result of higher claims frequency;
- Atmospheric claims totalling 2.1 million euros net of reinsurance in the first half of the year (3.9 million gross of reinsurance); and
- Cost discipline.



Health

Vivaz, the Company's health insurance brand that rewards customers for healthy lifestyle habits, has also been faring very well thanks to its flexible, digital model. Health reported premium growth of 25.4% in the period, compared with 4.91% for the sector (*Source: ICEA, Asistencia Sanitaria, figures for May 2021*).

The number of policyholders reached 95,998, revealing an increase of almost 21,000 policyholders.

In this business segment, the Company has proportional reinsurance in which it cedes 50% of the premium and claims.

<i>Thousand euro</i>	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	16,622	13,258	25.4%
Premiums earned, net of reinsurance	6,342	4,885	29.8%
Claims incurred, net of reinsurance	(6,678)	(5,258)	27.0%
Net operating expenses	(2,567)	(2,166)	18.5%
Other technical expenses and income	(103)	(121)	-14.9%
Technical result	(3,006)	(2,660)	13.0%
	6M 2021	6M 2020	p.p. var.
Loss ratio	105.3%	107.6%	-2.3 p.p
Expense ratio	42.1%	46.8%	-4.7 p.p
Combined ratio	147.4%	154.5%	-7.1 p.p
Clients (thousands)	96	75	21

The change in the technical result reflects an ongoing improvement in the following areas:

- The loss ratio was down 2.3 p.p. to 105.3%, showing more prudent selection in underwriting activity;
- Rising claims frequency due to the return to normal and recovery of healthcare activity; and
- The positive performance of the expense ratio, which was down 4.7 p.p.

Other Insurance Businesses

This line of business includes several products, such as travel assistance for credit card holders of Bankinter and Bankinter Consumer Finance.

At 30 June 2021, the premiums issued in this segment, together with a residual discontinued product, amounted to 1,363 million euros, with an outstanding combined ratio of 31.6%.



<i>Thousand euro</i>	6M 2021	6M 2020	% var.
Gross written premiums (GWP)	1,363	1,456	-6.4%
Premiums earned, net of reinsurance	679	1,076	-36.9%
Claims incurred, net of reinsurance	(32)	(326)	-90.2%
Profit sharing and premiums refunds	(172)	(417)	-58.8%
Net operating expenses	(10)	(84)	-88.1%
Other technical revenues and expenses	0	0	-
Technical result	465	249	86.7%

	6M 2021	6M 2020	p.p. var.
Loss ratio	4.7%	30.3%	-25.6 p.p
Expense ratio	26.8%	46.6%	-19.8 p.p
Combined ratio	31.5%	76.9%	-45.3 p.p

Clients (thousands)	5	25	(20)
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The change in the technical result is a result of:

- A reduction in the loss ratio, following a widespread cancellation of trips last year that were not then taken during the first six months of 2021;
- The reduction in the expense ratio as a result of lower profit sharing.



4.4 Consolidated balance sheet

4.4.1 Balance sheet

The Company's balance sheet at 30 June 2021 is as follows:

<i>Thousand euro</i>			
Assets	6M 2021	12M 2020	% var.
Cash and cash equivalents	114,152	162,500	-29.8%
Available-for-sale financial assets	902,658	917,074	-1.6%
<i>Equity instruments</i>	154,855	125,855	23.0%
<i>Debt securities</i>	747,803	791,219	-5.5%
Loans and receivables	117,440	110,373	6.4%
Reinsurers' share of technical provisions	18,397	12,477	47.4%
Property, plant and equipment and investment property	111,009	111,282	-0.2%
<i>Investment property</i>	65,906	65,948	-0.1%
<i>Property, plant and equipment</i>	45,103	45,334	-0.5%
Intangible assets	12,859	12,688	1.3%
Other assets	112,847	110,139	2.5%
Total assets	1,389,362	1,436,533	-3.3%

<i>Thousand euro</i>			
Liabilities and Equity	6M 2021	12M 2020	% var.
Debt and accounts payable	202,433	174,445	16.0%
Hedging derivatives	11,628	15,167	-23.3%
Technical provisions	726,457	716,491	1.4%
<i>Provision for unearned premiums</i>	456,151	446,423	2.2%
<i>Provision for unexpired risks</i>	4,622	4,622	0.0%
<i>Provision for claims</i>	265,684	265,446	0.1%
Non-technical provisions	17,105	16,849	1.5%
Other liabilities	47,851	46,222	3.5%
Total liabilities	1,005,474	969,174	3.7%
Equity	333,668	422,727	-21.1%
Valuation adjustments	50,220	44,632	12.5%
Total equity	383,888	467,359	-17.9%

The most relevant changes include:

- The reduction through to June 2021 of the headings Cash and cash equivalents and Debt securities is due to the extraordinary dividend of 120 million euros agreed upon prior to the admission to trading and fully paid out.



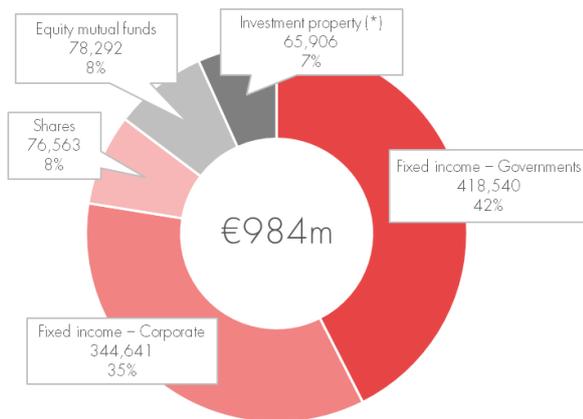
- The increase in Equity instruments reflects a higher exposure to equities and their revaluation. The portfolio's fair value adjustments is also shown in Equity.
- Technical provisions show the performance of the business; in 2019 a provision of 6.1 million euros for unexpired risks in the Health segment was posted, of which 1.5 million euros has now been released.
- Changes in Other assets and liabilities are a result of the business management process.

4.4.2 Investment portfolio

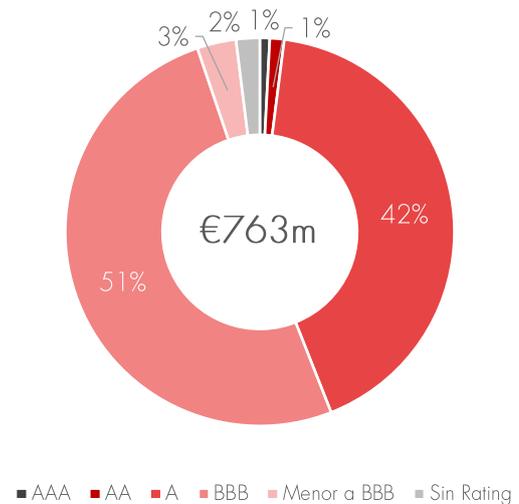
The Company has a low-risk investment portfolio, based on a prudent investment strategy.

The pie chart shows the distribution of the investment portfolio at the end of the first half of 2021.

Exposure to equities and equity mutual funds increased slightly in the first six months of the year, rising from 6.2% and 6.6% in December 2020 to 7.8% and 8.0%, respectively, in the first six months of 2021.



Fixed income securities amounted to 763,2 million euros, 95% of which have a credit rating of BBB or higher:



The average maturity of the fixed income portfolio is four years.

Meanwhile, investment property comprises three properties, with an occupancy ratio of 100%. Capital gains on property assets not shown on the balance sheet, both for own use and investment, amounted to 21.2 million euros gross of taxes.

4.4.3 Changes in equity

Consolidated equity totalled 383.9 million euros. The book value per share amounted to 0.35 euros at 30 June 2021 (0.35 euros at 30 June 2020).

The following table shows changes in the Company's equity during the period:



	Subscribed capital	Legal reserve	Other reserves	Own shares	Consolidated profit or loss for the period	(Interim dividend)	Valuation adjustments	Total
Closing balance as at 31 December 2019	37,512	9,046	227,076	-	107,295	(93,048)	37,179	325,060
Transition adjustments	-	-	-	-	-	-	-	-
Adjusted opening balance as at 01 January 2020	37,512	9,046	227,076	-	107,295	(93,048)	37,179	325,060
Total recognised income/(expense)	-	-	-	-	58,889	-	-	58,889
Other changes in equity	-	-	14,247	-	(107,296)	93,048	-	-
Transfers between equity items	-	-	14,247	-	(107,296)	93,048	-	-
Closing balance as at 30 June 2020	37,512	9,046	241,323	-	58,888	-	37,179	383,949
Closing balance as at 31 December 2020	37,512	9,046	241,323	-	134,846	-	44,632	467,359
Transition adjustments	-	-	-	-	-	-	-	-
Adjusted opening balance as at 01 January 2021	37,512	9,046	241,323	-	134,846	-	44,632	467,359
Total recognised income/(expense)	-	-	-	-	58,210	-	5,588	63,798
Transactions with owners or mutual members	6,025	-	(126,025)	(765)	-	(26,636)	-	(147,401)
Capital increases or mutual fund	6,025	-	(6,025)	-	-	-	-	-
Distribution of dividends or payments due to mutual members	-	-	(120,000)	-	-	(26,636)	-	(146,636)
Transactions with own shares or holdings (net)	-	-	-	(765)	-	-	-	(765)
Other changes in equity	-	-	134,978	-	(134,846)	-	-	132
Payments based on equity instruments	-	-	132	-	-	-	-	132
Transfers between equity items	-	-	134,846	-	(134,846)	-	-	-
Closing balance as at 30 June 2021	43,537	9,046	250,276	(765)	58,210	(26,636)	50,220	383,888

Changes in equity include:

- the revaluation of the unrealised capital gains on the available-for-sale portfolio in the amount of 5.6 million euros;
- profit as at June 2021;
- the extraordinary dividend paid to Bankinter prior to the Company's listing in the amount of 120 million euros; and
- the first interim dividend for 2021 of 26.6 million euros, as approved on 29 June.

5. Risks and uncertainties for the second half of the year

The macroeconomic scenario remains subject to a high degree of uncertainty. The relative importance of purely epidemiological aspects has fallen, although the spread of new variants of the virus across the globe is leading to new restrictions that could raise the spectre of a new ceiling on economic growth. Epidemiological developments will continue to influence activity over the coming quarters. Once the health crisis has ended, the fallout will persist for some time and in various forms. In the insurance sector, it could mean lower levels of vehicle sales and of insured vehicles, and lower uptake of Motor insurance coverage.



Accident and claims frequency is expected to increase once the restrictive mobility measures have been lifted. It will be necessary to analyse whether this upturn in frequency will return to 2019 levels, seeing as though the new measures, including partial teleworking arrangements, have led to less use of vehicles by policyholders.

Weather-related phenomena will remain a determining factor in the rate of claims incurred in the Home segment.

Elsewhere, no major changes are expected in the Health segment compared to the first half of 2021, which saw continued growth.

Lastly, the Company's overhead expenses will continue to follow the current trend of strict cost control.

6. Own shares

At 30 June 2021, Línea Directa Aseguradora held 520,948 treasury shares, representing 0.048% of capital and amounting to 920,515 euros.

On 12 May 2021, the Board of Directors approved an own share buyback programme under the authorisation granted at the Company's general shareholders' meeting held on 18 March 2021 and in accordance with market abuse regulations. This authorisation was duly communicated to the CNMV on the same day.

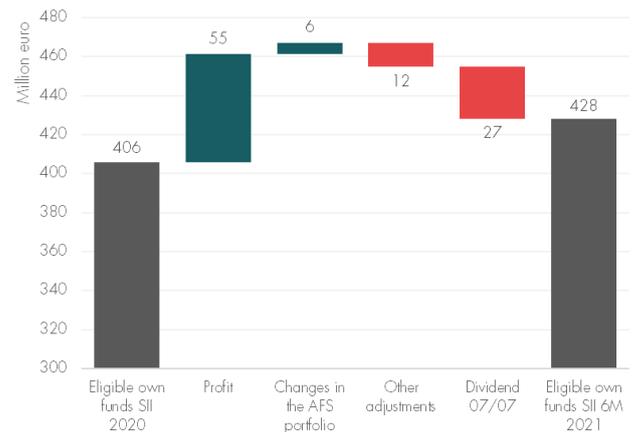
7. Solvency II

The Solvency II ratio of Línea Directa Aseguradora was 203% in the first six months of 2021, versus 213% in December 2020.



Eligible own funds amounted to 428.1 million euros, of which 100% is unrestricted Tier 1 capital of the highest quality.

The change in eligible own funds from year-end 2020 to the half-year-end 2021 is as follows:



8. Other non-financial information

Until 2021, the Company was exempt from disclosing the non-financial information set out in Law 11/2018, of 28 December, as this information is included in a separate report, namely the Consolidated Non-Financial Information Statement of the Bankinter Group, of which Línea Directa Aseguradora fell within the scope of consolidation.



From 2021 onward, this information will be included in the Consolidated Non-Financial Statement to be published at year-end.

9. Corporate governance

The recent listing of the Company has entailed changes not only in the composition of its shareholders but also in its governing bodies, with the configuration of a robust and updated corporate governance system in accordance with the best good governance practices, one of Línea Directa's priorities in its listing.

The general shareholders' meeting is the sovereign body of the Company. The duly convened shareholders meet there to deliberate and decide, by the majorities required in each case, on the matters in which they have a say. Línea Directa's first annual general shareholders' meeting as a listed company will be held in 2022.

