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3M 2022 Results

Presentation for analysts and investors

22 April 2022

Agenda

1 Highlights for the period

2 Context

3 3M 2022 Results

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5 Q&A

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Highlights for the period

3M 2022 Results

Solid and profitable growth



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Commercial drive

+4.0%

PORTFOLIO OF
POLICYHOLDERS

+3.5%

PREMIUMS

LINES OF BUSINESS



+2.8%
CUSTOMERS

+1.7%
PREMIUMS

+7.2%
CUSTOMERS

+11.0%
PREMIUMS

+14.2%
CUSTOMERS

+14.6%
PREMIUMS

SOLID GROWTH IN PREMIUMS AND POLICYHOLDERS ACROSS ALL SEGMENTS

HOME INSURANCE BUSINESS STEADILY GAINING WEIGHT



Profitability

89.0%

COMBINED RATIO

€21.8M

INTERIM DIVIDEND
PAYOUT 90%

29.2%

RETURN ON EQUITY¹



Financial
strength

206.4%

SOLVENCY II
RATIO

195.1%

Including the first interim
dividend for the year
(€21.8 million) to be paid
June 8th

1. Equity at March 2022 includes the first interim dividend for the year of €21.8 million to be paid June 8th

2

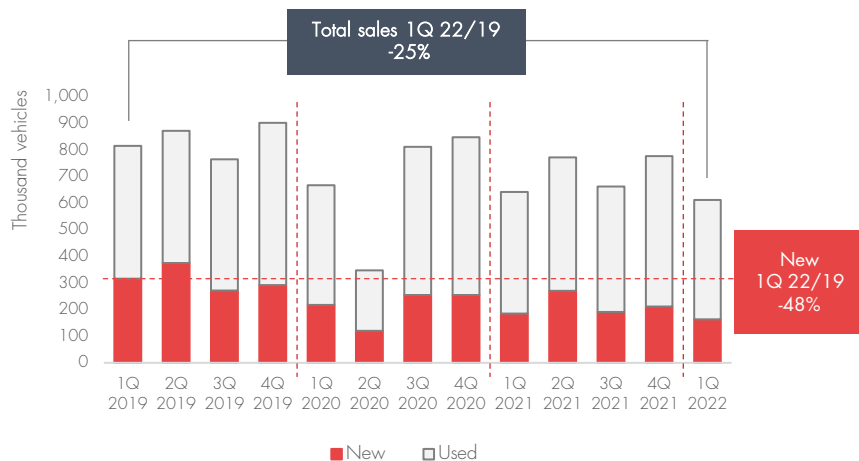


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Context

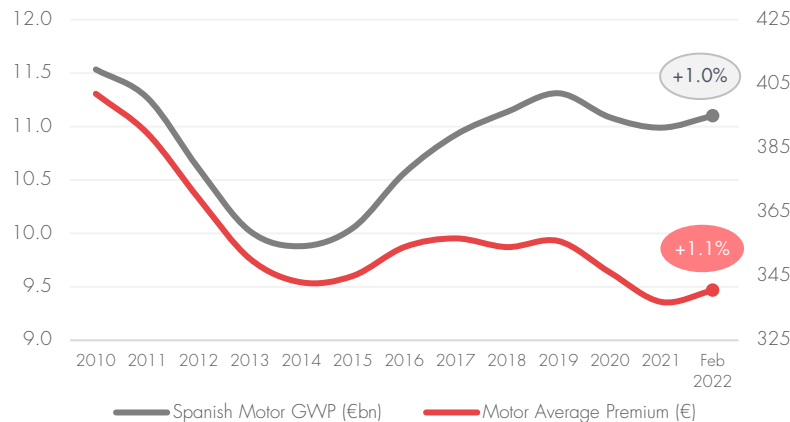
A still uncertain context

VEHICLES SOLD



- Vehicle sales still have a long way to go on the path to recovery

AVERAGE PREMIUM

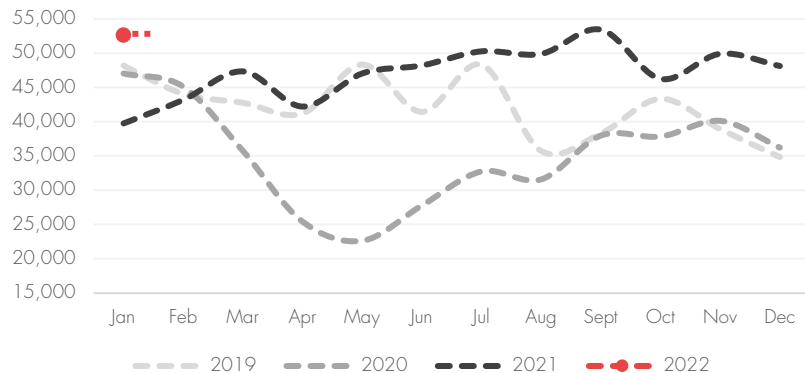


- The average premium is beginning to show signs of stabilisation in an environment of high inflation

