ALLIANZ SE

DE129274114

FINANCIAL INSTITUTIONS

AA-

ISSUER RATING
Long term

OUTLOOK
Stable

Initiation date	20/09/2023
Rating Date	20/09/2024

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Rating Action & Rationale

Ethifinance Ratings affirms the Allianz Group's rating at AA-, maintaining a Stable outlook.

The rating is based on Allianz's leading position in the global insurance and asset management industries, its high level of diversification in terms of segments, business lines, and geographies, the strength of its brand, and the diversity and control of its distribution channels. This is complemented by a solid and stable operating performance, high profitability, robust regulatory capitalization, and good liquidity management.

However, the rating is constrained by macroeconomic risks, which, due to inflation, could impact the insurer's claims experience, as well as volatility in financial markets. The rating is also limited by a low performance of the "net earned premiums to equity" indicator and moderate leverage, which have been influenced primarily by a lower equity due to the downward impact of the transition to IFRS 9 accounting standards.

Executive Summary

The Allianz Group (hereinafter, Allianz) is a global provider of financial services operating in the insurance and asset management industries. In the insurance sector, it is the market leader in Germany and has a broad international presence. Additionally, it is one of the largest asset managers in the world, with €1.8 trillion in third-party assets under management as of March 31, 2024.

Fundamentals

- **Dominant position in the global insurance and asset management industries:** World leader in the P-C insurance business and among the top five insurers in the L/H insurance business, as well as one of the largest asset managers in the world, with approximately €746 billion on behalf of its policyholders and €1.8 trillion in third-party assets as of March 31, 2024.
- **High diversification across segments, business lines, and geographies:** Operating income is distributed among P-C insurance (45%), L/H insurance (34%), and asset management (21%). Its key markets (in terms of premiums) are Germany, France, Italy, and the United States.
- **High profitability and moderate efficiency:** ROA ended 2023 at 0.9% (2022: 0.7%), exceeding the five-year average of 0.8%. Profitability indicators are at the higher end of the scale according to EthiFinance Ratings Insurance methodology. The combined ratio for P-C finished 2023 at 93.8% (2022: 93.3%), below the 2019-23 average of 94.5%, placing it in the middle range of the scale according to EthiFinance Ratings Insurance methodology. Its components, the loss ratio stood at 69.3% and the expense ratio at 24.6% at the end of 2023 (2022: 68.4% and 24.9%).
- **Moderate leverage and high fixed-charge coverage:** Financial leverage ratio ended 2023 at 40.9% (2022: 44.6%), above the five-year average of 36.9% due to reduced equity from unrealized investment losses, which have decreased but still persist. This ratio is rated in the middle range of the scale according to EthiFinance Ratings methodology. On the other hand, the fixed-charge coverage ratio improved, rising from 9.6x in 2022 to 11.8x in 2023, exceeding the 2019-23 average of 10.9x. This ratio is rated in the higher end of the scale according to EthiFinance Ratings methodology.
- **Robust regulatory capitalization:** The Solvency II capitalization ratio increased by 5 percentage points, from 201% in 2022 to 206% in 2023, supported by strong capital generation from business growth and a favorable impact from regulatory and model changes, which was partially offset by dividend distribution and share buybacks. This ratio is rated in the higher end of the scale according to EthiFinance Ratings methodology.
- **Conservative capital allocation, although exposure to high-risk assets (equities) is higher compared to peers:** As of December 31, 2023, the investment portfolio was composed of corporate bonds (27%), government bonds (25.5%), other debt securities (23.1%), equity instruments (6.5%), funds (10%), real estate (3.5%), and other assets (4.4%). Approximately 94% of the debt portfolio was investment-grade.