The board of directors of Línea Directa is the highest supervisory and representative body of the Company. It exercises the non-delegable powers established in the law and the board regulations — among others, the determination of general business strategies and the setting of fundamental policies, such as risk control and management (including tax), corporate governance or sustainability— and delegates the day-to-day management of the Company to the executive bodies and management team.

Línea Directa's commitment to good governance is evidenced by its adoption of a series of measures described below:

Seven members make up the new Board of Directors, which is an appropriate and efficient size for its effective functioning.

With regard to the composition of the Board of Directors, 57% of its members are independent and 43% are women, exceeding the minimum recommended thresholds in this area. Furthermore, only one of the directors is an executive.

The Chairman of the board of directors has no executive functions and is a separate position from that of Chief Executive Officer.

There are two advisory committees (the audit and compliance committee and the appointments, remuneration and corporate governance committee), which are composed entirely of external (non-executive) directors and a majority of independent directors, including their chairmen.

These committees have the purviews provided for by law and in the CNMV's Code of Good Governance, as set out in the Regulations of the Board of Directors of the Company. It should be noted that the appointments, remuneration and corporate governance committee has remit over strategy and practices in sustainability matters recommended by the Code of Good Governance.

The Company has approved and updated its internal regulations (Bylaws, Regulations of the General Shareholders' Meeting, Regulations of the Board of Directors) and its corporate policies (for example, policy for the selection of directors, communication with shareholders and investors or remuneration of directors) in accordance with the latest reform of the CNMV's Code of Good Governance and incorporating the new provisions of Law 5/2021, amending the Corporate Enterprises Law.

At the executive level, the Company has a management committee, composed of the CEO and the officers responsible for the main functional areas of the Company: Motor, Home, Health, Services and Benefits, Technical Area, Finance, Digital



Transformation, Technology, Marketing, General Secretariat, and People, Communication and Sustainability. There are also specific committees tasked with analysing and deliberating on highly relevant issues such as investments or sustainability, as well as specific teams that manage the critical functions of Línea Directa as an insurance company: operational risk management, regulatory compliance, actuarial function and internal audit function.

Without prejudice to the Company's regular contact with shareholders and other stakeholders throughout the year, and the information permanently available on the corporate website (<https://www.lineadirectaaseguradora.com/gobierno-corporativo>), the Company will provide a particularly detailed account of Línea Directa's corporate governance system and practices in its annual Corporate Governance Report, which will be made public when the annual general shareholder's meeting is announced.

10. Events after the reporting period

There have been no events after the end of the accounting period that may affect the half-yearly accounts or be of interest to users of the financial statements.



Annexes

Consolidated balance sheet

Thousand euro

Assets	6M 2021	12M 2020
Cash and cash equivalents	114,152	162,500
Available-for-sale financial assets	902,658	917,074
Equity instruments	154,855	125,855
Debt securities	747,803	791,219
Loans and receivables	117,440	110,373
Debt securities	15,378	9,990
Deposits with credit institutions	-	-
Receivables on direct insurance business	58,241	54,413
Policyholders	58,241	54,413
Receivables on reinsurance business	5,058	5,086
Other receivables	38,763	40,884
Tax and social security receivable	873	1,126
Other receivables	37,890	39,758
Reinsurers' share of technical provisions	18,397	12,477
Provision for unearned premiums	5,865	3,705
Provision for claims	12,532	8,772
Property, plant and equipment and investment property	111,009	111,282
Property, plant and equipment	45,103	45,334
Investment property	65,906	65,948
Right-of-use assets	4,991	2,713
Intangible assets	12,859	12,688
Other intangible assets	12,859	12,688
Tax assets	14,871	24,016
Current tax assets	5,586	14,388
Deferred tax assets	9,285	9,628
Other assets	92,985	83,410
Prepaid fees and other acquisition expenses	88,765	83,055
Accrued income	3,722	180
Other assets	498	175
Assets held for sale	-	-
Total assets	1,389,362	1,436,533



Thousand euro

Liabilities and equity	6M 2021	12M 2020
Debt and accounts payable	202,433	174,445
Due on direct insurance business	3,711	2,862
Due to policyholders	2,469	1,893
Due to agents, brokers and intermediaries	1,239	969
Conditional debt	3	-
Due on reinsurance business	614	981
Lease liabilities	5,026	2,766
Other debts	193,082	167,836
Taxes and social security payable	14,648	14,489
Due to group companies and associates	-	839
Other debts	178,434	152,508
Hedging derivatives	11,628	15,167
Technical provisions	726,457	716,491
Provision for unearned premiums	456,151	446,423
Provision for unexpired risks	4,622	4,622
Provision for claims	265,684	265,446
Non-technical provisions	17,105	16,849
Provisions for taxes and other legal contingencies	491	492
Provisions for settlement agreements	16,503	16,174
Other non-technical provisions	111	183
Tax liabilities	47,560	45,066
Current tax liabilities	-	-
Deferred tax liabilities	47,560	45,066
Other liabilities	291	1,156
Accruals	-	477
Other liabilities	291	679
Total liabilities	1,005,474	969,174
Equity	333,668	422,727
Share capital	43,537	37,512
Subscribed capital	43,537	37,512
Reserves	259,322	250,369
Legal and bylaw reserves	9,046	9,046
Other reserves	250,276	241,323
(Own shares)	(765)	-
Profit/(loss) for the year	58,210	134,846
(Interim dividend)	(26,636)	-
Valuation adjustments	50,220	44,632
Available-for-sale financial assets	50,220	44,632
Total equity	383,888	467,359
Total liabilities and equity	1,389,362	1,436,533



Consolidated statement of profit or loss – Non-life insurance business

Thousand euro

Non-Life Profit and Loss Account	6M 2021	6M 2020
Earned premiums in the period, net of reinsurance	435,993	434,400
Written premiums	456,475	451,571
Written premiums, direct insurance	456,465	451,910
Change due to impairment of outstanding premiums receivable	10	(339)
Premiums from ceded reinsurance	(12,914)	(11,454)
Change in the provision for unearned premiums and unexpired risks	(9,728)	(7,637)
Direct insurance	(9,728)	(7,637)
Change in the provision for unearned premiums, reinsurers' share	2,160	1,920
Income from property, plant and equipment and investments	22,769	34,974
Income from investment property	2,169	1,999
Income from financial investments	14,337	14,680
Gains on realisation of property, plant and equipment and investments	6,263	18,295
Property, plant and equipment, and investment property	-	1
Financial investments	6,263	18,294
Claims incurred, net of reinsurance	(284,885)	(279,624)
Claims and other expenses paid	(234,565)	(220,544)
Direct insurance	(239,775)	(223,471)
Reinsurers' share	5,210	2,927
Change in the provision for claims	3,522	(4,932)
Direct insurance	(238)	(8,228)
Reinsurers' share	3,760	3,296
Claims-related expenses	(53,842)	(54,148)
Profit sharing and premium refunds	(172)	(417)
Change in the provision for profit sharing and premium refunds	(172)	(417)
Net operating expenses	(97,485)	(101,365)
Acquisition expenses	(86,582)	(90,548)
Administrative expenses	(13,708)	(12,954)
Reinsurance commissions and profit participation	2,805	2,137
Other technical expenses	9,688	9,040
Change in claims paid under settlement agreements	11,827	11,229
Other	(2,139)	(2,189)
Expenses from property, plant and equipment and investments	(9,974)	(21,932)
Expenses from managing property, plant and equipment and investments	(3,765)	(3,825)
Expenses from property, plant and equipment and investment property	(1,342)	(1,444)
Expenses from financial investments and accounts	(2,423)	(2,381)
Valuation adjustments for property, plant and equipment and investments	(13)	(14)
Depreciation of property, plant and equipment and investment property	(13)	(14)
Losses on property, plant and equipment and investments	(6,196)	(18,093)
Property, plant and equipment and investment property	(7)	-
Financial assets	(6,189)	(18,093)
Profit/(loss) from the non-life insurance business	75,934	75,076



Consolidated statement of profit – Other activities

Thousand euro

Non-Technical Account	6M 2021	6M 2020
Profit/(loss) from the non-life insurance business	75,934	75,076
Other income	4,632	5,282
Other income	4,632	5,282
Other expenses	(2,948)	(1,838)
Other expenses	(2,948)	(1,838)
Subtotal (Profit/(loss) from other activities)	1,684	3,444
Profit/(loss) before tax	77,618	78,520
Income tax	(19,408)	(19,631)
Profit/(loss) for the year	58,210	58,889
Profit/(loss) attributable to the Parent Company	58,210	58,889
Profit/(loss) attributable to non-controlling interests	-	-
Basic earnings per share (euro)	0.053	0.054
Diluted earnings per share (euro)	0.053	0.054

As mentioned in the section on relevant corporate events, on 19 March 2020 the general shareholders' meeting of Bankinter, S.A. approved the distribution in kind of its entire share premium reserve, amounting to 1,184 million euros, through the delivery to its shareholders of securities consisting of shares that represent approximately 82.6% of the share capital of its subsidiary, Línea Directa Aseguradora, S.A.

For these purposes, the general shareholders' meeting of Línea Directa Aseguradora, S.A. approved a stock split from 2,400 thousand shares to 1,088,416.84 thousand shares, with the aim of distributing one Línea Directa share for one Bankinter share. The effect of this split, in retrospective terms, would have yielded the basic earnings per share shown in the above table.



Alternative performance measures - APMs

APMs (Alternative performance measures)		6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
TECHNICAL result	Premiums earned, net of ceded reinsurance + net claims incurred + net operating expenses + other technical income and expenses + profit sharing	63,139	62,034	145,939	103,650	117,812
	Premiums earned, net of reinsurance	435,993	434,400	878,177	854,762	816,289
	Incurred claims for the year, net of reinsurance	(284,885)	(279,624)	(540,064)	(580,987)	(528,029)
	Net operating expenses	(97,485)	(101,365)	(209,603)	(199,919)	(196,176)
	Other technical income and expenses + profit sharing	9,516	8,623	17,429	29,794	25,728
FINANCIAL result	Income and expenses from investments	12,795	13,042	29,253	31,570	33,474
	Financial investments and property revenues	22,769	34,974	76,613	70,687	52,021
	Financial investments and property expenses	(9,974)	(21,932)	(47,360)	(39,117)	(18,547)
Number of CLIENTS	Total number of clients	3,305,624	3,184,649	3,224,003	3,170,868	3,023,891
	Motor	2,516,306	2,442,090	2,463,171	2,419,544	2,335,568
	Home	688,148	642,554	662,393	622,912	568,157
	Health	95,998	75,135	89,163	69,460	32,947
	Other insurance	5,172	24,870	9,276	58,952	87,219
CONSOLIDATED loss ratio	Incurred claims for the year, net of reinsurance / Premiums earned, net of reinsurance	65.3%	64.4%	61.5%	68.0%	64.7%
	Incurred claims for the year, net	(284,885)	(279,624)	(540,064)	(580,987)	(528,029)
	Premiums earned, net of reinsurance	435,993	434,400	878,177	854,762	816,289
	Purpose:					
	Measures the efficiency in the claims' experience as it includes incurred claims as a percent over the volume of premiums earned, net of reinsurance					
	Loss ratio makes it possible to establish comparisons between companies					
CONSOLIDATED expense ratio	(Operating expenses, net of reinsurance + other technical income and expenses) / Premiums earned, net of reinsurance	20.2%	21.3%	21.9%	19.9%	20.9%
	Operating expenses, net of reinsurance	(97,485)	(101,365)	(209,603)	(199,919)	(196,176)
	Other technical income and expenses, profit sharing and returns	9,516	8,623	17,429	29,794	25,728
	Premiums earned, net of reinsurance	435,993	434,400	878,177	854,762	816,289
	Purpose:					
	Measures the Company's efficiency in expenses as it includes operating and other technical income and expenses as a percent over the volume of premiums earned, net of reinsurance					
	Expense ratio makes it possible to establish comparisons between companies					

APMs (Alternative performance measures)		6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
CONSOLIDATED combined ratio	Loss ratio + expense ratio	85.5%	85.7%	83.4%	87.9%	85.6%
	Purpose: Measures the technical profit ability of Non- Life insurance A combined ratio below 100% indicates that the technical result is positive, while a combined ratio above 100% indicates that said result is negative. Makes it possible to establish comparisons between companies in the insurance sector, since it measures the loss experience and technical expenses like the percent over premium volume.					
MOTOR loss ratio	Incurred claims for the year, net of reinsurance / Premiums earned, net of reinsurance	66.0%	65.7%	61.8%	69.4%	66.3%
	Incurred claims for the year, net	(244,740)	(245,650)	(465,382)	(519,666)	(476,725)
	Premiums earned, net of reinsurance	370,806	374,155	752,605	748,309	718,521
MOTOR expense ratio	(Operating expenses, net of reinsurance + other technical income and expenses) / Premiums earned, net of reinsurance	17.7%	18.8%	18.7%	16.3%	17.7%
	Operating expenses, net of reinsurance	(75,358)	(79,437)	(159,468)	(152,748)	(154,001)
	Other technical income and expenses, profit sharing and returns	9,882	9,281	18,726	30,638	27,179
	Premiums earned, net of reinsurance	370,806	374,155	752,605	748,309	718,521
MOTOR combined ratio	Loss ratio + expense ratio (Motor line of business)	83.7%	84.4%	80.5%	85.8%	84.0%
HOME loss ratio	Incurred claims for the year, net of reinsurance / Premiums earned, net of reinsurance	57.5%	52.3%	57.1%	51.8%	52.2%
	Incurred claims for the year, net	(33,435)	(28,390)	(63,678)	(53,137)	(48,215)
	Premiums earned, net of reinsurance	58,166	54,284	111,546	102,660	92,406
HOME expense ratio	(Operating expenses, net of reinsurance + other technical income and expenses) / Premiums earned, net of reinsurance	33.8%	36.5%	36.9%	36.2%	38.4%
	Operating expenses, net of reinsurance	(19,550)	(19,678)	(40,873)	(37,209)	(35,037)
	Other technical income and expenses, profit sharing and returns	(91)	(120)	(311)	33	(460)
	Premiums earned, net of reinsurance	58,166	54,284	111,546	102,660	92,406
HOME combined ratio	Loss ratio + expense ratio (Home line of business)	91.2%	88.8%	94.0%	88.0%	90.6%