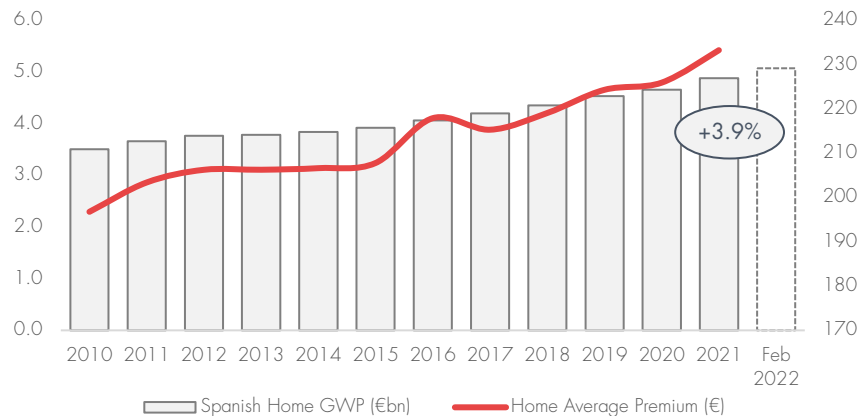
Sources: Faconauta, MSI, FIVA, ICEA (latest figures available at February 2022). Internal calculations on the average premium in the sector by dividing revenues by insured vehicles. Premiums written are the annual projection based on the figure at February 2022.

Home sales and purchases have continued at a good pace and the Home segment continues to grow

HOUSE SALES UP 32.5% IN JANUARY



TREND IN REVENUES AND AVERAGE PREMIUM



HOMES INSURED

26.0M¹
+0.3%
 (Dec 21 / Dec 20)

HOMES UNINSURED

5.0M¹
20% of the total

FREQUENCY

40.0%
+0.7p.p
 (4Q 2021 / 4Q 2020)

96.8%

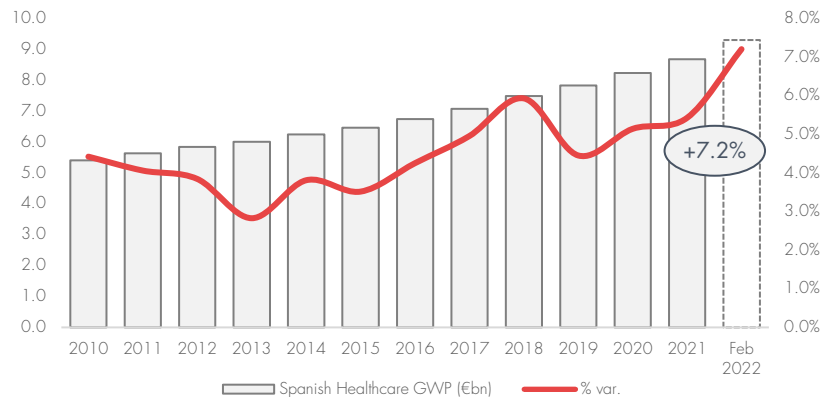
SECTOR COMBINED RATIO
 2021
 (1Q 2021: 101.3%)

ATMOSPHERIC EVENTS

Sources: INE, ICEA (latest available figures at February 2022), Ministry of Transport, Mobility and Urban Agenda
 1. Total estimated housing stock at year-end 2021, considering an average increase over the last five years

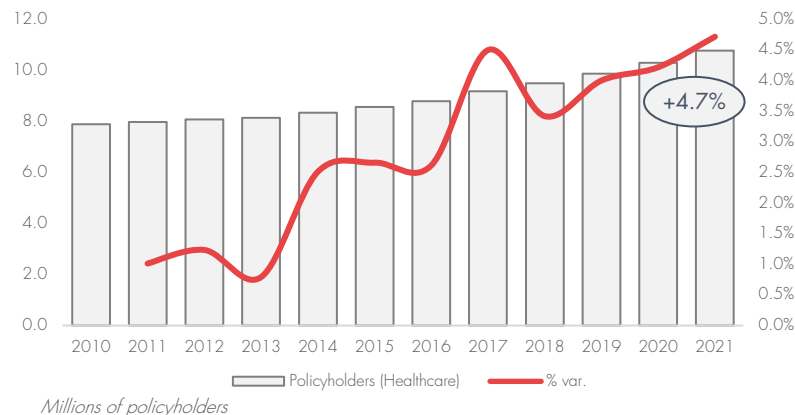
Health continues to report outstanding growth in premiums and policyholders

SEGMENT REVENUES



- The segment continues to grow strongly
- Rising healthcare costs and hospital tariffs

POLICYHOLDERS



- Increased awareness of the need of healthcare insurance

1. Source: ICEA (Healthcare, latest available figures at February 2022)
 2. Source: ICEA (Healthcare, latest available figures at December 2021)

3



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3M 2022 Results

Group results

Solid and profitable growth



<i>Thousand euro</i>	3M 2022	3M 2021	<i>% var. 22/21</i>
Gross written premiums (GWP)	232,005	224,068	3.5%
Earned premiums, net of reinsurance	218,616	216,386	1.0%
Technical result	24,108	31,544	-23.6%
Financial result	6,748	6,939	-2.8%
Profit/(loss) before tax	32,285	39,427	-18.1%
Profit/(loss) after tax	24,189	29,600	-18.3%