Key Figures

Key financial indicators Allianz	Annual			
In millions of €	2020	2021	2022	2023
Total assets	1.060.012	1.096.770	935.898	983.175
Financial debt	25.452	26.322	26.194	25.988
Equity	84.594	65.392	58.735	63.580
Total business volume	140.455	148.511	153.324	161.700
Operating result	10.751	13.400	13.814	14.746
Net result	7.133	7.105	6.856	9.032
ROA	0,7%	0,7%	0,7%	0,9%
ROE	8,8%	9,3%	11,1%	15,1%
Loss ratio P-C	69,5%	67,0%	68,4%	69,3%
Expense ratio P-C	26,8%	26,7%	24,9%	24,6%
Combined ratio P-C	96,3%	93,8%	93,3%	93,8%
Cost-income ratio AM	61,2%	58,4%	61,2%	61,3%
Solvency II capitalization ratio	207,0%	209,0%	201,0%	206,0%
Net earned premiums to equity	89,5%	118,8%	148,1%	143,5%
Fixed-charge coverage ratio	10,8x	11,6x	9,6x	11,8x
Financial leverage ratio	30,1%	40,3%	44,6%	40,9%

Source: EthiFinance & Allianz SE

Outlook

The Stable outlook of the rating is based on the expectation that the Group will maintain a dominant position in the global insurance industry, with solid and stable operating performance, supported by diversification across segments, business lines, and geographies. Additionally, capitalization is expected to remain at high levels due to adequate capital management.

Rating Sensitivities

Factors that could (individually or collectively) impact the rating:

- **Positive factors**

The rating could be upgraded by an improvement in the combined ratio, bringing it below 90%, a reduction in the net premiums-to-equity ratio to a moderate level of 105%, and lower financial leverage, continuously below 40%, while maintaining its leadership position in the global insurance industry, with high diversification and strong brand strength.

- **Negative factors**

The rating could be downgraded due to lower profitability with a ROE below 8%, an increase in the combined ratio above 98%, a reduction in the interest coverage ratio below 6x, higher financial leverage exceeding 50%, and a decrease in regulatory capitalization to 190%. Additionally, a shift in capital management toward higher-risk investments or a deterioration in liquidity management could negatively impact the rating.

Company Profile

Business model

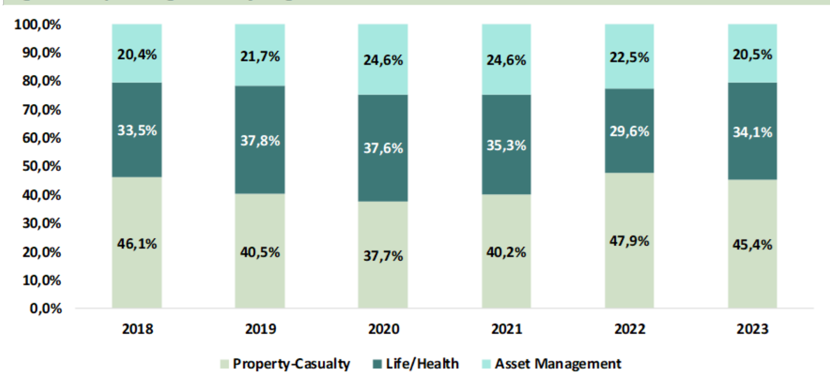
The Allianz Group is one of the world's leading insurers and asset managers, with approximately 125 million private and corporate customers in nearly 70 countries. Its clients benefit from a wide range of insurance services, including Property-Casualty insurance, Life/Health insurance, assistance services, credit insurance, and corporate insurance. Allianz SE, the parent company of the Allianz Group, is headquartered in Munich, Germany.

The Property-Casualty segment offers automobile, accident, property, general liability, travel insurance, and assistance services. The Life/Health segment provides savings and investment-oriented products, as well as life and health insurance. Allianz is the world's leading insurer in the P-C insurance business and ranks among the top five in the L/H insurance business. Its key markets (in terms of premiums) are Germany, France, Italy, and the United States. Most of its insurance markets are served by local Allianz companies. However, some business lines, such as Allianz Global Corporate & Specialty (AGCS), Allianz Partners (AP), and Allianz Trade, are managed at the global level.

Allianz is also one of the largest investors in the world, managing approximately €746 billion on behalf of its policyholders as of March 31, 2024. Its two main asset management entities, PIMCO and AllianzGI, operate under the supervision of Allianz Asset Management (AAM), managing approximately €1.8 trillion in third-party assets. Its key markets are the United States, Canada, Germany, France, Italy, the United Kingdom, and the Asia-Pacific region.

Total business volume, which includes gross written premiums and commission income from P-C, statutory premiums from L/H, and asset management revenues, amounted to €161.7 billion in 2023.

