This document is an unofficial English-language translation of the response offer document filed with the *Autorité des marchés financiers* on March 21, 2018, provided for information purposes only. In the event of any differences and/or discrepancies between this unofficial English-language translation and the official French document, the official French document shall prevail.

The proposed offer and this draft response offer document remain subject to approval by the Autorité des marchés financiers

PROPOSED SIMPLIFIED CASH TENDER OFFER FOLLOWED BY A SQUEEZE-OUT

FOR THE SHARES OF

EULER HERMES
Our knowledge serving your success

ADVISED BY

BNP PARIBAS

INITIATED BY

Allianz

DRAFT RESPONSE OFFER DOCUMENT PREPARED BY EULER HERMES GROUP

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This draft response offer document (*projet de note en réponse*) has been prepared and filed with the French Financial Markets Authority (*Autorité des marchés financiers*) on March 21, 2018, in accordance with the provisions of Article 231-26 of its General Regulation.

IMPORTANT NOTICE

Pursuant to the provisions of Articles 231-19 and 261-1 *et seq.* of the General Regulation of the French Financial Markets Authority, the further fairness opinion (*attestation complémentaire*) drawn up by Finexsi, acting as independent expert (*expert indépendant*), is included in this draft response offer document.

This draft response offer document is available on the websites of Euler Hermes Group (www.fr.eulerhermes.com) and the AMF (www.amf-france.org). It is made available to the public free of charge at the registered office of Euler Hermes Group (1 place des Saisons, 92048 Paris-La Défense Cedex, France) and may be obtained free of charge by any person who requests it.

In accordance with the provisions of Article 231-28 of the General Regulation of the French Financial Markets Authority, the "Other information" document relating in particular to the legal, financial and accounting information of Euler Hermes Group (*document "Autres informations"*) will be filed with the AMF and made available to the public no later than the day preceding the opening of the simplified cash tender offer. A press release will be disseminated in order to inform the public of the manner in which such document will be made available.

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1. PRESENTATION OF THE MAIN TERMS AND CONDITIONS OF THE OFFER

1.1 Description of the Offer

Pursuant to Title III of Book II, and in particular the provisions of Articles 233-1 *et seq.* of the General Regulation of the French Financial Markets Authority (the "**AMF**"), Allianz SE, a European company organized under the laws of Germany, having its registered office at Koeniginstrasse 28, 80802 Munich, Germany, registered with the Commercial Register of the local court of Munich under number HRB 164232 (the "**Offeror**"), irrevocably offers the shareholders of Euler Hermes Group, a public limited company (*société anonyme*) governed by French law having its registered office at 1 place des Saisons, 92048 Paris-La Défense Cedex, France, registered with the Trade and Companies Registry of Nanterre under number 552 040 594, and of which the shares are listed on Compartment A of the Euronext Paris regulated market under ISIN Code FR 0004254035 ("**Euler Hermes**" or the "**Company**"), to purchase all of their Company shares at a price of EUR 122 per share under the conditions described hereafter (the "**Offer**").

The Offer, which will be immediately followed by a squeeze-out procedure (*retrait obligatoire*) pursuant to the provisions of Articles L. 433-4 III of the French Monetary and Financial Code and 237-14 *et seq*. of the AMF General Regulation (the "**Squeeze-Out**")[1], will be made under the simplified procedure in accordance with Article 233-1 *et seq*. of the AMF General Regulation. The Offer will be open for a period of ten trading days.

As of the date of the filing of this draft response offer document (the "**Draft Response Offer Document**"), and to the knowledge of the Company, the Offeror, acting alone or in concert, directly or indirectly through the companies it controls, holds 40,024,315 shares and the same number of voting rights of the Company, representing 93.86% of the share capital and of the theoretical voting rights of the Company[2] [3].

Pursuant to Article 231-6 of the AMF General Regulation, the Offer covers all of the existing shares of the Company not held by the Offeror (acting alone or in concert, directly or indirectly through the companies it controls), except for the 619,189 treasury shares of the Company (that the Supervisory Board decided not to tender into the Offer on March 21, 2018), *i.e.*, a total maximum number of 1,998,131 shares representing, as of the date of the filing of this Draft Response Offer Document, 4.69% of the share capital and theoretical voting rights of the Company.

In accordance with the provisions of Article 231-13, I of the AMF General Regulation, Rothschild Martin Maurel and Société Générale, acting as presenting banks for the Offer on behalf of the Offeror (the "**Presenting Banks**"), filed the Offer and the draft offer document (the "**Draft Offer Document**") with the AMF on March 21, 2018. It is specified that only Société Générale guarantees the content and irrevocable nature of the commitments of the Offeror in connection with the Offer.

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[1] Please refer to Section 1 of the Draft Offer Document and Section 1.3.1 of this Draft Response Offer Document.

[2] Unless otherwise specified, the percentages of share capital and voting rights held in the Company mentioned in this Draft Responses Offer Document are calculated based on the total number of shares and theoretical voting rights (*i.e.*, voting rights calculated taking into account the voting rights attached to treasury shares, which are deprived of voting rights, pursuant to the provisions of Article 223-11 of the AMF General Regulation) of the Company as of the date of the filing of this Draft Response Offer Document, *i.e.*, 42,641,635 shares and the same number of theoretical voting rights.

[3] Without taking into account the 619,189 treasury shares of the Company.

In accordance with the provisions of Article 261-1, I and II of the AMF General Regulation, the Supervisory Board of the Company, on February 28, 2018, by a unanimous vote of its independent members, appointed the firm Finexsi, 14 rue de Bassano, 75116 Paris, to act as independent expert, in order to draw up a further fairness opinion regarding the financial conditions of the Offer and of the Squeeze-Out.

1.2 Context of the Offer

1.2.1 History of the shareholding of the Offeror in the Company[4]

Allianz' shareholding in the Company dates back more than two decades. In 1996, Allianz acquired a controlling stake in the German credit insurer Hermes Kreditversicherungs-AG. In 1998, through the acquisition of the company Assurances Générales de France S.A. (AGF), Allianz indirectly acquired a majority stake in Euler-SFAC. The two entities merged upon the acquisition of Hermes Kreditversicherungs-AG by Euler in 2002. Since 2003, the group and its subsidiaries adopt the name Euler Hermes.

As of December 31, 2015, the Allianz group held, through Allianz Vie and Allianz France, 30,744,048 shares of the Company, representing 67.8% of the share capital and theoretical voting rights of the Company.

On May 19, 2016, Allianz Vie announced that it had completed the sale of 3,879,818 shares of the Company, representing its entire shareholding, *i.e.*, 8.56%, of the share capital of the Company, through a private placement with institutional investors via an accelerated book building process (the "**Share Placement**"). The price of the Share Placement was equal to EUR 75.94 per share.

As part of the Share Placement, the Company repurchased 2,200,000 shares representing approximately 4.9% of the share capital of the Company, at a price equal to the price of the Share Placement (the "**Repurchase**"). The Repurchase has been completed pursuant to the share buyback program approved by the general shareholders' meeting held on May 27, 2015.

Following completion of the Share Placement and the Repurchase, on May 23, 2016, the Company cancelled the 2,200,000 shares that had been repurchased, together with 500,542 treasury shares it already held, *i.e*., 2,700,542 shares in aggregate, representing 6.33% of the share capital of the Company following the cancellation.

Following such transactions, the Allianz group's aggregate shareholding was reduced from 67.80% to 63.00% of the share capital and theoretical voting rights of the Company.

On November 27, 2017, the Offeror announced its intention to file a simplified cash tender offer for the shares of the Company at a price of 122 euros per share (the "**Initial Offer**").

Between the announcement and the clearance of the Initial Offer, the Allianz group successively acquired 6,388,392 shares representing 14.98% of the share capital and theoretical voting rights of the Company at a price of 122 euros per share. As a result of the completion such transactions, the aggregate shareholding

4 Please refer to Section 1.1.1 of the Draft Offer Document.

of the Allianz group increased from 63.00% to 77.98% of the share capital and theoretical voting rights of the Company[5].

The Initial Offer, cleared by the AMF on January 11, 2018[6], was open between January 15, 2018 and February 13, 2018.

Following the Initial Offer, the aggregate shareholding of the Allianz group was increased to 92.43% of the share capital and theoretical voting rights of the Company[7]. The Allianz group subsequently acquired 612,753 shares representing 1.44% of the share capital and theoretical voting rights of the Company on the market at a price of 122 euros per share[8].

As a result of the completion of such transactions, as of the date of the filing of this Draft Response Offer Document and to the Company's knowledge, the Allianz group holds 40,024,315 shares representing 93.86% of the share capital and theoretical voting rights of the Company and the minority shareholders hold 1,998,131 shares representing 4.69% of the share capital and theoretical voting rights of the Company[9].

1.2.2 Company's shares and voting rights allocation

As of the date of the filing of this Draft Response Offer Document, and to the Company's knowledge, the Company's share capital and voting rights are held as follows:

Shareholders	**Number of shares**	**% of the share capital**	**Number of theoretical voting rights**	**% of the theoretical voting rights**
Allianz France[10]	26,864,230	63.00%	26,864,230	63.00%
Allianz SE	12,723,933	29.84%	12,723,933	29.84%
Allianz Argos 14 GmbH[11]	436,152	1.02%	436,152	1.02%
Offeror total	**40,024,315**	**93.86%**	**40,024,315**	**93.86%**

5 Without taking into account the 619,189 treasury shares of the Company.

6 D&I No. 218C0086 of the AMF dated January 11, 2018. The terms and conditions of the Initial Offer are described in the Offeror's offer document (*note d'information*), on which the AMF affixed visa No. 18-010 dated January 11, 2018, and in the Company's response offer document (*note en réponse*), on which the AMF affixed visa No. 18-011 dated January 11, 2018.

7 D&I No. 218C0414 of the AMF dated February 14, 2018. Without taking into account the 619,189 treasury shares of the Company.

8 The Offeror directly acquired 176,601 shares representing 0.41% of the share capital and theoretical voting rights of the Company and Allianz Argos 14 GmbH directly acquired 436,152 shares representing 1.02% of the share capital and theoretical voting rights of the Company (please refer to Section 1.1.1 of the Draft Offer Document).

9 Without taking into account the 619,189 treasury shares of the Company.

10 Allianz France SA is held at 99.99% by Allianz Holding France SAS, which in turn is indirectly wholly owned by Allianz SE through Allianz Argos 14 GmbH (please refer to Section 1.1.2 of the Draft Offer Document).

11 Allianz Argos 14 GmbH is wholly owned by Allianz SE (please refer to section 1.1.2 of the Draft Offer Document).

Shareholders	Number of shares	% of the share capital	Number of theoretical voting rights	% of the theoretical voting rights
Treasury shares	619,189	1.45%	619,189	1.45%
Other	1,998,131	4.69%	1,998,131	4.69%
TOTAL	**42,641,635**	**100%**	**42,641,635**	**100%**

1.3 Main terms and conditions of the Offer

1.3.1 Terms of the Offer

As part of the Offer, which will be made under the simplified procedure in accordance with the provisions of Articles 233-1 *et seq.* of the AMF General Regulation, the Offeror irrevocably undertakes to acquire from the shareholders of the Company all of the shares of the Company targeted by the Offer that will be tendered into the Offer, at a price of 122 euros per share, during a period of ten trading days.

It is specified, for the avoidance of doubt, that the Offer price covers the Company shares cum dividend and that, in the event that the ex-dividend date would be prior to the closing date of the Offer (pursuant to, as the case may be, the approval by the Company shareholders' general meeting of a dividend distribution with respect to the 2017 financial year), the Offer price (and the Squeeze-Out indemnity) would be adjusted to take into account the detachment of the coupon.

The attention of the shareholders of the Company is drawn to the fact that the Offer, which is made under the simplified procedure, will not be reopened following the publication of the final result of the Offer.

The Offer is not subject to any condition providing for a minimum number of shares to be tendered in order for it to have a positive outcome. In addition, the Offer is not subject to any authorization with regard to merger control or regulatory authorizations.

The Offeror has announced its intention to request from the AMF, immediately after the publication of the final result of the Offer, pursuant to Articles L. 433-4 III of the French Monetary and Financial Code and 237-14 *et seq.* of the AMF General Regulation, the implementation of the Squeeze-Out in order to acquire the shares of the Company not tendered into the Offer in exchange for a compensation of 122 Euros per Company share, equal to the Offer price, net of costs and fees[12].

It is specified that the conditions for the implementation of the Squeeze-Out are already met as the shares held by minority shareholders (*i.e.*, without taking into account the treasury shares of the Company) represent, on the date of the filing of this Draft Response Offer Document and to the Company's knowledge, less than 5% of the share capital and voting rights of the Company.

It is also specified that the implementation of the Squeeze-Out will result in the delisting (*retrait de la cote*) of the shares of the Company from Euronext Paris.

12 Please refer to Section 1.2.5 and 2.4 of the Draft Offer Document.

1.3.2 Number and type of the securities covered by the Offer

As of the date of this Draft Response Offer Document and to the Company's knowledge, the Offeror holds, acting alone or in concert, directly and indirectly through the companies it controls, 40,024,315 shares and the same number of theoretical voting rights of the Company, representing 93.86% of the share capital and theoretical voting rights of the Company.

Pursuant to Article 231-6 of the AMF General Regulation, the Offer covers all of the existing shares of the Company not held by the Offeror (acting alone or in concert, directly and indirectly through the companies it controls), except for the 619,189 treasury shares of the Company (that the Supervisory Board of the Company decided not to tender into the Offer on March 21, 2018), *i.e.*, a total maximum number of 1,998,131 shares representing, as of the date of this Draft Response Offer Document, 4.69% of the share capital and theoretical voting rights of the Company.

As of the date of the filing of this Draft Response Offer Document, there is no other equity security or any other financial instrument or right giving access, immediately or in the future, to the share capital or the voting rights of the Company.

1.3.3 Conditions of the Offer

The procedure in relation to the tender into the Offer is described in Section 2.5 of the Draft Offer Document.

The terms and conditions of the Squeeze-Out are described in detail in Section 2.4 of the Draft Offer Document.

The indicative timetable of the Offer is described in Section 2.6 of the Draft Offer Document.

The restrictions relating to participation in the Offer and the documents relating thereto (including this Draft Response Offer Document) are described in detail in Section 2.8 of the Draft Offer Document.

The Offer, the Draft Offer Document and this Draft Response Offer Document remain subject to approval by the AMF.

After having ensured that the Offer complies with the applicable laws and regulations, the AMF will publish a clearance decision (*décision de conformité*) relating to the Offer on its website (www.amf-france.org). This clearance decision shall constitute a visa by the AMF of the offer document prepared by the Offeror and of the response offer document prepared by the Company.

Pursuant to the provisions of Article 231-27 of the AMF General Regulation, the response offer document approved by the AMF will be made available to the public. It will be available on the website of the Company (www.fr.eulerhermes.com) and on the website of the AMF (www.amf-france.org). It will also be made publicly available free of charge at the registered office of the Company (1 place des Saisons, 92048 Paris-La Défense Cedex, France) and will be obtainable free of charge by any person who requests it.

In accordance with the provisions of Article 231-28 of the AMF General Regulation, the "Other information" document, relating in particular to the legal, financial and accounting information of the Company, will be filed with the AMF and made available to the public no later than the day prior to the opening of the Offer. It will be available on the website of the Company (www.fr.eulerhermes.com) and on the website of the AMF (www.amf-france.org). It will also be made publicly available free of charge at the registered office of the Company (1 place des Saisons, 92048 Paris-La Défense Cedex, France) and will be obtainable free of charge by any person who should make such request.

A press release will be disseminated in order to inform the public of the manner in which such information will be made available.

Prior to the opening of the Offer, the AMF and Euronext Paris will respectively publish a notice announcing the opening and the timetable of the Offer, as well as a notice setting forth the terms and the timetable of the Offer.

2. REASONED OPINION OF THE SUPERVISORY BOARD REGARDING THE OFFER

In accordance with the provisions of Article 231-19 of the AMF General Regulation, the Supervisory Board of the Company convened on March 21, 2018 in order to review the proposed Offer and issue a reasoned opinion regarding the merits of the Offer for the Company, its shareholders and its employees.

At the time, the Supervisory Board was made up of the following members:

- Mr. Axel Theis, Chairman of the Supervisory Board;
- Mrs. Brigitte Bovermann, Vice-Chairman of the Supervisory Board and member of the Audit, Risk and Compliance Committee and of the Nomination and Remuneration Committee;
- Mrs. Ümit Boyner, independent member of the Supervisory Board;
- Mr. Philippe Carli, independent member of the Supervisory Board and Chairman of the Audit, Risk and Compliance Committee;
- Mr. Nicolas Dufourcq, independent member of the Supervisory Board;
- Mr. Ramon Fernandez, independent member of the Supervisory Board and of the Nomination and Remuneration Committee;
- Mrs. Maria Garaña, independent member of the Supervisory Board;
- Mrs. Marita Kraemer, member of the Supervisory Board;
- Mr. Thomas-Bernd Quaas, independent member of the Supervisory Board and of the Audit, Risk and Compliance Committee, and Chairman of the Nomination and Remuneration Committee;
- Mr. Jacques Richier, member of the Supervisory Board.

All of the members of the Supervisory Board were present or represented, except for Mrs. Maria Garaña and Mr. Jacques Richier, absent and excused.

The following reasoned opinion was unanimously adopted by the independent members of the Supervisory Board present or represented, with the other members not taking part in the vote:

"*Mr. Axel Theis reminds the members of the Supervisory Board that during the meeting held on February 28, 2018, the independent members of the Supervisory Board decided, in the context of the Offer initiated* *by Allianz, to re-establish an ad hoc committee made up exclusively of independent members, namely, Mr. Philippe Carli (as Chairman), Mr. Thomas-Bernd Quaas and Mr. Ramon Fernandez. As a reminder, this ad hoc committee had already been set up in the context of the initial simplified cash tender offer of the Allianz group for the shares of the Company which was open between January 15, 2018 and February 13, 2018 (the "Initial Offer").*

Mr. Axel Theis invites the Chairman of the ad hoc committee to chair the meeting, which Mr. Philippe Carli accepts.

