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9M 2022 Results

Presentation for analysts and investors

21 October 2022



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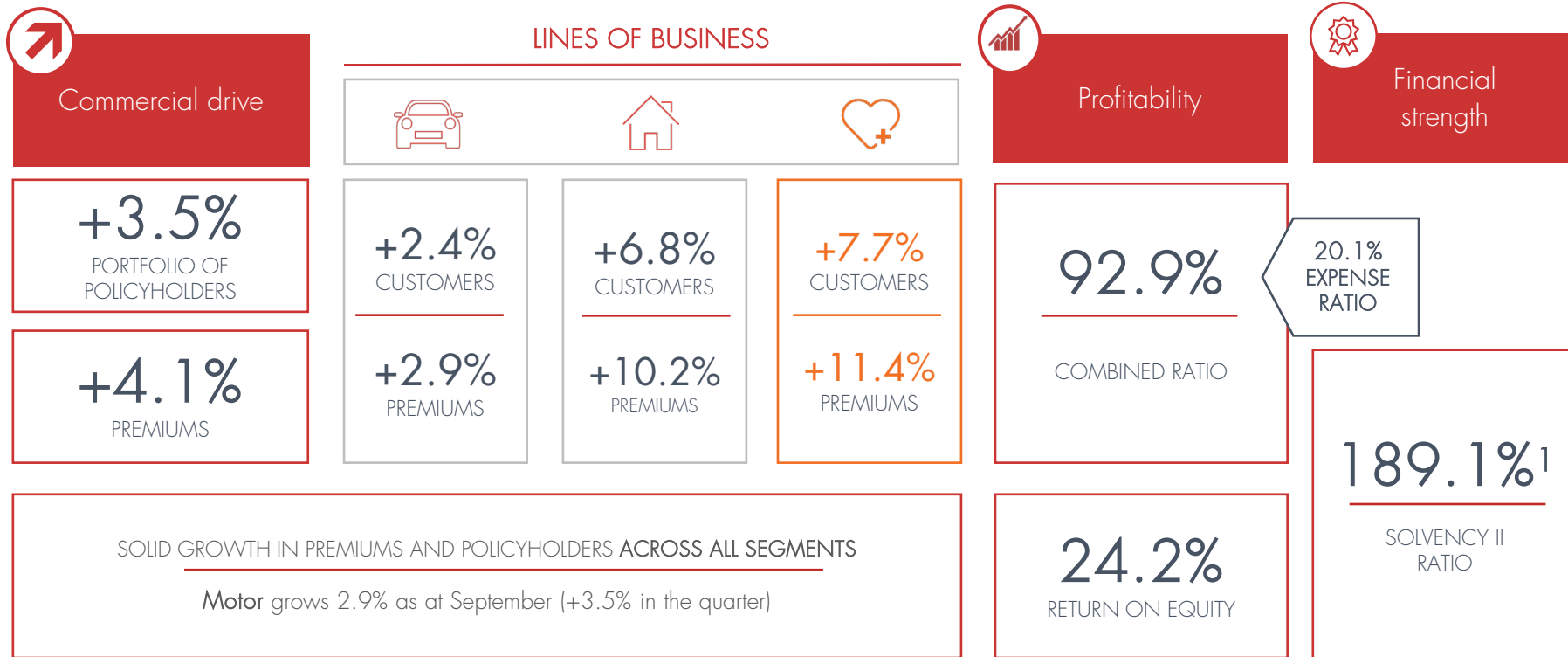
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Highlights for the period

Fundamentals intact, but performance not immune to inflationary pressure



1. Includes the second interim dividend for the year of 22.3 million euro

2



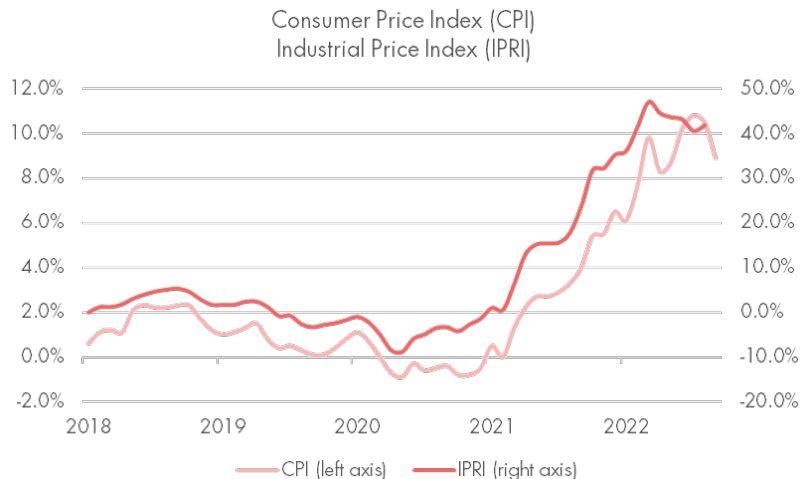
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Context