Figure 1: Operating result by segment

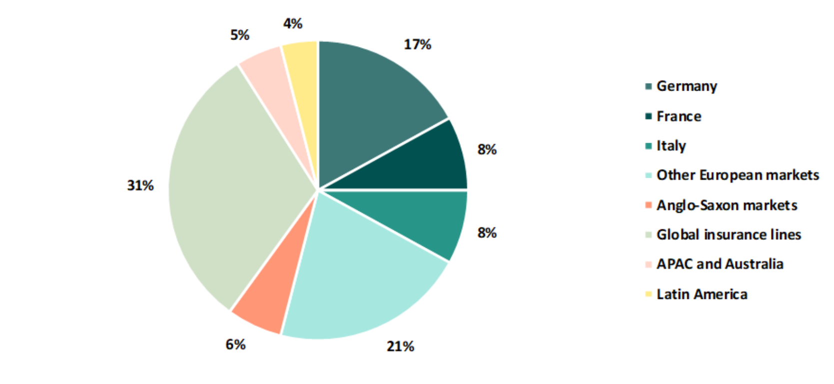


Source: EthiFinance & Allianz SE

Allianz has a high level of diversification across segments, which supports the recurring generation of income and profits. In 2023, the majority of revenues came from insurance activities, with 48% from the L/H segment and 47% from the P-C segment. The remaining 5% of revenues came from asset management. The operating margin for insurance activities in P-C and L/H stood at 9% and 7%, respectively, compared to 39% for asset management. As a result, operating income was evenly distributed between P-C insurance (45%), L/H insurance (34%), and asset management (21%).

Likewise, as a global provider of financial services, Allianz benefits from extensive geographic diversification, reducing the likelihood that its business will be severely impacted by potential disruptions in one or more of the markets in which it operates.

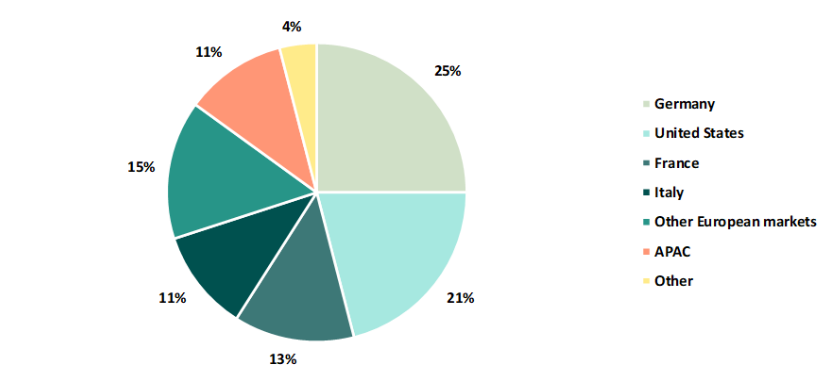
Figure 2: Property-Casualty operating result by geography



Source: EthiFinance & Allianz SE

In the P-C segment, operating income was distributed as follows: Germany and Switzerland with 21%, Central and Eastern Europe with 8%, Western and Southern Europe with 21%, Asia-Pacific and Australia with 5%, Anglo-Saxon markets with 6%, Iberia and Latin America with 7%, and global insurance lines with 30%.

Figure 3: Life/Health operating result by geography



Source: EthiFinance & Allianz SE

In the L/H segment, operating income was distributed as follows: Germany and Switzerland with 27%, Central and Eastern Europe with 9%, Western and Southern Europe with 29%, Asia-Pacific with 11%, the United States with 21%, and Iberia and Latin America with 3%.

Allianz's competitive position is strengthened by one of the most recognized brands in the insurance industry, demonstrating its leadership in numerous markets around the world. The Allianz brand is used in most of the Group's business lines, with the exception of PIMCO.