APMs (Alternative performance measures)		6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
HEALTH loss ratio	Incurred claims for the year, net of reinsurance / Premiums earned, net of reinsurance	105.3%	107.6%	n.m.	n.m.	n.m.
	Incurred claims for the year, net	(6,678)	(5,258)	n.m	n.m	n.m
	Premiums earned, net of reinsurance	6,342	4,885	n.m	n.m	n.m
HEALTH expense ratio	(Operating expenses, net of reinsurance + other technical income and expenses) / Premiums earned, net of reinsurance	42.1%	46.8%	n.m	n.m	n.m
	Operating expenses, net of reinsurance	(2,567)	(2,166)	n.m.	n.m.	n.m.
	Other technical income and expenses, profit sharing and returns	(103)	(121)	n.m.	n.m.	n.m.
	Premiums earned, net of reinsurance	6,342	4,885	n.m.	n.m.	n.m.
HEALTH combined ratio	Loss ratio + expense ratio (Other insurance businesses)	147.4%	154.5%	n.m	n.m	n.m
OTHER INSURANCE BUSINESSES loss ratio	Incurred claims for the year, net of reinsurance / Premiums earned, net of reinsurance	4.7%	30.3%	14.6%	10.8%	6.9%
	Incurred claims for the year, net	(32)	(326)	(292)	(328)	(223)
	Premiums earned, net of reinsurance	679	1,076	2,006	3,045	3,215
OTHER INSURANCE BUSINESSES expense ratio	(Operating expenses, net of reinsurance + other technical income and expenses) / Premiums earned, net of reinsurance	26.8%	46.6%	52.3%	52.6%	56.2%
	Operating expenses, net of reinsurance	(10)	(84)	(342)	(877)	(1,055)
	Other technical income and expenses, profit sharing and returns	(172)	(417)	(708)	(724)	(751)
	Premiums earned, net of reinsurance	679	1,076	2,006	3,045	3,215
OTHER INSURANCE BUSINESSES combined ratio	Loss ratio + expense ratio (Other insurance businesses)	31.5%	76.9%	66.9%	63.3%	63.1%
RoAE (return on average equity)	Net result for the period / (average equity at the beginning and closing of the period)	34.9%	N/A	34.0%	35.0%	39.4%
	Net result for the period	134,167	N/A	134,846	107,295	117,211
	Average equity at the beginning and closing of the period	383,919	N/A	396,210	306,632	297,677
	Purpose:					
	The RoAE is an indicator used to measure the relationship between the financial earnings and the resources necessary to obtain them. It makes it possible to measure the return the shareholders obtain from the funds invested in the Company, i.e. the company's capacity to remunerate its shareholders.					

APMs (Alternative performance measures)		6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
Duration	<p>A composite measure of the timing of a bond's cash flow characteristics taking into consideration its coupon and term to maturity</p> <p>It refers to the weighted average of time until cash flows (coupons and principal) are received, and it is measured in years.</p> <p>Purpose:</p> <p>This ratio makes it possible to measure the degree of volatility or risk in the Group's fixed income portfolios. The higher the duration of the portfolio, the greater the volatility of the prices of the securities when there are changes in interest rates.</p>	4.04	N/A	3.04	2.52	2.51
Modified duration	<p>Modified duration</p> <p>It is the weighted average of time until cash flows (coupons and principal) are received, divided by 1 plus the yield to maturity divided by the number of payments in a year</p> <p>Purpose:</p> <p>This ratio makes it possible to measure an approximate value of the percentage variation of financial securities for each percentage point (100 basis points) change in interest rates.</p> <p>The higher the modified duration of the portfolio, the greater the volatility of the prices of the securities when there are changes in interest rates.</p>	4.01%	N/A	3.26%	3.79%	3.75%
Fixed income portfolio average return	<p>Average return of the fixed income investment portfolio</p> <p>Income earned, recognised through the profit and loss statement during the period divided by the fixed income portfolio. This includes realised gains/losses and impairments.</p> <p>Excludes fair value adjustments.</p> <p>Interest received</p> <p>Realised gains/losses and impairments</p> <p>Debt securities</p> <p>Purpose:</p> <p>Measures the return of the fixed income securities held in the investment portfolio during a specific period of time</p>	2.16%	2.50%	2.62%	3.23%	3.46%
		16,923	18,031	21,187	22,101	23,986
		(720)	122	(187)	1,192	107
		750,756	726,265	801,209	720,797	696,945

APMs (Alternative performance measures)

		6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
Equity portfolio average return	Average return of the equity investment portfolio	1.17%	2.09%	0.37%	2.39%	6.84%
	Income earned, recognised through the profit and loss statement during the period divided by the equity portfolio. This includes realised gains/losses and impairments.					
	Excludes fair value adjustments.					
	Dividends received	2,468	2,046	1,649	2,383	2,465
	Realised gains/losses and impairments	(780)	319	(1,186)	407	3,609
	Shares and equity mutual funds	144,632	113,354	125,855	116,688	88,763
	Purpose:					
	Measures the return of the equity securities held in the investment portfolio during a specific period of time					
Property investments average return	Average return of the property investments portfolio	6.36%	6.51%	6.25%	8.79%	6.69%
	Rental income earned, recognised through the profit and loss statement during the period divided by the property investments portfolio. This includes realised gains/losses and impairments.					
	Excludes fair value adjustments.					
	Rental income	4,207	4,133	4,121	4,206	4,514
	Realised gains/losses and impairments	-	-	-	1,443	-
		-	211	-	211	-
	Property investments	66,122	66,701	65,948	66,670	67,458
	Purpose:					
	Measures the return of the property investments during a specific period of time					

APMs (Alternative performance measures)

	6M 2021	6M 2020	12M 2020	12M 2019	12M 2018
Total average return (excludes cash and cash equivalents) Average return of the investment portfolio	2.30%	2.74%	2.58%	3.53%	4.07%
Income earned, recognised through the profit and loss statement during the period divided by the assets under management (fixed income and equity portfolios and property investments). This includes realised gains/losses and impairments.					
Excludes fair value adjustments.					
Total investments	961,509	906,320	993,012	904,155	853,167
Debt securities	750,756	726,265	801,209	720,797	696,945
Shares and equity mutual funds	144,632	113,354	125,855	116,688	88,763
Property investments	66,122	66,701	65,948	66,670	67,458
Total investment income and net realised gains (losses)	22,098	24,862	25,584	31,944	34,681
Debt securities	16,923	18,031	21,187	22,101	23,986
Realised gains (losses) on debt securities	(720)	122	(187)	1,192	107
Shares and equity mutual funds	2,468	2,046	1,649	2,383	2,465
Realised gains (losses) on equities	(780)	319	(1,186)	407	3,609
Rental income	4,207	4,133	4,121	4,206	4,514
Realised gains (losses) on investment property	-	211	-	1,655	-
Purpose:					
Measures the return of the financial securities held in the investment portfolio during a specific period of time					

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Condensed
consolidated interim
financial statements

June 2021



linea directa

**Línea Directa Aseguradora, S.A.,
Compañía de Seguros y Reaseguros and
subsidiaries**

Condensed consolidated interim financial statements and consolidated
interim management report at 30 June 2021

Condensed consolidated balance sheets at 30 June 2021 and 31 December 2020

(in thousand euro)

ASSETS	Notes	30/06/2021	31/12/2020
Cash and cash equivalents		114.152	162.500
Available-for-sale financial assets	8 a)	902.658	917.074
Equity instruments		154.855	125.855
Debt securities		747.803	791.219
Loans and receivables	8 a)	117.440	110.373
Debt securities		15.378	9.990
Receivables on direct insurance business		58.241	54.413
Policyholders		58.241	54.413
Receivables on reinsurance business		5.058	5.086
Other receivables		38.763	40.884
Tax and social security receivable		873	1.126
Other receivables		37.890	39.758
Reinsurers' share of technical provisions	12	18.397	12.477
Provision for unearned premiums		5.865	3.705
Provision for claims		12.532	8.772
Property, plant and equipment and investment property	9	111.009	111.282
Property, plant and equipment		45.103	45.334
Investment property		65.906	65.948
Right-of-use assets	10 a)	4.991	2.713
Intangible assets	11	12.859	12.688
Other intangible assets		12.859	12.688
Tax assets		14.871	24.016
Current tax assets		5.586	14.388
Deferred tax assets		9.285	9.628
Other assets		92.985	83.410
Prepaid fees and other acquisition expenses		88.765	83.055
Accrued income		3.722	180
Other assets		498	175
TOTAL ASSETS		1.389.362	1.436.533

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Condensed consolidated balance sheets at 30 June 2021 and 31 December 2020

(in thousand euro)

LIABILITIES	Notes	30/06/2021	31/12/2020
Debt and accounts payable	8 b)	202.433	174.445
Due on insurance business		3.711	2.862
Due to policyholders		2.469	1.893
Due to agents, brokers and intermediaries		1.239	969
Conditional claims		3	-
Due on reinsurance business		614	981
Lease liabilities		5.026	2.766
Other payables		193.082	167.836
Taxes and social security payable		14.648	14.489
Due to group companies and associates		-	839
Other debts		178.434	152.508
Hedging derivatives	8 b)	11.628	15.167
Technical provisions	12	726.457	716.491
Provision for unearned premiums		456.151	446.423
Provision for unexpired risks		4.622	4.622
Provision for claims		265.684	265.446
Non-technical provisions		17.105	16.849
Provisions for taxes and other legal contingencies		491	492
Provisions for settlement agreements		16.503	16.174
Other non-technical provisions		111	183
Tax liabilities		47.560	45.066
Deferred tax liabilities		47.560	45.066
Other liabilities		291	1.156
Accrued income		-	477
Other liabilities		291	679
TOTAL LIABILITIES		1.005.474	969.174
Equity	14	333.668	422.727
Share capital		43.537	37.512
Subscribed capital		43.537	37.512
Reserves		259.322	250.369
Legal and bylaw reserves		9.046	9.046
Other reserves		250.276	241.323
Own shares and equity instruments		(765)	-
Profit/(loss) for the year		58.210	134.846
Interim dividend		(26.636)	-
Valuation adjustments		50.220	44.632
Available-for-sale financial assets		50.220	44.632
TOTAL EQUITY		383.888	467.359
TOTAL LIABILITIES AND EQUITY		1.389.362	1.436.533

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Condensed consolidated statements of profit or loss at 30 June 2021 and 2020

(in thousand euro)

STATEMENT OF PROFIT OR LOSS FOR THE NON-LIFE INSURANCE	Notes	30/06/2021	30/06/2020 (*)
Earned premiums in the period, net of reinsurance		435.993	434.400
Written premiums		456.475	451.571
Direct insurance		456.465	451.910
Change due to impairment of outstanding premiums receivable		10	(339)
Premiums from ceded reinsurance		(12.914)	(11.454)
Change in the provision for unearned premiums and unexpired risks	12	(9.728)	(7.637)
Direct insurance		(9.728)	(7.637)
Change in the provision for unearned premiums, reinsurers' share	12	2.160	1.920
Income from property, plant and equipment and investments		22.769	34.974
Income from investment property		2.169	1.999
Income from financial investments	8	14.337	14.680
Gains on realisation of property, plant and equipment and investments		6.263	18.295
Property, plant and equipment, and investment property		-	1
Financial investments	8	6.263	18.294
Claims incurred, net of reinsurance		(284.885)	(279.624)
Claims and other expenses paid		(234.565)	(220.544)
Direct insurance		(239.775)	(223.471)
Reinsurers' share		5.210	2.927
Change in the provision for claims	12	3.522	(4.932)
Direct insurance		(238)	(8.228)
Reinsurers' share		3.760	3.296
Claims-related expenses		(53.842)	(54.148)
Profit sharing and premium refunds		(172)	(417)
Change in the provision for profit sharing and premium refunds		(172)	(417)
Net operating expenses		(97.485)	(101.365)
Acquisition expenses		(86.582)	(90.548)
Administrative expenses		(13.708)	(12.954)
Reinsurance commissions and profit participation		2.805	2.137
Other technical expenses		9.688	9.040
Change in claims paid under settlement agreements		11.827	11.229
Other		(2.139)	(2.189)
Expenses from property, plant and equipment and investments		(9.974)	(21.932)
Expenses from managing property, plant and equipment and investments		(3.765)	(3.825)
Expenses from property, plant and equipment and investment property		(1.342)	(1.444)
Expenses from financial investments and accounts	8 and 10 b)	(2.423)	(2.381)
Valuation adjustments for property, plant and equipment and investments		(13)	(14)
Depreciation of property, plant and equipment and investment property		(13)	(14)
Losses on property, plant and equipment and investments		(6.196)	(18.093)
Property, plant and equipment, and investment property		(7)	-
Financial assets	8	(6.189)	(18.093)
Profit/(loss) from the non-life insurance business		75.934	75.076

(*) Unaudited figures, presented for comparison purposes only.