Motor Segment |

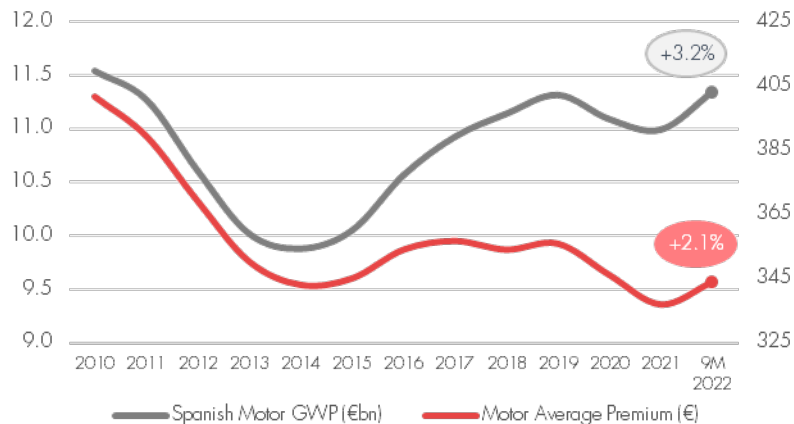
A change of trend within the sector is under way, though there is still a long way to go

STRONG INFLATION ¹



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

TREND IN REVENUES AND AVERAGE PREMIUM ²



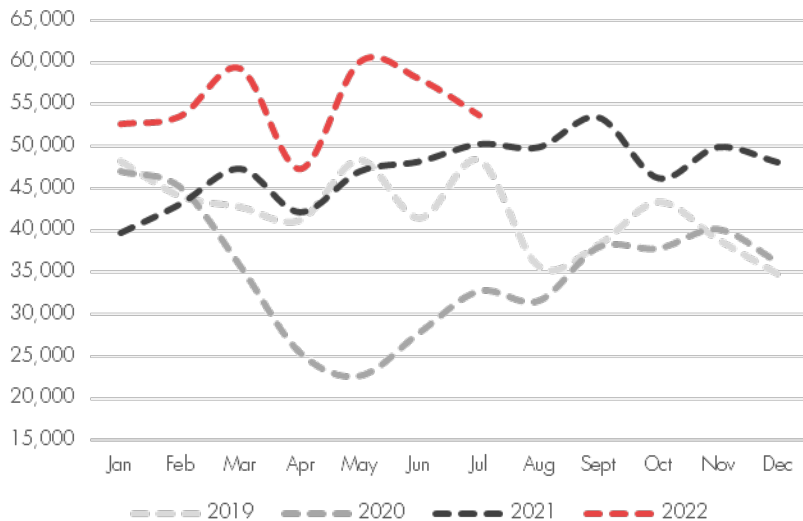
- Price increases for almost all new business written, with still a long way to go

1. Source: INE (latest figures available at September 2022)

2. Sources: ICEA (latest figures available at September 2022), FIVA. 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 September 2022

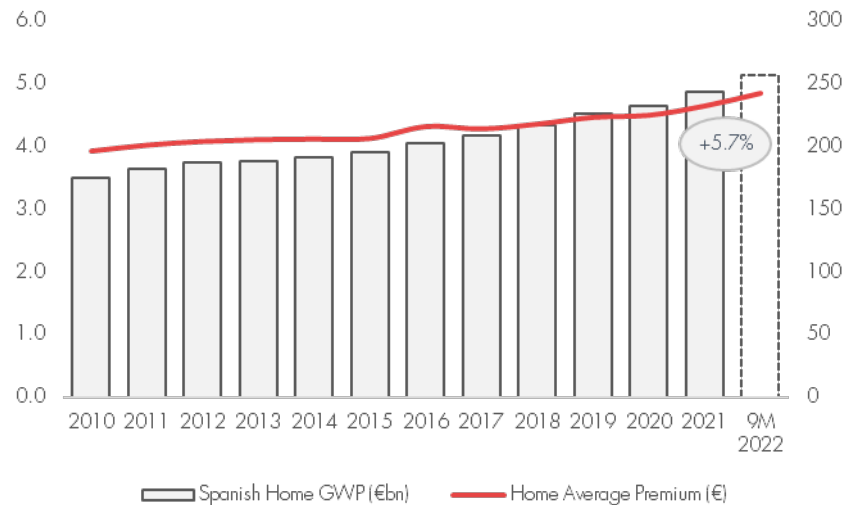
Segment revenues up 5.7% in the year to August, with prices rising across most of the sector

HOME SALES SLOWING ¹



HOMES INSURED
26.1M ³ (+0.3% Dec 22 / Dec 21)

TREND IN REVENUES ² AND AVERAGE PREMIUM



HOMES UNINSURED
4.9M ³ (19% of the total)

1. Source: INE (latest available figures at July 2022)

2. Source: ICEA (latest available figures at September 2022). Internal calculations on the average premium in the sector by dividing revenues by homes insured

3. Total estimated homes insured at year-end 2022, considering an average increase over the last five years. Ministry of Transport, Mobility and Urban Agenda

Inflow of new customers slowing

SEGMENT REVENUES ¹



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

POLICYHOLDERS ²



- Slowdown in the growth of new policyholders

1. Source: ICEA (Healthcare, latest available figures at September 2022)

2. Source: ICEA (Healthcare, latest available figures at June 2022)

3



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9M 2022 Results

Group results

Solid technical performance, though not immune to a context of rampant inflation
We continue to improve our efficiency