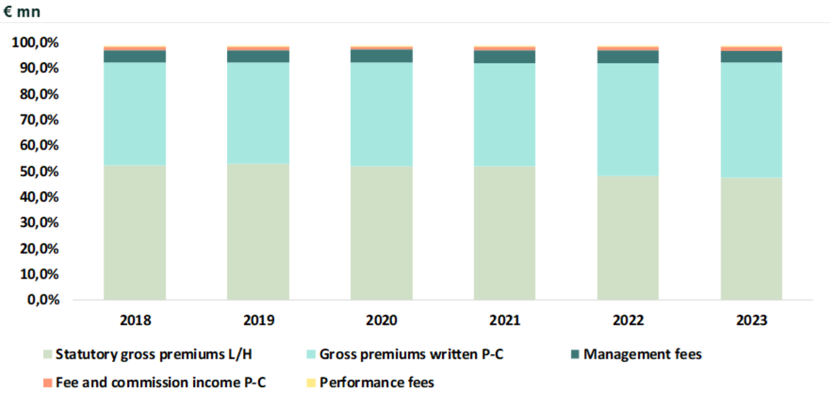
The Group enjoys access to a variety of distribution channels in the countries where it operates. The L/H segment relies heavily on exclusive agents, particularly in Germany, which serves as its primary distribution channel. Other important distribution channels include brokers and bancassurance. Allianz has exclusive distribution agreements in various regions, for example, with HSBC in Asia for L/H insurance, with UniCredit in Italy for L/H and P-C insurance, with Commerzbank, Santander, and HypoVereinsbank in Germany for L/H and P-C insurance, and with BBVA in Spain for P-C insurance. Allianz is also developing new digital distribution models and its new pan-European direct insurance brand, Allianz Direct, which was launched in 2019 and is present in Spain, Germany, the Netherlands, Italy, and France.

Financial Profile

Earnings and profitability

Total business volume

Figure 4: Breakdown of total business volume

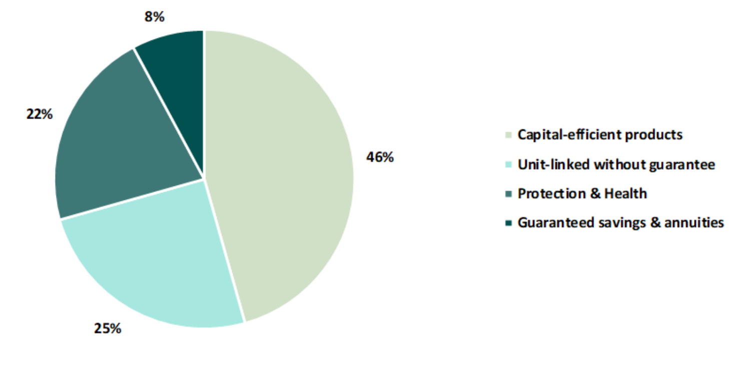


Source: EthiFinance & Allianz SE

1. **Total business volume**, which includes gross written premiums and P-C commission income, statutory premiums from L/H, and asset management revenue, amounted to €161.7 billion in 2023, an increase of 5.5% from €153.32 billion recorded a year earlier. Over the past five years, the total business volume has grown at a compound annual rate of 4.1%. On average, 51% was attributed to statutory premiums from the L/H segment, 44% to gross written premiums and commissions from the P-C segment, and 5% to asset management commissions.
2. **P-C segment total business volume** reached €76.5 billion in 2023 (2022: €70.6 billion), showing an 8.4% growth. This included gross written premiums of €74 billion (2022: €68.2 billion) and commission income of €2.5 billion (2022: €2.4 billion). In real terms, there was an 11.2% growth, primarily due to a 6.9% increase in prices and a 4% rise in volumes.
3. **L/H segment total business volume** includes statutory premiums, encompassing gross written premiums from life and health insurance sales, as well as income from unit-linked (UL) sales and other investment products. The total business volume grew by 3.5%, from €75.3 billion in 2022 to €77.9 billion in 2023. In real terms, there was a 5.6% growth, mainly due to a strong increase in Fixed Index Annuities (FIAs) sales in the United States, despite a slight decline in Germany due to lower Single-Premium (SP) sales and in France, as well as a 5.7% decrease in Asia-Pacific due to reduced UL sales in Taiwan due to regulatory changes, and lower savings and Annuities sales in China.
4. **Asset management revenue** amounted to €8.1 billion in 2023 (2022: €8.2 billion), reflecting a 1.8% decrease. It comprised management fees of €7.1 billion (2022: €7.7 billion) and performance fees of €817 million (2022: €474 million), which accounted for 10.1% of total asset management revenue (2022: 5.8%). This segment's revenue decreased mainly due to a lower average level of third-party assets under management in both PIMCO and AllianzGI, despite higher performance fees, particularly at PIMCO. After significant declines in the markets in 2022, total assets under management reached €2.2 trillion in 2023, up from €2.1 trillion the previous year. Net inflows of AuM were €3.1 billion (2022: net outflows of €96.3 billion). Positive market effects and dividends totaled €130 billion.