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Condensed consolidated statements of profit or loss at 30 June 2021 and 2020

(in thousand euro)

STATEMENT OF PROFIT OR LOSS – OTHER ACTIVITIES	Notes	30/06/2021	30/06/2020 (*)
Income from the non-life insurance business		75.934	75.076
Other income		4.632	5.282
Other income		4.632	5.282
Other expenses		(2.948)	(1.838)
Other expenses		(2.948)	(1.838)
Subtotal (Profit/(loss) from other activities)		1.684	3.444
Profit/(loss) before tax		77.618	78.520
Income tax	13	(19.408)	(19.631)
Profit/(loss) for the year		58.210	58.889
Profit/(loss) attributable to the Parent Company		58.210	58.889
Profit/(loss) attributable to non-controlling interests		-	-
Basic earnings per share (euro)	6	0,05	0,05
Diluted earnings per share (euro)	6	0,05	0,05

(*) Unaudited figures, presented for comparison purposes only.

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Condensed consolidated statements of other comprehensive income at 30 June 2021 and 2020
(in thousand euro)

	Notes	30/06/2021	30/06/2020 (*)
Profit/(loss) for the year		58.210	58.889
Other recognised income/(expense)		5.588	(11.785)
Available-for-sale financial assets		7.528	(15.714)
Valuation gains/(losses)		7.432	(15.507)
Amounts taken to the consolidated statement of profit or loss		96	(207)
Income tax		(1.940)	3.929
Total Other comprehensive income	8	5.588	(11.785)
Total comprehensive income for the year, net of tax		63.798	47.104

(*) Unaudited figures, presented for comparison purposes only.

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Línea Directa Aseguradora S.A., Compañía de Seguros y Reaseguros and subsidiaries

Condensed consolidated statements of changes in equity for the six months ended 30 June 2021 and 2020

(in thousand euro)

	Notes	Subscribed capital	Reserves	Own shares and equity instruments	Consolidated profit or loss for the period	(Interim dividend)	Valuation adjustments	Total
Adjusted balance at 1 January 2020		37.512	236.122	-	107.295	(93.048)	37.179	325.060
Total recognised income/(expense)		-	-	-	58.889	-	(11.785)	47.104
Other changes in equity		-	14.247	-	(107.295)	93.048	-	-
Transfers between equity items		-	14.247	-	(107.295)	93.048	-	-
Balance at 30 June 2020 (*)		37.512	250.369	-	58.889	-	25.394	372.164
Adjusted balance at 01 January 2021		37.512	250.369	-	134.846	-	44.632	467.359
Total recognised income/(expense)		-	-	-	58.210	-	5.588	63.798
Transactions with owners or mutual members		6.025	(126.025)	(765)	-	(26.636)	-	(147.401)
Capital increases or mutual fund		6.025	(6.025)	-	-	-	-	-
Distribution of dividends or payments due to mutual members		-	(120.000)	-	-	(26.636)	-	(146.636)
Transactions with own shares or holdings (net)		-	-	(765)	-	-	-	(765)
Other changes in equity		-	134.978	-	(134.846)	-	-	132
Payments based on equity instruments		-	132	-	-	-	-	132
Transfers between equity items		-	134.846	-	(134.846)	-	-	-
Balance at 30 June 2021		43.537	259.322	(765)	58.210	(26.636)	50.220	383.888

(*) Unaudited figures, presented for comparison purposes only.

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

Condensed consolidated cash flow statements for the six months ended 30 June 2021 and 2020

(in thousand euro)

	30/06/2021	30/06/2020 (*)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	53.792	69.056
Insurance activities:	68.726	72.823
Proceeds from insurance activities	479.429	465.216
Cash payments for insurance activities	(410.703)	(392.393)
Other operating activities:	2.741	2.909
Proceeds from other operating activities	6.333	6.336
Cash payments for other operating activities	(3.592)	(3.427)
Income tax collected/(paid)	(17.675)	(6.675)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	21.505	(27.792)
Proceeds from investing activities:	85.144	70.346
Property, plant and equipment	-	61
Investment property	2.388	1.655
Financial instruments	67.896	54.822
Interest received	13.128	12.612
Dividends received	1.732	1.196
Payments for investing activities:	(63.639)	(98.138)
Property, plant and equipment	(1.649)	(811)
Investment property	(348)	53
Intangible assets	(2.576)	(2.778)
Financial instruments	(57.176)	(92.861)
Other payments for investing activities	(1.890)	(1.740)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	(123.475)	(28.331)
Proceeds from financing activities:	52	3.808
Other proceeds from financing activities	52	3.808
Payments for financing activities:	(123.527)	(32.139)
Dividends delivered to shareholders	(120.000)	(28.344)
Acquisition of own and parent company securities	(766)	-
Other payments for financing activities	(2.761)	(3.795)
EFFECT OF EXCHANGE RATE CHANGES	(170)	6
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(48.348)	12.940
CASH AND CASH EQUIVALENTS AT START OF PERIOD	162.500	144.937
CASH AND CASH EQUIVALENTS AT END OF PERIOD	114.152	157.877

(*) Unaudited figures, presented for comparison purposes only.

Notes 1 to 17 of the accompanying condensed consolidated financial statements form an integral part of these condensed consolidated interim financial statements at 30 June 2021.

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Notes to the
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financial statements

June 2021



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**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

1. Overview of the Group and its activities

a) Overview of the Group

The Parent was incorporated in Madrid on 13 April 1994 under the name “Bankinter Seguros Directos, S.A. Compañía de Seguros y Reaseguros”. On 6 July 1994, its name was changed to “Bankinter Aseguradora Directa, S.A. Compañía de Seguros y Reaseguros”. The decision was reached at the General Shareholders’ Meeting held on 26 January 1995 to change its name to “Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros”.

The Parent engages in insurance and reinsurance activities in the motor, home and other non-life segments, all of which it is authorised to carry out by the Spanish Directorate General of Insurance and Pension Funds. On 19 July 2017, the Directorate granted authorisation to operate also within the illness line of the healthcare segment. The Parent started selling health insurance products in October 2017.

Its registered office is located at calle Isaac Newton, 7, in the municipality of Tres Cantos (Madrid). The Parent operates almost entirely in Spain.

The Parent directs and manages its stakes in other entities by organising human and material resources accordingly. The Parent operates in the Motor, Home, Health and Other insurance segments, as described in Note 4 b). Its business distribution channels are mainly telephone and internet sales.

The Parent’s shares have been listed and traded on the continuous market of the Madrid Stock Exchange since 29 April 2021. Bankinter, S.A. holds a 17.4% stake in the Parent, while the remaining 82.6% was distributed among its shareholders by delivering one share in Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros for each Bankinter share held (Note 14).

Note 5 of the special purpose consolidated financial statements for the years ended 31 December 2020, 2019 and 2018 provides relevant information on the Subsidiaries of the Línea Directa Group that were consolidated at that date.

The consolidated financial statements for 2020 were approved at the Annual General Meeting held on 18 March 2021 and then filed with the Companies Registry of Madrid. Those same consolidated financial statements can be found on the Company’s corporate website: www.lineadirectaaseguradora.com.

b) Risk environment

The Group does not believe that there were any significant changes in the risks to which it is exposed during the first half of 2021, including those caused by the impact of COVID-19.

The impacts of the most significant risks to which the Group is exposed have already been described in the special purpose consolidated financial statements for financial years 2020, 2019 and 2018, which can be found on the Company’s corporate website.

**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

2. Basis of presentation of the condensed consolidated interim financial statements

a) Regulatory financial reporting framework applicable to the Group

In accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, all companies that are governed by the laws of a member state of the European Union and whose equity securities are listed on a regulated market of any EU Member State, must draw up their consolidated financial statements for years beginning on or after 1 January 2005 in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

The Group’s special purpose consolidated financial statements for financial years 2020, 2019 and 2018 for the admission to trading of shares were prepared in accordance with EU-IFRS and other provisions of the applicable financial reporting framework, in order to present a true and fair view of the consolidated equity and consolidated financial position of the Parent and the Subsidiaries at 31 December 2020, 2019 and 2018 and of their consolidated financial performance, consolidated cash flows and changes in consolidated equity for the years then ended.

These condensed consolidated interim financial statements are presented in accordance with IAS 34 – Interim Financial Reporting and were drawn up by the directors on 20 July 2021, all in accordance with the provisions of Article 12 of Royal Decree 1362/2007 and taking into account the provisions of Circular 3/2018 of the Spanish Securities Market Regulator (CNMV) of 28 June 2018.

In accordance with IAS 34, interim financial information is prepared for the sole purpose of updating the content of the last special purpose consolidated financial statements to have been drawn up, focusing on new activities, events and circumstances that occurred during the six-month period without duplicating information previously disclosed in those last special purpose consolidated financial statements.

Accordingly, these interim financial statements do not include all the information that would be required for full consolidated financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group’s special purpose financial statements for the years ended 31 December 2020, 2019 and 2018 to ensure a proper understanding of the information contained herein.

The accounting policies and methods used in the preparation of these half-year financial statements have not changed significantly from those applied in the Group’s special purpose financial statements for the years ended 31 December 2020, 2019 and 2018.

b) True and fair view

The accompanying condensed consolidated interim financial statements have been prepared from the Company’s accounting records and are presented in accordance with the applicable financial reporting framework, especially the accounting principles and criteria contained therein, to provide a true and fair view of the Group’s consolidated equity, consolidated financial position, consolidated earnings and consolidated cash flows for the six-month period ended 30 June 2021.

**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

c) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis, with the following exceptions:

- Derivative financial instruments and financial assets at fair value through other comprehensive income.
- Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs of disposal.

There has been no early adoption of any standards or interpretations that have been approved by the European Commission but that were not yet in effect during the first half of 2021.

d) Functional currency and presentation currency

The condensed consolidated interim financial statements are presented in thousands of euro, rounded off to the nearest thousand, which is the functional and presentation currency of the Parent and its Subsidiaries.

e) Critical aspects regarding the valuation and estimation of uncertainty

The preparation of condensed consolidated interim financial statements in accordance with IFRS-EU requires significant accounting estimates, judgments and assumptions to be made during the process of applying the Group's accounting policies. These estimates are made on the basis of the best information available and relate mainly to provisions for benefits, impairment losses on certain assets, the useful life of intangible assets, property, plant and equipment, investment property and the fair value of certain non-listed assets and liabilities. They also relate to income tax expense, which, in accordance with IAS 34, is recognised in interim periods on the basis of the best estimate of the weighted average tax rate that the Group expects for the annual period.

While these estimates have been made on the basis of the best information available in relation to the events analysed at the reporting date, it is possible that future events may require these estimates to be modified (upwards or downwards) in subsequent years. Any resulting changes would be reflected in the corresponding consolidated statements of profit or loss (see IAS 8).

During the six-month period ended 30 June 2021, there were no significant changes from the estimates made in the first half of 2020 or those made at the end of 2020, as described in the Group's special purpose financial statements for the years ended 31 December 2020, 2019 and 2018, beyond those disclosed in these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

f) Comparison of information

The information contained in these condensed consolidated interim financial statements relating to 31 December 2020 and 30 June 2020 is presented solely for comparative purposes with the information relating to the six-month period ended 30 June 2021. The financial statements at 30 June 2020 relating to the comparative statement of profit or loss, statement of other comprehensive income and statement of cash flows were not audited as it was not mandatory at that date, as the Group was listed on 29 April 2021, and the first condensed interim financial statements to be audited and submitted to the CNMV are those relating to 30 June 2021.

g) Materiality

When determining the information to be disclosed under the various line items of the financial statements or other business, the Group has, in accordance with IAS 34, considered materiality in relation to the interim consolidated financial statements for the six-month period.

h) Seasonality of the Group's transactions

Given the nature of the business activities carried out by the various Group companies, the Group's transactions are not considered heavily cyclical or seasonal. As a result, no specific disclosures are included in these explanatory notes to the condensed consolidated financial statements for the six months ended 30 June 2021.

i) Changes in accounting standards

There has been no change in accounting policies during the six months ended 30 June 2021 in respect of the special purpose consolidated financial statements for the years ended 31 December 2020, 2019 and 2018.

j) Standards and interpretations issued but not applied

The Group has elected to apply the temporary exemption from the effective date of IFRS 9 – Financial Instruments, as described in paragraphs 20A – 20N of IFRS 4 – Insurance Contracts, as it considers that it meets the eligibility criteria set out in that standard.

By availing itself of this exemption, the date of application of IFRS 9 will be the date of entry into force of IFRS 17 – Insurance Contracts (which, according to the decision of the International Accounting Standards Board (“IASB”) of 17 March, is slated for 1 January 2023, provided that the European Financial Reporting Advisory Group (“EFRAG”) ultimately adopts the standard for application in Europe. Once adopted, early adoption is also permitted and, therefore, until that date the Group will continue to apply IAS 39 – Financial Instruments: Recognition and measurement.

The Group has conducted the necessary analyses to be able to apply such deferral and has determined its eligibility by confirming that the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 80%, and that the Group does not engage in a significant activity unconnected with insurance, as indicated in paragraph 20D of IFRS 4. The analysis has been performed as of the yearly close ended 31 December 2015.

The disclosure requirements for financial assets required by IFRS 4 when applying this temporary exemption are set out in Note 8 a) ii).

**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

k) Standards, improvements and interpretations that cannot be adopted early or that have not been endorsed by the European Union

At the date of authorisation for issue of these condensed consolidated interim financial statements, the IASB and the IFRS-IC had issued the following standards, amendments and interpretations that have yet to be adopted by the European Union:

IFRS 17 – Insurance contracts

IFRS 17 is expected to apply for annual periods beginning on or after 1 January 2023, although comparative disclosures will be mandatory. IFRS 17 is pending approval by the European Union.