<i>Thousand euro</i>	9M 2022	9M 2021	<i>% var. 22/21</i>
Gross written premiums (GWP)	710,701	682,638	4.1%
Earned premiums, net of reinsurance	669,797	658,532	1.7%
Technical result	47,447	89,609	-47.1%
Financial result	26,023	22,107	17.7%
Profit/(loss) before tax	77,182	115,077	-32.9%
Income tax	(18,872)	(28,784)	-34.4%
Profit/(loss) after tax	58,310	86,293	-32.4%

	9M 2022	9M 2021	<i>p.p. var.</i>
loss ratio	72.8%	65.9%	6.9 p.p
Expense ratio	20.1%	20.5%	-0.4 p.p
Combined ratio	92.9%	86.4%	6.5 p.p
Clients (thousands)	3,440	3,324	3.5%

PREMIUMS

Solid growth across all lines of business
Motor grows 2.9% as at September (+3.5% in the quarter)

TECHNICAL RESULT

Outstanding expense ratio
Cost of claims impacted by inflation and higher frequency
vs. previous year

FINANCIAL RESULT

We realised currency gains in the quarter as the US dollar rallied

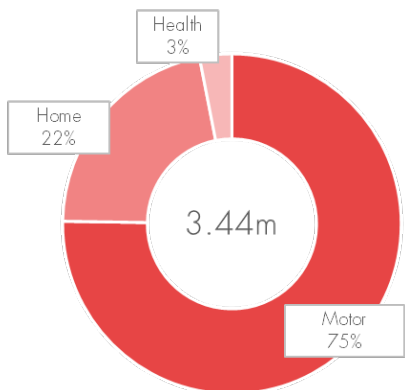
CUSTOMERS

We continue to grow with excellent retention rates

Premiums and policyholders

All segments show solid growth, with the Motor segment reflecting a gradual change of trend

POLICYHOLDERS

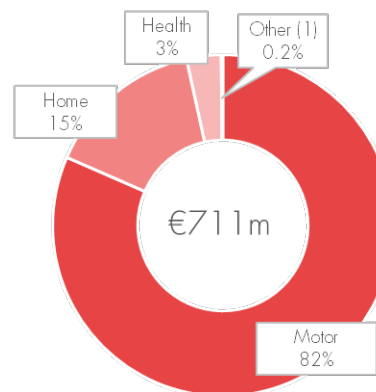


- Portfolio of 3.44 million policyholders, up 3.5%
- Solid growth across all lines of business

Policyholders

Thousands	9M 2022	9M 2021	% var.
Motor	2,589	2,527	2.4%
Home	746	698	6.8%
Health	106	98	7.7%
Total	3,440	3,324	3.5%

PREMIUMS



- Motor gains 2.9%
- Excellent performance by the Home and Health segments

Gross written premiums

Thousand euro	9M 2022	9M 2021	% var.
Motor	579,419	563,301	2.9%
Home	106,896	97,045	10.2%
Health	23,304	20,913	11.4%
Other	1,082	1,379	-21.5%
Total	710,701	682,638	4.1%

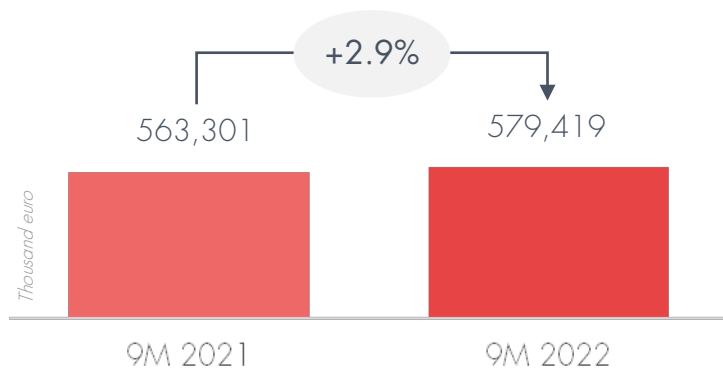
1. Customers in the "Other" segment amount to 5 and 4 thousand at September 2021 and 2022, respectively.