The present value of new premiums reached €67.3 billion, an increase of 1.6% driven mainly by higher sales of FIAs in the United States and by Allianz Reinsurance, thanks to a major reinsurance contract in protection and health. The present value of new premiums by business line is detailed below:

Figure 5: Present value of new premiums in L/H by lines



Source: EthiFinance & Allianz SE

Operating income

1. **Allianz's operating income** (including both insurance business and asset management) totaled €14.7 billion in 2023, an increase of 6.7% from €13.8 billion the previous year. Over the past five years, operating income has grown at a compound annual rate of 5.1%. On average, 42% was from the P-C segment, 35% from the L/H segment, and 23% from asset management.
2. **P-C segment operating income** (from insurance services and investment results) stood at €6.9 billion (2022: €6.8 billion), an increase of 1.2% due to higher investment results. Investment results totaled €2.7 billion (2022: €2.4 billion), reflecting a 13% growth. On the other hand, insurance services income was €4.2 billion (2022: €4.3 billion), showing a slight decrease. Although earned premiums grew by 7.5%, from €64 billion in 2022 to €68.8 billion in 2023, claims increased more significantly due to inflation and the impact of natural catastrophes. Claims amounted to €47.6 billion (2022: €43.7 billion), an 8.9% increase. Acquisition and administrative expenses were €16.9 billion (2022: €15.9 billion), rising by 6%. The combined ratio increased by 0.5 percentage points, from 93.3% to 93.8%, with a loss ratio of 69.3% (2022: 68.4%) and an expense ratio of 24.6% (2022: 24.9%). The combined ratio was below the five-year average of 94.5%, placing it in the middle range of the scale according to EthiFinance methodology.
3. **L/H segment operating income** (from insurance services and investment results) rose to €5.2 billion (2022: €4.2 billion), a 23.1% increase primarily due to improvements in claims and expenses, especially in France and Asia-Pacific, and higher operational investment results. Operating investment results significantly increased from an exceptionally low result in 2022 due to negative coverage impacts from variable annuities in the United States.
4. **Asset management operating income** totaled €3.1 billion (2022: €3.2 billion), a 2.2% decrease as the reduction in operating income exceeded the decrease in operating expenses due to a lower average level of assets under management. Administrative expenses were €4.9 billion (2022: €5 billion). The cost-income ratio remained stable at 61.3%.

Net result

1. **Allianz's net income** increased by 31.7%, rising from €6.9 billion in 2022 to €9 billion in 2023.
2. **P-C net income** amounted to €4.3 billion (2022: €3.4 billion), a 27.3% increase, primarily supported by higher non-operating income, which resulted from increased non-operating investment income due to favorable valuation and lower impairments.
3. **L/H net income** was €3.6 billion (2022: €3.2 billion), reflecting a 13.5% growth, driven by an increase in operating profit, which was partially offset by lower non-operating income. The non-operating investment income was affected by a negative impact due to the recognition of a provision for onerous contracts stemming from the expected loss in the sale of its commercial operations in Lebanon.
4. **Asset management net income** reached €2.4 billion (2022: €935 million). The €1.4 billion increase was mainly due to a rise in the provision for legal expenses related to Structured Alpha recorded in the previous year. Provisions of €2.8 billion and €1.6 billion were made in 2021 and 2022, respectively. Allianz GI US pleaded guilty in governmental investigations related to funds executing a complex options trading strategy known as Structured Alpha Funds. Investors in these funds, including pension funds, suffered significant losses in March 2020, exceeding 90% in some cases due to market volatility following the outbreak of the pandemic. It was determined that the Structured Alpha management team had deceived investors by manipulating reports to hide the true risk of the strategy, hence Allianz GI US is in the process of compensating fund investors for their losses.

Regarding **profitability**, Return on Assets (ROA) ended 2023 at 0.9% (2022: 0.7%), surpassing the five-year average of 0.8%. Similarly, the Return on Equity (ROE) was 15.1% at the end of 2023 (2022: 11.1%), above the average of 11.2% for 2019-23. The profitability indicators are positioned at the higher end of the scale according to EthiFinance methodology.