This standard will replace IFRS 4 – Insurance Contracts, which allows for the continued use of local accounting practices and has resulted in insurance contracts being accounted for differently across jurisdictions. This standard sets out principles for the recognition, presentation and disclosure of insurance contracts so that an entity provides relevant and reliable information to enable users of financial information to assess the effect that these contracts have on the entity’s financial statements.

The implementation of IFRS 17 will entail consistent accounting for all insurance contracts based on a valuation model that will use calculation assumptions updated at each reporting date (such as the discount rate, actuarial assumptions and with respect to other financial variables).

The effects of changes in the above assumptions may be recognised in either the statement of profit or loss or in equity, depending on their nature and whether or not they are associated with the provision of a service that has already occurred, or involve a reclassification between the components of the recognised insurance liability. Income or expenses may be recorded in full in the statement of profit or loss or in equity.

For all contracts that are not onerous, entities shall recognise a profit margin in the statement of profit or loss (known as a ‘contractual service margin’) over the period in which the entity performs the service. However, if the contract is onerous at initial recognition or becomes so during the period in which the entity performs the service, the entity shall recognise the loss in profit or loss immediately.

The Group has conducted an impact analysis on the application of IFRS 17, concluding that the first-time adoption of the standard will not have a significant financial impact on the Group as the contracts traded are mainly short-term and the calculation methodology for these contracts is very similar to the method currently used under IFRS 4.

The impact on future earnings is also expected to be immaterial, with the difference in respect of current earnings existing mainly because of the pattern of recognition of contracts with initial loss, as well as the redistribution between operating results and net interest income.

The Group plans to adapt all its systems and processes to the new IFRS 17 standard. This process got under way in late 2020 and is expected to be completed in 2022 to allow sufficient time for testing and stabilisation in order to ensure the sound functioning and timing of the necessary disclosures as of 1 January 2023, this being the date on which the standard is expected to enter into force.

**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

Amendments to IAS 1 – Presentation of Financial Statements

IAS 1 will be amended to promote consistency in application and to clarify the requirements on determining whether a liability is current or non-current. This amendment will apply for annual periods beginning on or after 1 January 2023 and is currently pending adoption by the European Union.

At the date of authorisation for issue of these consolidated financial statements, these amendments are not expected to have a material effect on the Group's future consolidated financial statements.

Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 clarify the accounting treatment for sales and contributions of assets between an investor and its associate and joint venture, which will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss. If the assets do not meet the definition of a business, the investor will recognise the gain or loss only to the extent of the other investors' interest. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were to be applied prospectively and effective for annual periods beginning on or after 1 January 2016.

However, in late 2015, the IASB decided to defer the effective date of the amendments (without setting a new specific date). This is because it is planning a broader review that will hopefully result in more simplified accounting treatment for these transactions and other aspects relating to the accounting of associates and joint ventures.

These amendments are pending adoption by the European Union.

Amendments to IAS 1 – Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of accounting policies

These amendments are there to assist entities in providing useful information about their accounting policies:

Key amendments to IAS 1 include:

- The requirement for entities to disclose their material accounting policies rather than their significant accounting policies;
- It clarifies that accounting policies relating to immaterial transactions, other events or conditions are themselves immaterial and, as such, need not be disclosed; and
- It clarifies that not all accounting policies that relate to material transactions, other events or conditions are themselves material to an entity's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. These modifications are consistent with the amended definition of materiality.

These amendments are pending adoption by the European Union.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates:

The amendments to IAS 8 provide a new definition of accounting estimates, among other changes, to help entities distinguish between changes in accounting estimates and changes in accounting policies. An entity is required to apply the standard in its first IFRS financial statements for periods beginning on or after 1 January 2023. The amendments are currently pending adoption by the European Union.

Amendments to IFRS 16 – Leases: COVID-19-Related Rent Concessions after 30 June 2021:

The amendment to IFRS 16 contains a proposed extension to the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. This amendment is pending adoption by the European Union.

Amendments to IAS 12 – Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Exception to the application of the exemption from initial recognition of deferred assets and liabilities arising from a single transaction that may result in equal amounts of temporary differences.

The amendments will be effective for periods beginning on or after 1 January 2023, with early adoption permitted. This amendment is pending adoption by the European Union.

3. Scope of consolidation

As explained in Note 1, Note 5 to the special purpose financial statements for the years ended 31 December 2020, 2019 and 2018 provides relevant information on the Subsidiaries included within the scope of consolidation.

There were no changes in that perimeter at 30 June 2021.

4. Segment information

The Group is structured internally into operating segments, which have been defined according to the different categories of products and services provided by the Group. The earnings and results of these segments are regularly reviewed as part of the decision-making process to decide on the resources to be allocated to the segment and to assess its performance. The Group's Board of Directors, which includes the Chief Executive Officer, identifies the segments from a business perspective and is the supreme decision-making body when it comes to defining these segments. The segments are aligned with the Group's organisational structure and reflect the information provided to Management and the markets.

The Group comprises the following operating segments within the meaning of IFRS 8, whose principal products, services and operations are as follows:

- Motor
- Home
- Health
- Other insurance businesses
- Other activities

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

All segments are directly or indirectly related to the insurance business. The motor, home, health and other insurance business segments correspond to insurance-only activities.

- The motor segment includes private motor insurance through a range of products including comprehensive, with and without excess, extended third party and standard third party, among others, motorbike insurance with products such as comprehensive with excess, third party with theft and fire, extended third party etc., or fleet insurance.
- The home segment includes a variety of multi-risk home insurance products that include coverage such as theft damage, civil liability, fire damage, aesthetic damage, etc.
- The health segment includes health insurance products under the Vivaz brand in the health care segment.
- The other insurance segment includes various products with stand-alone policies that are not linked to motor, home or health insurance, such as travel insurance for holders of credit cards and wellness insurance.
- The other activities segment mainly relates to auxiliary insurance businesses and commissions from the sale of insurance products of other insurers. It also includes roadside assistance and vehicle repair services that Group subsidiaries provide to third parties outside the Group and that are not, therefore, eliminated on consolidation. The income and expenses of this segment are shown in the headings “Other income” and “Other expenses” in the consolidated statement of profit or loss in relation to other activities. These activities do not meet the quantitative criteria for separate presentation.

The Group’s management strategy is to analyse the performance of each segment by its profit after tax. The Group performs virtually all of its business activities in Spain.

There are no differences in accounting policies, nature of activities, valuation and measurement of assets and liabilities between each of the operating segments and there have been no changes from previous years.

Set out below is a breakdown of segment income and expenses and segment profit/(loss) for the year, a performance measure used by Group management in accordance with the requirements of IAS 34 for the six-month periods ended 30 June 2021 and 2020:

	30/06/2021				
	Motor	Home	Health	Other insurance businesses	Consolidated
Total premiums earned, net of reinsurance	370.806	58.166	6.342	679	435.993
Total investment income	20.101	1.622	1.027	19	22.769
Total claims incurred in the period, net of reinsurance	(244.740)	(33.435)	(6.678)	(32)	(284.885)
Profit sharing	-	-	-	(172)	(172)
Total net operating expenses	(75.358)	(19.550)	(2.567)	(10)	(97.485)
Other income and expense for the non-life insurance business	9.882	(91)	(103)	-	9.688
Total investment expenses	(9.915)	(51)	(7)	(1)	(9.974)
Income from the non-life insurance business account	70.776	6.661	(1.986)	483	75.934

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

	30/06/2020				
	Motor	Home	Health	Other insurance businesses	Consolidated
Total premiums earned, net of reinsurance	374.155	54.284	4.885	1.076	434.400
Total investment income	32.678	1.483	792	21	34.974
Total claims incurred in the period, net of reinsurance	(245.650)	(28.390)	(5.258)	(326)	(279.624)
Profit sharing	-	-	-	(417)	(417)
Total net operating expenses	(79.437)	(19.678)	(2.166)	(84)	(101.365)
Other technical expenses	9.281	(120)	(121)	-	9.040
Total investment expenses	(21.877)	(49)	(5)	(1)	(21.932)
Income from the non-life insurance business account	69.150	7.530	(1.873)	269	75.076

The following table provides a breakdown of investment income and expenses of the consolidated non-life insurance business by segment for the six-month periods ended 30 June 2021 and 2020.

	30/06/2021				
	Motor	Home	Health	Other insurance businesses	Consolidated
Income from property, plant and equipment	1.854	281	31	3	2.169
Income from financial investments	11.984	1.341	996	16	14.337
Gains/(losses) on realisation of investments	6.263	-	-	-	6.263
Financial investments	6.263	-	-	-	6.263
Total investment income	20.101	1.622	1.027	19	22.769
Investment management expenses	(3.707)	(51)	(6)	(1)	(3.765)
Expenses from managing investments in property,	(1.284)	(51)	(6)	(1)	(1.342)
Expenses from managing financial investments	(2.423)	-	-	-	(2.423)
Investment valuation adjustments	(13)	-	-	-	(13)
Depreciation of investments in property, plant and	(13)	-	-	-	(13)
Losses on investments	(6.196)	-	-	-	(6.196)
Losses on investments in property, plant and equi	(7)	-	-	-	(7)
Losses on financial investments	(6.189)	-	-	-	(6.189)
Total investment expenses	(9.916)	(51)	(6)	(1)	(9.974)

	30/06/2020				
	Motor	Home	Health	Other insurance businesses	Consolidated
Income from property, plant and equipment	1.722	249	22	6	1.999
Income from financial investments	12.661	1.234	769	16	14.680
Gains/(losses) on realisation of investments	18.295	-	-	-	18.295
On investments in property, plant and equipment	1	-	-	-	1
Financial investments	18.294	-	-	-	18.294
Total investment income	32.678	1.483	791	22	34.974
Investment management expenses	(3.770)	(49)	(4)	(2)	(3.825)
Expenses from managing investments in property,	(1.389)	(49)	(4)	(2)	(1.444)
Expenses from managing financial investments	(2.381)	-	-	-	(2.381)
Investment valuation adjustments	(14)	-	-	-	(14)
Depreciation of investments in property, plant and	(14)	-	-	-	(14)
Losses on investments	(18.093)	-	-	-	(18.093)
Losses on financial investments	(18.093)	-	-	-	(18.093)
Total investment expenses	(21.877)	(49)	(4)	(2)	(21.932)

5. Dividends

At its meeting of 5 April 2021, the Board of Directors of the Parent resolved to pay an extraordinary dividend of € 120,000 thousand. This dividend was agreed prior to the IPO that took place on 29 April 2021 and had been fully paid out at 31 June 2021.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

In addition, on 29 June 2021, the Board of Directors of the Parent resolved to distribute an interim dividend out of 2021 earnings for a total amount of € 26,636 thousand (€ 0.024484 per share). This interim dividend had yet to be delivered at 30 June 2021 and was ultimately paid on 7 July 2021.

The legally required interim accounting statement drawn up by the Group in relation to the last available accounting close at the date of the dividend proposal shows sufficient liquidity for the distribution of the interim dividend, as follows:

Liquidity statement for the period:

	Resolution of 29/06/2021
Net profit at date of resolution	29.415
Less:	
Other reserves	(1.634)
Interim dividends charged to profit or loss for the year	-
Unrestricted profit	27.781
Proposal to pay interim dividends	26.636
Total dividend to be distributed	26.636
Cash liquidity prior to payment	61.410
Expected receipts less expected payments	63.888
Remaining cash	125.298

Before passing the resolution to distribute the interim dividend, the Group requested authorisation from the Spanish Directorate General of Insurance and Pension Funds and received a positive response from the regulator.

6. Earnings per share

Basic:

Basic earnings per share are calculated by dividing the profit for the year attributable to shareholders of the Parent by the weighted average number of ordinary shares outstanding during the year:

	30/06/2021	30/06/2020 (**)
Profit/(loss) for the year attributable to the owners of the Parent	58,210	58,889
Weighted average number of shares outstanding (thousands of shares)	1,088,417	1,088,417
Weighted own shares (thousands of shares) (*)	(173)	-
Weighted average number of common shares outstanding (thousands of shares)	1,088,244	1,088,417
Basic earnings per share (euro)	0.05	0.05

(*) Refers to own shares held in treasury and weighted according to the period in which they were issued (Note 16-b).

(**) Shows the retroactive status of the capital increase and the repurchase of own shares for comparative purposes. (Notes 14 and 16-b).

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

At 30 June 2021, there were 521 thousand treasury shares that make the weighted average number of ordinary shares outstanding lower than the weighted average number of shares issued at that date.

Diluted:

Diluted earnings per share are calculated by adjusting the profit for the year attributable to shareholders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive potential ordinary shares. The dilutive effect on earnings per share at 30 June 2021 was not material.

7. Remuneration and other benefits of the Board of Directors

Remuneration received by the Group's directors and executives amounted to € 872 thousand and € 2,107 thousand, respectively, during the first half of 2021, and € 624 thousand and € 2,290 thousand, respectively, during the first half of 2020, as follows:

Directors:

	30/06/2021	30/06/2020
Remuneration for membership of the Board and/or Board committees	226	39
Wages	250	292
Variable remuneration in cash	221	123
Long-term savings systems	161	158
Other items	14	12
Total	872	624

Executives:

	30/06/2021	30/06/2020
Total remuneration received by executives	2.107	2.290

Senior Management is defined as the Group's Management Committee comprising 12 executives. This group, together with the Chief Executive Officer, participates in the share-based remuneration programme described in Note 16-c.

