

Standard & Poor's affirms ratings for Allianz SE

Standard & Poor's (S&P) Ratings Services has affirmed its 'AA' "long-term counterparty credit" and "insurer financial strength" ratings on Allianz SE and various core operating entities.

S&P also affirmed its 'A-1+' short-term ratings on Allianz SE and various core operating subsidiaries. The outlook on all of the entities is stable.

"The affirmation reflects the relative resilience of AZSE's consolidated group capital adequacy and continued sound underlying operating profitability when seen in the context of current adverse financial market and economic conditions," explained credit analyst Karin Clemens.

S&P also indicated that the affirmation "reflects our expectation that Allianz SE will successfully complete the sale of Dresdner Bank to Commerzbank by the end of 2009."

Allianz SE underlying operating performance remains sound when seen in the context of current financial market turbulence. The Group announced that continued operations posted a very respectable operating profit of \$8.34 billion for the first three quarters of 2008.

Clemens added that the "stable outlook reflects our expectation that Allianz SE internal capital generation and strong risk management will continue to ensure very strong capitalization."

Operating profits in 2008 and 2009 should benefit from continued strong results in property casualty insurance with a combined ratio of about 97 percent and return on revenue in excess of 10 percent.

The challenging financial market and economic conditions will likely hinder any meaningful improvement in operating profits for life insurance and asset management during the fourth quarter of 2008 and for 2009. In addition, the new-business margin for life and health insurance is expected to stay between 2.5 percent and 3.0 percent. Allianz SE is further expected to achieve its target of an operating profit of at least \$11.46 billion once financial markets have recovered again.

What this rating means

An S&P Financial Strength Rating is an indicator of the financial security characteristics of an organization. The Standard & Poor's rating of AA (Very Strong) is the 3rd highest out of 21 possible ratings, was most recently affirmed November 10, 2008, and is subject to change.

The "AA" rating is one of the highest ratings available from S&P; it indicates that an insurer has "Very Strong" financial security characteristics.

- The "AA" rating is one of three ratings in the S&P range for "Very Strong": AA+, AA, AA-
- After "AA+", there is only one higher S&P rating possible: "AAA" or "Excellent"

All guarantees are based on the financial strength and claims-paying ability of the issuing insurance company.

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