	3M 2022	3M 2021	<i>p.p. var.</i>
loss ratio	69.1%	65.8%	3.4 p.p
Expense ratio	19.8%	19.6%	0.2 p.p
Combined ratio	89.0%	85.4%	3.6 p.p
Clients (thousands)	3,387	3,256	4.0%

PREMIUMS

Solid policy and premium growth across all lines of business

TECHNICAL RESULT

Increase in claims frequency
Expenses include extraordinary costs

FINANCIAL RESULT

Lower reinvestment rates on fixed income

PROFIT AFTER TAX

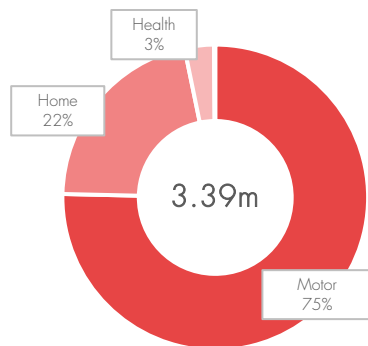
Down in response to lower technical results

Premiums and policyholders

Steady increase in the weight of the Home segment



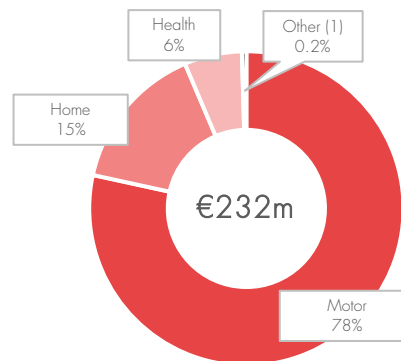
POLICYHOLDERS



- Portfolio of 3.39 million policyholders, up 4.0%
- Solid growth across all lines of business

Thousands	Policyholders		
	3M 2022	3M 2021	% var.
Motor	2,556	2,487	2.8%
Home	726	677	7.2%
Health	105	92	14.2%
Total	3,387	3,256	4.0%

PREMIUMS



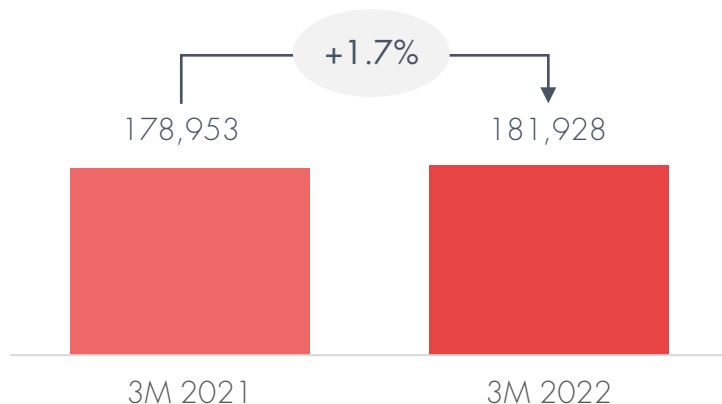
- Despite the still competitive environment, Motor manages growth of 1.7%
- Excellent performance by the Home and Health segments

Thousand euro	Gross written premiums		
	3M 2022	3M 2021	% var.
Motor	181,928	178,953	1.7%
Home	35,256	31,764	11.0%
Health	13,760	12,002	14.6%
Other	1,061	1,349	-21.3%
Total	232,005	224,068	3.5%

1. Customers in the "Other" segment amount to 7 and 5 thousand at March 2021 and 2022, respectively. Including the customers of these run-off social media businesses, the number of customers would be up 3.9%

Solid and profitable growth

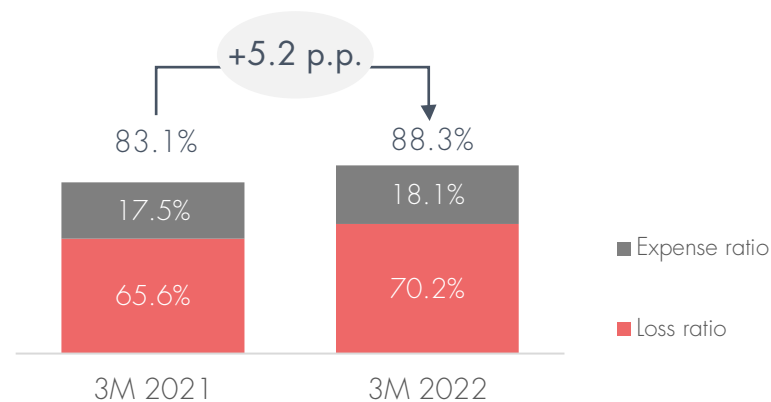
PREMIUMS



- Solid policy growth (+2.8%)
- Excellent retention
- Premium growth at 0.7 p.p. above the market (+1.0%)¹

1. The Motor segment for the market as a whole posts growth of 1.0% Source: ICEA, February 2022
 2. Combined ratio of the Motor segment for the market as a whole: 94.1%. Source: ICEA, December 2021