At 30 June 2021 and 2020, no advances or loans had been granted by the Parent to the members of its Board of Directors or Senior Management and no obligations had been assumed on their behalf as way of guarantee or collateral.

8. Financial instruments

a) Financial assets

i. Balances of financial assets

The classification of financial assets by category and class at 30 June 2021 and 31 December 2020 is as follows:

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

	30/06/2021	31/12/2020
Financial assets at fair value through other comprehensive income		
Available-for-sale financial assets		
Equity instruments		
Listed	97.628	85.975
Non-listed	57.227	39.880
Debt securities		
Listed	747.803	791.219
Total financial assets at fair value through other comprehensive income	902.658	917.074
Financial assets at amortised cost		
Loans and receivables		
Debt securities	15.378	9.990
Deposits with credit institutions	-	-
Receivables on direct insurance business – policyholders	58.241	54.413
Receivables on reinsurance business	5.058	5.086
Other receivables	37.890	39.758
Total financial assets at amortised cost	116.567	109.247
Total financial assets	1.019.225	1.026.321

With respect to “Financial assets at fair value through other comprehensive income”, the main changes in the balances at 30 June 2021 compared to the end of 2020 are an increase in the balance of both listed and non-listed equity instruments at June 2021, arising from the reinvestment of a portion of the maturities of fixed income instruments during the six-month period in those same instruments. This had led to a reduction in the balance of fixed income instruments, especially government bonds, an effect accentuated by the fall in the price of these instruments.

The increase in the balance of non-listed equity instruments is mainly due to the investment, through subsidiary company LD Activos, of € 11,220 thousand in two companies engaged in real estate investment activities. The main investment was the acquisition of a stake worth € 7,000 thousand in Bankinter Logística, which invests in logistics assets in Spain (central Spain, Barcelona and Zaragoza) through one of the main asset managers operating in the sector (Montepino). Its current portfolio is made up of state-of-the-art, high quality assets with 100% occupancy and an average age of 1.5 years. The leases include long-term mandatory periods and the assets are occupied by prime tenants. The Group’s stake in this company is not significant and Bankinter S.A., which is a significant shareholder of the Group, acts as marketer in placing the company’s shares. This company is likely to become a SOCIMI (Spanish REIT) in the mid run.

The second investment was to acquire a stake worth € 4,220 thousand in a company whose corporate purpose is to take part in the acquisition of business premises located at Puerta del Sol, 11 in Madrid, the tenant of which is Primor. The company and its main asset are managed by SONAE SIERRA.

Under Financial assets at amortised cost:

- The sub-heading “Debt securities” includes commercial paper from private issuers. The increase in the balance at 30 June 2021 compared to December 2020 is down to new purchases by reinvesting the cash balance to generate a higher return.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

- The sub-heading “Receivables on direct insurance business” shows insurance policy receipts pending collection, both those relating to earned premium receipts and unearned split payments of premium receipts. The increase in the balance at 30 June 2021 compared to December 2020 relates largely to split payments of premium receipts in the Health segment, most of which are annual policies with split monthly payments running from 1 January to 31 December of each year; at year-end there were no split payment receipts pending issue and at the end of June they included the split payments still payable over the second half of the year.

ii. Income and expenses from financial assets

The amount of net gains and losses by category of financial asset at 30 June 2021 and 2020 is as follows:

30/06/2021			
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Other financial assets
Interest on bank deposits	208	-	-
Income from premium instalments	2.263	-	-
Losses on swap valuation	-	-	4.356
Losses on realisation of investments	-	(552)	-
Interest on fixed-income securities	-	8.580	-
Income on equity instruments	-	1.768	-
Valuation gains on fixed income hedged by swap	-	-	(4.356)
Gains on realisation of investments	-	626	-
Positive exchange differences	-	20	-
Negative exchange differences	-	(190)	-
Other expenses/income	-	-	(703)
Net result in profit and loss	2.471	10.252	(703)
Change in fair value	-	5.588	-
Net result in other comprehensive income	-	5.588	-
30/06/2020			
	Financial assets at amortised cost	Financial assets at fair value through other comprehensive income	Other financial assets
Interest on bank deposits	243	-	-
Income from premium instalments	2.286	-	-
Losses on swap valuation	-	-	(5.529)
Losses on realisation of investments	-	(1.734)	-
Interest on fixed-income securities	-	9.449	-
Income on equity instruments	-	1.196	-
Valuation gains on fixed income hedged by swap	-	-	5.529
Gains on realisation of investments	-	1.935	-
Positive exchange differences	-	54	-
Negative exchange differences	-	(48)	-
Other expenses/income	-	-	(861)
Net result in profit and loss	2.529	10.852	(861)
Change in fair value	-	(11.785)	-
Net result in other comprehensive income	-	(11.785)	-

iii. Fair value breakdown

Financial assets at fair value with changes in other comprehensive income are as follows, by valuation level:

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

30/06/2021				
	Carrying amount	Level 1	Fair value Level 2	Level 3
Financial assets at fair value through other comprehensive income				
Equity instruments				
Listed	97.628	97.628	-	-
Non-listed	57.227	-	28	57.199
Debt securities				
Listed	747.803	727.023	20.780	-
Non-listed	-	-	-	-
Total	902.658	824.651	20.808	57.199

31/12/2020				
	Carrying amount	Level 1	Fair value Level 2	Level 3
Financial assets at fair value through other comprehensive income				
Equity instruments				
Listed	85.975	85.975	-	-
Non-listed	39.880	-	28	39.852
Debt securities				
Listed	791.219	767.539	23.680	-
Non-listed	-	-	-	-
Total	917.074	853.514	23.708	39.852

The fair values of non-current loans and receivables are not included because their carrying amounts are a reasonable approximation of fair value.

To determine Level 2 fair values at 30 June 2021 and 31 December 2020, a model has been used in which discounted future cash flows, including the redemption value, are discounted from a yield curve with two main components:

- Zero coupon swap curve of the currency in which the issue is denominated, which is considered to be the best approximation of the risk-free interest rate.
- Additional risk spread, which will be the spread added or deducted from the zero-coupon swap curve reflecting the risks inherent in the issuance being assessed, such as: Credit risk, illiquidity and optionality risk.

The following table sets out the valuation methods used at 30 June 2021 and 31 December 2020 to determine Level 3 fair values, along with the unobservable inputs used and the interrelationship between key inputs and fair value.

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

Rate	Valuation method	Variables employed (non-observable)	Correlation between key variables and fair value
Net asset value of investments in private equity funds with renewable energy generating assets as the underlying	<p>Discounted cash flows: the most widely accepted method, which treats the investment as a cash flow generator. To obtain its value, this method calculates the present value of the future cash flows by taking into account the implicit risk of achieving them. Thus, the discounted cash flow method estimates the cash flows that the asset/investment will generate in the future, and then discounts them at an appropriate discount rate, depending on the risk associated with achieving those cash flows.</p> <p>The expected cash flows are determined on the basis of the following key assumptions: Regulated revenues – return on investment and operation pursuant to Order ETU/130/2017, Pool price, Production – number of hours, Inflation, OPEX of each facility, CAPEX, Residual value and decommissioning cost.</p> <p>Cash flows are discounted at a discount rate representing the average of the various sources of financing for each asset, weighted by the market value of each source of financing, reflecting in each case the risk assumed in financing the assets. The rates were updated to 30 June 2021,</p> <ul style="list-style-type: none"> - Helia II, - Photovoltaic 2.90% - 3%, - Rest of portfolio 3.40% - 4.20%. - Helia III 3.60% - 4.40% - Helia IV - Project Dean 3.70% - 4.70% - Rest of portfolio 3% - 3.60% 	WACC and Return on investment	The higher the WACC the lower the fair value, and the higher the return on investment the higher the fair value (bearing in mind that income depends on prevailing regulations)
Net asset value of the underlying funds	<p>As funds of funds, the value of each unit is calculated as the sum of the net asset values provided by each of the underlying funds.</p> <p>In each fund, fair value (FV) is calculated in accordance with the valuation reports and financial statements provided by each investee.</p>	<p>Net asset value of each fund</p> <p>% stake of each fund in the portfolio</p>	<p>The higher the net asset value of the underlying funds, the higher the value of these funds.</p> <p>The higher the percentage holding in the underlying funds, the greater the proportional value of that fund to the investing funds.</p>
Net asset value of shares	The Net Asset Value of the Shares is calculated by dividing the Net Asset Value of the Company by the number of Shares. For accounting purposes, the carrying amount of the Company's investments is held at cost.	Annual independent expert valuation of the investments in order to ascertain the market value of Investment property.	The higher the value of the investments, the higher the Company's net asset value.
Net asset value of loans	Daily valuation (at close of business) carried out by BNY Mellon relying on the quoted loans provided by loan pricing sources (independent price providers).	Quotations provided by the trading desks of the main financial institutions. Specialised sources, Markit Partners/LoanX and IDC/Reuters.	Prices calculated on the basis of the information supplied to them by the trading desks of the main financial institutions.

Changes in financial assets measured in accordance with valuation techniques based on unobservable data (Level 3) are as follows:

	30/06/2021
Equity instruments	Non-listed
Balance at 31 December 2020	39.852
Purchases	12.795
Sales	(1.212)
Statement of profit or loss	365
Other comprehensive income	5.399
Balance at 30 June 2021	57.199

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

	31/12/2020
Equity instruments	Non-listed
Balance at 31 December 2019	44.668
Purchases	3.767
Sales	(8.007)
Transfers to level 1 or 2	(4.016)
Statement of profit or loss	2.273
Other comprehensive income	1.167
Balance at 31 December 2020	39.852

There were no transfers of financial assets between the different levels during the first half of 2021.

The fixed income investment portfolio by credit rating at 30 June 2021 and 31 December 2020 is as follows (in thousand euros):

30/06/2021							
Rating	AAA	AA	A	BBB	Below investment grade	No rating	Total
Public fixed income	6.270	-	200.561	211.709	-	-	418.540
Private fixed income	-	9.073	120.083	175.801	24.728	14.956	344.641
Total fixed income	6.270	9.073	320.644	387.510	24.728	14.956	763.181
% fixed income	0%	1%	44%	48%	3%	4%	100%

31/12/2020							
Rating	AAA	AA	A	BBB	Below investment grade	No rating	Total
Public fixed income	3.072	-	220.749	214.942	-	-	438.763
Private fixed income	-	7.382	132.371	165.801	26.532	30.360	362.446
Total fixed income	3.072	7.382	353.120	380.743	26.532	30.360	801.209
% fixed income	0%	1%	44%	48%	3%	4%	100%

b) Financial liabilities

i. Balances of financial liabilities

The classification of financial liabilities by category and class at 30 June 2021 and 31 December 2020 is as follows:

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

	30/06/2021	31/12/2020
Financial liabilities at amortised cost		
Debt and accounts payable		
Due on insurance business with policyholders	2.469	1.893
Due on insurance business with brokers	1.239	969
Conditional claims	3	-
Due on reinsurance business	614	981
Lease liabilities (Note 10 b))	5.026	2.766
Due to group companies and associates	-	839
Other debts	178.434	152.508
Total financial liabilities at amortised cost	187.785	159.956
Hedging derivatives	11.628	15.167
Total hedging derivatives	11.628	15.167
Total financial liabilities	199.413	175.123

Other debts

Details of the sub-heading “Other payables” at 30 June 2021 and 31 December 2020 are as follows:

	30/06/2021	31/12/2020
On goods delivered and services rendered	31.267	30.023
On securities lending	113.993	115.730
Outstanding remuneration	6.538	6.755
Dividend payable	26.636	-
Total other debts	178.434	152.508

At 30 June 2021, the sub-heading “On securities lending” showed the monetary collateral received on a public debt repurchase transaction (assignment with repurchase agreement of government bonds) with a total carrying amount of € 113,993 thousand, including uncollected accrued interest and comprising three repos on Spanish government securities maturing on 19 July 2021. The counterparty to the transactions is Banco BBVA. Guarantees on the transactions amount to € 113,993 thousand.

At 31 December 2020, the sub-heading “On securities lending” showed the monetary collateral received on a public debt repurchase transaction (assignment with repurchase agreement of government bonds) with a total carrying amount of € 115,730 thousand, including uncollected accrued interest and comprising three repos on Spanish government securities maturing on 18 January 2021. The counterparty to the transactions is Banco BBVA. Guarantees on the transactions amount to € 115,730 thousand.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

The heading “Remuneration payable” includes a provision for the 2019-2021 three-year remuneration programme accrued from 1 January 2019 through to 31 December 2021. This remuneration programme includes the Group’s senior management and key executives and aims to incentivise and motivate them to achieve medium-term strategic targets. The final target is based on net income from premiums written in 2020, on a scale of 0% to 150% achievement (from minimum income of € 966 million to maximum income of € 1,036 million). If the final target is met, the amount payable will be based on the degree of achievement of two objectives: the combined ratio and growth in written premium income above the average of the 20 largest non-life companies operating in the Spanish market. The maximum amount payable would be € 16,673 thousand assuming the highest degree of achievement and zero for minimum achievement.

At 30 June 2021, the provisioned amount came to € 3,504 thousand, based on the indicators described in the preceding paragraph and the possible updating of those indicators by the Appointments and Remuneration Committee prior to year-end given the exceptional circumstances to have arisen from the pandemic, especially affecting premium income across the sector. At the end of 2020 the amount provisioned for this item was € 3,773 thousand.

The rest of the heading “Outstanding remuneration” consists primarily of quarterly and monthly incentive payments outstanding as at 30 June 2021.