Prior to the meeting, the members of the Supervisory Board received in particular a copy of:

- *The draft offer document of Allianz SE (the "Offeror"), which in particular contains the reasons for the Offer and its terms and conditions, the intentions of the Offeror and the items serving as a basis for the assessment of the price of the Offer prepared by Rothschild Martin Maurel and Société Générale, acting as presenting banks for the Offer (the "Draft Offer Document");*

- *The draft response offer document of the Company (the "Draft Response Offer Document");*

- *The further fairness opinion (attestation complémentaire) drawn up by Finexsi, appointed as independent expert (the "Independent Expert"), regarding the financial conditions of the Offer and the Squeeze-Out.*

Mr. Philippe Carli informs the members of the Supervisory Board that they have been convened, in particular, in order to review the proposed Offer which is expected to be filed by the Offeror with the French Financial Markets Authority (Autorité des marchés financiers, the "AMF") on this day.

Mr. Philippe Carli recalls that following the Initial Offer (at a price of 122 euros per share), the aggregate shareholding of the Allianz group in the share capital of the Company has been increased to 39,411,562 shares representing 92.43% of the share capital and theoretical voting rights of the Company.

Mr. Philippe Carli also recalls that following the Initial Offer, the Allianz group acquired on the market at a price of 122 euros per share 612,753 shares representing 1.44% of the share capital and theoretical voting rights of the Company (the "Additional Acquisitions").

Lastly, Mr. Philippe Carli recalls that as a result of the Initial Offer and the Additional Acquisitions, the Allianz group currently holds 40,024,315 Company shares representing 93.86% of the share capital and theoretical voting rights of the Company. Thus, minority shareholders (i.e., without taking into account the 619,189 treasury shares of the Company) currently hold 1,998,131 shares representing 4.69% of the share capital and theoretical voting rights of the Company.

Mr. Philippe Carli then reminds the members of the Supervisory Board of the main terms of the proposed Offer:

- *The Offer provides for a price of 122 euros per Company share, such price remaining unchanged compared to the price paid by the Offeror as part of the Initial Offer and the Additional Acquisitions. It represents a premium of +20.7% over the closing price on November 24, 2017 (i.e., the day prior to the announcement of the Initial Offer), and of +22.9%, +22.2% and +30.8% respectively, over the three, six and twelve-month volume weighted average share prices as of the same date. The Offer price exceeds the price objectives of analysts covering the Company as of the same date;*

- *The Offer covers all of the existing shares of the Company that are not held by the Offeror (directly or indirectly, alone or in concert), except for the 619,189 treasury shares held by the Company;*

- *The Offeror has announced its intention to implement a Squeeze-Out immediately following the Offer, it being specified that the conditions for the implementation of the Squeeze-Out are already met as the shares held by minority shareholders (i.e., without taking into account the treasury shares held by the Company) represent less than 5% of the share capital and voting rights of the Company. The implementation of the Squeeze-Out will result in the delisting (retrait de la cote) of the Company shares from Euronext Paris.*

Mr. Philippe Carli informs the members of the Supervisory Board that pursuant to the provisions of Article 231-19 of the AMF General Regulation, the Supervisory Board is required to issue a reasoned opinion regarding the consequences of the Offer for the Company, its shareholders and its employees.

A. The Supervisory Board acknowledges the intentions of the Offeror set forth in the Draft Offer Document and examines the consequences of the Offer for the Company.

In this regard, the Supervisory Board notes that:

- *The Draft Offer Document states that "[s]ince Euler Hermes is already being part of the Allianz group, the Offeror does not anticipate, as a result of the Offer, any change in the industrial and financial policy and strategic orientations currently implemented by Euler Hermes, beyond ordinary course of business";*

- *The Draft Offer Document also states that "as the Offer, which will be immediately followed by a Squeeze-Out, will result in the delisting of the shares of the Company from Euronext Paris, changes in the legal form and in the composition of corporate bodies of the Company could be contemplated"; and*

- *the Offeror has announced its intention to implement a Squeeze-Out and to have the shares of the Company delisted immediately following the Offer, it being noted that the conditions for the implementation of the Squeeze-Out are already met. As a result of the delisting of the shares of the Company from Euronext Paris, the Offer followed by the Squeeze-Out will allow the Company to be released from regulatory and administrative constraints related to the admission of its shares to trading and, therefore, to reduce the related costs. Such operation would also allow to simplify the functioning of the Company in the future.*

B. The Supervisory Board then examines the consequences of the Offer for the shareholders of the Company.

Mr. Philippe Carli reminds the members of the Supervisory Board that during its meeting held on February 28, 2018, the Supervisory Board, pursuant to the provisions of Articles 261-1, I and II of the AMF General Regulation, appointed Finexsi, represented by Mr. Olivier Péronnet, as Independent Expert, it being specified that only the independent members of the Supervisory Board took part in the vote.

Mr. Philippe Carli further reminds the members of the Supervisory Board that the mission of the Independent Expert involved drawing up a further fairness opinion regarding the financial conditions of *the Offer and the Squeeze-Out, pursuant to the provisions of Articles 261-1 et seq. of the AMF General Regulation.*

Mr. Philippe Carli indicates that the Independent Expert has submitted its further fairness opinion to the members of the Supervisory Board, and invites the Independent Expert to present the findings of its further fairness opinion to the Supervisory Board.

The Supervisory Board acknowledges the findings of the Independent Expert which state that "the Offer price and planned compensation within the framework of the squeeze-out of €122.0 per share offered are each fair from a financial point of view for the shareholders of Euler Hermes".

C. The Supervisory Board reviews the consequences of the Offer for the employees of the Company.

In this regard, the Supervisory Board notes that the Draft Offer Document confirms that:

- *Since Euler Hermes is already part of the Allianz group, the Offeror does not expect, as a result of the Offer, any particular impact on the Euler Hermes group's workforce, employment policy or human resources relationships; and*

- *Allianz intends to maintain Euler Hermes' operational headquarters in France.*

D. Mr. Philippe Carli, as Chairman of the ad hoc committee, shares the observations of the ad hoc committee and the latter's recommendation regarding the Offer with the Supervisory Board.

Mr. Philippe Carli indicates that, prior to the meeting of the Supervisory Board held on this day, the ad hoc committee has ensured that the Independent Expert has been provided with all of the relevant information required for the completion of its mission, and that it was able to carry out its work in satisfactory conditions.

The ad hoc committee met with the Independent Expert on March 20, 2018 in order to review the terms of the Offer and issue a recommendation based, in particular, on the Draft Offer Document and on the draft further fairness opinion of the Independent Expert.

The ad hoc committee in particular notes the following:

- *the Offer provides for the same conditions as those that were deemed favorable by the Supervisory Board in the context of the Initial Offer, and its price is identical to that of the Additional Acquisitions;*

- *the price of the Offer has been considered as fair by the Independent Expert.*

Having concluded its work, the ad hoc committee unanimously recommends to the Supervisory Board to find that the Offer is in the interest of the Company, its shareholders and its employees, and to recommend to the shareholders of the Company that they tender their shares into the Offer.

E. The Supervisory Board takes note of the observations of the ad hoc committee and of the favorable opinion of the latter regarding the Offer as well as of the findings of the Independent Expert.

The Supervisory Board acknowledges that:

- *the Offer offers liquidity to minority shareholders under conditions which are identical to those of the Initial Offer and the Additional Acquisitions;*

- *the Offeror has announced its intention to implement a Squeeze-Out and delist the shares of the Company immediately following the Offer, it being noted that the conditions for the implementation of the Squeeze-Out are already met;*

- *as a result, the Offer, fully in cash, allows the minority shareholders of the Company to benefit from immediate and full liquidity under favorable price conditions.*

F. Mr. Philippe Carli informs the members of the Supervisory Board that the Supervisory Board is to decide whether the 619,189 treasury shares, representing 1.45% of the share capital and theoretical voting rights of the Company, will be tendered into the Offer. As a reminder, it had been decided that they would not be tendered into the Initial Offer as it would have generated a significant capital gain taxable in the hands of the Company, and would therefore have had an adverse tax impact. The analysis remains unchanged in the event that the treasury shares were to be tendered into the Offer.

G. The Supervisory Board acknowledges that the Offeror has announced its intention to implement a Squeeze-Out and to have the shares of the Company delisted immediately following the Offer, it being noted that the conditions for the implementation of the Squeeze-Out are already met.

Consequently, the Supervisory Board notes that the RSUs currently vesting will be immediately vested by their beneficiaries, without taking into account the remaining applicable vesting periods, and each RSU will entitle its beneficiary to the payment of a sum of money equal to the average share price of the Company share at the time of the delisting in accordance with the terms and conditions of the RSUs.

The terms and conditions of the RSUs are described in Section 7.9 of the Draft Response Offer Document.

H. The members of the Supervisory Board recall that they have tendered the shares of the Company that they held into the Initial Offer and that they no longer hold any Company share.

Following this presentation, discussions ensue.

After discussion and prior to voting, Mr. Philippe Carli reminds the members of the Supervisory Board that during the meeting held on February 28, 2018, in accordance with best governance practices and the Charter of the Members of the Supervisory Board, the non-independent members of the Supervisory Board undertook to abstain from voting on decisions relating to the Offer and the review and assessment of the Offer.

On the basis of the foregoing, the Supervisory Board, by a unanimous vote of its independent members present or represented, with its other members not taking part in the vote:

- *considers that the Offer is in the interest of the Company, of its shareholders to which it offers immediate and full liquidity under favorable price conditions, and its employees, and accordingly, issues a favorable opinion regarding the Offer and recommends to the shareholders of the Company that they tender their shares into the Offer;*

- *decides that the 619,189 treasury shares, representing 1.45% of the share capital and theoretical voting rights of the Company, will not be tendered into the Offer;*

- *approves the Draft Response Offer Document which was submitted to it, and grants full authority and power to the Chairman of the Board of Management, with the option to delegate, for the purposes of finalizing such document and filing it with the AMF;*

- *grants full authority and power to the Chairman of the Board of Management, with the option to delegate, in order to (i) sign any document relating to the Draft Response Offer Document and to prepare and file with the AMF the document entitled "Other information relating in particular to the legal, financial and accounting characteristics of the Company", (ii) sign any statements required as part of the Offer, and (iii) more generally, take any necessary steps required for the successful completion of the Offer (including the dissemination of any press release required by applicable regulations).”*

3. FURTHER FAIRNESS OPINION OF THE INDEPENDENT EXPERT REGARDING THE OFFER AND THE SQUEEZE-OUT

Pursuant to the provisions of Article 261-1, I, and II of the AMF General Regulation, the Supervisory Board of the Company, on February 28, 2018, by a unanimous vote of its independent members, appointed the firm Finexsi, 14 rue de Bassano, 75116 Paris, to act as independent expert, in order to draw up a further fairness opinion regarding the financial terms of the Offer followed by the Squeeze-Out.

The further fairness opinion drawn up by Finexsi regarding the Offer followed by the Squeeze-Out, dated March 21, 2018, on the basis of which the Supervisory Board issued its reasoned opinion regarding the Offer, is reproduced hereafter.

(*See next page*)

FINEXSI

The following free translation is provided for information purposes only and is not intended to substitute the original French language document entitled "Attestation d'équité – Offre publique d'achat simplifié suivie d'un retrait obligatoire initiée par ALLIANZ SE visant les actions de la société EULER HERMES GROUP SA – 21 March 2018", which is the only legally valid document to which reference may be made.

EULER HERMES

Allianz

FURTHER FAIRNESS OPINION

Simplified tender offer followed by a squeeze-out by ALLIANZ SE for the shares of EULER HERMES GROUP SA

21 March 2018

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Contents

ALLIANZ SE (hereinafter "ALLIANZ" or the "Offeror") currently owns, directly and indirectly via the companies it controls, 93.86% of the share capital and voting rights of EULER HERMES GROUP SA (hereinafter "EULER HERMES" or the "Company")[1] and is planning to acquire the remaining share capital from minority shareholders by means of a Simplified Tender Offer ("*Offre Publique d'Achat Simplifiée*") in cash, immediately followed by a squeeze-out (hereinafter "the Offer"), at a price of €122 per share (hereinafter "the Offer Price").

FINEXSI EXPERT & CONSEIL FINANCIER (hereinafter "FINEXSI") was appointed by the Supervisory Board of EULER HERMES on February 28, 2018 as Independent Expert within the framework of the proposed Offer in order to assess the fairness of the financial terms of the Offer and the subsequent squeeze-out in accordance with the provisions of paragraph 1[2] of Article 261-1 I and Article 261-1 II of the General Regulations of the Autorité des Marchés Financiers ("AMF") as regards the Offer and the squeeze-out.

FINEXSI has previously intervened as independent expert within the framework of the Initial Offer opened on 15 January 2018, and proposed at the same price of €122 per share, for which it had established a fairness opinion dated 21 December 2017.

This report presents our work and conclusions, according to the plan announced above.

[1] After closing on 14 February 2018 of the simplified tender offer submitted on 21 December 2017 (hereinafter the "Initial Offer") and acquisitions of additional shares on the market between 14 February and 22 February 2018 (without taking into account the 619.189 treasury shares).

[2] 1° If the target company is already controlled by the Offeror within the meaning of Article L. 233-3 of the French Commercial Code prior to the Offer being made.

1 About the Offer

1.1 Companies concerned by the Offer

1.1.1 About the offering company

ALLIANZ SE is a European company with its registered office at 28 Königinstrasse, Munich, Germany (80802). It has share capital of €1,169,920,000. Its shares are listed on the Frankfurt Stock Exchange.

It is registered with the Commercial Register of the District Court of Munich under number HRB 164232.

ALLIANZ is the holding company of the ALLIANZ GROUP, Europe's largest insurance group.

1.1.2 About the company whose shares are targeted by the Offer

EULER HERMES GROUP SA is a limited liability company ("*société anonyme*") with a Management Board and a Supervisory Board, with share capital of €13,645,323.20, divided into 42,641,635 shares, all in the same category, admitted to trading in compartment A of EURONEXT PARIS (ISIN CODE: FR 0004254035). The company's registered office is at 1, place des Saisons, 92048 Paris-La-Défense.

The company is registered with the Nanterre Trade and Companies Register under number 552 040 594.

Share capital and voting rights exercisable as at 22 February 2018 break down as follows:

Euler Hermes - Breakdown of share capital as at 22/02/2018

	Number of shares included in share capital and theoretical voting rights (1)	% of share capital	Number of actual voting rights (2)	% of actual voting rights
Allianz France	26 864 230	63,93%	26 864 230	63,93%
Allianz SE	12 723 933	30,28%	12 723 933	30,28%
Allianz Argos 14 GmbH	436 152	1,04%	436 152	1,04%
Total Allianz Group (**)	**40 024 315**	**94,21%**	**40 024 315**	**94,21%**
Treasury stock	**619 189**	**1,45%**		**0,0%**
PUBLIC (bearer shares)	**1 998 131**	**4,69%**	**1 998 131**	**4,75%**
Total shares	**42 641 635**	**100,0%**	**42 022 446**	**100,0%**

(1) Including treasury shares
(2) Excluding treasury shares
Source: Draft Offer Document

EULER HERMES GROUP SA is the holding company of EULER HERMES, world market leader in credit insurance.

1.2 Background and terms of the Offer

The following information concerning the reasons for the Offer are taken from the draft offer document ("*note d'information*") of 21 March 2018 prepared by the Offeror, to which reference should be made.

1.2.1 Background and reasons for the Offer

1.2.1.1 *Recent history of the Offeror's investment holding*

On 31 December 2015, the ALLIANZ group, via ALLIANZ VIE and ALLIANZ FRANCE, held 30,744,048 shares in EULER HERMES, representing 67.8% of the Company's share capital and theoretical voting rights.

1.2.1.1.1 Private placement, buyback and cancellation of shares

On 19 May 2016, ALLIANZ VIE announced that it had sold 3,879,818 shares in the Company, representing its entire stake, or 8.56% of the Company's share capital, by means of a private placement with institutional investors at a price of €75.94 per share.

Within the framework of this placement, EULER HERMES bought back 2,200,000 of its own shares, representing around 4.9% of the Company's share capital, and then on 23 May 2016 cancelled the 2,200,000 shares bought as well as 500,542 of its own shares already held, equal to a total of 2,700,542 shares representing 6.33% of the Company's share capital after cancellation.

As a result of these transactions, the total stake held by the ALLIANZ group was reduced from 67.80% to 63.00% of the Company's share capital and theoretical voting rights.

1.2.1.1.2 Acquisition of shares off-market and simplified tender offer

On 24 November 2017, ALLIANZ ARGOS 14 GMBH– wholly owned by ALLIANZ – signed agreements to purchase shares with two shareholders – namely SILCHESTER INTERNATIONAL INVESTORS LLP and KILTEARN PARTNERS LLP (hereinafter "SILCHESTER" and "KILTEARN")- representing a total of 11.34% of the share capital and theoretical voting rights of EULER HERMES for €122 per EULER HERMES share, without any price or price clause. The 4,837,536 shares bought by ALLIANZ ARGOS 14 GMBH were transferred to ALLIANZ SE on 22 December 2017.

On 21 December 2017, ALLIANZ submitted a simplified tender offer under which ALLIANZ proposed to shareholders of EULER HERMES buying all of their EULER HERMES shares at a price of €122 per share (hereinafter the "Initial Offer").

On 27 December 2017, after submission of the Initial Offer and in accordance with article 231-28 of the AMF General Regulations, ALLIANZ acquired 1,550,856 EULER HERMES shares off-market at a unit price of €122 per share.

Upon closing of the Initial Offer, ALLIANZ held, directly and indirectly via ALLIANZ FRANCE, 39,411,562 EULER HERMES shares, representing 92.43% of share capital and theoretical voting rights in the Company[3].

[3] It being specified that EULER HERMES held 619,189 treasury shares, equal to 1.45% of share capital.