Motor Segment |

Motor gains momentum

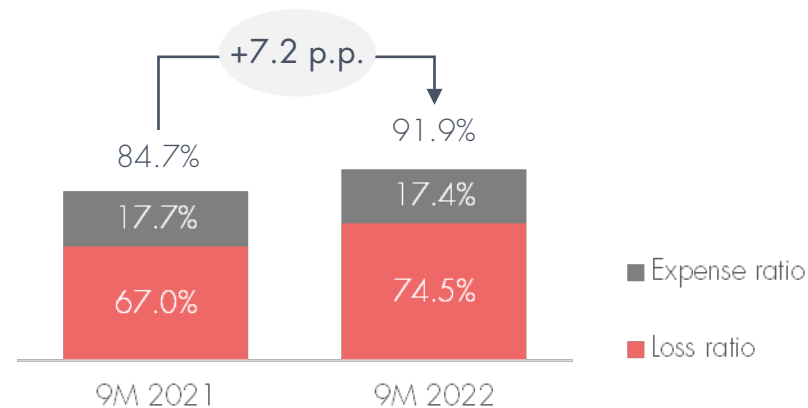


PREMIUMS



- Excellent retention rate
- The portfolio of policyholders gains 2.4%

COMBINED RATIO

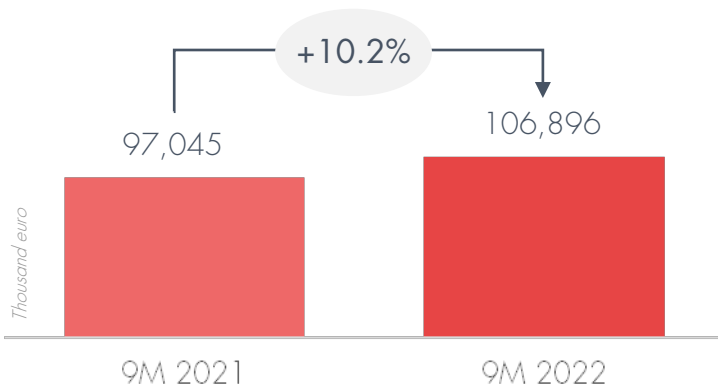


- Excellent and steadily improving expense ratio (17.4%)
- Vigorous cost inflation has had an immediate impact on the industry while premiums have a longer cycle
- Combined ratio 4.5 p.p. below the sector (96.4% in 2Q)²

1. Growth of the Motor segment: 3.19% Source: ICEA, September 2022
2. Combined ratio of the Motor segment for the market as a whole: 96.4%. Source: ICEA, June 2022

Double-digit growth

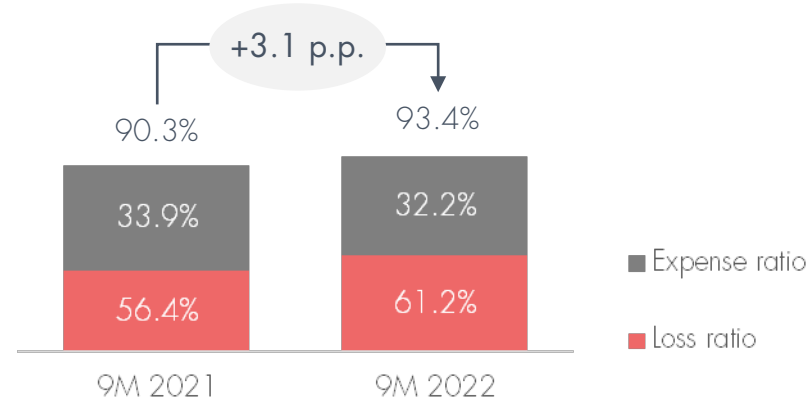
PREMIUMS



- Growth 4.5 p.p. above the market¹
- Rising average premiums and excellent retention performance
- The portfolio of policyholders gains 6.8%

1. Growth of the Home segment: 5.68%. Source: ICEA, September 2022
 2. Combined ratio of the Home segment for the market as a whole: 93.8%. Source: ICEA, June 2022

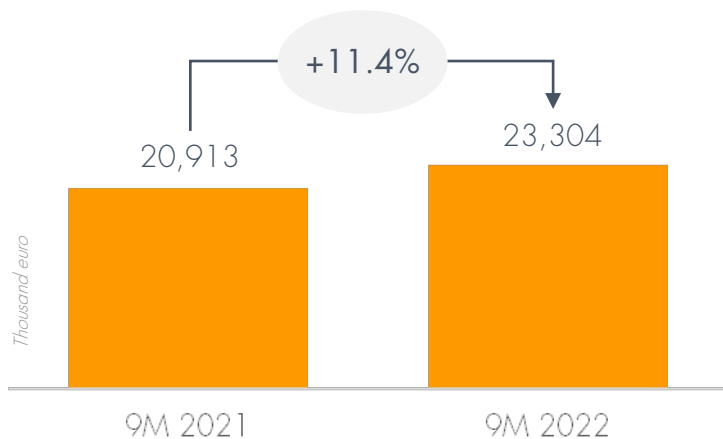
COMBINED RATIO



- Expense ratio 1.8 p.p. below the market (34% in Q2) and gradually pulling away
- Loss ratio mainly affected by frequency of water and glass damage

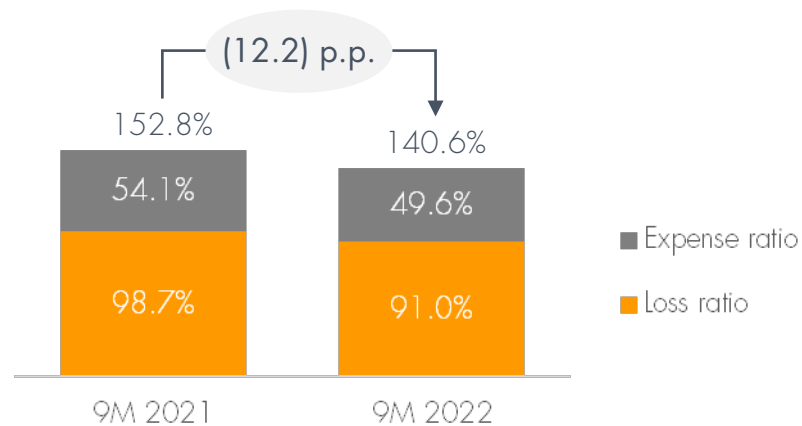
Growth slowing while we continue to improve our technical result