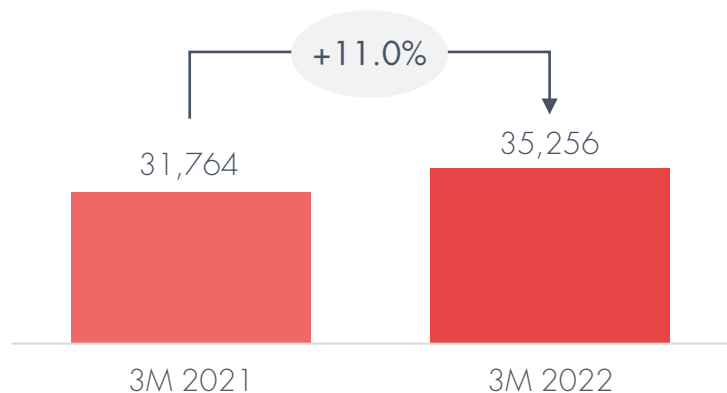
COMBINED RATIO



- Combined ratio 5.8 p.p. below the sector (94.1%)²
- Stable expense ratio excluding extraordinary costs (17.6%)
- Claims ratio performance driven by an increase in frequency and insured risks

Double-digit growth and excellent combined ratio

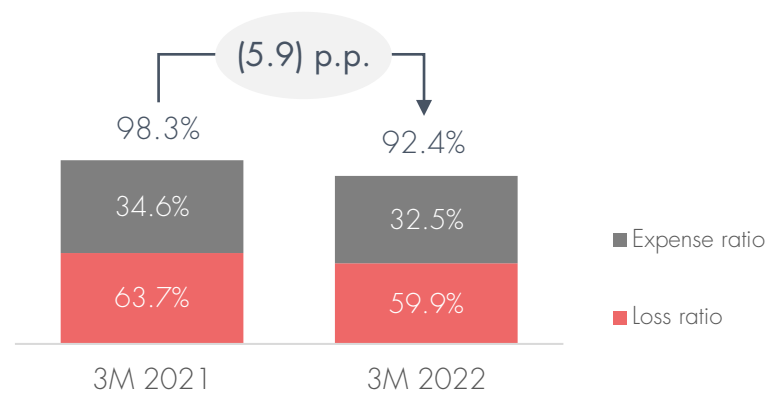
PREMIUMS



- Growth almost three times above the market (+3.9%)¹
- Excellent policy performance (+7.2%) and retention at higher average premiums

1. Growth of the Home segment: 3.9%. Source: ICEA, February 2022
 2. Combined ratio for the Home segment for the market as a whole: 96.8%. Source: ICEA, December 2021

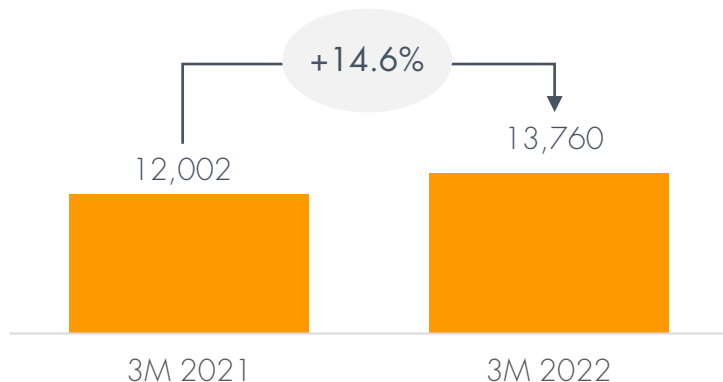
COMBINED RATIO



- Combined ratio 4.4 p.p. below the market (96.8%)²
- Mild atmospheric events in the quarter (€0.3 mn vs. €1.4mn in 1Q 2021)

Health remains on track

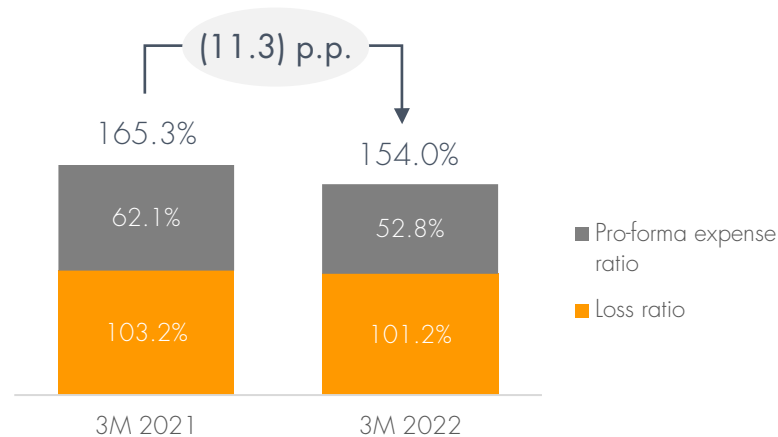
PREMIUMS



- Policyholders up by 13,103 (+14.2%)
- Premium growth at 7.4 p.p. above the market (+7.2%)¹

¹. Growth in the Health segment: 7.2% Source: ICEA, February 2022

COMBINED RATIO



- Strict risk selection
- The expense ratio has been adjusted to take into account a lower first quarter expense deferral (unadjusted ratios fall to -3.2 and 2.1% in Q1 2022 and 2021, respectively)