1.2.1.1.3 Acquisition of additional shares on the market

Since closing of the Initial Offer and up to 22 February 2018 inclusive, ALLIANZ has acquired on the market, directly and indirectly via ALLIANZ ARGOS 14 GMBH, 612,753 additional EULER HERMES shares at a price of €122 per share, representing 1.44% of EULER HERMES' share capital and voting rights.

As a result, the ALLIANZ group's stake has been increased to 40,024,315 EULER HERMES shares (not taking into account the 619,189 treasury shares), representing 93.86% of EULER HERMES' share capital and voting rights.

As at February 23rd, 2018, the number of EULER HERMES shares held by minority shareholders (excluding the 619,189 treasury shares owned by the Company) therefore stands at 1,998,131 shares, representing 4.69% of EULER HERMES' share capital and theoretical voting rights.

As EULER HERMES' minority shareholders already account for less than 5% of EULER HERMES' share capital and voting rights, ALLIANZ announced on 23 February 2018, as an extension of its Initial Offer, its intention to submit the current Offer at an identical price of €122 per share, immediately followed by a squeeze-out, subject to a payment equal to the Offer price net of all costs and fees.

1.2.1.2 *Reasons for the Offer*

"Euler Hermes is the leading global trade credit insurer and a core component of the Allianz group's global lines business. Underwriting excellence proven through the cycle, risk analysis and integrated global structure together with a strong and experienced management team provides the basis for its continuing development in trade credit insurance, bonding and selected other specialties.

Increasing ownership in Euler Hermes is therefore a logical step for Allianz to deploy capital in strategic businesses delivering solid operating performance, and to strengthen positions in core home markets and in property and casualty in particular.

The aim of the Offer, which will be immediately followed by a Squeeze-Out, is to withdraw the Company from the stock market. It also presents a number of advantages both for the Offeror and the Company, insofar as a transaction of this kind would enable the Company to free itself from the regulatory and administrative constraints relating to the listing of its shares, and therefore reduce the associated costs. A transaction of this kind would also help to simplify the future running of the Company."

1.2.1.3 *Agreements that may have a significant impact on the appraisal of the Offer or its outcome*

The draft offer document of 13 March 2018 states:

"As of the date of filing of this draft offer document, the Offeror is not party to any agreement likely to have a significant impact on the assessment of the Offer or its outcome, and the Offeror is not aware of the existence of such agreement, except for the agreements described in Section 1.1.1 of this draft offer document."

1.2.2 Offeror's intentions for the next 12 months

1.2.2.1 *Strategy, business and financial policy*

"Since Euler Hermes is already being part of the Allianz group, the Offeror does not anticipate, as a result of the Offer, any change in the industrial and financial policy and strategic orientations currently implemented by Euler Hermes, beyond ordinary course of business."

1.2.2.2 *Composition of Euler Hermes' management bodies and executive management*

"Insofar as the Offer, which will be immediately followed by a Squeeze-Out, will result in the Company's shares being delisted from Euronext Paris, there may be changes concerning the legal form and composition of the Company's management bodies."

1.2.2.3 *Intentions concerning employment*

"Since Euler Hermes is already being part of the Allianz group, the Offeror does not expect, as a result of the Offer, any particular impact on the Euler Hermes group's workforce, employment policy or human resources relationships. In particular, Allianz intends to maintain Euler Hermes' operational headquarters' location in France."

1.2.2.4 *Dividend payout policy*

"Allianz reserves the possibility to review Euler Hermes' dividend distribution policy upon completion of the Offer in accordance with law and the Company's articles of association, as well as according to the Company's distribution capacity and financing requirements."

1.2.2.5 *Squeeze-out – Delisting*

"As of the date of this draft offer document, as the shares not held by Allianz, directly or indirectly via companies in controls (excluding the 619,189 treasury shares owned by Euler Hermes), do not represent more than 5% of Euler Hermes' share capital and voting rights, Allianz shall ask the AMF immediately after the definitive results of the Offer are published, for the implementation of a Squeeze-Out in order to allow for the transferal of shares not presented to the Offer for payment of €122 per Euler Hermes share, equal to the Offer price, net of all costs and fees.

It is specified that the Squeeze-Out will result in the Company's shares being delisted from Euronext Paris."

1.2.2.6 *Merger intentions*

"Insofar as the Offer will be immediately followed by a Squeeze-Out, the Offeror is not planning a merger with the Company."

1.2.2.7 *Synergies – Economic benefits*

"Euler Hermes belonging to the Allianz group since 1998, except for the saving of listing costs that shall result from the delisting of the shares of the Company from Euronext Paris due to the implementation of a Squeeze-Out, no synergies are expected from the Offer since the Offeror does not anticipate any change in the strategy and the operating model of Euler Hermes, beyond ordinary course of business."

2 Statement of independence

FINEXSI EXPERT & CONSEIL FINANCIER and its partners,

- are independent within the meaning of Articles 261-1 et seq. of the AMF's General Regulations and in this respect are able to issue a statement of independence as set out in Article 261-4 of the AMF's General Regulations, and do not present any conflicts of interest as mentioned in Article 1 of AMF instruction 2006-08;
- have the human and material resources required to fulfil their assignment, as well as insurance or sufficient financial resources relative to the potential risks of this assignment.

Outside its intervention as independent appraiser within the framework of the Initial Offer and the current Offer that constitutes an extension thereof, FINEXSI EXPERT & CONSEIL FINANCIER confirms that it has no known past, present or future links to the persons concerned by the Offer and their advisors that may affect its independence and the objectiveness of its judgement within the framework of this assignment.

3 Procedures performed

Details of the procedures performed are provided in the Appendix 1.

FINEXSI has previously intervened as independant expert within the framework of the Initial Offer opened on 15 January 2018, and proposed at the samed price of €122 per share, for which it had established a fairness opinion dated 21 December 2017. Based on our work, we concluded that the Offer Price of €122 per EULER HERMES share was fair.

Given this context, our work consisted in analyzing the subsequent events, which include the publication of the 2017 annual accounts, in order to assess their impact in our analysis and observations, so as to deliver an assessment on these updated bases.

In addition to the procedures performed within the framework of the Initial Offer, as described in our fairness opinion of 21 December 2017, additional procedures performed consisted primarily of:

- Detailed familiarisation with the proposed Offer, followed by a Squeeze-Out, its terms and the specific context;
- Familiarisation with the results of the Initial Offer;
- Reviewing the terms of the acquisition of the 612,753 EULER HERMES shares, representing 1.44% of its share capital, completed at the closing of the Initial Offer and prior to the Offer, in the light in particular of the principle of equal treatment of different shareholders;
- Reviewing the 2017 consolidated financial statements published by EULER HERMES and their analysis with the Company's management;
- Determining and implementing a multicriteria valuation approach for EULER HERMES and reviewing the positioning of the offer price relative to the results obtained from different valuation criteria;
- Critical analysis of the appraisal report prepared by the presenting banks for the Offer (ROTHSCHILD MARTIN MAUREL (hereinafter “ROTHSCHILD”) and SOCIÉTÉ GENERALE);
- Additional procedures required in the event of the implementation of a squeeze-out by ALLIANZ;
- Review of the remarks formulated by a minority shareholder, as detailed hereafter;
- The obtaining of a letter of affirmation on certain specific points, both from the Offeror and from the target company;
- Preparing a further fairness opinion setting out the work done by the Independent Expert, the valuation of the EULER HERMES shares and its opinion on the fairness of the price offered within the framework of the Offer, followed by a Squeeze-Out under identical terms.

As part of our assignment, we have familiarised ourselves with accounting and financial information (financial statements, press releases etc.) prepared by the Company for the last few financial years.

We have performed diligence checks on the legal documentation made available to us within the strict limitations of our duties and with the sole purpose of collecting information useful to our assignment.

With regard to analogical valuation methods (transaction and stock market valuations), we have reviewed publicly available information on comparable companies and transactions from our financial databases.

Lastly, we have familiarised ourselves with the work done by ROTHSCHILD and SOCIÉTÉ GÉNÉRALE as presented in their "Multi-criteria valuation analysis" dated March 2018 and summarised in the offer document, and discussed their work with them.

A quality review was performed by Olivier COURAU, Partner, who was not involved in this case.

4 Limits

To fulfil our assignment, we have used the public documents and information provided to us by EULER HERMES and its advisors, as well as by ROTHSCHILD and SOCIÉTÉ GÉNÉRALE as the banks presenting the Offer. These documents were considered to be accurate and exhaustive and were not subject to any particular verifications. We did not seek to validate the historic and forward-looking data used, having checked only the plausibility and the consistency of this information, and which was only collected for the strict purposes of our assignment. Our role was not to perform an audit of the financial statements, contracts, litigation and any other documents provided to us.

5 About EULER HERMES

5.1 History of EULER HERMES

EULER HERMES is the world’s largest credit insurance group, with operations in over 50 countries. The group was formed from the merger between EULER SFAC in France and HERMES KREDITVERSICHERUNGS-AG (“HERMES”) in Germany.

Following the 1929 financial crisis and the collapse of FRANKFURTER ALLGEMEINE VERSICHERUNGS AG, HERMES – a German credit insurance company founded in 1917 – became the only German insurance company present in the sectors of cargo insurance, insurance for payments in instalments and export credit insurance.

Société Française d’Assurance Crédit (SFAC) was founded in 1927 by a number of insurance companies, including ASSURANCES GÉNÉRALES, which later became AGF. SFAC developed its international presence by means of acquisitions and became EULER in 1997.

ALLIANZ became majority shareholder of HERMES in 1997. In 1998, the company also became shareholder of AGF, which is a shareholder of EULER.

On 27 April 2000, EULER was admitted to trading on the Premier Marché of EURONEXT PARIS. In 2002, ALLIANZ and AGF merged their respective credit insurance subsidiaries, with the acquisition of HERMES by EULER. In 2003, the newly formed group and all of its subsidiaries adopted the name EULER HERMES.

EULER HERMES developed its international presence, primarily with the help of partnerships and joint ventures, and clarified its governance structure in 2009 with a new, more integrated structure with the help of the “One Euler Hermes” project.

In 2011, EULER HERMES combined 12 of its subsidiaries within a single insurance company, EULER HERMES EUROPE SA, based in Brussels. In 2014, EULER HERMES GERMANY and EULER HERMES FRANCE merged to form a company under Belgian law, EULER HERMES SA (formerly EULER HERMES EUROPE SA).

5.2 EULER HERMES'S ACTIVITIES

The group's activities are organised around three main business lines:

- ***Credit insurance and recovery (84.6% of 2017 revenues)*:** these insurance products and services allow for the management of commercial and political risks that are outside the control of a company. Credit insurance protects companies against the risk of non-payment of their debts in the case of credit transactions. The group also offers its clients services for the recovery of unpaid debts.

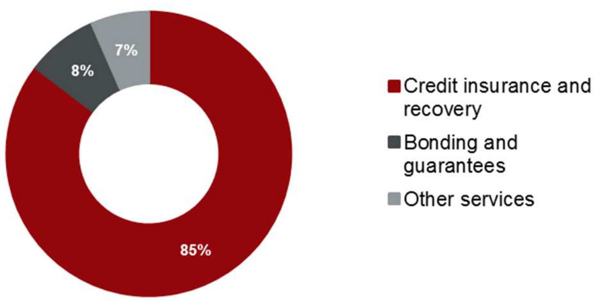
- ***Bonding and guarantees (8.3% of 2017 revenues)*:** guarantees cover the beneficiary with regard to third parties for several types of risk, ensuring that the contracting party will fulfil their obligations under an agreement (or the insured party against failure to carry out the commitment).

- ***Other services (7.1% of 2017 revenues):***

    - Fraud insurance: covers financial losses caused by fraudulent acts by employees, temporary staff or external service providers. This tool can also be used to insure companies against specific risks such as losses relating to the divulging of professional secrets, contractual compensation or losses caused by the intrusion of third parties into clients' IT systems.

    - Reinsurance: via its reinsurance subsidiary EULER HERMES REINSURANCE AG (EH RE), the group offers reinsurance services to its clients, some ALLIANZ entities and some of its subsidiaries in which it does not hold a majority stake.

Euler Hermes - 2017 revenues by activity



Source: Euler Hermes

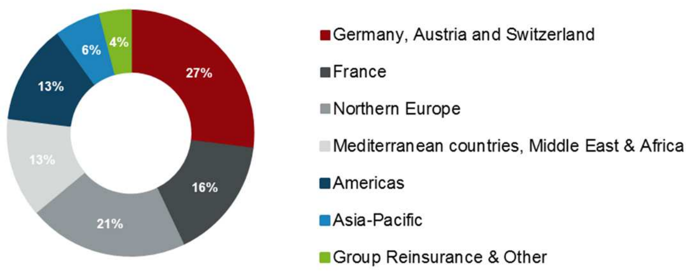
In 2017, the group generated more than two-thirds of its revenues in Europe, a region characterised by low claims rates as well as severe pressure on prices due to a very competitive market.

The Group also undertakes targeted initiatives depending on the region and long-term growth opportunities by means of strategic distribution partnerships:

- creation of the Solunion joint venture with MAPFRE for expansion in Spain and Latin America;
- formation of a worldwide distribution partnership with HSBC;
- distribution joint venture with CHINA PACIFIC PROPERTY INSURANCE COMPANY (CPPIC), allowing for an improved response to the needs of Chinese and foreign businesses and business owners.

It should be noted that on 1 July 2017, the group acquired the remaining 33% of German export credit agency operations from PwC GmbH and 100% of German untied loan guarantee operations. The contractual purchase price of €70.2m was recognised under intangible assets. There have not been and there are no plans for other major acquisitions according to the information brought to our attention.

Euler Hermes - 2017 revenues by region



Source : Euler Hermes

The group has a diversified client portfolio. The sectors to which EULER HERMES is most exposed are construction (12.9%), retail (12.8%) and food manufacturing (12.4%).

At the end of 2017, the group had a total of 5,843 employees and operations in over 50 countries.

5.3 Summary financial information

The consolidated financial statements for 2013 to 2016 have been certified by EULER HERMES' statutory auditors, KPMG and EXCO PARIS ACE. As of the date of this report, the consolidated financial statements for the year ended 31 December 2017 had been audited and published on the Company's website, but had not yet been certified by the statutory auditors.

EULER HERMES' income statements for the last five years are summarised below:

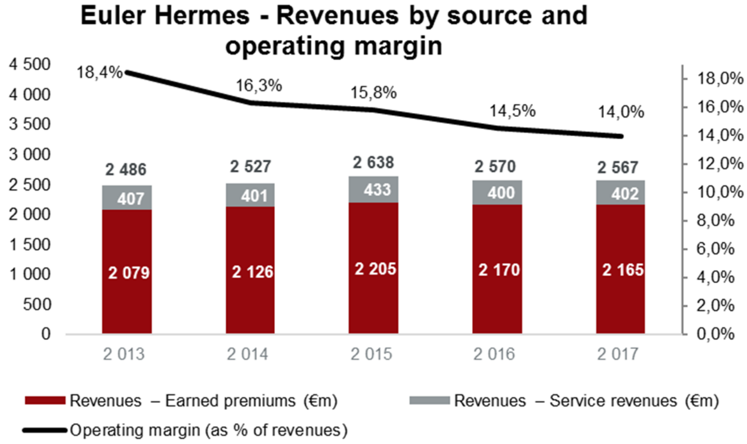
Euler Hermes - Consolidated income statement

€m		31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
Earned premiums		2 079	2 126	2 205	2 170	2 165
Service revenues		407	401	433	400	402
Consolidated turnover		**2 486**	**2 527**	**2 638**	**2 570**	**2 567**
Net investment income		86	85	116	75	87
Other ordinary operating income		22	24	19	18	19
Insurance services expenses		(1 047)	(999)	(1 148)	(1 088)	(1 091)
Net outwards reinsurance income or expenses		(102)	(145)	(100)	(117)	(104)
Contract acquisition expenses		(427)	(453)	(478)	(475)	(473)
Administration & other expenses		(587)	(603)	(629)	(606)	(630)
Current operating income		**431**	**436**	**418**	**377**	**376**
	% of turnover	*17,4%*	*17,3%*	*15,8%*	*14,7%*	*14,7%*
Other operating income and expense		27	(23)	(0)	(3)	(17)
Operating income		459	413	417	373	360
	% of turnover	*18,4%*	*16,3%*	*15,8%*	*14,5%*	*14,0%*
Consolidated net income, Group share		**314**	**302**	**302**	**287**	**315**
	% of turnover	*12,6%*	*12,0%*	*11,5%*	*11,2%*	*12,3%*
Net technical result		***345***	***351***	***301***	***302***	***289***
Net claims ratio [(1)]	*[A]*	*50,5%*	*48,8%*	*53,3%*	*52,2%*	*52,6%*
Net cost ratio [(2)]	*[B]*	*24,8%*	*26,6%*	*26,8%*	*27,6%*	*27,9%*
Net combined ratio	***[A]+[B]***	***75,3%***	***75,4%***	***80,1%***	***79,8%***	***80,5%***
ROE [(3)]		***12,7%***	***11,7%***	***11,1%***	***10,9%***	***11,6%***

[(1)] Net claim costs (gross claim costs less claims ceded to reinsurance) divided by premiums earned net of premiums ceded to reinsurance.
[(2)] Sum of contract acquisition expenses, administration expenses, other underwriting income and expenses minus premium-related revenues and reinsurance commission fees relative to earned premiums after deduction of rebates granted to
[(3)] Net income, Group share divided by equity (excluding minority interests)

Source: Euler Hermes 2013 to 2016 Registration Documents and Euler Hermes draft Registration Document for 2017

The development over five years of its sources of revenue (insurance premiums earned and premium-related revenues) and total operating margin[4] generated are shown in the chart below:



Source: Euler Hermes Registration Documents

<u>2017 revenue</u> was 0.1% lower than in 2016, but up 0.4% at constant scope and at constant exchange rates. More specifically, premiums earned increased by 0.7% at constant exchange rates thanks to satisfactory business activity, while new business came to €317m (vs. €307m in 2016). The retention rate[5] improved by 2 points and volumes insured were positive.