The heading “Dividends payable” shows € 26,636 thousand as the agreed dividend for the first quarter of 2021, which was pending payment at 30 June 2021, as discussed in Note 5.

ii. Income and expense on financial liabilities

It was not necessary to recognise any amount for hedge ineffectiveness of derivatives in the consolidated statement of profit or loss for the first half of 2021 or 2020.

The amounts of fair value hedge adjustments made to the hedged item recognised in the statements of profit or loss are as follows:

30 June 2021	Nominal	Carrying amount	Heading of the consolidated balance sheet	Changes in fair value used as the basis for recognising ineffectiveness in the period	Ineffectiveness reported
Hedging derivatives	75.000		Hedging derivatives	4.356	-
Fixed-income instruments	75.000		Debt securities	10.811	4.356

31 December 2020	Nominal	Carrying amount	Heading of the consolidated balance sheet	Changes in fair value used as the basis for recognising ineffectiveness in the period	Ineffectiveness reported
Hedging derivatives	75.000	15.167	Hedging derivatives	4.529	-
Fixed-income instruments	75.000	91.812	Debt securities	15.167	4.529

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

iii. Fair value breakdown

The fair value of derivatives is calculated through the use of valuation techniques. Valuation techniques maximise the use of available observable market data and rely as little as possible on entity-specific estimates.

As all significant inputs required to calculate their fair value are observable, the swaps are included in Level 2. The fair value has been calculated as the present value of estimated future cash flows based on estimated interest rate curves.

For current debts and payables, details of fair values have not been provided because their carrying amounts are a reasonable approximation of fair value.

There were no transfers of financial liabilities between the different levels during the first half of 2021.

9. Property, plant and equipment and investment property

a) Property, plant and equipment

As at 30 June 2021 and 31 December 2020, the balances of these headings in the accompanying consolidated balance sheet and changes therein are as follows:

	Property assets for own use	Other property, plant and equipment	Total
Cost at 30 June 2021	42.732	51.588	94.320
Accumulated depreciation at 30 June 2021	(6.873)	(40.093)	(46.966)
Impairment losses	(2.251)	-	(2.251)
Net carrying amount at 30 June 2021	33.608	11.495	45.103
	Property assets for own use	Other property, plant and equipment	Total
Cost at 31 December 2020	42.732	50.172	92.904
Accumulated depreciation at 31 December 2020	(6.626)	(38.693)	(45.319)
Impairment losses	(2.251)	-	(2.251)
Net carrying amount at 31 December 2020	33.855	11.479	45.334

No significant activity in relation to property, plant and equipment was recognised in the first half of 2021.

At 31 December 2019 the Group had recognised € 8,900 thousand in relation to a new building acquired by the Group. Its definitive capitalisation and commencement of operations took place in 2020. In 2020, the Group derecognised fully depreciated data processing equipment amounting to € 1,300 thousand.

No impairment losses were recognised or reversed in the consolidated statement of profit or loss during the first half of 2021.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

New property valuations were carried out during the period due to the uncertainty of the possible loss in value of the properties owned by the Group in the wake of the COVID-19 health crisis and the general downturn in the real estate market. As a result, an impairment provision of € 851 thousand was recognised at 31 December 2020.

The fair value of property assets as part of property, plant and equipment was as follows at 30 June 2021 and 31 December 2020:

Description	30/06/2021				
	Cost value	Accumulated depreciation	Impairment	Net carrying amount	Market value
Land and buildings at I. Newton, 7 (Tres Cantos)	4.958	(1.784)	-	3.174	11.231
Land and buildings at I. Newton, 9 (Tres Cantos)	7.371	(1.307)	(734)	5.330	5.369
Land and buildings at Ronda Europa, 7 (Tres Cantos)	21.853	(3.410)	(1.275)	17.168	17.287
Land and buildings at Torres Quevado, 1 (Tres Cantos)	6.203	(100)	(105)	5.998	6.027
Land and buildings at Avda. El Sol, 9 (Torrejón de Ardoz)	2.347	(272)	(137)	1.938	1.951
	42.732	(6.873)	(2.251)	33.608	41.865
Description	31/12/2020				
	Cost value	Accumulated depreciation	Impairment	Net carrying amount	Market value
Land and buildings at I. Newton, 7 (Tres Cantos)	4.958	(1.737)	-	3.221	11.231
Land and buildings at I. Newton, 9 (Tres Cantos)	7.371	(1.268)	(734)	5.369	5.369
Land and buildings at Ronda Europa, 7 (Tres Cantos)	21.853	(3.291)	(1.275)	17.287	17.287
Land and buildings at Torres Quevado, 1 (Tres Cantos)	6.203	(72)	(104)	6.027	6.027
Land and buildings at Avda. El Sol, 9 (Torrejón de Ardoz)	2.347	(258)	(138)	1.951	1.951
	42.732	(6.626)	(2.251)	33.855	41.865

b) Investment property

The movements recorded under this heading at 30 June 2021 and 31 December 2020 are as follows:

	Land	Buildings	Plant	Total
Cost at 30 June 2021	32.409	38.432	311	71.152
Accumulated depreciation at 30 June 2021	-	(5.132)	(114)	(5.246)
Impairment losses	-	-	-	-
Net carrying amount at 30 June 2021	32.409	33.300	197	65.906
	Land	Buildings	Plant	Total
Cost at 31 December 2020	32.408	38.242	156	70.806
Accumulated depreciation at 31 December 2020	-	(4.749)	(109)	(4.858)
Impairment losses	-	-	-	-
Net carrying amount at 31 December 2020	32.408	33.493	47	65.948

No significant activity in relation to investment property was recognised in the year ended 31 December 2020.

The comparison between the carrying amount and fair value of investment property (land and buildings) at 30 June 2021 and 31 December 2020 is as follows:

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

Description	30/06/2021				
	Cost value	Accumulated depreciation	Impairment	Net carrying amount	Fair value
C/ José Echegaray, 9 (Madrid)	6.902	(783)	-	6.119	8.077
C/ Chamberi 8 (Madrid)	42.057	(2.436)	-	39.621	45.050
Avda. de Bruselas 22 (Madrid)	21.882	(1.913)	-	19.969	25.564
Total	70.841	(5.132)	-	65.709	78.691

Description	31/12/2020				
	Cost value	Accumulated depreciation	Impairment	Net carrying amount	Fair value
C/ José Echegaray, 9 (Madrid)	6.902	(733)	-	6.169	8.077
C/ Chamberi 8 (Madrid)	41.867	(2.260)	-	39.607	45.050
Avda. de Bruselas 22 (Madrid)	21.881	(1.756)	-	20.125	25.564
Total	70.650	(4.749)	-	65.901	78.691

10. Right-of-use assets and lease liabilities

a) Right-of-use assets

Details and movements by asset class for rights of use at 30 June 2021 and 31 December 2020 are as follows:

	Buildings	Furniture and other property, plant and equipment	Total
Cost at 30 June 2021	3.547	7.510	11.057
Accumulated depreciation at 30 June 2020	(1.757)	(4.309)	(6.066)
Impairment losses	-	-	-
Net carrying amount at 30 June 2021	1.790	3.201	4.991
	Buildings	Furniture and other property, plant and equipment	Total
Cost at 31 December 2020	3.547	4.312	7.859
Accumulated depreciation at 31 December 2020	(1.514)	(3.632)	(5.146)
Impairment losses	-	-	-
Net carrying amount at 31 December 2020	2.033	680	2.713

During the first half of 2021, additions of € 3,198 thousand were recognised, all of which relate to vehicle leasing contracts with an average duration of three years. These vehicles are used to offer a replacement vehicle service to policyholders through the Group's network of collaborating repair shops.

b) Lease liabilities

The following table shows changes in lease liabilities at 30 June 2021 and 31 December 2020.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

	30/06/2021	31/12/2020
Balance at the beginning of the year	2.766	3.881
Additions	3.198	466
Finance costs	32	35
Payments	(970)	(1.616)
Balance at the end of the year	5.026	2.766

The weighted average incremental borrowing rate was 1.36% for the first half of 2021 and 0.94% for the first half of 2020.

11. Intangible assets

At 30 June 2021 and 31 December 2020, the balances of these headings in the accompanying consolidated balance sheet and changes therein are as follows:

	Software	Property, plant and equipment in progress	Total
Cost at 30 June 2021	98.497	521	99.018
Accumulated depreciation at 30 June 2021	(86.159)	-	(86.159)
Impairment losses	-	-	-
Net carrying amount at 30 June 2021	12.338	521	12.859
	Software	Property, plant and equipment in progress	Total
Cost at 31 December 2020	96.420	22	96.442
Accumulated depreciation at 31 December 2020	(83.754)	-	(83.754)
Impairment losses	-	-	-
Net carrying amount at 31 December 2020	12.666	22	12.688

No significant activity in relation to intangible assets was recognised in the first half of 2021.

The additions recognised in 2020 mainly relate to technological developments and the purchase of software licences. Retirements of computer software in 2020 were largely due to the disposal of all intangible assets carried out by subsidiary company Ambar Medline, S.L.U.

12. Technical provisions

Activity in the first half of 2021 and 2020 in relation to each of the technical provisions shown in the accompanying consolidated balance sheets is as follows:

First half of 2021:

Direct insurance

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

Thousand euro	Balance at 01 January 2021	Change in the statement of profit or loss	Change in exchange rates	Change in adjustments and settlements in the statement of profit or loss	Balance at 30 June 2021
Technical provisions:					
Unearned premiums	446.423	9.728	-	-	456.151
Provision for unexpired risk	4.622	-	-	-	4.622
Provision for claims	265.446	6.708	-	(6.470)	265.684
Total	716.491	16.436	-	(6.470)	726.457

Ceded and retroceded reinsurance

Miles de euros	Saldo a 1 de enero de 2021	Variación en cuenta de resultados	Variación en tipos de cambio	Variación Ajustes y liquidaciones en cuenta de resultados	Saldo a 30 de junio de 2021
Provisiones técnicas:					
Primas no consumidas	3.705	2.160	-	-	5.865
Provisión de prestaciones	8.772	3.760	-	-	12.532
Total	12.477	5.920	-	-	18.397

First half of 2020:

Direct insurance

Thousand euro	Balance at 01 January 2020	Change in the statement of profit or loss	Change in exchange rates	Change in adjustments and settlements in the statement of profit or loss	Balance at 30 June 2020
Technical provisions:					
Unearned premiums	443.115	7.637	-	-	450.752
Provision for unexpired risk	6.115	-	-	-	6.115
Provision for claims	276.630	23.583	-	(15.355)	284.858
Total	725.860	31.220	-	(15.355)	741.725

Ceded and retroceded reinsurance

Thousand euro	Balance at 01 January 2020	Change in the statement of profit or loss	Change in exchange rates	Change in adjustments and settlements in the statement of profit or loss	Balance at 30 June 2020
Technical provisions:					
Unearned premiums	2.676	1.920	-	-	4.596
Provision for claims	6.841	3.296	-	-	10.137
Total	9.517	5.216	-	-	14.733

The above provisions have been estimated following the procedures described in the Group's consolidated special purpose financial statements at 31 December 2020, 2019 and 2018, which include an analysis of sensitivity and of the adequacy of the technical provisions. The conclusions of these analyses have not changed significantly from those made at the end of June 2021.

**Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021**

(in thousand euro)

13. Tax position

The calculation of income tax expense for the first half of 2021 is based on the best estimate of the average effective tax rate that would be applied to expected earnings for 2021. Therefore, the amounts calculated as the tax expense for the current interim period may be adjusted in subsequent periods should the annual rate estimates change.

Inspections in progress

As mentioned in the special purpose consolidated financial statements for 2020, 2019 and 2018, on 14 September 2016 the Group was notified of the commencement of inspection proceedings by the Central Delegation of Large Taxpayers attached to the Spanish Tax Agency, for the verification and general investigation of the following taxes and periods:

- Corporate income tax for 2011 to 2013.
- Value added tax from July 2012 to December 2013.
- Withholdings/payments on account of investment income from July 2012 to December 2013.
- Withholdings/income on account of work/professional earnings from July 2012 to December 2013.
- Withholdings/income on account of property leases from July 2012 to December 2013.
- Non-resident withholding tax from July 2012 to December 2013.
- Annual statement of transactions for the years 2012 and 2013.
- Tax on insurance premiums from July 2012 to December 2013.

In relation to income tax for 2011, 2012 and 2013, these inspection proceedings had been completed by 31 December 2020 and the final report signed in acceptance of the findings. Those signed under protest have been appealed before the Central Tax Appeals Board (TEAC). In any event, this situation will not give rise to any contingency that has not already been considered and adequately provisioned for. For the other taxes subject to inspection, the findings have been verified and accepted.

In addition to the above, the Group has analysed each uncertain tax treatment separately by virtue of IFRIC 23. The analysis revealed that it is probable that the Spanish tax authorities will accept the current tax treatments considered uncertain. Therefore, no additional contingency was disclosed at 30 June 2021 relating to the calculation and presentation of the Group's income tax expense.

Pursuant to Inspection Order 51/2016 of 14 November 2016, inspection proceedings were initiated in relation to the surcharges payable to the Insurance Compensation Consortium (CSS) in 2016. On 22 December 2017, the Group was notified of the findings and the corresponding arguments were then lodged by the Entity on 25 January. On 21 June 2018, a resolution was received from the Directorate General of Insurance and Pension Funds. On 27 May 2019, a lawsuit was filed with the Supreme Court of Justice in Madrid.