PREMIUMS



- Policyholders up by 7,565 (+7.7%)
- Premium growth at 3.8 p.p. above the market¹

COMBINED RATIO



- Strict risk selection

1. Growth of the Health segment, sanitary assistance: 7.64%. Source: ICEA, September 2022

Management ratios



	Loss ratio			Expense ratio			Combined ratio		
	9M 2022	9M 2021	<i>p.p. var.</i>	9M 2022	9M 2021	<i>p.p. var.</i>	9M 2022	9M 2021	<i>p.p. var.</i>
Motor	74.5%	67.0%	<i>7.6 p.p</i>	17.4%	17.7%	<i>-0.3 p.p</i>	91.9%	84.7%	<i>7.2 p.p</i>
Home	61.2%	56.4%	<i>4.9 p.p</i>	32.2%	33.9%	<i>-1.7 p.p</i>	93.4%	90.3%	<i>3.1 p.p</i>
Health	91.0%	98.7%	<i>-7.7 p.p</i>	49.6%	54.1%	<i>-4.5 p.p</i>	140.6%	152.8%	<i>-12.2 p.p</i>
Other	4.0%	3.6%	<i>0.4 p.p</i>	46.3%	38.7%	<i>7.6 p.p</i>	50.3%	42.3%	<i>8.0 p.p</i>
Total	72.8%	65.9%	<i>6.9 p.p</i>	20.1%	20.5%	<i>-0.4 p.p</i>	92.9%	86.4%	<i>6.5 p.p</i>

Loss ratio

- Particularly in the Motor segment, the ratio reflects instant cost inflation while premiums have a longer cycle
- Increase in claims frequency in the Motor and Home segments compared to the previous year

Expense ratio

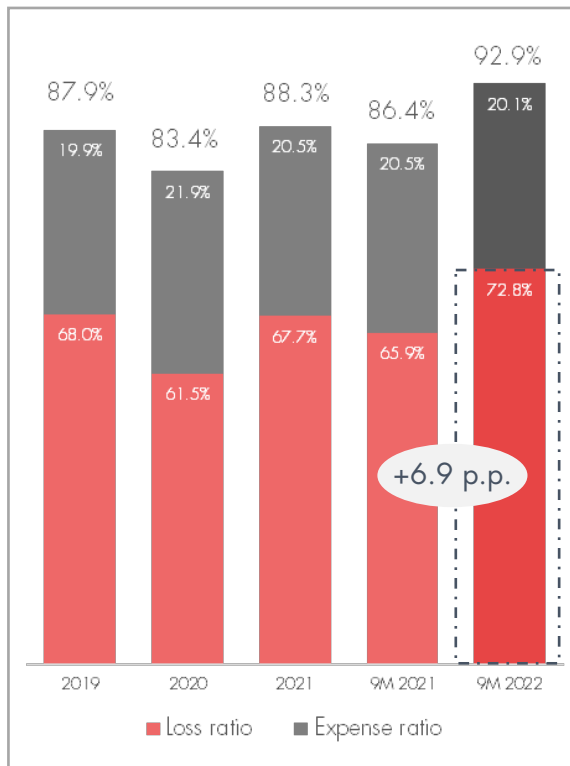
- Excellent performance within a strategy of strict expense control

Combined ratio

- Operational resilience though not immune to prevailing market conditions

Combined ratio: loss ratio

Premiums earned lagging behind the loss ratio



% over earned premiums net of reinsurance

	9M 2022	9M 2021	% var
Claims incurred for the year	(487,814)	(434,205)	12.3%
Motor	(418,306)	(374,663)	11.6%
Home	(58,937)	(49,774)	18.4%
Health	(10,535)	(9,731)	8.3%
Other	(36)	(37)	-2.7%
LOSS RATIO	72.8%	65.9%	6.9 p.p.

Thousand euro

MOTOR	% IMPACT DISTRIBUTION	
	Average cost	Frequency
9M '22 vs '21	47%	53%
3Q '22 standalone vs '21	89%	11%

MOTOR is enduring rapid cost inflation while premiums earned have a longer cycle (+0.3% 9M).

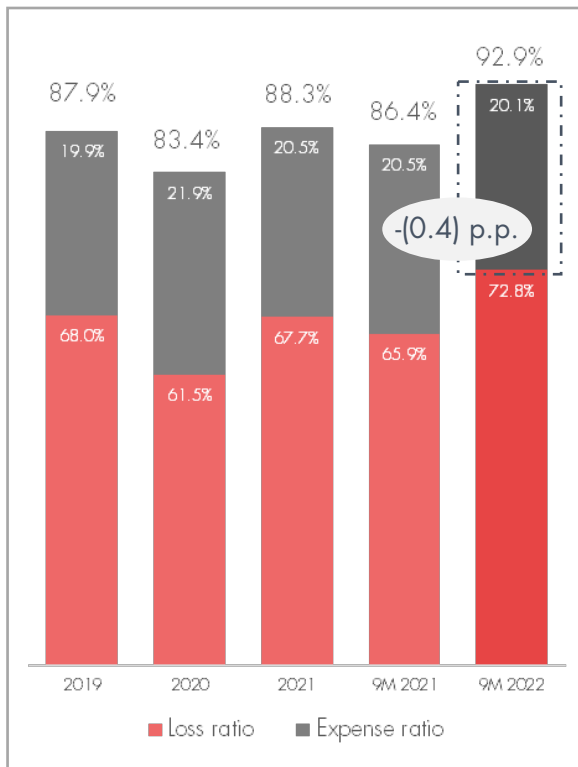
HOME	% IMPACT DISTRIBUTION	
	Average cost	Frequency
9M '22 vs '21	24%	76%
3Q '22 standalone vs '21	35%	65%