In terms of regions, France, Northern Europe and the United States saw growth in premiums, while Germany remained stable. Asia was affected by policies being terminated, while performances in Mediterranean countries and the Middle East weakened in relative terms.

Revenue rose by €81m between 2013 (€2,486m) and 2017 (€2,567m), with a peak of €2,683m in 2015. Between 2013 and 2015, revenue growth was driven primarily by international expansion (particularly in the United States and emerging markets). In 2016, revenues fell by 2.6% due to the reduction of current limits in emerging countries, unfavourable exchange rates and the sale of joint venture BÜRGEL in early 2016[6], which represented premium-related revenues of €39.1m in 2015.

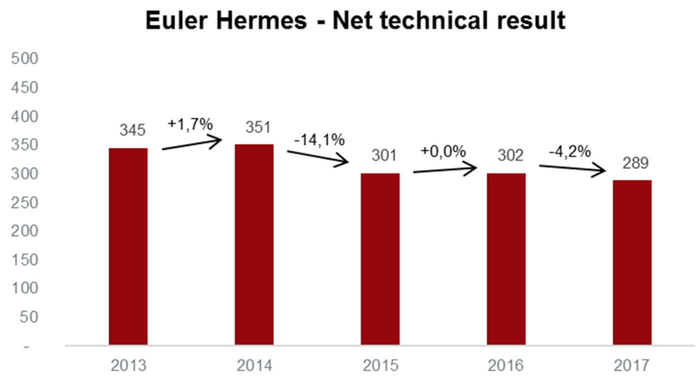
<u>Net technical result</u>[7] decreased by €57m between 2013 (€345m) and 2017 (€289m), following a peak of €351m in 2014, representing a five-year low. The sharp decline in this indicator between 2014 and 2015 of 14.1% was due to the 14.2% increase in net claims costs.

[4] Operating income/consolidated revenue.

[5] The retention rate is equal to the ratio of net premiums received to gross premiums received and expresses the percentage of customers that remained from one year to the next. This ratio is therefore an indicator of their loyalty and allows for measurement of the profitability of initatives by the company to win new customers.

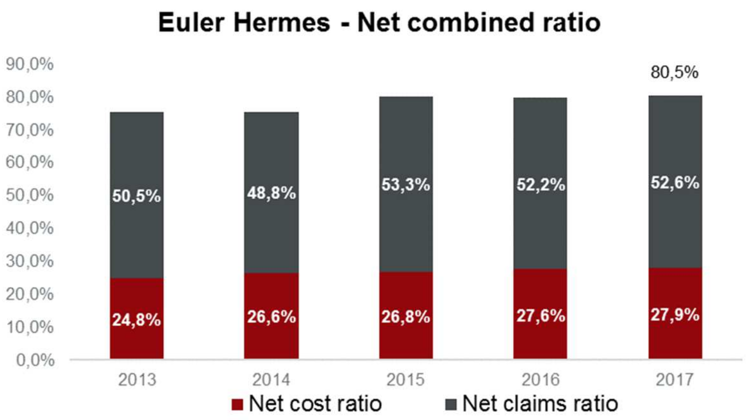
[6] The sale to Italian group CRIF was finalised on 26 February 2016. The amount of the sale net of cash transferred was €34.4m and the capital gain net of tax was €22.4m.

[7] Current operating income before investment income net of charges.



Source: Euler Hermes Registration Documents

EULER HERMES' <u>net combined ratio</u> – corresponding to the sum of the net costs ratio and the net claims ratio – has been between 75.3% and 80.5% for the last five years, and reached 80.5% in 2017 (vs. 79.8% in 2016). These ratios attest to a strong operating performance (control and correct pricing of risks insured and management costs) compared with the non-life insurance sector, for which the average ratio for the same period was around 93% (85% for COFACE and 90% for GRUPO CATALANA OCCIDENTE, its main rivals in the credit insurance sector)[8].



Source: Euler Hermes Registration Documents

As we will mention below, the activity is cyclical depending in particular on the general economic environment. In this context, the net combined ratio has been in a range of 68.6% to 104.7% over the last 10 years, with an average of 80.6%.

In 2016, EULER HERMES launched a number of initiatives to optimise its costs, including "Alchemy" and "One Finance", intended to streamline back office activities in Northern Europe and the Group's accounting and financial procedures, as well as a three-year transformation programme ("Accelerate") focusing on client priority, digitisation and technical excellence, in order to be in a position to take on future challenges.

[8] Capital IQ and FINEXSI analysis.

The average net claims ratio[9] for the last five years is 51.5% thanks to good risk selection and pricing.

This ratio, which results directly from premiums received and claim costs, depends largely on occurrences of defaults and therefore the economic cycle, and as such is highly cyclical in nature.

In 2017, the ratio increased by 0.4 points relative to 2016, but remains below the ratio observed in 2015. However, the frequency of claims remains low, attesting to the solidity of the business model and effectiveness in terms of risk management, allowing the Group to absorb reserves booked in respect of potential claims without damage[10].

The net cost ratio[11] increased slightly over a period of five years due to higher staff costs and brokerage fees. In 2017, the ratio was 27.9%, 0.3 points higher than in 2016, following an increase of 0.8 points in 2016. Savings resulting from efforts to improve productivity are used to finance the group's digital initiatives[12].

Euler Hermes - 10-year combined ratio

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Average 2007-2016
Cost ratio	19,1%	22,6%	26,5%	24,8%	22,9%	24,8%	26,6%	26,8%	27,6%	27,9%	25,0%
Claims ratio	78,1%	82,1%	42,1%	45,1%	51,7%	50,5%	48,8%	53,3%	52,2%	52,6%	55,7%
Net combined ratio after reinsurance	***97,2%***	***104,7%***	***68,6%***	***69,9%***	***74,6%***	***75,3%***	***75,4%***	***80,1%***	***79,8%***	***80,5%***	***80,6%***

Source: Euler Hermes Registration Documents

Over a 10-year period, between 2008 and 2017, and covering an entire economic cycle, the average net combined ratio was 80.6%.

Return on investments[13] stands at around 2% for the last five years, with a minimum of 1.7% in 2016, against the backdrop of interest rates at an all-time low. The increase in returns on financial products in 2017 was primarily due to a favourable currency effect. The decline in returns between 2005 and 2016 was also due to the recomposition of the portfolio made necessary by Solvency II[14]: the group has invested in more secure assets that present lower returns.

[9] Net claim costs (gross claim costs less claims ceded to reinsurance) divided by premiums earned net of premiums ceded to reinsurance.

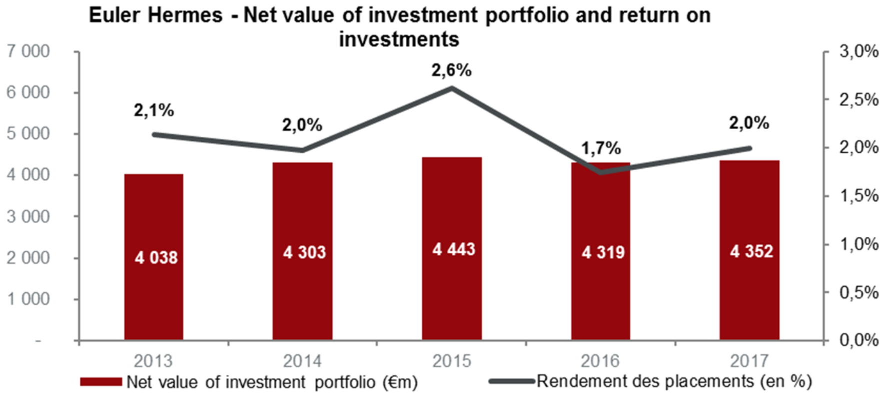
[10] EULER HERMES (9 February 2018), Press release "Euler Hermes 2017 full-year results"

[11] Sum of contract acquisition expenses, administration expenses, other underwriting income and expenses minus premium-related revenues and reinsurance commission fees relative to earned premiums after deduction of rebates granted to policyholders.

[12] EULER HERMES launched a number of digital iniviatives in 2017, including the partnership with Flowcast, the innovative EH Sync portal and the creation of a FPCI fund to invest in innovative companies and primarily in digital initiatives.

[13] Investment income net of costs divided by the net value of the investment portfolio (insurance business investments + investments accounted for by the equity method + net cash).

[14] Cf. § « Regulatory environment » on section 5.4.

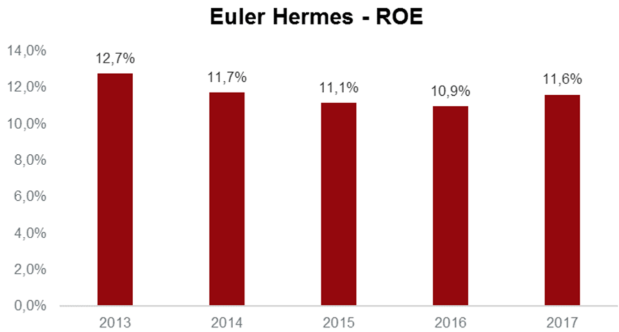


Source: Euler Hermes Registration Documents

The capital gains realized on the investment portfolio are included in the return on instruments indicated above. In general, the realization of capital gains can contribute to the stability of the result, in case of deterioration of the combined ratio.

Return on equity (ROE)[15] was 12.7% in 2013 and 11.6% in 2017 (down -1.1 points between 2013 and 2017).

In 2017, ROE increased by 0.7 points relative to 2016. This increase should be considered in the light of the French Constitutional Court's decision of 6 October 2017 to invalidate the principle of the 3% contribution on dividends paid, resulting in the repayment by the tax authorities of amounts unduly received. 2017 tax income therefore benefited from the recognition of an exceptional repayment of €31m, representing 1.1 points of ROE. Without this measure, ROE would have been 10.5%.



Source: Euler Hermes Registration Documents

It should be noted that ROE ratios for 2013 to 2015 were achieved in a pre-Solvency II environment (see below). Therefore, they are not comparable because they do not take into account the current capital constraints.

[15] Net income, Group share divided by equity (excluding minority interests).

EULER HERMES’ consolidated balance sheet for the last five years is as follows:

Euler Hermes – Consolidated balance sheet

€m	31/12/2013	31/12/2014	31/12/2015	31/12/2016	31/12/2017
Intangible assets	188	221	234	234	316
Total investments	4 474	4 753	4 969	4 682	4 901
Insurance business investments	*3 750*	*3 989*	*4 113*	*3 881*	*4 052*
Investments accounted for under the equity method	*194*	*199*	*193*	*202*	*206*
Share of assignees and reinsurers in technical reserves and financial liabilities	*530*	*564*	*663*	*599*	*644*
Other assets	1 098	1 053	1 049	1 139	1 134
Cash	302	333	345	450	312
TOTAL ASSETS	**6 063**	**6 360**	**6 597**	**6 506**	**6 664**
Total shareholders’ equity	2 528	2 643	2 777	2 673	2 768
Provisions for risks and charges	310	384	365	437	423
Borrowings	262	284	252	254	264
Liabilities related to contracts	2 029	2 177	2 388	2 356	2 421
Other liabilities	933	872	815	786	788
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**6 063**	**6 360**	**6 597**	**6 506**	**6 664**
Dividend per share for the year in € (a)	*4,20*	*4,40*	*4,68*	*4,68*	*4,85*
EPS in € (b)	*7,12*	*6,86*	*6,85*	*6,70*	*7,51*
Dividend payout rate (a) / (b)	***59%***	***64%***	***68%***	***70%***	***65%***
Eligible capital			2 537	2 348	2 401
Solvency capital requirement			1 466	1 414	1 443
Solvency II ratio			***173,1%***	***166,1%***	***166,4%***

Source: Euler HermesRegistration Documents

Insurance business investments concern primarily:

- financial investments comprising bonds available for sale (approx. 79%), shares available for sale (approx. 8%), loans, deposits and other financial investments (approx. 11%).
- investment property representing a net carrying amount of €74m as at 31 December 2017, which includes in particular the group’s former head office on Rue Euler, 60% owned via the EULER HERMES REAL ESTATE fund (OPCI).

At 31 December 2017, the underlying capital gain on the entire portfolio amounted to around €250m, about half of which related to property[16].

EULER HERMES was rated AA- by ratings agency STANDARD & POOR'S, which upgraded its rating to AA on 1 December 2017 after the Offer was announced[17].

The group has maintained an average dividend payout rate of 65% for the last five years, within the range of 60% of 70% stated by the group.

The transition from accounting capital to eligible capital within the meaning of Solvency II is shown below:

Euler Hermes - Eligible capital

(m€)	31/12/2017
Shareholders' equity, Group share	2 716
Cancellation of intangible assets	(285)
Other deductions (non-S II subsidiaries)	(21)
Market value of certain investments	89
Technical reserves and other future profits	187
Risk margin	(82)
Deferred tax	2
Expected dividend	(204)
Eligible capital Q4 2017	**2 401**

Source: Euler Hermes draft 2017 Registration Document

The main adjustments to accounting capital to calculate regulatory capital as at 31 December 2017, representing an amount of €315m, correspond to:

- deductions of intangible assets and expected dividends;
- and revaluations of investments (assets), including in particular unrealized capital gains on investment properties, and technical provisions (liabilities).

The group's target solvency ratio is 160%, with an optimal range of 140% to 170% according to management[18]. At the end of 2017, the ratio was 166.4%, stable relative to the end of 2016 (166.1% vs. 173.1% by the end of 2015, before the share buyback of mid-2016). Note that the solvency ratio is calculated using the internal method for estimating capital requirements under Solvency II (cf. §5.4). This internal model was validated by the supervisory authorities in Belgium in 2015. This allows for the calculation of an estimate of capital required that is more in keeping with the group's risk profile and a considerably improved ratio relative to the standard calculation, which should be taken into account in assessing the target set of 160%, and for comparison with companies using the standard model to calculate the ratio.

[16] The fair value of investment property as stated in the 2017 draft registration document concerns 100% of the value of the building on Rue Euler and therefore includes the share relating to minorities.

[17] Euler Hermes (2017), "Rating" http://www.eulerhermes.us/finance/Pages/rating.aspx.

[18] 2016 annual report, p.127.

5.4 Market and outlook

The insurance sector is divided into two main segments:

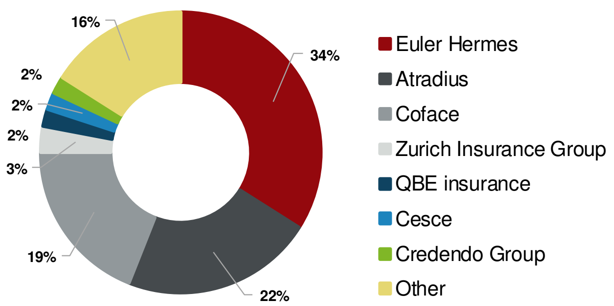
- Life insurance, which concerns the insurance of persons in the case of survival and in the event of death;
- Non-life insurance, which includes all other kinds of insurance: property and casualty insurance (P&C), health insurance, travel and personal accident. Credit insurance comes under the category of P&C.

Credit insurance covers manufacturers, merchants and suppliers of services against the risk of non-payment by buyers (national and exports) of services or products sold on credit. This financial tool covers in particular payment default by the buyer of a contractual debt due to a situation of insolvency, or non-payment of the debt within the required time frame (protracted default).

Credit insurance can also cover the risk of non-payment due to events or circumstances that are outside the control of the buyer. This concerns political or country risks, such as situations of war, public disorder or actions by the government of the buyer's country that prevent the payment of debts or carrying out transactions.

The global credit insurance market is concentrated, with three world market leaders that control 75% of the market: EULER HERMES, ATRADIUS (subsidiary of GRUPO CATALANA OCCIDENTE) and COFACE, which limits in particular opportunities for growth through acquisitions.

Credit insurance: 2016 competitive position



Source: Euler Hermes 2016 Registration Document

EULER HERMES is undisputed market leader with 34% market share in 2016, in a market worth an estimated of approximately €6 billion in terms of insurance premiums[19].

The credit insurance market is most developed in Europe[20]. However, use of credit insurance is developing gradually in other markets, particularly in emerging markets such as Asia-Pacific, which has seen the strongest growth[21].

[19] Source: ICISA.

[20] BPI (28 September 2015), "Credit Insurance".

[21] *Ibid.*

The performance of the credit insurance sector reflects economic cycles. Economic and financial crises result in higher default rates by companies and lower trade receivables due to contraction in trade, which directly impacts the operating performance of credit insurers. Furthermore, changes in interest rates also have a direct impact on insurers' financial results.

However, as regards credit insurance, this impact is more limited than for conventional P&C insurance as claims are settled more rapidly, which limits the amount of financial assets accepted as cover for technical provisions.

In addition, economic cycles also put pressure on prices, as despite the market being concentrated, credit insurers are price takers. Credit insurance companies need to adjust prices according to the quantity of claims and clients' risk perception, which vary depending on economic conditions. Lastly, credit insurers depend to a large extent on insurance brokers for the distribution of their products, which also creates competition between insurers, with brokers looking for the best prices and terms for their clients[22].

The slowdown in worldwide growth and increased competition between the various operators resulted in a decline in the worldwide credit insurance market of 3.4% in 2016 relative to 2015. Against this backdrop, the various operators have entered into fierce price competition, which has impacted their revenue trends and resulted in restructuring plans being implemented.

In 2017, despite a high political risk triggered by protectionist tensions and regional instabilities, the global economy benefited from a robust level of growth, exceeding 3% for the first time in seven years thanks to synchronisation of economic cycles worldwide, and in particular thanks to:

- the United States, where GDP growth was 2.3% compared with 1.5% in 2016;
- Europe, where growth was 2.4%, the highest level in 10 years;
- China, where growth remained at a brisk rate of 6.8%[23].

Lastly, the uncertain economic climate and increased country risk encouraged protectionist policies and local instabilities, and resulted in companies looking to secure their growth even more. The growth drivers for the industry are launches of new products and the confirmed shift towards digitisation.