Management ratios



	Loss ratio			Expense ratio			Combined ratio		
	3M 2022	3M 2021	<i>p.p. var.</i>	3M 2022	3M 2021	<i>p.p. var.</i>	3M 2022	3M 2021	<i>p.p. var.</i>
Motor	70.2%	65.6%	<i>4.6 p.p</i>	18.1%	17.5%	<i>0.6 p.p</i>	88.3%	83.1%	<i>5.2 p.p</i>
Home	59.9%	63.7%	<i>-3.8 p.p</i>	32.5%	34.6%	<i>-2.0 p.p</i>	92.4%	98.3%	<i>-5.8 p.p</i>
Health	101.2%	103.2%	<i>-2.0 p.p</i>	-3.2%	2.1%	<i>-5.3 p.p</i>	98.0%	105.3%	<i>-7.3 p.p</i>
Other	10.2%	11.7%	<i>-1.5 p.p</i>	34.9%	59.3%	<i>-24.3 p.p</i>	45.1%	71.0%	<i>-25.9 p.p</i>
Total	69.1%	65.8%	<i>3.4 p.p</i>	19.8%	19.6%	<i>0.2 p.p</i>	89.0%	85.4%	<i>3.6 p.p</i>

Loss ratio

- Rising claim frequency in the Motor segment.
- Home prices in mild atmospheric effects in the quarter (€0.3mn in 1Q 2022 vs. €1.4mn in 1Q 2021)

Expense ratio

- Health reflects the expenses deferred in the first quarter, which will normalise over the rest of the year.

Combined ratio

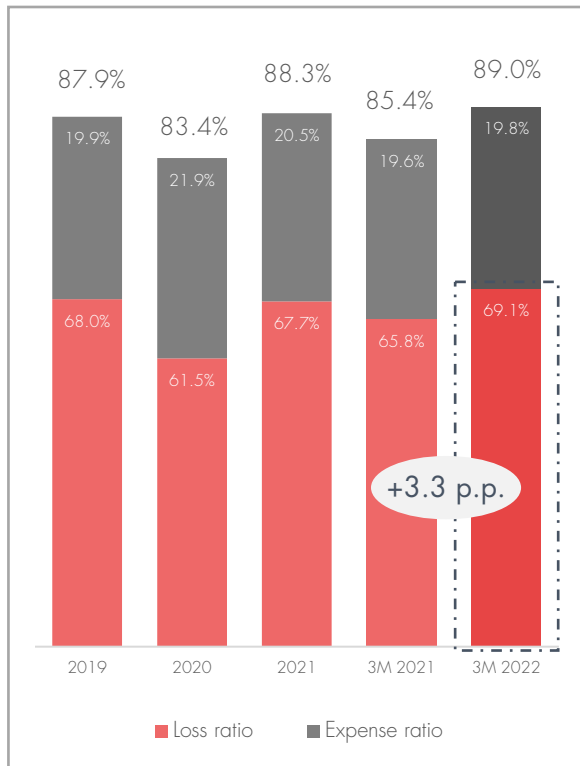
- Excellent combined ratio and operational resilience.

Combined ratio: loss ratio

Frequency rising



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<i>% over earned premiums net of reinsurance</i>	3M 2022	3M 2021	var.
Claims incurred in the year (ex-atmospherics)	(150,843)	(140,981)	7.0%
Atmospherics	(321)	(1,383)	-76.8%
Claims incurred for the year	(151,164)	(142,364)	6.2%
LOSS RATIO	69.1%	65.8%	3.4 p.p

<i>Thousand euro</i>	3M 2022	3M 2021	var.
Direct	(295)	(3,011)	(2,717)
Reinsurance	(27)	1,628	1,654
NET ATMOSPHERICS	(321)	(1,383)	(1,062)

+4%
PORTFOLIO INCREASE
 Still with price pressure on the Motor segment

INCREASED FREQUENCY
 Compared to the first quarter of the previous year

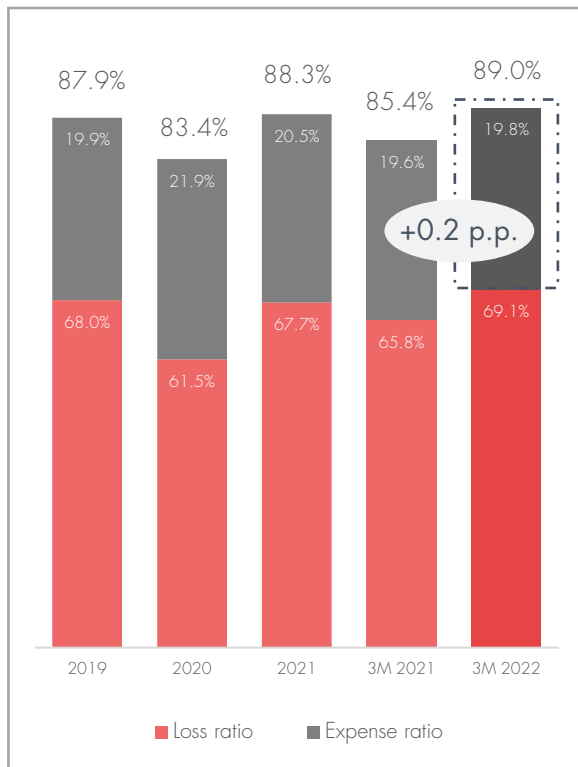
FEW ATMOSPHERIC EVENTS
 (€0.3mn vs. €1.4mn in 1Q 2021)