Combined ratio: expenses

We continue to pursue our strategy of efficiency and strict cost control



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% over earned premiums net of reinsurance	9M 2022	9M 2021	% var
Net operating expenses	(146,456)	(149,806)	-2.2%
Acquisition expenses	(130,853)	(133,334)	-1.9%
Administrative expenses	(18,890)	(20,326)	-7.1%
Reinsurance commissions and profit participation	3,287	3,854	-14.7%
Profit sharing	(353)	(387)	-8.8%
Other technical revenue and expenses	12,273	15,476	-20.7%
EXPENSE RATIO	20.1%	20.5%	-0.4 p.p

Thousand euro

GREATER EFFICIENCY IN
RETAINING POLICIES

STRICT CONTROL OF
OVERHEADS

We remain firmly
committed to
DIGITALISATION AND
TECHNOLOGY

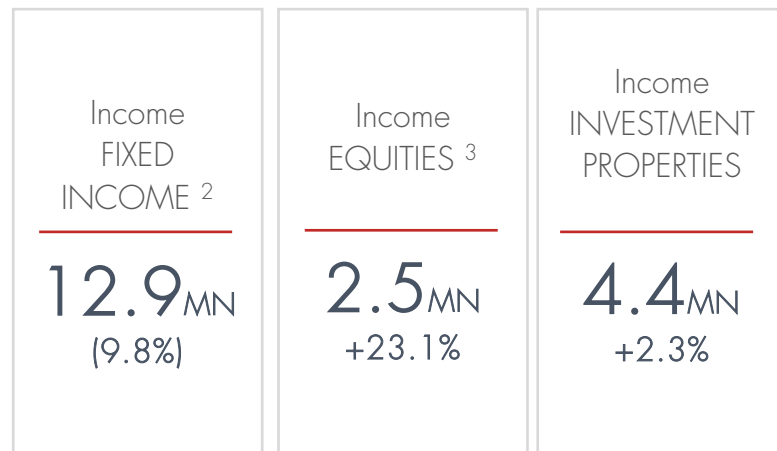
Financial result

We have realised capital gains in foreign currencies as the US dollar rallies

FINANCIAL RESULT

<i>Thousand euro</i>	9M 2022	9M 2021	% var.
Investment income ¹	51,685	39,281	31.6%
Investment expenses ¹	(25,662)	(17,174)	-49.4%
Financial result	26,023	22,107	17.7%
<i>of which realised gains (losses):</i>	7,841	4,713	66.4%
<i>Fixed income</i>	(467)	(1,093)	-57.2%
<i>Equity instruments</i>	5,103	5,799	-12.0%
<i>Foreign currencies</i>	3,205	7	-
<i>Impairments</i>	-	-	-

Financial result (ex net realised gains) +4.5%



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

2. Does not include fixed income accruals and swaps

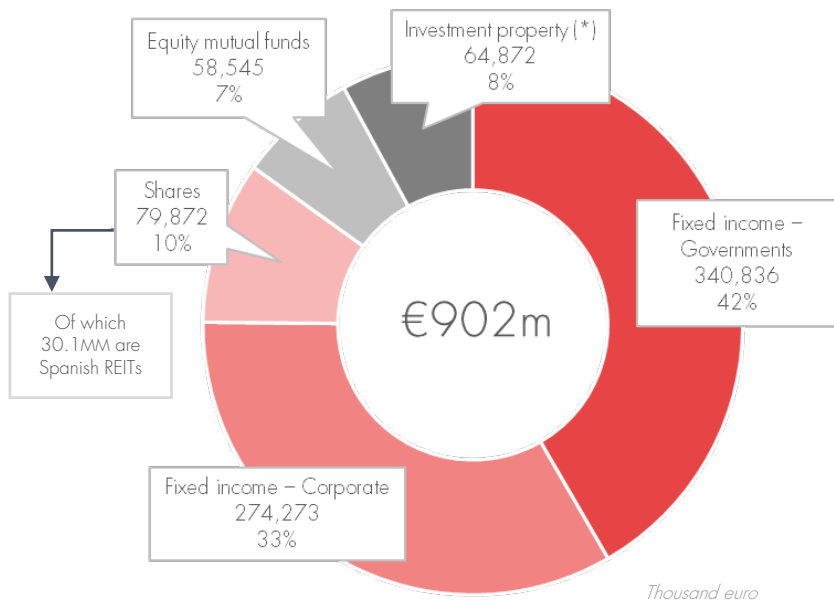
3. Does not include Economic Interest Groupings