Real global GDP growth is estimated at 3.75% for 2018, then slowing down gently to 3.6% in 2019[24]. This positive trend can also be seen in international trade, which has been continuing to pick up since the second half of 2016 with real growth of 4.8% following a period of severe slowdown, with real growth rates of 2.7% in 2015 and 2.6% in 2016[25]. This is due to a gradual upturn in Europe – a relatively intensive region in terms of trade volumes in the global economy – and growth in trade in Asia, particularly e-commerce. Furthermore, globally low inflation – particularly in developed economies – is gradually beginning to increase at a moderate pace. In 2017, global inflation is estimated at 1.9% (vs. 1.1% in 2016)[26], against the backdrop of a gradual end to accommodating monetary policy implemented by the main central banks (in particular with the tapering introduced by the European Central Bank[27]).

[22] BPI (28 September 2015), "Credit Insurance".

[23] Source: OECD database

[24] OECD Economic Outlook, Volume 2017.

[25] *Ibid.*

[26] *Ibid.*

[27] Reduction of the ECB's asset purchase programme: https://www.ecb.europa.eu/mopo/implement/omt/html/index.en.html

These first signs of economic recovery constitute a growth driver for the insurance industry, particularly global P&C, which should see growth in premiums earned of +2.5% in 2018 in real terms[28]. Against the backdrop of a gradual upturn in the global economy, the credit insurance market was characterised in 2015 and 2016 by a fall in the number of claims and a downward trend in the number of insolvencies[29]. In France, for example, business failures decreased by an extraordinary amount, and are now at their lowest level in 20 years (fewer than 13,000 cumulative insolvencies in the second quarter of 2017)[30]. However, it should be noted that even though there is a downward trend in the number of insolvencies in Europe in particular, there is an ongoing and generalised rise in insolvencies in Latin America, Africa, Asia-Pacific and North America[31].

Regulatory environment

Companies in the insurance sector operate in a particularly regulated environment with constraints that have been reinforced since the 2008 financial crisis. Each country has developed regulatory frameworks at regional, national or international level that aim to control the risks specific to the insurance market.

In Europe, regulatory reform has been introduced under the name of Solvency II. The aim of this reform is to improve insurers' solvency by increasing their ability to respect their long-term commitments to their customers[32]. This new regulatory framework, which follows Solvency I in the 1970s, has been applicable since 1 January 2016[33].

Solvency II is based on three pillars[34]:

- Pillar I (quantitative requirements): reinforcing capital requirements. Two capital requirements are defined:
    - minimum capital requirement (MCR);
    - solvency capital requirement (SCR), which can be calculated using a standard formula or an internal model[35];

- Pillar II (qualitative requirements): reinforcement of internal control and supervisory requirements by the authorities;

- Pillar III (market discipline): harmonisation of data and communications with the financial markets and policyholders.

[28] Munich RE (2017), "Insurance Market Outlook for 2017/2018".

[29] Euler Hermes Registration Document (2016), p.131.

[30] Les Echos (10 July 2017), "Business failures at their lowest in 20 years".

[31] Euler Hermes Registration Document (2016), p.130.

[32] Xerfi (June 2017), "Insurers in France", p.61.

[33] The introduction of Solvency II was anticipated by the majority of insurance companies during the early 2010s, a period when calibrations changed.

[34] Xerfi (June 2017), "Insurers in France", p.61.

[35] Banque de France, "Solvency II", https://acpr.banque-france.fr/europe-et-international/assurances/reglementation-europeenne/solvabilite-ii.

The quantitative requirements of Pillar I have a significant impact on the activities of insurance companies as a whole, as well as on those of EULER HERMES:

1. The reinforcement of regulatory capital requirements results in a higher need for capital for the same level of business activity, which automatically results in a decline in ROE for insurance companies;

2. Capital requirements depend on the quality of assets held by insurance companies. Due to more stringent requirements in the case of higher risk investments, they have been prompted to concentrate their assets into safer investments (government bonds and, to a lesser extent, property) and turn away from riskier assets (equities, corporate bonds etc.). This phenomenon of securing assets has automatically resulted in lower returns on investments, as well as returns on capital gains.

EULER HERMES was the first credit insurer to have its internal model validated by the supervisory authority (Banque Nationale de Belgique) in November 2015. The implementation of the internal model developed by EULER HERMES enables it to take account of the specific characteristics of the credit insurance market, which could not have been correctly assessed with the use of a standard formula. In other words, this internal procedure gives EULER HERMES greater flexibility in determining the regulatory capital mostly adapted to the risks actually incurred by the society ,than the standard model.

5.5 SWOT analysis

In this context, the strengths and weaknesses of EULER HERMES, as well as the opportunities and threats it faces in its markets, can be summarised in the following chart:

Strengths

- Market-leading position in credit insurance
- High barriers to entry due to regulatory constraints and an oligopolistic market
- Part of the Allianz group, allowing it to benefit from pooling of costs (IT) and a good financial rating (AA)
- Geographically diversified operations. Present in over 50 countries and coverage of more than 130 countries thanks to national and international strategic partnerships.
- Diversified client portfolio covering different business sectors.
- Application of an internal Solvency II model validated by the supervisory authorities, allowing for optimisation of the regulatory capital requirement
- Effective management with combined ratios historically lower than its peers

Weaknesses

- Activity concentrated in Europe, a mature market that accounts for around two-thirds of revenues
- Market presenting significant regulatory constraints
- Concentrated market, limiting acquisition opportunities
- Sensitivity to global economic conditions
- Pricing policies largely dependent on the level of competition between the various operators
- Overdependency on the “credit insurance” division (85% of 2016 revenues), which makes the company vulnerable to the specific risks of this division

Opportunities

- Gradual upturn in worldwide growth: worldwide GDP growth estimated at +3.7% for 2017, +3.75% for 2018 and +3.6% for 2019 (vs. 3.1% in 2016).
- Reactivation of international trade with real growth of 4.8% in 2017 (vs. 2.6% in 2016)
- Reduction in claims and downward trend in the number of insolvencies, particularly in Europe (in France, business failings are at their lowest level in 20 years)
- Potential for expansion in other countries (United States and Asia in particular)
- Potential for development of new products (surety / services)

Threats

- The credit insurance market could be affected by a cyclical / market turnaround effect (as in 2008-09)
- End of central banks’ accommodative monetary policy in the light of signs of recovery
- Changes in rules and regulations by the regulatory authorities
- Uncertainty about the impact of Brexit on European trade after March 2019

6 Valuation of EULER HERMES shares

In accordance with the provisions of Article 262-1 of the AMF’s General Regulations, we have performed our own multi-criteria valuation of EULER HERMES as set out below.

6.1 Valuation methods not used

In the course of our work, we ruled out the following valuation methods:

6.1.1 Consolidated net asset value

Net asset value is generally not considered to be representative of the intrinsic value of a company. It does not factor in the outlook in terms of growth and profitability, or any capital gains on assets.

By way of information, EULER HERMES’ consolidated net asset value as at 31 December 2017 was €2,716,217k, with 42,022,446 shares outstanding (excluding treasury shares), equal to €64.6 per share.

However, as this is a regulatory activity that has to meet requirements in terms of regulatory capital, we shall review the capital multiples of comparable listed companies, as developed below.

6.1.2 Revalued net asset value

The revalued net asset value method consists of correcting the net asset value of unrealised capital gains or losses identified as assets, liabilities or off-balance sheet. This method is frequently used to value companies in certain sectors, such as holding companies and real estate investment companies, and is particularly well suited to companies whose main assets have a value on a market independently and for which acquisitions and disposals constitute their operating process, which is not the case for EULER HERMES.

6.1.3 Discounted cash flow

This method consists of determining the intrinsic value of a company by discounting operating cash flow from its business plan at a rate reflecting the rate of return that the market would require of the company, taking account of an exit value at the end of the plan.

This approach does not take account of the regulatory requirements to which the company is subject and therefore cannot be used. Furthermore, this method would be redundant with the dividend discount method as explained below and which takes into account the regulatory constraints, and therefore more suited to valuing insurance companies.

6.2 Valuation methods used

We adopted a multi-criteria approach, which includes primarily the following references and valuation methods:

- The dividend discount method ("DDM");
- Recent Transactions in EULER HERMES shares;
- Analysis of the EULER HERMES share price;
- Analysts' Target prices;

Secondarily, we shall also look at:

- Analogical approaches based on trading multiples observed on comparable listed companies:
    - net earnings multiples (P/E[36])
    - equity multiples adjusted by profitability (P/BV[37] according to ROE[38]) for comparable listed companies:
- The analogical approach based on multiples of transactions concerning comparable companies.

These methods are detailed below.

6.2.1 DDM (Dividend Discount Method) - primary method

This method, adapted to regulated activities subject to regulatory capital requirements, as is the case for insurance companies, consists of assessing the Company's equity value by means of discounting dividends available for its shareholders, defined as the capital surplus relative to regulatory requirements.

6.2.2 Recent transactions in the Company's share capital - primary method

This method consists of valuing a company in reference to major recent transactions concerning its share capital (excluding analysis of share prices, which constitutes a separate valuation criterion looked at further on).

This Offer is presented as an extension of the Initial Offer, it being noted that:

- ALLIANZ acquired 11.34% of the share capital of EULER HERMES from two minority shareholders at a unit price of €122 per share, pursuant to share purchase agreements dated 24 November 2017;
- On 27 December 2017, ALLIANZ acquired 1,550,856 EULER HERMES shares off-market at a unit price of €122 per share;

[36] Price Earnings: Market capitalisation / Net income.

[37] Price-to-Book Value: Closing share price / Equity, Group share, related to one share.

[38] Return on Equity: Net income / Equity, Group share.

- ALLIANZ acquired 1.44% of EULER HERMES's share capital on the market between 14 February 2018 and 22 February 2018, at a unit price of €122 per share.

We have therefore used these as a primary reference.

Furthermore, within the framework of the Initial Offer, Allianz acquired 6,158,140 EULER HERMES shares, representing 14.44% of the Company's share capital, at the same price of €122 per share.

6.2.3 Share price – primary method

The share price is an instrument for measuring the price of the company's freely tradable shares subject to sufficient free float and liquidity.

The EULER HERMES shares are listed in compartment A of EURONEXT PARIS (ISIN CODE: FR 0004254035).

On the basis of information taken from the table shown in paragraph 1.1.2, free float prior to the Offer was 4.75%, excluding treasury shares.

The share price should be analysed prior to 24 November 2017, the last share price before the Initial Offer was announced. The share price was then impacted by the announcement of the Initial Offer. However, we also present by way of indication analysis of the share price over a period from the day following the closing of the Initial Offer (14 February 2018) to the day before the announcement of the current Offer (22 February 2018).

On the basis of the last share price before the Initial Offer was announced, i.e. that of 24 November 2017, volume-weighted average prices (hereinafter referred to as "VWAP"), trading volumes[39] and resulting turnover rates were as follows over a 24-month period:

Euler Hermes Group SA - Share price analysis

	Share price (€)	Average trading volume ('000 units)	Total trading volume ('000 units)	Average share capital traded (€'000)	Total average share capital (€'000)	% of share capital (1)		% of free float (2)	
						Trading volume	Capital turnover	Trading volume	Free float turnover
Spot price (24/11/2017)	101,05	8	8	837	837	0,02 %	0,02 %	0,05 %	0,05 %
1-month VWAP	99,26	14	307	1 386	30 494	0,03 %	0,73 %	0,09 %	2,03 %
60-day VWAP	99,28	13	765	1 266	75 941	0,03 %	1,82 %	0,08 %	5,06 %
3-month VWAP	99,28	13	819	1 250	81 270	0,03 %	1,95 %	0,08 %	5,42 %
6-month VWAP	99,87	17	2 255	1 719	225 194	0,04 %	5,37 %	0,11 %	14,93 %
12-month VWAP	93,38	17	4 257	1 553	397 490	0,04 %	10,13 %	0,11 %	28,18 %
24-month VWAP	84,74	19	9 572	1 578	811 120	0,04 %	22,78 %	0,12 %	62,61 %

(1): Calculated on the basis of the number of shares outstanding provided by Capital IQ.
(2): Calculated on the basis of free float provided by Capital IQ.
Source: Capital IQ and Finexsi analysis.

For information : interim period

Spot price (22/02/2018)	122,00	11	11	1 316	1 316	0,03 %	0,03 %	0,42 %	0,42 %
VWAP (14/02/2018 to 22/02/2018)	122,00	13	52	1 575	4 652	0,03 %	0,12 %	0,50 %	2,01 %

Over the last 12 months (prior to 24 November 2017), the volume of EULER HERMES shares traded was 4,257 thousand shares, equal to around 17 thousand shares per trading day. Over the same period, the free float turnover rate was 28.18%. On the basis of this volume, it would take 1,264 days to obtain a capital turnover rate of 50%, and 454 days to achieve a free float turnover rate of 50%.

[39] Trading volumes on EURONEXT, as reported on CAPITAL IQ.

Over an observation period of 24 months, the trading volume of shares rose to 9,572 thousand (representing around 19 thousand shares per trading day) and the free float turnover rate was 62.61%. On this basis, it would take 1,128 days to obtain a capital turnover rate of 50%, and 406 days to achieve a free float turnover rate of 50%.

Even though the stock presents low liquidity and a limited free float turnover rate, the share price constitutes an important benchmark for minority shareholders within the framework of a public offer followed by a squeeze-out. For this reason, we have used this as a primary method.

6.2.4 Analysts' target prices – primary method

This method consists of determining the value of a company on the basis of target prices published by financial analysts.

The EULER HERMES shares are covered on a regular basis by 6 analysts publishing a target price. In this context, we have also used this as a primary method.

6.2.5 Net earnings multiples (P/E) - secondary method

The peer comparison method consists of determining the value of a company by applying the multiples seen in a sample of other listed companies operating in the same sector of activity to key profit indicators that are considered to be relevant.

We have used P/E, which is the multiple habitually used in the insurance industry.

A restricted sample of two listed insurance companies of which a significant part of the activity concerns credit insurance was used: COFACE and GRUPO CATALANA OCCIDENTE. These two insurance companies are considered the most comparable even though the first currently presents a lower rate of return[40] and the second clearly has more diversified operations[41].

Given the limited number of listed companies in credit insurance market, we also considered a second enlarged sample including insurance companies whose activities are generally focused on non-life insurance and which are relatively similar in size and present a relevant return on equity. This enlarged sample consists of 12 companies.

In the absence of a sufficient number of direct listed comparables and the bias of the enlarged sample of companies not involved in the core business of EULER HERMES, we have used this approach as a secondary method.

[40] ROE of around 2% for COFACE vs. around 11% for EULER HERMES.

[41] GROUPE CATALANA OCCIDENTE'S credit insurance business accounts for around 40% of revenues. This activity is conducted via its subsidiary ATRADIUS.

6.2.6 Equity multiples adjusted by profitability (P/BV according to ROE) – secondary method

We analysed the equity trading multiples (or "Book Value" or "BV") of the restricted and enlarged samples mentioned in §6.2.5.

In order to limit the biases inherent in the enlarged sample, we examined, on this sample, the equity multiples adjusted according to the profitability measured by the Return on Equity [42](or "RoE").

Hence, the P/BV multiple has been subject to linear regression analysis for the enlarged sample to take account of the difference in return on equity for the companies in the enlarged sample. This method consists of calculating an equity multiple for a company (P/BV) on the basis of its rate of return according to regression of equity multiples relative to return on equity for comparable companies (ROE).

This approach makes it possible to adjust the equity multiple, which is particularly relevant for an activity in which regulatory capital determines the level of activity, depending on the difference in rate of return between the various insurance companies in the sample.

As we shall see, the correlation coefficient (R^2) observed is high, which confirms the relevance of this method, used as a secondary method, because of an insufficient number of direct comparables.

6.2.7 Comparable transactions - secondary method

The comparable transaction method is based on analysis of multiples for full or partial buyouts of companies in the business sector of the entity being valued. Use of this approach is limited by the difficulty of having complete information about the targets and terms of transactions.

We have identified five transactions in the non-life insurance sector since 2012, with just one concerning the credit insurance sector However, they present differences in terms of the background and profiles of their target companies compared with the current Offer. Some of them concern acquisitions of majority stakes and include a control premium. Under these conditions, we have used this approach as a secondary method.

[42] RoE = Net income / Equity (group share).

6.3 Valuation of Euler Hermes

6.3.1 Reference data

6.3.1.1 *Number of shares*

Our calculations are based on the number of shares in issue at 22 February 2018 (42,641,635) less the number of treasury shares held (619,189), i.e. 42,022,446 shares. Euler Hermes has not issued any dilutive instruments.

The impact of the Euler Hermes Restricted Stock Units (RSU), which are cash-settled, has been taken into account in the consolidated financial statements to 31 December 2017 and in the business plan, without any dilution for the shareholders.

6.3.2 Dividend Discount Method (DDM)

6.3.2.1 *Presentation of forecast data*

The business plan used as a basis for the DDM valuation corresponds to the 2017-2020 forecasts prepared by Euler Hermes management (Planning Dialogue), hereinafter the "Business Plan", and approved by the Supervisory Board on 7 December 2017, as part of a usual process of annual updating of the business plan (hereinafter the "Business Plan").

It reflects the objectives of Euler Hermes' management which are then presented to the shareholder Allianz and integrated into his own business plan.

This Business Plan was subsequently subject to some adjustments shared by Euler Hermes and Allianz, involving primarily additional cost reductions, set as objectives by Allianz to its own subsidiary. We have included these adjustments, which are favourable to the shareholder, in the forecasts we used for valuation purposes.

The forecasts are presented on a stand-alone basis and do not include any restructuring plans, other than those already disclosed, or change of scope, as it has been confirmed to us by the Company that there are no material projects identified, or anticipated strategic changes (as also announced by Allianz in its press release dated November 27, 2017).

The 2017 forecasts were revised on 20 December 2017, in order to take into consideration the latest events currently known, and does not affect the subsequent years of the Business Plan.