Investment portfolio

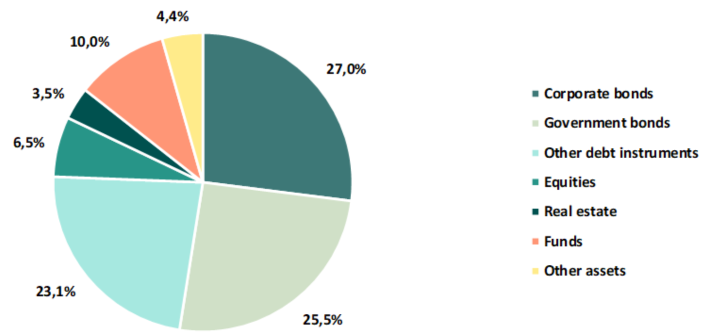
Total assets amounted to €983.2 billion in 2023, compared to €935.9 billion the previous year, marking an increase of €47.3 billion (or 5.1%), primarily driven by investments (+€30.8 billion) and financial assets from unit-linked contracts (+€11.8 billion).

Investments totaled €721.8 billion (2022: €691 billion), representing 73% of total assets (2022: 74%). These included investments at fair value through profit or loss amounting to €102.3 billion, investments at fair value through other comprehensive income totaling €562.7 billion, investments at amortized cost of €8.8 billion, investments in associates and joint ventures of €21.2 billion, investment property valued at €23.9 billion, and fixed assets from alternative investments of €2.9 billion.

Within investments at fair value through other comprehensive income, €534.7 billion (or 95%) were fixed-income securities, and €26.9 billion (or 5%) were equity securities. Changes in the fair value of these investments are recorded directly in shareholders' equity.

The total asset portfolio increased mainly in debt securities due to market movements. Approximately 94% of the debt portfolio was invested in investment-grade instruments. The government bond portfolio included bonds from France, Germany, Italy, and the United States, representing 13%, 12%, 10%, and 9% of the portfolio, respectively. The corporate bond portfolio included bonds from the United States, the eurozone, and Europe excluding the eurozone, representing 42%, 32%, and 12% of the portfolio, respectively. Exposure to equities decreased due to a reduction in volume.

Figure 6: Breakdown of the investment portfolio



Source: EthiFinance & Allianz SE

Liabilities

Total liabilities amounted to €919.6 billion in 2023, up from €877.2 billion the previous year. Insurance liabilities totaled €776.9 billion (2022: €740.8 billion), accounting for 84% of the total liabilities. In the P-C segment, liabilities were €96.3 billion (2022: €91.6 billion), an increase of 5.1%. In the L/H segment, liabilities reached €680.7 billion (2022: €649.2 billion), rising by 4.9%. These changes were attributed to the Group's growth in both segments.

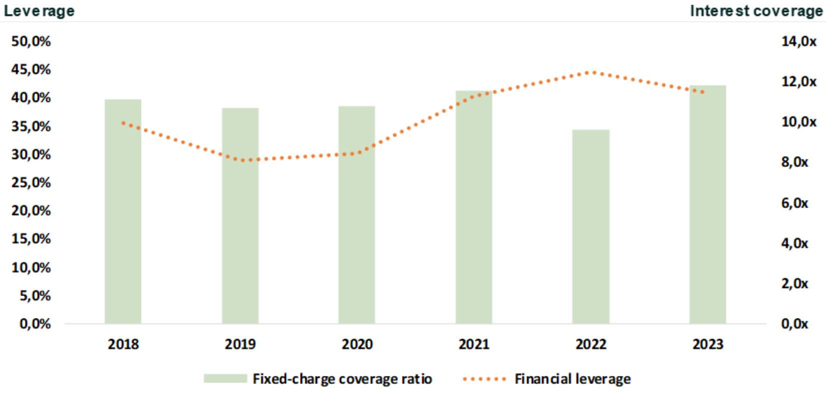
Allianz finances itself long-term with senior and subordinated bonds of various maturities. As of the end of 2023, the book value of senior bonds was €7.4 billion (2022: €8.1 billion) and the value of subordinated bonds was €17.5 billion (2022: €16.9 billion). Approximately 50% of senior bonds and all subordinated bonds had maturities longer than five years. The average interest rate on senior bonds was 1.6% (2022: 1.4%). The average interest rate was 3.7% (2022: 3.6%) for subordinated bonds classified as debt and 3% (2022: 3%) for subordinated bonds classified as equity.