Investment portfolio

Portfolio composition and other metrics



PORTFOLIO COMPOSITION



PROFITABILITY (Rolling 12)¹

(%)	9M 2022	9M 2021	var. p.p
Fixed income	2.49%	2.14%	+0.35 p.p
Equity instruments	6.81%	5.02%	+1.79 p.p
Investment property	6.59%	6.53%	+0.06 p.p
Total average return	3.50%	2.85%	+0.65 p.p
Portfolio return (ex net realised gains)	2.75%	2.46%	+0.29 p.p

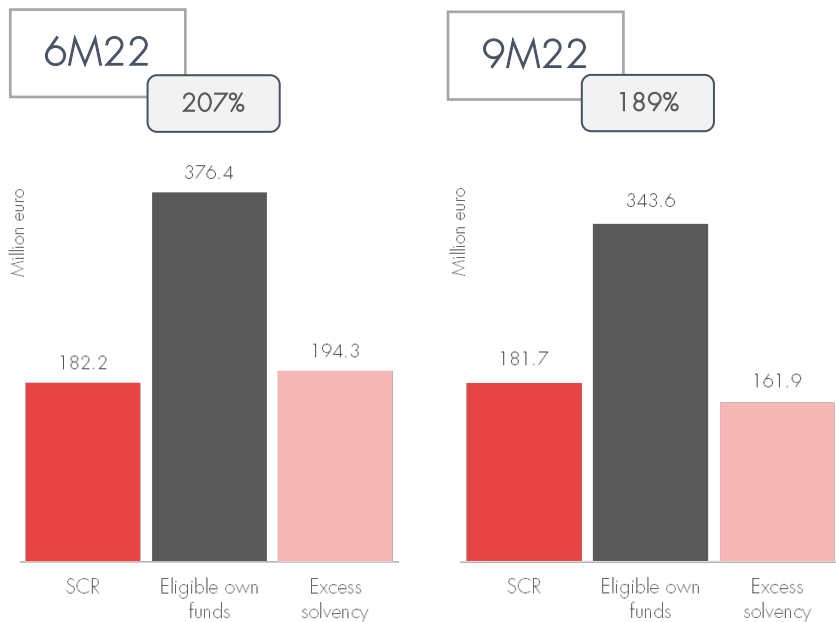
OTHER METRICS

	9M 2022	9M 2021
Fixed income duration	3.81	4.04
Fixed income modified duration	4.02%	4.01%

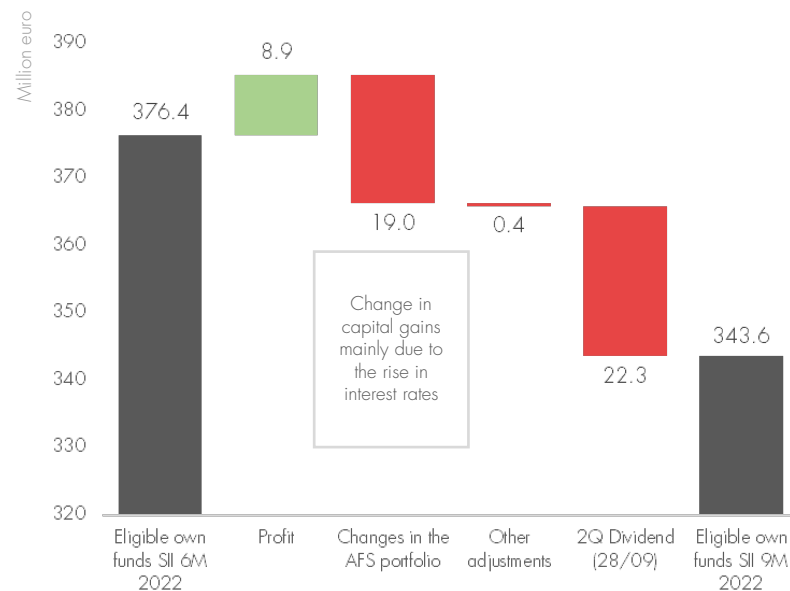
1. Income recognised in the statement of profit or loss over the last 12 months divided by assets under management (fixed income and equity portfolios and investment property). Includes capital gains and losses realised and impairment losses.

(*) Off-balance sheet capital gains on investment property and property for own use amount to €22.3 million before tax.

Solvency margin



Solvency own funds walk 6M 2022 – 9M 2022



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

Breakdown of required capital – SCR

<i>Thousand euro</i>	9M 2022	6M 2022
SCR Market	93,177	97,305
SCR Counterparty	10,708	11,847
SCR Health	3,733	3,257
SCR Non-Life	164,822	162,056
BSCR	214,740	215,498
SCR Operational	27,574	27,393
Deferred tax adjustment	(60,578)	(60,723)
SCR	181,735	182,169
Eligible own funds Solvency II	343,593	376,449
Solvency II ratio	189%	207%

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

HIGHLIGHTS

MARKET SCR

- (+) Symmetric adjustment (-8.10% at September 2022 vs. -5.34% at June 2022)
- (+) Lower exposure to foreign currencies

COUNTERPARTY SCR

- (+) Lower exposure to cash

HEALTH SCR

- In line with business performance

NON-LIFE SCR

- (-) Increase in premiums
- (-) Increase in the BEL for Motor reserves as cost of claims worsens.