We also ensured that the 2017 full-year financial statements as published, close to the 2017 reforecast, did not call into question the assumptions made for subsequent years of the Business Plan.

The Business Plan is based on the following main assumptions:

- Annual revenue growth rate: an average annual revenue growth rates range of 3 % over the period, which is in the high range of historical average rates[43] and incorporates

[43] Average annual revenue growth of 1.1% over 3 years, 2.5% over 5 years and 2.0% over 10 years.

diversification into the activity of Guarantees and development in new markets (US and Asia in particular). They reflect a return to growth after a generally stable 2017[44];

For information, the average growth rate on the last 10 years is 2.5%.

The annual growth rate included in the business plan is therefore in keeping with long-term trends.

- Combined ratio: at the beginning of the management's Business Plan, the combined ratio is consistent with the ratio currently observed and then slightly improves over the plan horizon, particularly in view of the expected benefits of the savings and development plans that are being implemented.

  As mentioned above, EULER HERMES is rather in a high cycle phase in its main markets (France and Germany), characterized particularly by a diminution of failures. In this context, the business plan assumption of a slight improvement in the ratio does not therefore include a cycle reversal.

  The net combined ratio modelled at the end of the plan is slightly lower than the average ratio observed over the last 10 years, which is 80.6%.

  The combined ratios of the management Business Plan correspond to RoE between 10% and 12%, in keeping with the Company's RoE since the implementation of Solvency II.

  We present a sensitivity test on this parameter, in order to reflect the possible improvement or degradation on the overall margins of the Company.

- Solvency II coverage ratio and dividend distribution rate (or "payout"[45]): the management's Business Plan is built with a 70% payout assumption that allows the solvency ratio to be maintained at almost 160%, in accordance with management and for which the market was informed[46].

  Taking into account the maintenance of a 70% payout is favourable to the shareholder, since it is higher than those observed on comparable companies. To compare, the 2017 payouts of COFACE and GRUPO CATALANA OCCIDENTE stand at 64% and 28% respectively (compared with 49% and 29% for 2016 payouts).

  However, according to us, the question of maintaining in the long term a solvency ratio at 160% may arise. It must be taken into account that:

  (i) an insurance company cannot calibrate its own funds to the minimum required by the regulations (100% solvency ratio) because it must have reserves to deal with exceptional situations (major disasters, crises and low cycle period as in 2008-2009, in particular);

  (ii) in this case, the hedge ratio results from a model developed internally leading to a more favourable result than the standard model, which should be taken into account in the appreciation of the ratio published by the Company.

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[44] The Minority Shareholder considers in its calculation assumptions an annual growth rate of turnover of 5%. This rate, which corresponds to the highest historical figure (5.9% in 2011, including external growth and normalization of economic conditions), is not representative of a long-term trend, in particular of being a cyclical activity.

For information, the average growth rate of the last 10 years is 2.5%.

In addition, the management of the Company told us that such an assumption did not appear to him to be possible.

[45] Dividends distributed in the financial year / Net result for the corresponding financial year.

[46] Source: Annual Report EULER HERMES.

In these circumstances, a solvency ratio of 145% / 150% seems to be a minimum, in our opinion. We will therefore present in our valuation a sensitivity test on the evolution of this key parameter at the end of the management plan horizon, with a solvency ratio reduction hypothesis of 150%.

- Rate of return on assets: the management's Business Plan incorporates asset rates of return in line with the rates currently observed. Note that the investment portfolio comprises primarily bonds from high quality issuers I order to meet the requirements of Solvency II, and has a shorter duration than that of other insurers, as the period between receipt of premiums and payment of claims is shorter than in credit insurance.

  The Business Plan also includes, in addition to the rents on the property assets, the realization of capital gains each year, insofar as the solvency ratio is determined on the basis of actual values (and not accounting values) and future cash flows include the realisation of these capital gains.

The Business Plan that reflects the management objectives includes the expected development prospects for the new businesses and the consequences of the cost reduction and performance improvement plans decided upon and envisaged. It rests, in its construction, on coherent hypotheses between them.

6.3.2.2 *Determination of terminal value*

The terminal dividend flow was determined from the last flow of the explicit horizon of the management's Business Plan. In particular:

- A stable net combined ratio relative to the final year of the Business Plan forecasts, i.e. a slight improvement compared to historical averages, particularly in view of the savings and performance plans implemented.
- A return on assets with the same level as in the last year of the plan, which is consistent with the composition of the portfolio, current market conditions, and our discount rate also determined by current asset market conditions (see below);
- A normative income tax rate of 27%, reflecting the expected widespread fall in tax rates in the group's core markets, which is favourable to the shareholder;
- A Solvency II ratio of 160%. A sensitivity analysis was performed with a ratio of between 150% and 170%.

For information, the dividend payout ratio which makes it possible to respect the solvency constraint of 160% is 84%.

6.3.2.3 *Perpetual growth rate*

We calculated the terminal value at the end of the explicit Business Plan period by applying the Gordon-Shapiro formula to a normative distributable dividend corresponding to the capital surplus distributable by EULER HERMES.

We took a perpetual growth rate of 2% as the central value, which is consistent with long-term inflation rates, and rather at the high range of the valuation approaches to infinity.

As the Company seeks to develop its business in new markets in the coming years (notably guarantees markets in the United States), we will also present the result with an infinite growth rate of 2.5%, which constitutes a level higher from 1 to 1.5 points to the commonly used perpetual growth rates that incorporate the expected inflation levels, and leads to a favourable value for the shareholder.

We will also present a sensitivity analysis with an infinite growth rate of 1.5%, which takes into account the cyclical nature of the activity and the risk of crises that must be apprehended in long-term forecasts.

6.3.2.4 *Discount rate*

We took a cost of capital of 7.73% determined on the basis of:

- A risk-free rate of 0.66% (*Source: Bank of France - 10-year OAT TEC 2-year average*);
- A risk premium of 6.25% (2-year average of risk premiums; *Source:* ASSOCIES EN FINANCE);
- A beta of 0.98 corresponding to the beta applied in our previous valuation of 21 December 2017, determined on the basis of a median unlevered beta of our comparable sample, where R^2 was higher than 0.15 (*Source: CAPITAL IQ*)[47].
- A country risk premium of 0.95%, corresponding to the adjustment to the risk-free rate of 0.66% to take into account the inherent risks of the different countries where the Company operates. This rate has been determined based on a breakdown of EULER HERMES' risk exposure by geographical area, presented in §5.2 above (*Source: CAPITAL IQ, 2017 draft Registration Document*).

By way of information, we have applied a cost of equity of 7.82% in our report dated 21 December 2017.

Dividend flows were discounted as of 9 March 2018, assuming a dividend payment in May.

On that basis, we obtained a value per EULER HERMES share of €106.9.

The following table shows the sensitivity of this value to a combined change in the discount rate (from -0.5 pp to +0.5 pp) and the perpetual growth rate (from -0.5 pp to +0.5 pp):

Sensitivity of Euler Hermes share price

		Perpetual growth rate				
€		*-0,5pt*	*-0,25pt*	*-*	*+0,25pt*	*+0,5pt*
		1,50%	1,75%	**2,00%**	2,25%	2,50%
Cost of capital	7,23%	112,2	114,5	117,0	119,8	122,8
	7,48%	107,6	109,6	111,7	**114,1**	116,7
	7,73%	103,3	105,0	**106,9**	109,0	111,3
	7,98%	99,3	**100,9**	102,5	104,3	106,3
	8,23%	95,7	97,0	98,5	100,0	101,7

[47] The updating of this parameter on 9 March 2018 would have resulted, depending on the methodology, in a beta of 1.21 but with a comparison base limited to just two comparables' betas. Due to the lack of representativeness of this result, we maintained the same beta as that applied in our previous valuation, in keeping with sector betas observed, it being specified that this approach is favourable to the EULER HERMES shareholder.

The analysis of the sensitivity of the EULER HERMES' share price to a combined change in the cost of equity and the growth rate to infinity shows a range of between €95.7 and €122.8, and range tightened between €100.9 and €114.1.

The sensitivities of this value to a combined variation of the target Solvency ratio (from -10 pts to +10 pts) and the technical margin (from -2pt to + 2pt) are presented below:

Sensitivity of Euler Hermes share price

€		Solvency ratio				
		+10pt	*+5pt*	*-*	*-5pt*	*-10pt*
		170%	165%	**160%**	155%	150%
Combined ratio variation	-2 pts	112,8	114,8	116,8	118,8	120,7
	-1 pt	107,9	109,9	111,9	**113,8**	115,8
	Central assumption	103,0	104,9	**106,9**	108,9	110,9
	+1 pt	98,0	**100,0**	102,0	104,0	106,0
	+2 pts	93,1	95,1	97,1	99,0	101,0

The analysis of the sensitivity of the EULER HERMES' share price to a combined change in the combined ratio and the solvency ratio shows a range of values between €93.1 and €120.7, and a narrow range between €100.0 and €113.8.

Following this analysis, we took a value range of **€100.0** to **€114.1**.

Based on this method, the Offer price presents a premium of between 6.9% and 22.0%.

6.3.3 Recent transactions in EULER HERMES shares – Primary method

On 24 November 2017, ALLIANZ entered into Share Purchase Agreements (SPA) with two shareholders owning 11.34% of the share capital and theoretical voting rights of EULER HERMES at a price of **€122** per share, paid in cash.

These transactions have been concluded and we also found that the SPAs did not include any contingent consideration or price revision clause.

The Initial Offer submitted by ALLIANZ for the shares of EULER HERMES proposed a similar price of €122 per share paid in cash.

ALLIANZ also acquired (i) 1,550,856 EULER HERMES shares on 27 December 2017 within the framework of an off-market transaction, and (ii) various EULER HERMES shares between 14 and 22 February 2018 from shareholders who had not tendered their shares to the Initial Offer, on the basis of an identical price of €122 per share.

We have had formal confirmation from ALLIANZ that there is no agreement relating to the various transactions that could change this price of €122 per share.

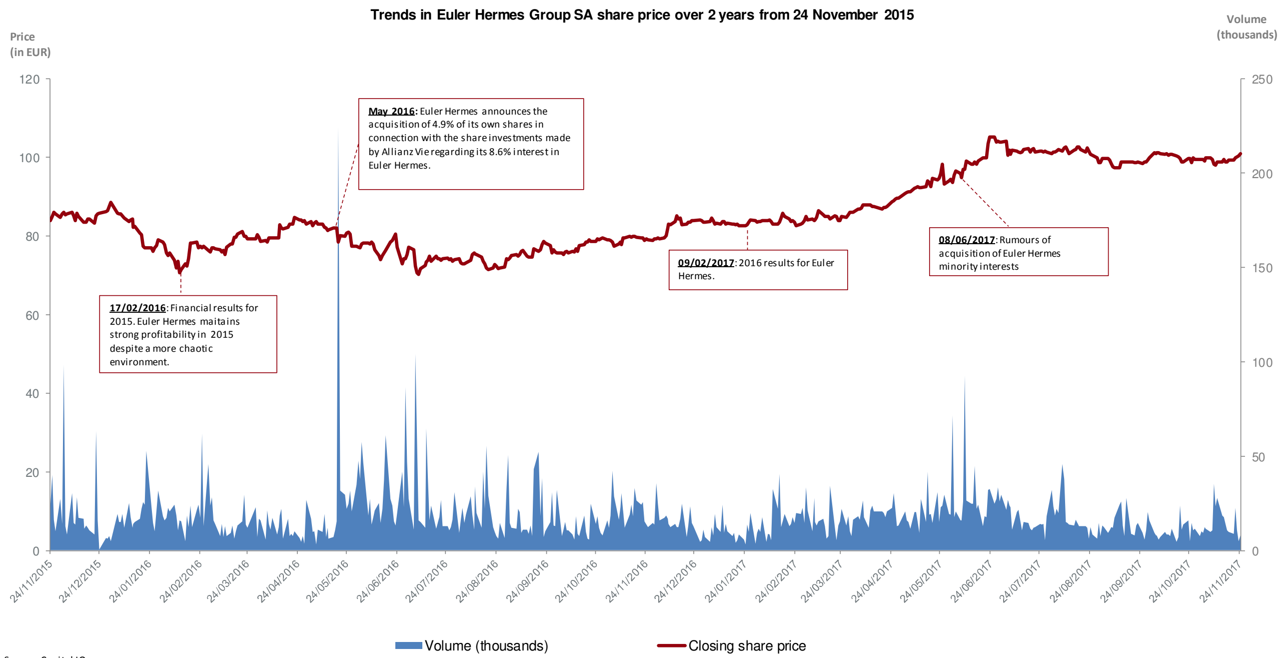
The following free translation is provided for information purposes only and is not intended to substitute the original French language document entitled "Offre publique d'achat simplifiée suivie d'un retrait obligatoire initiée par Allianz SE visant les actions de la société Euler Hermes Group SA – 21 March 2018", which is the only legally valid document to which reference may be made.

These various transactions constitute major references for evaluating the value of the EULER HERMES' share in the context of this Offer, with a strictly identical price.

Furthermore, within the framework of the Initial Offer, 6,158,140 shares, representing over 70% of EULER HERMES' free float, were tendered at a price of €122 per share, increasing the relevance of the results of this approach.

6.3.4 EULER HERMES share price — Primary method

The following chart shows trends in EULER HERMES share price over the 24 months preceding the announcement of the Initial Offer:



Source: Capital IQ

In summary, we can see that the EULER HERMES share price has broadly been trending up, with a high of €105.2 on 26 June 2017 just before the Offer was announced, and a low of €70.3 on 7 July 2016. During the analysis period, the price has never reached the Offer price of €122.

The Offer is therefore being made at a time when the share price is close to a two-year high, with a spot rate of €101.05 on 24 November 2017, the day before the announcement.

It should also be noted that the upward trend in the share price may have been supported to some extent by rumours in June 2017 of an acquisition of the minority interests by ALLIANZ.

The table below shows volume-weighted average share prices at 24 November 2017, the last trading day before the Initial Offer was announced.

Euler Hermes Group SA - Share price analysis

	Price	Premium over Offer price of €122
Spot price at 24 November 2017	101,05 €	20,7%
1-month VWAP	99,26 €	22,9%
60-day VWAP	99,28 €	22,9%
3-month VWAP	99,28 €	22,9%
6-month VWAP	99,87 €	22,2%
12-month VWAP	93,38 €	30,6%
24-month VWAP	84,74 €	44,0%
12-month high(1)	105,20 €	16,0%
12-month low(2)	78,79 €	54,8%
24-month high(3)	105,20 €	16,0%
24-month low(4)	70,32 €	73,5%

Source: Capital IQ, Finexsi analysis.
**VWAP: volume-weighted average price.*
(1) *26 June 2017.*
(2) *28 November 2016.*
(3) *26 June 2017.*
(4) *7 July 2016.*

We have taken a range of **€93.38 and €101.05**, corresponding to, respectively, the 12-month VWAP and the spot rate on 24 November 2017.

We did not adjust the share price for the dividend payment of €4.68 per share on 30 May 2017 given its recurring nature and non-material impact on our analysis.

Based on this method, the Offer price presents a premium of between 20.7% and 30.6%.

By way of information, between the closing of the Initial Offer and the announcement of the current Offer, the EULER HERMES share price remained at levels similar to the Initial Offer price. Closing prices over this period therefore varied within a limited range of €121.00 (14 February 2018) to €122.0 (15 February 2018 to 22 February 2018).

6.3.5 Analysts' target prices – Primary method

The following table shows the latest recommendations of the main analysts that cover EULER HERMES (post publication of third quarter 2017 results on 7 November 2017 and pre-Initial Offer announcement).

Euler Hermes - Analysts' price targets

Date	Analyst	Price target	Premium over Offer price
09/11/2017	HSBC	92,0 €	32,6%
08/11/2017	Natixis	89,0 €	37,1%
08/11/2017	JP Morgan	93,0 €	31,2%
08/11/2017	Kepler Cheuvreux	97,0 €	25,8%
08/11/2017	Exane BNP Paribas	106,0 €	15,1%
28/07/2017	Bryan Garnier & Cie	92,0 €	32,6%
Average		**94,8 €**	28,6 %
Median		92,5 €	31,9 %
Min (Natixis)		89,0 €	37,1 %
Max (Exane BNP Paribas)		106,0 €	15,1%

Sources Capital IQ, analysts' notes.

The latest pre-Initial Offer analysts' reports show an average target price of €94.8.

Since this date, various analysts have adjusted their target prices to the Initial Offer price of €122, apart from JP Morgan, which has kept its target price of €93. The Company has also published its 2017 results, without this resulting in any changes in target prices[48].

For this reason, we apply the target prices published by analysts before the announcement of the Initial Offer and not impacted by this announcement. We have applied a value per EULER HERMES share of between **€89.0** and **€106.0**, corresponding to, respectively, the lowest and highest target prices based on the analysts' reports used.

Based on this method, the Offer price presents a premium of between 15.1% and 37.1%.

6.3.6 Price/earnings multiples - Secondary method

The following tables shows estimated P/E multiples for 2018 and 2019 based on the *restricted sample* of two insurers with a large credit insurance business (COFACE and GRUPO CATALANA OCCIDENTE).

[48] We note that analysts have amended their target prices in accordance with the Initial Offer price, without raising their targets on the basis of an increase in the Offer price.

Euler Hermes - Multiples of comparable listed companies (restricted sample)

Name of comparable	Country	Currency	P/E multiples (*)	
			2018e	2019e
Coface SA	France	EUR	13,10x	11,53x
Grupo Catalana Occidente, S.A.	Spain	EUR	11,78x	10,98x
Average			**12,44x**	**11,26x**
Median			**12,44x**	**11,26x**

(*) Calculated on the basis of the closing price on 09 March 2018 and the average diluted EPS estimated by analysts for 2018 and 2019

Source: Capital IQ

The average multiples of the sample were applied to 2018e and 2019e net earnings (group share) as shown in management’s Business Plan.

As a result, we obtain a value per EULER HERMES share of between €79.5 and €86.5.