Medium-term notes and commercial paper programs are available for short-term financing. Money market instruments remained at €1.1 billion. The average interest rate increased from 1.1% to 4.4%.

Investment liabilities totaled €49.7 billion, of which €39.5 billion were linked to unit-linked (UL) contracts and had a corresponding asset.

The financial leverage ratio concluded 2023 at 40.9% (2022: 44.6%), above the five-year average of 36.9% due to reduced shareholders' equity caused by unrealized investment losses. This ratio is rated in the middle of the scale according to EthiFinance methodology. The fixed-charge coverage ratio improved from 9.6x in 2022 to 11.8x in 2023, surpassing the average of 10.9x for 2019-23. This ratio is rated in the upper part of the scale according to EthiFinance methodology.

Figure 7: Fixed-charge coverage ratio and financial leverage



Source: EthiFinance & Allianz SE

Solvency II

The Solvency II capitalization ratio increased by 5 percentage points, rising from 201% in 2022 to 206% in 2023. This improvement was supported by strong capital generation due to business growth and favorable impacts from regulatory and model changes. However, this gain was partially offset by dividend distributions and share buybacks. Over the past five years, the ratio has consistently remained above 200%, earning a high rating according to EthiFinance methodology.

The Group's shareholders' equity increased by 7.5%, rising from €54.4 billion in 2022 to €58.5 billion in 2023. Retained earnings grew due to the net profit attributable to shareholders of €8.5 billion in 2023. Out of this, €2.2 billion was used for share buybacks, and €4.5 billion was allocated for dividend payments in May 2023. Additionally, the positive variation of €23.3 billion in unrealized investment losses was driven by favorable financial market developments compared to the previous year. This was partially offset by the negative variation of €20.6 billion in unrealized gains from insurance contracts recognized in the income statement. Unrealized investment losses remain high due to interest rate hikes, amounting to €37.2 billion. Future interest rate reductions could help reduce or eliminate these losses, potentially boosting Allianz's equity.

Environmental, Social & Governance

As a global insurance and asset management entity, Allianz must incorporate sustainability issues to reinforce its strategy.

Allianz has demonstrated a strong commitment to environmental sustainability by setting ambitious goals to reduce its carbon footprint. The company has implemented policies to minimize the environmental impact of its operations and has invested significantly in renewable energy and clean technologies. However, it still faces challenges in fully transitioning to a carbon-free investment portfolio and in mitigating climate risks in its insurance products.

In the social realm, Allianz has been recognized for its efforts to promote diversity and inclusion within its workforce. The company has implemented programs to support employee well-being and has shown a strong commitment to local communities through various corporate social responsibility initiatives. Nevertheless, there are ongoing criticisms regarding the need to improve transparency and the actual impact of some of these initiatives in terms of tangible benefits for affected communities.

Allianz's governance structure is robust, with solid practices of transparency and accountability. The company has implemented strict policies to prevent corruption and promote business ethics. However, there are areas that require attention, such as the need to increase gender diversity on its board of directors and ensure that governance policies remain aligned with global best practices.

Scorecard

Allianz, SE	AA-
	Weight
OPERATING ENVIRONMENT	**15,0%**
Sovereign risk	**5,0%**
Sovereign rating	
Regulation	**5,0%**
Prudential regulation	
Sector dynamics	**5,0%**
Sector strength	
COMPANY PROFILE	**45,0%**
Business model	**15,0%**
Distribution channels	8,0%
Diversification	7,0%
Positioning	**10,0%**
Market share	5,0%
Peer Analysis	5,0%
Management & Risk profile	**20,0%**
Risk profile	7,0%
Governance	7,0%
Brand	6,0%
FINANCIAL PROFILE	**40,0%**
Earnings & Profitability	**15,0%**
ROA	5,0%
ROE	5,0%
Combined ratio	5,0%
Capitalization & Leverage	**15,0%**
Fixed charge coverage ratio	2,5%
Net written premiums to equity	5,0%
Regulatory capital ratio	5,0%
Financial leverage ratio	2,5%
Liquidity	**10,0%**
Liquid assets to policyholder liabilities	5,0%
Asset Liability Management	5,0%