OPERATIONAL SCR

- In line



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Thank you



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Appendices

Consolidated balance sheet



Assets

Thousand euro

Assets	9M 2022	12M 2021	% var.
Cash and cash equivalents	84,087	115,788	-27.4%
Available-for-sale financial assets	752,025	864,978	-13.1%
<i>Equity instruments</i>	138,417	153,963	-10.1%
<i>Debt securities</i>	613,608	711,015	-13.7%
Loans and receivables	120,266	120,615	-0.3%
Reinsurers' share of technical provisions	22,101	20,153	9.7%
Property, plant and equipment and investment property	109,038	110,721	-1.5%
<i>Investment property</i>	64,872	65,457	-0.9%
<i>Property, plant and equipment</i>	44,166	45,264	-2.4%
Intangible assets	14,310	14,121	1.3%
Other assets	133,335	122,102	9.2%
Total assets	1,242,837	1,368,478	-9.2%

Liabilities and Equity

Thousand euro

Liabilities and Equity	9M 2022	12M 2021	% var.
Debit and accounts payable	109,261	175,406	-37.7%
Hedging derivatives	-	9,447	-100.0%
Technical provisions	765,251	738,158	3.7%
<i>Provision for unearned premiums</i>	471,585	449,740	4.9%
<i>Provision for unexpired risks</i>	3,280	3,280	0.0%
<i>Provision for claims</i>	290,386	285,138	1.8%
Nontechnical provisions	25,432	22,133	14.9%
Other liabilities	45,435	45,059	0.8%
Total liabilities	945,379	990,203	-4.5%
Equity	327,566	334,909	-2.2%
Valuation adjustments	(30,108)	43,366	-169.4%
Total equity	297,458	378,275	-21.4%

Statement of profit or loss by segment

Statement of profit or loss – Motor Segment



<i>Thousand euro</i>	9M 2022	9M 2021	% var.
Gross written premiums (GWP)	579,419	563,301	2.9%
Premiums earned, net of reinsurance	561,078	559,350	0.3%
Claims incurred, net of reinsurance	(418,306)	(374,663)	11.6%
Net operating expenses	(110,044)	(114,752)	-4.1%
Other technical expenses and income	12,636	15,696	-19.5%
Technical result	45,364	85,632	-47.0%

	9M 2022	9M 2021	p.p. var.
Loss ratio	74.6%	67.0%	7.6 p.p.
Expense ratio	17.4%	17.7%	-0.3 p.p.
Combined ratio	91.9%	84.7%	7.2 p.p.
Clients (thousands)	2,589	2,527	61

Statement of profit or loss – Home Segment



<i>Thousand euro</i>	9M 2022	9M 2021	% var.
Gross written premiums (GWP)	106,896	97,045	10.2%
Premiums earned, net of reinsurance	96,242	88,288	9.0%
Claims incurred, net of reinsurance	(58,937)	(49,774)	18.4%
Net operating expenses	(30,785)	(29,832)	3.2%
Other technical expenses and income	(181)	(92)	97.1%
Technical result	6,339	8,590	-26.2%

	9M 2022	9M 2021	p.p. var.
Loss ratio	61.2%	56.4%	4.9 p.p.
Expense ratio	32.2%	33.9%	-1.7 p.p.
Combined ratio	93.4%	90.3%	3.1 p.p.
Clients (thousands)	746	698	47

Statement of profit or loss by segment



Statement of profit or loss – Health Segment

<i>Thousand euro</i>	9M 2022	9M 2021	% var.
Gross written premiums (GWP)	23,304	20,913	11.4%
Premiums earned, net of reinsurance	11,576	9,861	17.4%
Claims incurred, net of reinsurance	(10,535)	(9,731)	8.3%
Net operating expenses	(5,563)	(5,210)	6.8%
Other technical expenses and income	(182)	(128)	41.9%
Technical result	(4,704)	(5,209)	-9.7%

	9M 2022	9M 2021	p.p. var.
Loss ratio	91.0%	98.7%	-7.7 p.p
Expense ratio	49.6%	54.1%	-4.5 p.p
Combined ratio	140.6%	152.8%	-12.2 p.p
Clients (thousands)	106	98	8

Statement of profit or loss – Other Insurance Businesses ¹

<i>Thousand euro</i>	9M 2022	9M 2021	% var.
Gross written premiums (GWP)	1,082	1,379	-21.5%
Premiums earned, net of reinsurance	901	1,033	-12.8%
Claims incurred, net of reinsurance	(36)	(37)	-2.7%
Profit sharing and premiums refunds	(353)	(387)	-8.8%
Net operating expenses	(64)	(12)	417.6%
Other technical revenues and expenses	-	-	-
Technical result	448	597	-24.9%

	9M 2022	9M 2021	p.p. var.
Loss ratio	4.0%	3.6%	0.4 p.p
Expense ratio	46.3%	38.7%	7.6 p.p
Combined ratio	50.3%	42.2%	8.0 p.p
Clients (thousands)	4	5	(1)

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