The following table shows estimated P/E multiples for 2018 and 2019 based on the *enlarged sample* of insurers with a large non-life business, roughly comparable size and relevant ROE (12 insurers, details of which are provided in Appendix 2).

Euler Hermes - Multiples of comparable listed companies (enlarged sample)

Name of comparable	Country	Currency	P/E multiples (*)	
			2018e	2019e
Coface SA	France	EUR	13,10x	11,53x
Grupo Catalana Occidente, S.A.	Spain	EUR	11,78x	10,98x
Mapfre, S.A.	Spain	EUR	9,72x	9,23x
UNIQA Insurance Group AG	Austria	EUR	12,85x	13,04x
Bâloise Holding AG	Switzerland	CHF	11,98x	11,68x
RSA Insurance Group plc	United Kingdom	GBP	12,57x	11,70x
Direct Line Insurance Group PLC	United Kingdom	GBP	11,71x	11,93x
Talanx Aktiengesellschaft	Germany	EUR	9,79x	9,08x
Tryg A/S	Denmark	DKK	19,96x	17,27x
esure Group plc	United Kingdom	GBP	10,45x	9,61x
QBE Insurance Group Limited	Australia	USD	14,65x	11,95x
Hiscox Ltd	Bermuda	GBP	19,90x	16,98x
Average			**13,21x**	**12,08x**
Median			**12,27x**	**11,69x**

(*) Calculated on the basis of the closing price on 09 March 2018 and the average diluted EPS estimated by analysts for 2018 and 2019

Source: Capital IQ

The average multiples observed on the sample were applied to the Company's 2018e and 2019e net results (group share), as shown in management's Business Plan.

As a result, we obtain a value per share of EULER HERMES between **€82.6** and **€85.4**.

6.3.7 Price/book value multiples adjusted for ROE (P/BV ROE) – Secondary method

The following table shows P/BV multiples based on the restricted sample.

Euler Hermes - Multiples of comparable listed companies (restricted sample)

Name of comparable	Country	Currency	P/BV multiples 2018e	P/BV multiples 2019e
Coface SA	France	EUR	0,82x	0,81x
Grupo Catalana Occidente, S.A.	Spain	EUR	1,44x	1,34x
Average			**1,13x**	**1,07x**
Median			**1,13x**	**1,07x**

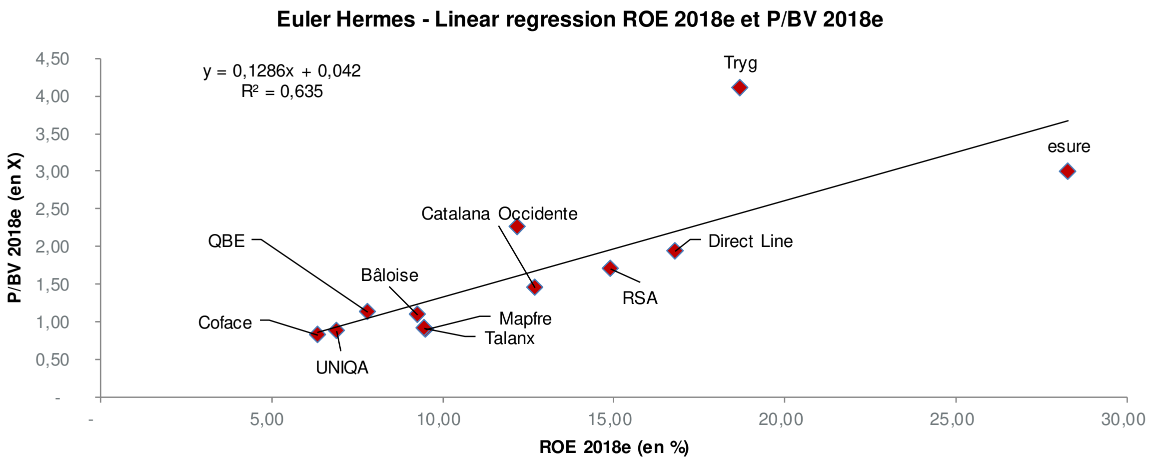
Source: Capital IQ

By applying the average multiples of the sample to 2018e and 2019e equity as shown in the Business Plan, we obtain a price per Euler Hermes share of between **€73.7** and **€75.4**[49].

Regarding the enlarged sample, the variables used in our regression analysis were:

- Analysts' 2018e P/BV as taken from our databases on 9 March 2018;
- Analysts' 2018 ROE consensus.

The following chart shows the result of the regression.



The correlation coefficient is sufficiently high (0.63) to support the relevance of this approach.

On the basis of the RoE of EULER HERMES, as shown in management's Business Plan, we obtain a value per EULER HERMES share of **€93.2**.

6.3.8 Comparable transactions – Secondary method

We analysed transactions completed since 2012 among non-life insurers and used the resulting P/E and P/BV multiples to value EULER HERMES. We identified five transactions, which gave the following multiples:

[49] Based on 42,022,446 ordinary shares at 22/02/2018, after deduction of treasury shares held.

Euler Hermes - Comparable transactions

Announcement date	Target	Purchaser	% acquired	Equity value (€m)	Multiples P/E	Multiples P/BV
Sep-16	Topdanmark A/S	Sampo Oyj	34,5%	2 244	15,54x	3,74x
Sep-15	Amlin plc (nka:MS Amlin plc)	Mitsui Sumitomo Insurance Co., Ltd.	100,0%	4 546	16,37x	1,87x
Jun-15	The Chubb Corporation	ACE Limited (nka Chubb Limited)	100,0%	27 399	13,92x	1,78x
Jan-15	Aseguradora Magallanes S.A.	Talanx Aktiengesellschaft	10,7%	163	14,27x	2,80x
Apr-12	Atradius N.V.	Grupo Catalana Occidente, S.A.	6,5%	1 540	11,86x	1,36x
Average					**14,39x**	**2,31x**
Median					**14,27x**	**1,87x**

Sources: Capital IQ and Finexsi analysis.

Due to the dispersion of the sample, we took the median multiples. Indeed, we observed that the the only transaction concerning the credit insurance, i.e. the acquisition of ATRADIUS by GRUPO CATALANA OCCIDENTE, brings out lower multiples.

By applying the median P/E multiple (14.27x) and the average P/BV multiple (1.87x) to 2017 equity and 2017[50] net earnings respectively, we obtain a price per EULER HERMES share of between **€97.3** and **€120.6**[51].

Based on this method, the Offer price presents a premium of between 1.2% and 25.4%.

7 Side agreements

The draft offer document does not mention any "agreement that could have a significant impact on the valuation of the Offer or its outcome".

The only agreements identified between the Offeror and shareholders in the context of this Offer are the share purchase agreements whereby ALLIANZ acquired (i) 11.34% of the capital of EULER HERMES out of the market from minority shareholders at a price of €122.0 per share on 24 November 2017 and (ii) 1.44% of the share capital of EULER HERMES from minority shareholders at a price of €122 per share between 14 February and 22 February 2018.

We observe that these transactions are carried out at a price identical to that proposed in the context of this Offer and do not contain any price revision or price adjustment clause to the price of €122.0 per share, which is therefore firm and definitive. We also obtained confirmation from ALLIANZ that there is no other agreement.

As a result, we have not identified any agreements or related transactions that could affect the fairness of the Offer price.

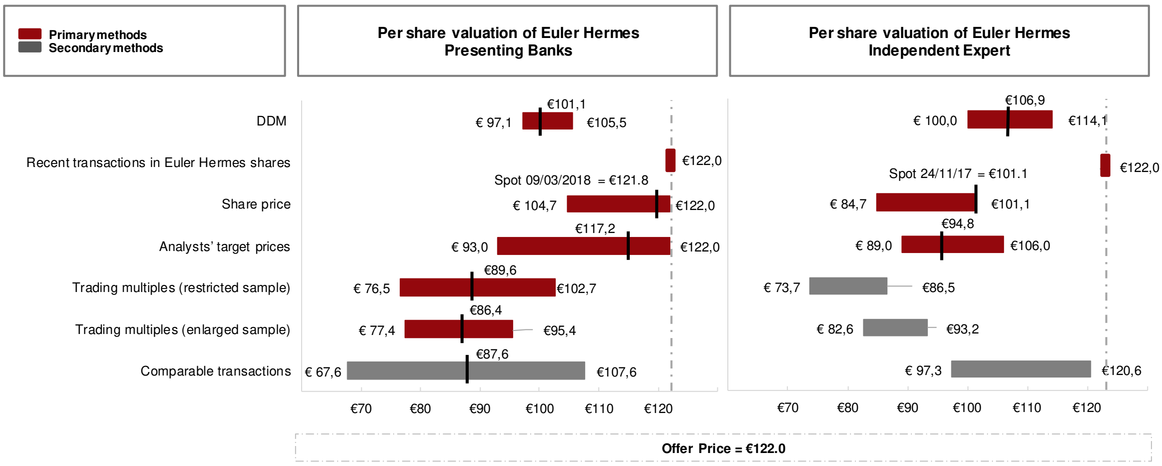
[50] 2017 net earnings to which the multiple is applied does not take account of the €31m impact of the exceptional dividend relating to the French Constitutional Court's decision to invalidate the principle of the 3% contribution on dividends paid. This €31m has been added directly to the price per share calculated in 2017.
[51] Based on 42,022,446 ordinary shares at 22/02/2018, after deduction of treasury shares held.

8 Analysis of the price assessment information provided by the Presenting Banks

ROTHSCHILD and SOCIÉTÉ GÉNÉRALE, acting as Presenting Banks for the Offer, prepared the information required to assess the terms of the Offer, which is provided in section 3 of the draft offer document.

We analysed this information and contacted the Presenting Banks in charge of the valuation to discuss their methods and the valuation criteria used, and we obtained their final valuation report.

The outcome of our respective work is summarised below:



8.1 Choice of valuation methods

We agreed with the Presenting Banks on the use of the following valuation methods: dividend discount model (DDM), share price, recent transactions in Euler Hermes shares, analysts' target prices, trading multiples (restricted or central sample and enlarged sample) and comparable transactions on a secondary/illustrative basis. Unlike the Presenting Banks, we used trading multiples as a secondary method, as a consequence of a limited number of comparables in credit insurance market.

Additionally, we calculated the value based on an enlarged sample of stock market multiples using linear regression rather than a simple average like the Presenting Banks did.

Like us, the Presenting Banks excluded the consolidated net asset value, revalued net asset value and discounted cash flow methods.

We would make the following comments on the application of the various methods.

8.2 Application of the various methods

8.2.1 Financial data

We took the same number of shares as the Presenting Banks, i.e. the number of shares in issue after deducting treasury shares held at 22 February 2018, making a total of 42,022,446 shares.

8.2.2 Dividend discount model

Like us, the Presenting Banks used the DDM method based on forecasts taken from the Planning Dialogue Business Plan.

Our assessment of normative dividend flows differed mainly on the following points:

- The Presenting Banks used a normative dividend yield of the financial assets of 1.50% whereas we used a rate of 1.80%, which is more favourable to the shareholder.
- The Presenting Banks used a normative tax rate of 28.4%, whereas we used a rate of 27% to factor in the enacted or expected tax rate cuts in the countries where the group operates.

The Presenting Banks used a cost of capital of 7.9%, which equates to the average of (i) the assumptions used by analysts and (ii) a calculation based on a direct method. The cost of capital (7.73%) was calculated on the basis of the assumptions described in section 6.3.2.4.

The other assumptions do not call for any particular comment.

As regards value per share

The value used by the Presenting Banks is in a range of **€97.1** to **€105.5** with a central value of **€101.1**. We calculated a range of **€100.0** to **€114.1**, with a central value of **€106.9** per share.

8.2.3 Recent transactions in EULER HERMES shares

We used the same recent transactions in EULER HERMES shares as the Presenting Banks, i.e. the sale of blocks prior to the Offer, which gave a price per share of €122.

We have no particular comments to make on the Presenting Banks' application of this method.

8.2.4 Share price analysis

The Presenting Banks' share price analysis was based on the Company’s share price up to 9 March 2018, while we chose to base our analysis on share prices prior to 24 November 2017, before the announcement of the Initial Offer.

It should be noted that the Presenting Banks calculated the VWAP on an intraday basis, while our calculation is based on daily data. Lastly, the trading volumes calculated by the Presenting Banks includes all trading on all markets where the shares are listed, whereas our calculation is based only on trading on EURONEXT, the main market for the shares.

8.2.5 Analysts' target prices

The Presenting Banks chose to identify analysts' latest target prices as at 9 March 2018. These target prices factor in information relating to the Initial Offer and the current Offer. We have chosen to use only target prices observed before the announcement of the Initial Offer. As a result, the Presenting Banks' valuation range and our valuation range are different (respectively €93 to €122 per share and €89 to €106 per share), calculated using the same sample of analysts.

8.2.6 Trading multiples based on the restricted or central sample

We used the same restricted or central sample of comparable listed companies as the Presenting Banks, and the same multiples (P/E and P/BV).

Like us, the Presenting Banks calculated the average of P/E multiples observed over 2018e and 2019e. However, we determined P/BV multiples on the basis of 2018 and 2019 estimates, while the Presenting Banks used P/BV multiples determined on the basis of published equity as at end-December 2017.

Based on P/E multiples, the Presenting Banks obtained a value of between **€81.0** and **€88.4** per share. We obtained a value of between **€79.5** and **€86.5** per share.

Based on P/BV multiples, the Presenting Banks obtained a value of **€76.5** per share. We obtained a value of between **€73.7** and **€75.4** per share.

The Presenting Banks also present results calculated on the basis of the financial analysts' consensus. In view of the limited number of analysts having updated their estimates, we have not presented these results.

8.2.7 Trading multiples based on the enlarged sample

The Presenting Banks used an enlarged sample of 10 listed European non-life insurance companies. We used a sample of insurers with a large non-life business and a size and ROE roughly comparable to EULER HERMES (12 companies, including eight in common with the Presenting Banks).

The comparable companies selected by the Presenting Banks but excluded by us are ALLIANZ and ZURICH INSURANCE, which we considered as too large in terms of market capitalisation. However, we considered TRYG, ESURE, HISCOX and QBE to be sufficiently comparable in terms of size and ROE; we therefore included them in our sample.

Like us, the Presenting Banks calculated average P/E multiples for 2018e and 2019e.

However, concerning P/E multiples, the Presenting Banks chose to consider the repayment of tax on dividends as an exceptional item increasing the value of the EULER HERMES shares. As P/E multiples apply to anticipated future earnings, we chose not to consider this option, as the repayment had already been made and was already factored into the Company's equity as at 31 December 2017.

Furthermore, as regards P/BV multiples, the Presenting Banks have calculated an average for 2017e, whereas we performed a linear regression between 2018e ROE and 2018e PV/B multiples.

Like us, the Presenting Banks calculated their multiples at 9 March 2018.

Based on P/E multiples, the Presenting Banks obtained a value of between **€77.4** and **€82.2** per share. We obtained a value of between **€82.6** and **€85.4** per share.

Based on P/BV multiples, the Presenting Banks obtained a value of **€82.6** per share, while we obtained a value of **€93.2** per share.

Note that the Presenting Banks also present results calculated on the basis of the financial analysts' consensus. In view of the limited number of analysts having updated their estimates, we have not presented these results.

8.2.8 Transaction multiples

The Presenting Banks used a sample of six comparable transactions completed in the credit insurance sector since 2002. Our sample comprises five transactions in the non-life insurance sector since 2012.

We only selected one transaction in common with the Presenting Banks (acquisition of 6.5% of ATRADIUS by GRUPO CATALANA OCCIDENTE in April 2012), as we considered that the other transactions were not sufficiently recent.

The Presenting Banks used P/E and P/BV multiples to calculate the value of EULER HERMES shares. We used the same multiples.

Like us, the Presenting Banks applied the P/E multiple to EULER HERMES' 2017 net earnings adjusted for non-recurring items. Like us, the Presenting Banks applied the P/BV multiple to equity as at 31 December 2016.

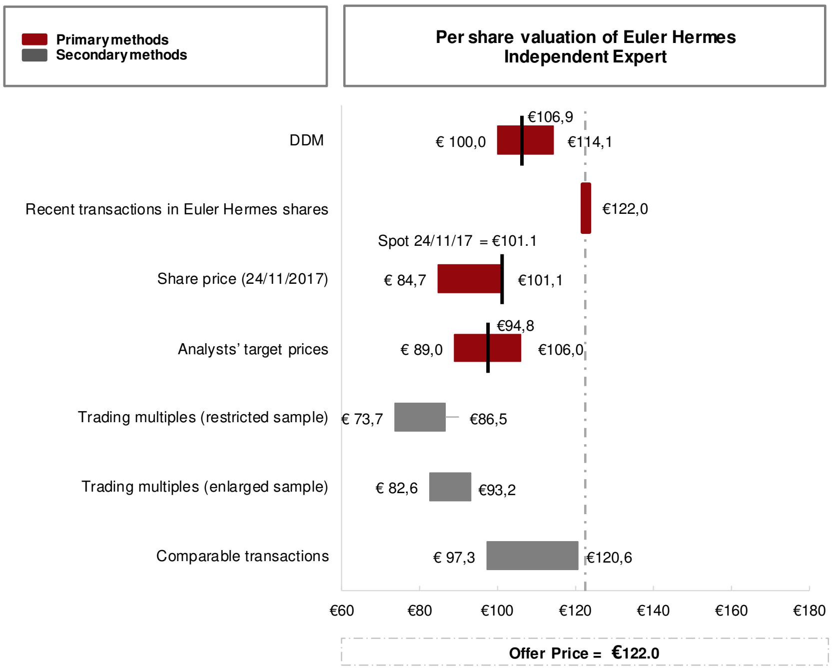
The Presenting Banks obtained a value range of **€67.6** to **€107.6** per share, compared with our range of **€97.3** to **€120.6** per share.

The following free translation is provided for information purposes only and is not intended to substitute the original French language document entitled “Offre publique d’achat simplifiée suivie d’un retrait obligatoire initiée par Allianz SE visant les actions de la société Euler Hermes Group SA – 21 March 2018”, which is the only legally valid document to which reference may be made.