Combined ratio: expenses

Operational excellence protecting technical performance



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% over earned premiums net of reinsurance	3M 2022	3M 2021	% var
Net operating expenses	(45,654)	(46,564)	-2.0%
Acquisition expenses	(40,661)	(41,554)	-2.1%
Administrative expenses	(6,584)	(6,702)	-1.8%
Reinsurance commissions and profit participation	1,591	1,692	-6.0%
Profit sharing	(118)	(184)	-35.9%
Other technical revenue and expenses	2,428	4,270	-43.1%
EXPENSE RATIO	19.8%	19.6%	0.2 p.p

GREATER EFFICIENCY IN THE ACQUISITION OF POLICIES

Digitalisation and technology

OTHER TECHNICAL REVENUE AND EXPENSES

Mainly includes claims paid under settlement agreements and extraordinary costs

RECURRING COSTS AS A LISTED COMPANY

Financial result

Lower reinvestment rates into fixed income



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FINANCIAL RESULT

<i>Thousand euro</i>	3M 2022	3M 2021	% var.
Investment income	16,337	13,376	22.1%
Investment expenses	(9,589)	(6,437)	-49.0%
Financial result	6,748	6,939	-2.8%
of which realised gains (losses):	706	189	273.6%
Fixed income	208	62	236.4%
Equity instruments	498	127	291.6%
Impairments	-	-	-

Income
FIXED
INCOME²

4.3 MN
- (16.0%)

Income
EQUITIES³

1.1 MN
+8.3%

Income
PROPERTIES
EARNING
INCOME

1.1 MN
+0.6%

1. The interest rate swap and the underlying government bonds with a nominal value of €75 million are recognised under income and expense on investments, with opposite sign, and are netted against each other

2. Does not include fixed income accruals and swaps

3. Does not include Economic Interest Groupings

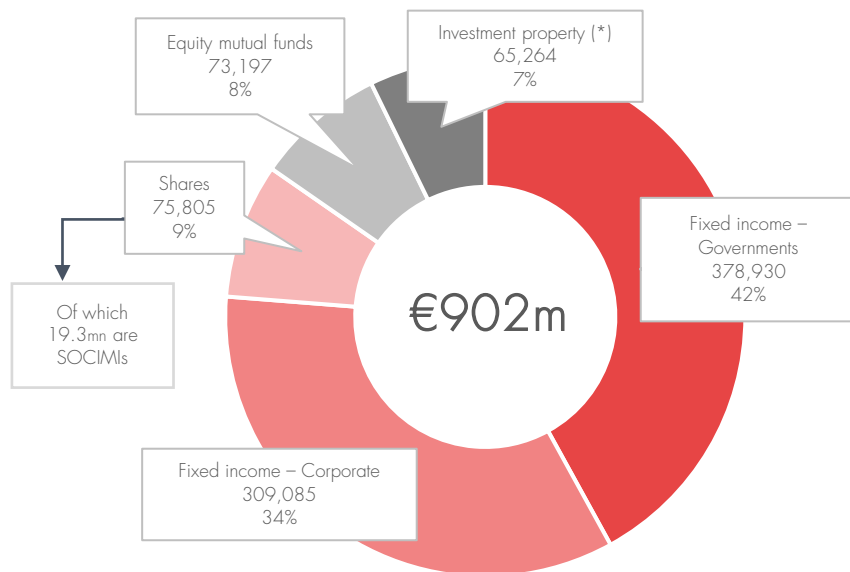
Investment portfolio

Low risk profile



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PORTFOLIO COMPOSITION



PROFITABILITY (Rolling 12)¹

(%)	3M 2022	3M 2021	var. p.p
Fixed income	2.30%	2.80%	-0.50 p.p
Equity instruments ²	7.40%	0.08%	+7.32 p.p
Investment property	6.43%	6.26%	+0.17 p.p
Total average return	3.36%	2.68%	+0.68 p.p
Portfolio return (ex net realised gains)	2.60%	2.89%	-0.29 p.p

OTHER METRICS

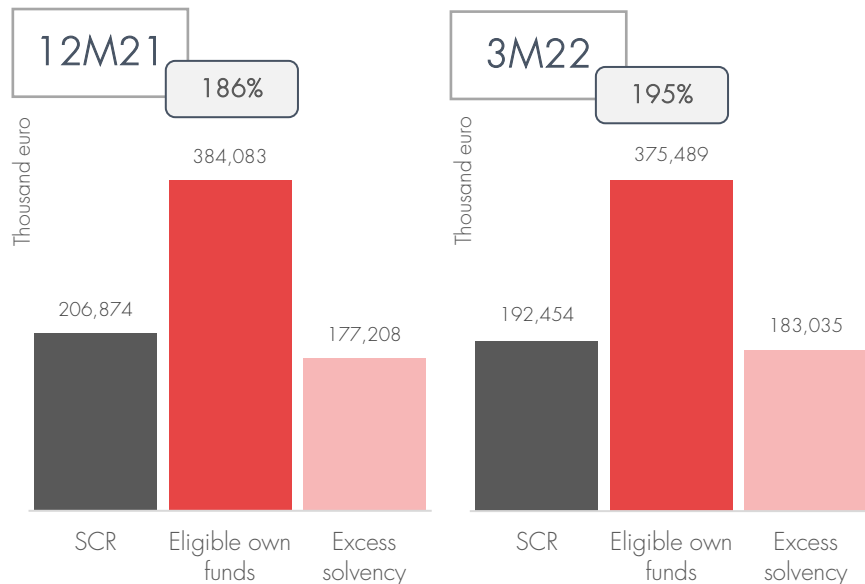
	3M 2022	12M 2021
Fixed income duration	3.97	4.14
Fixed income modified duration	4.84%	4.87%