Meanwhile, on 23 November 2016, the Group received notification of inspection proceedings regarding market practices, with further information requested for 31 December 2015. On 27 March 2018, the Group was notified of the findings and the corresponding counter arguments were lodged by the Group on 27 April 2018. On 25 September 2018, a decision was received from the Directorate General of Insurance and Pension Funds and in December 2018 a document was received evidencing compliance with the requirements imposed by that regulatory body. Subsequently, the Group received notification of the closure of inspection proceedings on 30 December 2020, having fulfilled all requirements prescribed by the regulator.

No new relevant events occurred during the first half of 2021 in relation to the inspections ongoing at the end of 2020.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

The Board of Directors does not believe that these proceedings will ultimately result in any significant contingency, control measure or any other risks that might have a significant impact on the Group's consolidated financial statements.

14. Equity

The composition of equity and changes therein in the first half of 2021 and 2020 are shown in the accompanying consolidated statements of changes in equity.

On 19 March 2020, the Board of Directors of Bankinter, S.A. approved the distribution in kind of the entire share premium —amounting to € 1,184 million— through the delivery to its shareholders of 82.6% of the share capital of Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros, with the bank retaining a non-controlling financial interest of 17.4% in the Company. Following the aforementioned distribution, the Company's shares were admitted to trading on the continuous market on 29 April 2021 (see Note 1).

On 18 March 2021, the General Shareholders' Meeting of the Parent passed the following resolutions in unison:

- i. To modify the number of shares into which the Company's share capital is divided, such that the resulting share capital is divided into a total of ONE BILLION, EIGHTY-EIGHT MILLION FOUR HUNDRED AND SIXTEEN THOUSAND EIGHT HUNDRED AND FORTY (1,088,416,840) shares
- ii. Pursuant to Article 296 of the Corporate Enterprises Act, to increase the Company's share capital in the amount of SIX MILLION TWENTY-FOUR THOUSAND SIX HUNDRED AND SEVENTY-THREE EUROS AND SIXTY CENTS (€ 6,024,673.60), to be charged to voluntary and unrestricted reserves, on the basis of the consolidated financial statements for the period ended 31 December 2020, as duly audited and approved by shareholders at the general meeting under Resolution 1. As a result, the Company's share capital will rise from its current amount to FORTY THREE MILLION FIVE HUNDRED AND THIRTY-SIX THOUSAND SIX HUNDRED AND SEVENTY-THREE EUROS AND SIXTY CENTS (€ 43,536,673.60), all this to be achieved by raising the nominal value of the shares by € 0.005535263126 per share (taking into account also the new number of shares approved at the same time as this capital increase under the terms of the preceding paragraph, thus yielding a total of 1,088,416,840 shares, with a par value of € 0.04 each); in accordance with Article 303 of the Corporate Enterprises Act, the balance sheets were audited by PricewaterhouseCoopers, S.L.

As a result, the 2,400,000 registered shares previously held by the Parent, each with a par value of € 15.63, rose to 1,088,416,840 shares, each with a par value of € 0.04.

Name of shareholder	Amount of voluntary reserve to be netted	Shares that increase in par value	Numbering (both inclusive)		Final par value per share	
Bankinter, S.A.	6.024.671,09 €	1.088.416.386,00 €	1	a	1.088.416.386	0,04 €
Hispamarket, S.A.	2,51 €	454,00 €	1.088.416.386	a	1.088.416.840	0,04 €
	6.024.673,60 €	1.088.416.840,00 €	-	a	-	

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

At 30 June 2021, the Parent's share capital amounted to € 43,537 thousand and was represented by 1,088,416,840 registered shares, each having a par value of € 0.04, all fully subscribed for and paid up and conferring the same rights and obligations.

The shareholders of the Parent holding 3% or more of the share capital at 30 June 2021, and considered significant shareholders according to the Securities Market regulations, are the following:

	Number of shares	%
Cartival	208,426,443	19.15%
Bankinter	189,550,686	17.42%
Fernando Masaveu Herrero	47,588,136	4.37%
Lazard Asset Management	34,778,950	3.20%

15. Related party transactions

“Related parties” include not only subsidiaries and associates, but also “key personnel” within the Group’s management (members of the Board of Directors and the Management Committee), as well as shareholders who may directly or indirectly exercise control over the Group, as well as those with a significant influence on the making of financial and operational decisions as mentioned in ORDER EHA/3050/2004, of September 15, on the information of related party transactions that issuing companies must provide for securities admitted to trading on official secondary markets.

In the first half of 2021, no transactions between Group companies took place that were not eliminated on consolidation.

Following the admission to listing of Línea Directa Aseguradora on 29 April 2021, the Bankinter Group and all the companies comprising that group are considered Significant Shareholders. Prior to that date, the Línea Directa Group was part of the Bankinter Group, which held a 99.99% stake. From the date of admission to listing through to 30 June 2021, Bankinter’s stake has fallen to 17.40%, as explained in Note 14, not having any representative on the Group’s Board of Directors since the date of the listing.

To provide a more reliable comparison of information on related parties, we have treated the Bankinter Group companies as significant shareholders in both 2021 and 2020.

a) Expenses and revenue

This heading shows the aggregate amount of income and expenses recognised in the consolidated statement of profit or loss or other consolidated comprehensive income that concerns related party transactions.

This table does not include remuneration accrued by directors and executives, details of which are disclosed in Note 7 to these condensed consolidated financial statements.

Notes to the condensed consolidated interim financial statements for the six months ended
30 June 2021

(in thousand euro)

30/06/2021					
	Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Finance costs	605	-	-	-	605
Other expenses	3.060	-	-	-	3.060
Total expenses	3.665	-	-	-	3.665
Financial income	287	-	-	-	287
Services rendered	946	-	-	-	946
Other income	657	-	-	-	657
Total income	1.890	-	-	-	1.890

30/06/2020					
	Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Finance costs	538	-	-	-	538
Other expenses	2.968	-	-	-	2.968
Total expenses	3.506	-	-	-	3.506
Services rendered	1.598	-	-	-	1.598
Other income	634	-	-	-	634
Total income	2.232	-	-	-	2.232

The amounts of expenses and income with Significant Shareholders relate to transactions with Bankinter Group companies, all of which were carried out at arm's length.

Expenses mainly correspond to brokerage fees on the sale of insurance policies in the Home segment.

Income from services rendered largely relates to remuneration under collaboration agreements for the marketing, sale and issuance of "Affinity" cards and the provision of personalised offers of financial products and services intended for the Group's existing policyholders. Other income relates to income from insurance premiums whose policyholders are Bankinter Group companies.

b) Other transactions

Details of other related-party transactions for the six months ended 30 June 2021 and 2020 are as follows:

30/06/2021					
	Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Dividends and other profits distributed	120.000	-	-	-	120.000
30/06/2020					
	Significant shareholders	Directors and executives	Group persons, companies or entities	Other related parties	Total
Dividends and other profits distributed	28.344	-	-	-	28.344

This heading shows the aggregate amount of related party transactions, whether or not they have had an impact on the consolidated statement of profit or loss or on the consolidated statement of other comprehensive income.

As mentioned in Note 5 – Dividends, the sum of € 120,000 thousand relates to an extraordinary dividend agreed and effectively delivered prior to the date of listing of Línea Directa Aseguradora.

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

c) Balances at period-end

The following table shows the related party headings of the consolidated balance sheets at 30 June 2021 and 31 December 2020.

	Note	Significant shareholders	
		30/06/2021	31/12/2020
Assets			
Available-for-sale financial assets			
Equity instruments		10,816	11,059
Fixed-income securities		3,246	3,316
Cash and cash equivalents			
Cash and cash equivalents		57,617	68,946
Other receivables			
Other receivables		528	754
Other assets			
Accrued income		15	34
Total asset balances		72,222	84,109
Liabilities			
Outstanding dividend		11,755	-
Due to group companies and associates	8 b)	-	839
Other debts		370	-
Total liability balances		12,125	839

16. Other information

a) Average number of employees

The average number of Group employees on the payroll at 30 June 2021 and 2020, broken down by gender, is as follows:

	30/06/2021	30/06/2020
Men	1.099	1.089
Women	1.491	1.403

The Board of Directors of the Parent consists of seven natural persons; four men and three women.

b) Own shares

The balance of this sub-heading of equity in the consolidated balance sheet is shown net of equity in accordance with IAS 32 – Financial Instruments: Presentation.

A total of 520,948 own shares were acquired by the Parent during the first half of 2021 at an average price of € 1.4702, representing 0.0479 % of the total issued shares.

Changes in treasury shares are as follows:

Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021

(in thousand euro)

Thousand euro	Cost of purchase	Nominal value	Number of shares
Balance at 01 January 2021	-	-	-
Additions	765	21	520.948
Retirements	-	-	-
Balance at 30 June 2021	765	21	520.948

Details of treasury shares are as follows:

Date of acquisition	Type of acquisition	Instruments	Price	Market value (thousand euro)	Cost of acquisition (thousand euro)
29/04/2021	Exchange	239.678	1,3175	315	315
04/05/2021	Purchase	186.570	1,6075	300	300
06/05/2021	Purchase	94.700	1,5811	150	150
Total		520.948	1,4702	765	765

c) Share-based remuneration plan

The Chief Executive Officer and the members of the Group's Management Committee participate in a share-based remuneration plan following the Bank's stock market listing. The Plan was approved at the Annual General Meeting held on 18 March 2021, which has been set as the award date of the Plan. It is intended to motivate and build the loyalty of plan members by offering them the option of receiving a certain number of shares within the three years following the date of the Company's stock market listing. The main features of the plan are as follows:

- i. The number of shares to be delivered per participant is the result of dividing € 100 thousand by the average share price over the 30 trading days following the date of the IPO. As this average price was € 1.6339, the number of shares to be delivered is 61,203 shares per participant. With 13 participants, the plan will entail the delivery of a total of 795,639 shares worth € 1,300 thousand.
- ii. Term and vesting conditions: Under the plan, participants may receive 33% of the shares on the first anniversary of the IPO, the second batch of 33% on the second anniversary, and the remaining 34% on the third anniversary. The vesting condition for delivery of each batch of shares is that the participant must continue to serve at the Company on the date of each of the three anniversaries.

The cost of the programme for the Company is recorded as a staff expense with a balancing entry in a reserve for own shares in equity in the consolidated balance sheet. This expense will be progressively written off on the three anniversaries as and when the shares are delivered to the employees.

At 30 June 2021, the staff expense accrued and recognised against equity amounted to € 132 thousand. This allocation is on the assumption that all plan members will meet the tenure condition on each anniversary.

17. Events after the reporting period

No significant events have occurred following the end of the six-month period ended 30 June 2021 and through to the date of authorisation for issue of these condensed interim consolidated financial statements.

Certification that the above signatures are those of the members of the Board of Directors of the Parent, Línea Directa Aseguradora, S.A., who, in attendance at the Board meeting held on 20 July 2021, drew up and signed the condensed consolidated interim financial statements and interim management report of the LINEA DIRECTA ASEGURADORA GROUP for the first half of 2021, in accordance with Article 253 of the Corporate Enterprises Law (Ley de Sociedades de Capital).

Pablo González-Schwitters Grimaldo
Secretary to the Board of Directors

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Auditor's report

June 2021



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Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros and subsidiaries

Report on limited review of
condensed consolidated interim financial statements
for the six months period ended June 30, 2021
Interim consolidated directors' Report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Report on limited review of condensed consolidated interim financial statements

To the shareholders of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros:

Introduction

We have performed a limited review of the accompanying condensed consolidated interim financial statements (hereinafter, the interim financial statements) of Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros (hereinafter, “the parent company”) and its subsidiaries (hereinafter, “the group”), which comprise the balance sheets as at June 30, 2021, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity, cash flow statements and related notes, all condensed and consolidated, for the six months period then ended. The parent company’s directors are responsible for the preparation of these interim financial statements in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial information, as provided in Article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with legislation governing the audit practice in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.

Conclusion

Based on our limited review, that cannot be considered as an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial statements for the six months period ended June 30, 2021 have not been prepared, in all material respects, in accordance with the requirements of International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union, for the preparation of condensed interim financial statements, as provided in Article 12 of Royal Decree 1362/2007.



Emphasis of Matter

We draw attention to Note 2, in which it is mentioned that these interim financial statements do not include all the information required of complete consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, therefore the accompanying interim financial statements should be read together with the special purpose consolidated financial statements of the group for the year ended December 31, 2020, 2019 and 2018. Our conclusion is not modified in respect of this matter.

Other Matters

Six-month period ended June 30, 2020 not reviewed

Figures corresponding to the six-month period ended June 30, 2020, which are included in the condensed consolidated interim financial statements, have not been reviewed.

Interim consolidated directors' Report

The accompanying interim consolidated directors' Report for the six months period ended June 30, 2021 contains the explanations which the parent company's directors consider appropriate regarding the principal events of this period and their impact on the interim financial statements presented, of which it does not form part, as well as the information required under the provisions of Article 15 of Royal Decree 1362/2007. We have verified that the accounting information contained in this directors' Report is in agreement with that of the interim financial statements for the six months period ended June 30, 2021. Our work is limited to checking the interim consolidated directors' Report in accordance with the scope mentioned in this paragraph and does not include a review of information other than that obtained from Línea Directa Aseguradora, S.A. Compañía de Seguros y Reaseguros and its subsidiaries' accounting records.

Preparation of this review report

This report has been prepared at the request of Board of Directors in relation to the publication of the half-yearly financial report required by Article 119 of Royal Legislative Decree 4/2015 of 23 October, approving the revised text of the Securities Market Law developed by the Royal Decree 1362/2007, of 19 October.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by Enrique Anaya Rico

July 20, 2021