Financial Statements

CONSOLIDATED BALANCE SHEET						
€ mn	2018	2019	2020	2021	2022	2023
ASSETS						
Cash and cash equivalents	17.234	21.075	22.443	24.247	22.896	29.210
Investments	666.804	751.605	794.289	837.869	690.991	721.802
Investments	550.923	625.746	656.522			
Financial assets carried at fair value through income	7.611	13.187	21.191			
Loans and advances to banks and customers	108.270	112.672	116.576			
Financial assets for unit-linked contracts	115.361	132.168	137.307	158.359	141.034	152.872
Insurance contract assets				36	327	172
Reinsurance contract assets	16.400	17.545	20.170	26.141	25.605	24.719
Deferred acquisition costs	27.709	24.777	21.830			
Deferred tax assets	959	1.133	1.006	4.709	6.369	5.992
Other assets	39.334	48.087	47.363	27.223	30.234	29.759
Intangible assets	13.767	14.796	15.604	18.186	18.442	18.649
Total assets	**897.568**	**1.011.186**	**1.060.012**	**1.096.770**	**935.898**	**983.175**
LIABILITIES AND EQUITY						
Financial liabilities	48.522	53.941	62.041	50.877	51.310	56.282
Financial liabilities carried at fair value through income	11.626	18.049	24.079	20.891	8.994	12.683
Liabilities to banks and customers	14.222	13.445	14.722	8.242	21.101	22.454
Certificated liabilities	9.199	9.209	9.206	10.788	9.126	8.407
Subordinated liabilities	13.475	13.238	14.034	10.956	12.089	12.738
Unearned premiums	22.891	25.468	25.341			
Reserves for loss and loss adjustment expenses	73.054	77.541	80.897			
Reserves for insurance and investment contracts	645.048	720.191	748.403	939.177	788.883	826.861
Insurance contract liabilities				883.250	740.799	776.944
Reinsurance contract liabilities				55	257	231
Investment contract liabilities				55.872	47.827	49.686
Financial liabilities for unit-linked contracts	115.361	132.168	137.307			
Deferred tax liabilities	4.080	6.538	8.595	2.368	2.158	2.124
Other liabilities	40.294	50.140	50.139	38.956	34.812	34.328
Total liabilities	**833.889**	**933.819**	**975.416**	**1.031.378**	**877.163**	**919.595**
Shareholders' equity	61.232	74.002	80.821	61.157	54.415	58.477
Non-controlling interests	2.447	3.363	3.773	4.235	4.320	5.103
Total equity	**63.679**	**77.365**	**84.594**	**65.392**	**58.735**	**63.580**
Total liabilities and equity	**897.568**	**1.011.186**	**1.060.012**	**1.096.770**	**935.898**	**983.175**

CONSOLIDATED INCOME STATEMENT		
€ mn	2022	2023
Insurance revenue	86.985	91.251
Insurance service expenses	-73.911	-77.145
Reinsurance result	-2.090	-2.742
Insurance service result	**10.984**	**11.364**
Interest result	24.801	25.386
Realized gains/losses (net)	959	-5.518
Valuation result	-36.392	6.509
Investment expenses	-1.919	-1.849
Net investment income	**-12.551**	**24.528**
Finance income (expenses) from insurance contracts (net)	14.142	-22.133
Finance income from reinsurance contracts (net)	1.422	556
Net insurance finance expenses	**15.564**	**-21.577**
Investment result	**3.013**	**2.951**
Fee and commission income	13.094	13.651
Fee and commission expenses	-4.955	-5.487
Net result from investment contracts	-60	-238
Acquisition and administrative expenses	-11.209	-9.513
Other income	103	104
Other expenses	-32	-363
Amortization of intangible assets	-323	-319
Restructuring and integration expenses	-951	-568
Income before income taxes	**9.664**	**11.582**
Income taxes	-2.808	-2.550
Net income	**6.856**	**9.032**
Net income attributable to:		
Non-controlling interests	435	491
Shareholders	6.421	8.541

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
    - Insurance Rating Methodology : https://files.qivalio.net/documents/methodologies/CRA 163 V2.Insurance Rating Methodology.pdf
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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