1. Income recognised in the statement of profit or loss over the last 12 months divided by assets under management (fixed income and equity portfolios and investment property). Includes capital gains and losses realised and impairment losses.

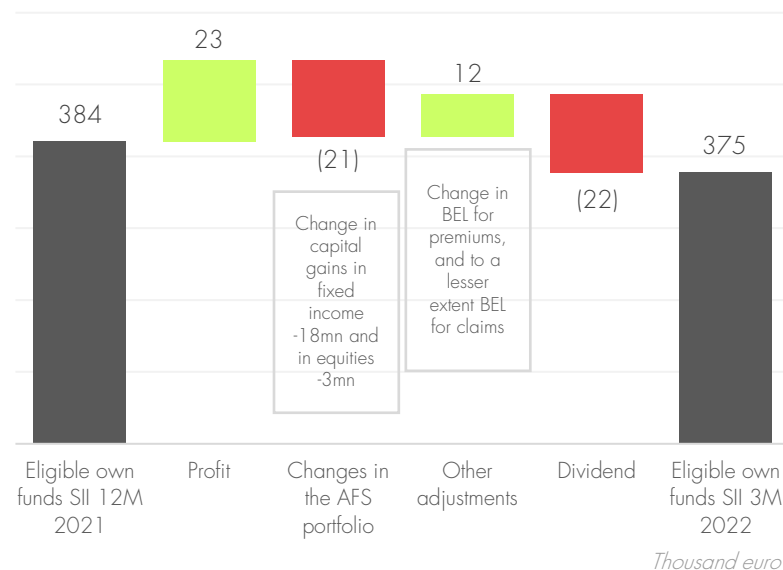
2. The rolling 12 month profitability on equity instruments of 7.40% is mainly due to the repurchase of private equity fund units in the second half of 2021.

(*) Off-balance sheet capital gains on investment property and property for own use amount to €21.8 million before tax.

Solvency margin



Solvency own funds walk 12M 2021 – 3M 2022



1. Solvency ratio and eligible own funds refer to Línea Directa Aseguradora stand-alone
2. Eligible own funds at March 2022 include the first interim dividend of the year (€21.8mn) to be paid June 8th

Breakdown of required capital – SCR

	3M 2022	12M 2021
SCR Market	118,080	132,271
SCR Counterparty	13,889	13,086
SCR Health	3,277	3,134
SCR Non-Life	160,370	171,657
BSCR	229,340	248,666
SCR Operational	27,265	27,166
Deferred tax adjustment	(64,151)	(68,958)
SCR	192,454	206,874
Eligible own funds Solvency II	375,489	384,082
<i>Thousand euro</i>		
Solvency II ratio	195%	186%

Includes first interim dividend for the year of €21.8 million to be paid June 8th

HIGHLIGHTS

MARKET SCR	<ul style="list-style-type: none"> Mainly explained by (i) lower exposure to equities (listed equities -11 Mn) and (ii) symmetric adjustment (1.4% at March 2022 vs. 6.88% at December 2021)
COUNTERPARTY SCR	<ul style="list-style-type: none"> Increase in the exposure to cash
HEALTH SCR	<ul style="list-style-type: none"> In line with business performance
NON-LIFE SCR	<ul style="list-style-type: none"> (+) Adjustment of the specific parameter (+) Reduction in the BEL for reserves
OPERATIONAL SCR	<ul style="list-style-type: none"> In line

1. Solvency ratio and eligible own funds refer to Linea Directa Aseguradora standalone



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Organisational changes

3M 2022 Results

Organisational changes



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PATRICIA AYUELA

Chief Executive Officer
of Linea Directa
Aseguradora since 17
February 2022

THE FUTURE IS DIRECT AND DIGITAL

Focusing on continuous efficiency improvement, intensive use of technology and cost control will allow Linea Directa to continuously pass on to customers more competitive prices across all the lines of business in which we operate.

We want to be the **GO-TO COMPANY**
WHEN IT COMES TO RENEWING THE
VEHICLE POPULATION

Aging and poorly adapted to new
environmental requirements

CUSTOMER FOCUS

Creation of two separate departments
devoted to the Motor and Home
insurance segments

COMMERCIAL DEPARTMENT

CUSTOMER MANAGEMENT

The **DIGITAL MANAGEMENT** gains strength
and its own entity and will depend on the
CEO, to lead this transformation with a single
strategic and transversal vision



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Thank you



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Appendices

Consolidated balance sheet



Assets

Thousand euro

Assets	3M 2022	12M 2021	% var.
Cash and cash equivalents	120,778	115,788	-4.3%
Available-for-sale financial assets	822,523	864,978	-4.9%
<i>Equity instruments</i>	149,002	153,963	-3.2%
<i>Debt securities</i>	673,521	711,015	-5.3%
Loans and receivables	127,891	120,615	6.0%
Reinsurers' share of technical provisions	22,966	20,153	14.0%
Property, plant and equipment and investment property	110,085	110,721	-0.6%
<i>Investment property</i>	65,264	65,457	-0.3%
<i>Property, plant and equipment</i>	44,821	45,264	-1.0%
Intangible assets	13,704	14,121	-3.0%
Other assets	114,440	122,102	-6.3%
Total assets	1,332,387	1,368,478	-2.6%

Liabilities and Equity

Thousand euro

Liabilities and Equity	3M 2022	12M 2021	% var.
Debt and accounts payable	168,624	175,406	-3.9%
Hedging derivatives	1,764	9,447	-81.3%
Technical provisions	738,152	738,158	0.0%
<i>Provision for unearned premiums</i>	456,856	449,740	1.6%
<i>Provision for unexpired risks</i>	3,280	3,280	0.0%
<i>Provision for claims</i>	278,016	285,138	-2.5%
Nontechnical provisions	20,904	22,133	-5.6%
Other liabilities	43,303	45,059	-3.9%
Total liabilities	972,747	990,203	-1.8%
Equity	337,638	334,909	0.8%
Valuation adjustments	22,002	43,366	-49.3%
Total equity	359,640	378,275	-4.9%

Statement of profit or loss by segment

Statement of profit or loss – Motor Segment



<i>Thousand euro</i>	3M 2022	3M 2021	% var.
Gross written premiums (GWP)	181,928	178,953	1.7%
Premiums earned, net of reinsurance	183,489	184,280	-0.4%
Claims incurred, net of reinsurance	(128,817)	(120,874)	6.6%
Net operating expenses	(35,791)	(36,685)	-2.4%
Other technical expenses and income	2,550	4,390	-41.9%
Technical result	21,431	31,111	-31.1%

	3M 2022	3M 2021	p.p. var.
Loss ratio	70.2%	65.6%	4.6 p.p.
Expense ratio	18.1%	17.5%	0.6 p.p.
Combined ratio	88.3%	83.1%	5.2 p.p.
Clients (thousands)	2,556	2,487	69

Statement of profit or loss – Home Segment



<i>Thousand euro</i>	3M 2022	3M 2021	% var.
Gross written premiums (GWP)	35,256	31,764	11.0%
Premiums earned, net of reinsurance	30,892	28,726	7.5%
Claims incurred, net of reinsurance	(18,499)	(18,299)	1.1%
Net operating expenses	(9,994)	(9,867)	1.3%
Other technical expenses and income	(61)	(60)	1.7%
Technical result	2,338	500	367.6%

	3M 2022	3M 2021	p.p. var.
Loss ratio	59.9%	63.7%	-3.8 p.p.
Expense ratio	32.5%	34.6%	-2.0 p.p.
Combined ratio	92.4%	98.3%	-5.8 p.p.
Clients (thousands)	726	677	49

Statement of profit or loss by segment



Statement of profit or loss – Health Segment



<i>Thousand euro</i>	3M 2022	3M 2021	% var.
Gross written premiums (GWP)	13,760	12,002	14.6%
Premiums earned, net of reinsurance	3,754	3,056	22.8%
Claims incurred, net of reinsurance	(3,799)	(3,153)	20.5%
Net operating expenses	181	(4)	-4625.0%
Other technical expenses and income	(61)	(60)	1.7%
Technical result	75	(161)	-146.6%

	3M 2022	3M 2021	p.p. var.
Loss ratio	101.2%	103.2%	-2.0 p.p
Expense ratio	-3.2%	2.1%	-5.3 p.p
Combined ratio	98.0%	105.3%	-7.3 p.p
Clients (thousands)	105	92	13

Statement of profit or loss – Other Insurance Businesses¹

<i>Thousand euro</i>	3M 2022	3M 2021	% var.
Gross written premiums (GWP)	1,061	1,349	-21.3%
Premiums earned, net of reinsurance	481	324	48.5%
Claims incurred, net of reinsurance	(49)	(38)	28.9%
Profit sharing and premiums refunds	(118)	(184)	-35.9%
Net operating expenses	(50)	(8)	525.0%
Other technical revenues and expenses	-	-	-
Technical result	264	94	180.9%

	3M 2022	3M 2021	p.p. var.
Loss ratio	10.2%	11.7%	-1.5 p.p
Expense ratio	34.9%	59.3%	-24.3 p.p
Combined ratio	45.1%	71.0%	-25.9 p.p
Clients (thousands)	5	7	(2)

1. The Other insurance businesses segment mainly shows the travel insurance business for holders of Bankinter cards under 11 collective policies not included in the customer figure, as well as a payment protection policy in run-off