9 Summary of our work and assessment of the fairness of the Offer price

9.1 Summary of our valuation work on EULER HERMES

Based on our work, we note that the Offer price presents the following premiums over the value of the shares derived from the methods we considered appropriate.



Offer Price Premium vs. (€122.0)		
Min	Central value	Max
22,0%	14,1%	6,9%
0,0%	____	0,0%
44,0%	____	20,7%
37,1%	28,6%	15,1%
65,6%	____	41,0%
47,8%	____	30,9%
25,4%	____	1,2%

9.2 Conclusion

The Offer, followed by a squeeze-out, is available to minority shareholders for a price of €122,0 per EULER HERMES share, a price which is strictly identical to the definite fixed price for the acquisition prior to the Initial Offer, of the block shares representing 11.34% of the share capital, completed on 27 November 2017, as well as other acquisitions made by ALLIANZ since this date.

The Offer price offers shareholders liquidity of their shares at a premium price of 20.7% compared to the closing market price prior to the Initial Offer announcement and 22.9% compared to the average share price on the 60 days prior to the announcement, given that the price has never reached the Offer price over the two years preceding the Initial Offer.

In addition, the Offer price is above the intrinsic values derived from the DDM, based on the management business plan, and therefore give the full value without having to bear the risks attached to the realization of these forecasts. Compared to the central value of the DDM method (€106.9), the Offer price represents a premium of 14.1%.

It should also be noted that the offered price represents significant premium compared to the results of each of the criteria set out in this report, with premiums of between 30.9% to 65.6% compared to the value derived from the trading multiples, between 1.2% and 25.4% compared to the value derived from the comparable transactions and between 15.1% and 37.1% compared to the value derived from the average brokers' target price published prior to the Initial Offer, which generally reflect higher values.

Furthermore, to our knowledge, there is no agreement related to the Offer that may undermine the fair treatment of the shareholders from a financial point of view.

In this context and on this basis, we are of the opinion that the Offer price and planned compensation within the framework of the squeeze-out of €122.0 per share offered are each fair from a financial point of view for the shareholders of EULER HERMES.

Paris, 21 March 2018

FINEXSI EXPERT & CONSEIL FINANCIER

Lucas ROBIN
Partner

Olivier PERONNET
Partner

Enc.:

Appendix 1: Presentation of FINEXSI and the engagement

Appendix 2: Presentation of comparable companies

Appendix 1: Presentation of FINEXSI and the engagement

A. Presentation of FINEXSI EXPERT & CONSEIL FINANCIER:

FINEXSI EXPERT & CONSEIL FINANCIER's business is regulated by the *Ordre des Experts Comptables* and the *Compagnie Nationale des Commissaires aux Comptes* (French professional bodies for, respectively, accounting and auditing firms). Its business areas are:

- Acquisitions and disposals of companies;
- Asset contributions and mergers;
- Independent valuation and appraisal;
- Dispute resolution assistance.

The firm employs professionals who, for the most part, have a high level of experience and expertise in each of its specialities.

B. List of independent appraisals performed by FINEXSI in the last 12 months:

Date	Target	Offeror	Presenting bank(s)	Transaction
May-17	Eurodisney	The Walt Disney Company	BNP Paribas	Simplified cash tender offer
May-17	Christian Dior	Semyrhamis (Arnault Family Group)	Rothschild (Crédit Agricole CIB / Société Générale / Natixis)	Simplified cash and exchange offer
Jun-17	Futuren (ex Theolia)	EDF Energies Nouvelles	Crédit Agricole CIB	Simplified cash tender offer
Jun-17	CIC	Banque Fédérative du Crédit Mutuel	BNP Paribas	Simplified cash tender offer and squeeze-out
Jul-17	Areva	French government	Oddo	Simplified buyout offer and squeeze-out
Sep-17	SFR	Altice	JPMorgan / BNP Paribas	Simplified buyout offer and squeeze-out
Nov-17	ANF Immobilier	Icade	Rothschild / Natixis	Simplified cash tender offer
Dec-17	Zodiac Aerospace	Safran	Crédit Agricole CIB	Primary cash offer and subsidiary exchange oofer
Dec-17	Euler Hermes	Allianz	Rothschild / Société Générale	Simplified cash tender offer

C. Membership of a professional organisation recognised by the *Autorité des Marchés Financiers* (French markets authority):

FINEXSI EXPERT & CONSEIL FINANCIER is a member of the APEI (*Association Professionnelle des Experts Indépendants* — professional body of independent Experts), a professional organisation recognised by the *Autorité des Marchés Financiers* pursuant to article 263-1 of its General Regulations.

FINEXSI EXPERT & CONSEIL FINANCIER also applies procedures to protect its independence, avoid conflicts of interest and, for each engagement, control the quality of work performed and reports prepared before they are issued.

D. Amount of fees received:

Our fee for this engagement is €40,000 excluding taxes, expenses and disbursements.

E. Description of due diligence performed:

Our detailed work programme was as follows:

1 – Taking account of procedures performed within the framework of the Initial Offer:

- Familiarising ourselves with the transaction and accepting the engagement
- Identifying the risks and outlines of the engagement
- Compiling the information and data required for the engagement: familiarising ourselves with sector research reports, analysts' reports on comparable companies and analysts' reports on comparable transactions.

2 - Assessing the background to the transaction:

- Discussions with EULER HERMES management
- Discussions with the Presenting Banks

3 - Familiarising ourselves with the company and group's accounting and financial documentation for the year ended 31 December 2017

4 – Updating of the valuation approach based on the dividend discount model:

- Analysis of the Business Plan prepared by the company's management
- Valuation work
- Sensitivity analysis

5 – Updating of comparative methods

- Stock market multiples
- Identifying comparable transactions

6 – Critical review of the Presenting Banks' report

7 - Obtaining the management representation letter

8 - Independent review

9 - Preparing our report

F. Timeline for the engagement:

28 February 2018	Appointment of FINEXSI as Independent Expert by the Supervisory Board of EULER HERMES
14 March 2018	Working meeting with EULER HERMES' finance department, in particular on the presentation of the 2017 results, the business outlook and assumptions of the Business Plan.
14 March 2018	Telephone call with the Presenting Banks
From 1 to 16 March 2018	Implementation of a multi-criteria valuation of EULER HERMES. Realization of the valuation report.
19 March 2018	Independent review.
20 March 2018	Telephone call with the members of EULER HERMES' ad hoc Committee to present the conclusions of our report.
21 March 2018	Obtaining management representation letters. Issuance of valuation report and meeting of EULER HERMES' Supervisory Board.

G. List of key people met or contacted:

This list comprises the main people met or contact within the framework of the procedures we performed in respect of the current Offer and the Initial Offer.

EULER HERMES:

- Wilfried VERSTRAETE, Chairman of the Board of Management
- Catherine Zeller, Corporate Secretary
- Clarisse Kopff, former Group Chief Financial Officer (Initial Offer only)
- Etienne Defraigne, Group Finance Director
- Théophile Chamard, Head of M&A

EULER HERMES ad hoc Committee:

- Philippe Carli
- Thomas Bernd Quaas
- Ramon Fernandez
- Maria Garana (Initial Offer only)

EULER HERMES advisory bank, BNP PARIBAS CIB

- Jean-Sébastien Dietsch, Head of FIG Corporate Finance
- Marc Demuth, Managing Director
- François Labrot, Director
- Nicolas Cuzol, Director
- Maxime Boudewyns, Associate

EULER HERMES legal advisor, SKADDEN

- Olivier Diaz, Lawyer
- Charles de Reals, Lawyer

Co-presenting bank, ROTHSCHILD

- Raphaël Fassier, Managing Director
- Raphaël Feuillet, Director
- Elsa Fraysse, Director
- Florian Pasanisi, Analyst

Co-presenting bank, SOCIÉTÉ GÉNÉRALE

- Thomas Caniaux, Director
- Othmane Benali, Associate

Legal adviser to offeror, BREDIN PRAT

- Benjamin Kanovitch, Lawyer
- Emmanuel Masset, Lawyer
- Adrien Simon

H. Information sources:

Material information provided by the Company:

- Planning Dialogue 2017-2020 (Wave 1 and Wave 2);
- Strategic Pit Stop 2017 (29 June 2017);
- 2017 revised forecast as at 20 December 2017;
- Draft response to the ALLIANZ SE Offer
- Draft 2017 registration document

Material information provided by the Offeror's advisers

- Draft offer document on the Initial Offer, as at 21 December 2017
- *Share Purchase Agreement* dated November 24, 2017 with SILCHESTER and KILTEARN
- Draft offer document on the Offer of 21 March 2018

Material information provided by the Presenting Banks

- Valuation report "*Project Summer – Multi-criteria valuation analysis*" – December 2017 (ROTHSCHILD and SOCIÉTÉ GÉNÉRALE)
- Valuation report "*Project Summer – Multi-criteria valuation analysis*" – March 2018 (ROTHSCHILD and SOCIÉTÉ GÉNÉRALE)

Market information

- EULER HERMES financial communications in 2015, 2016 and 2017, in particular the published financial statements
- Share prices, stock market multiples, market consensus: CAPITAL IQ
- Market data (risk-free rate, risk premium, beta, etc.): CAPITAL IQ, ASSOCIÉS EN FINANCE, EPSILON RESEARCH, BANK OF FRANCE

I. Staff involved in the engagement:

The signatories, Olivier PÉRONNET (Partner) and Lucas ROBIN (Partner), were particularly assisted by Adeline BURNAND (Senior Manager), Julien BIANCIOTTO (Valuer) and Andrés TAFUR (Analyst).

The independent review was performed by Olivier COURAU, Partner.

Appendix 2: Presentation of comparable companies

- **COFACE SA:** provider of credit insurance (89% of 2016 revenue) and associated services in Europe, Africa, North America, Latin America and Asia-Pacific. The company is EULER HERMES' main competitor.
- **GRUPO CATALANA OCCIDENTE S.A.:** a Spanish insurance company providing various insurance products nationally and internationally. Its credit insurance business (39% of 2016 revenue) is operated through its subsidiary ATRADIUS.
- **QBE INSURANCE GROUP LIMITED:** an Australian provider of general insurance and reinsurance products worldwide.
- **TRYG A/S:** a provider of general insurance products in personal, commercial and corporate lines in Denmark, Norway and Sweden. It was founded in 1731 and is based in Ballerup, Denmark. TRYG A/S is a subsidiary of TRYGHEDSGRUPPEN SMBA.
- **MAPFRE, S.A.:** a Spanish company that operates in life and non-life insurance and reinsurance worldwide. It is a subsidiary of CARTERA MAPFRE, S.L.
- **UNIQA INSURANCE GROUP AG:** an insurance company operating in Austria and central and eastern Europe. Its products encompass life assurance, health, P&C and reinsurance.
- **BÂLOISE HOLDING AG:** a provider of insurance and pension solutions. It operates in the non-life, life, banking and other segments. It has operations in Switzerland, Germany, Belgium, Luxembourg and Liechtenstein.
- **RSA INSURANCE GROUP PLC:** a UK company that provides general personal and commercial insurance products. It operates in the Scandinavia, Canada and UK & International geographical segments.
- **DIRECT LINE INSURANCE GROUP PLC:** a provider of general insurance products and services in the United Kingdom. It operates in the motor, household, breakdown and other personal lines, as well as commercial lines.
- **ESURE GROUP PLC:** a provider of general insurance products in the United Kingdom. Its products include motor and household insurance, insurance broking, property investment and administration and management.
- **HISCOX LTD:** a provider of insurance and reinsurance products in Bermuda and worldwide, in particular in the United States (about 50% of revenue). Its business focuses on insurance for small businesses, reinsurance and cover for terrorism, political, aviation and other risks.
- **TALANX AKTIENGESELLSCHAFT:** a German provider of insurance and reinsurance products and services worldwide. It operates in P&C, reinsurance, life assurance and health insurance. It is a subsidiary of HDI HAFTPFLICHTVERBAND DER DEUTSCHEN INDUSTRIE VERSICHERUNGSVEREIN AUF GEGENSEITIGKEIT.

4. INTENTIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

To the Company's knowledge, the members of the Supervisory Board have tendered the shares of the Company that they held into the Initial Offer and they no longer hold any Company shares.

5. INTENTIONS OF THE COMPANY REGARDING TREASURY SHARES

During its meeting held on March 21, 2018, the Supervisory Board decided that given in particular the negative tax impact of the tender of the treasury shares for the Company into the Offer, the 619,189 treasury shares of the Company, representing 1.45% of the share capital and theoretical voting rights of the Company, will not be tendered into the Offer.

The liquidity agreement has been suspended since the announcement of the Initial Offer on November 27, 2017. On such date, 500 shares of the Company (comprised in the 619,189 treasury shares) were held by the services provider in charge of the performance of the liquidity agreement.

6. AGREEMENTS THAT MAY HAVE AN IMPACT ON THE ASSESSMENT OF THE OFFER OR ITS OUTCOME

As of the date of this Draft Response Offer Document, the Company is not aware of any agreements that may have a significant impact on the assessment of the Offer or on its outcome, subject to the agreements described in Section 1.2.1 of this Draft Response Offer Document and the following.

7. INFORMATION RELATING THE COMPANY THAT MAY HAVE AN IMPACT IN THE EVENT OF A TENDER OFFER

7.1 Company's share capital structure and ownership

As of the date of the filing of this Draft Response Offer Document, the Company's share capital, amounting to EUR 13,645,323.20, is divided into 42,641,635 shares with a par value of EUR 0.31 each, all being fully paid up and of the same class.

As of the date of the filing of this Draft Response Offer Document, and to the Company's knowledge, the Company's share capital and voting rights are held as follows:

Shareholders	Number of shares	% of the share capital	Number of theoretical voting rights	% of the theoretical voting rights
Allianz France[13]	26,864,230	63.00%	26,864,230	63.00%
Allianz SE	12,723,933	29.84%	12,723,933	29.84%
Allianz Argos 14 GmbH[14]	436,152	1.02%	436,152	1.02%
Offeror total	**40,024,315**	**93.86%**	**40,024,315**	**93.86%**

[13] Allianz France is held at 99.99% by Allianz Holding France SAS, which in turn is indirectly wholly owned by Allianz SE through Allianz Argos 14 GmbH (please refer to Section 1.1.2 of the Draft Offer Document).

[14] Allianz Argos 14 GmbH is wholly owned by Allianz SE (please refer to Section 1.1.2 of the Draft Offer Document).

Shareholders	Number of shares	% of the share capital	Number of theoretical voting rights	% of the theoretical voting rights
Treasury shares	619,189	1.45%	619,189	1.45%
Other	1,998,131	4.69%	1,998,131	4.69%
TOTAL	**42,641,635**	**100%**	**42,641,635**	**100%**

The threshold crossings disclosed to the Company between January 1, 2017, and the date of the filing of this Draft Response Offer Document are described in Section 7.3 of this Draft Response Offer Document.

As of the date of the filing of this Draft Response Offer Document, there is no other equity security or any other financial instrument or right giving access, immediately or in the future, to the share capital or the voting rights of the Company.

7.2 Restrictions to the exercise of voting rights and transfers provided for in the Articles of Association of the Company and provisions of agreements notified to the Company pursuant to Article L. 233-11 of the French Commercial Code

With the exception of the following, the Articles of Association of the Company do not contain any specific provisions that could result in restrictions to the exercise or transfer of shares and voting rights of the Company.

7.2.1 Disclosure obligation in the event of crossing the thresholds set forth in the Articles of Association

In addition to the legal and regulatory obligations to notify the Company in the event of crossing the applicable thresholds, the Articles of Association of the Company provide for a disclosure obligation in the event of crossing the thresholds set forth in the Articles of Association.

Pursuant to Article 8 of the Company's Articles of Association, "*any individual or legal entity acting alone or in concert that comes to hold a number of shares and/or voting rights in the Company greater than or equal to:*

(i) 1% of the total number of shares and/or voting rights must, within 15 days of the date of crossing this threshold, inform the Company of the total number of shares and/or voting rights held. This disclosure should be sent by recorded letter with acknowledgment of receipt (or equivalent means in countries outside France), or by fax or telex. This declaration must be renewed each time a new 1% threshold is crossed upwards, to 50% inclusive, and each time a new 1% threshold is crossed downwards, to 1% inclusive.

(ii) 5% of the total number of shares and/or voting rights must, within 15 days from the date of crossing this threshold, apply to the Company to have all the shares held in registered form. This obligation for shares to be held in registered form is applicable to all shares already held and to those to be acquired taking the shareholder over the threshold. The request for shares to be registered shall be sent by letter, fax or telefax to the Company within 15 days of crossing the threshold. The declaration due under the preceding point (i) on crossing the threshold stipulated in this paragraph shall equate to a request for shares to be registered.

In determining the thresholds stipulated in (i) and (ii), shares and/or voting rights held indirectly and shares and/or voting rights equivalent to shares and/or voting rights owned as defined by the provisions of Articles L. 233-7 et seq. of the French Commercial Code shall be taken into account.

For each of the aforementioned disclosures, the declarer must certify that the disclosure made includes all the securities owned or held pursuant to the previous paragraph. The declarer must also specify the date(s) of acquisition.

Investment fund management companies are required to provide this information for all the voting rights attached to shares in the Company held by the funds they manage.

In the event of non-compliance with the disclosure obligation set forth in item (i) above, one or more shareholders holding at least 2% of the share capital or voting rights may request that the shares exceeding the portion that should have been declared be deprived of voting rights for every shareholders' meeting to be held until the expiry of a two-year period following the date on which the disclosure is made. The shareholders' request will be recorded in the minutes and will automatically result in the enforcement of the sanction referred to above."

Subject to the provisions of Article 8 of the Articles of Association of the Company relating to the deprivation of voting rights in case of non-compliance with the obligation to disclose thresholds crossings, the Articles of Association do not contain restrictions on the exercise of voting rights.

7.2.2 No double voting right

In accordance with Article 20 of the Articles of Association of the Company, there is no double voting right.

7.3 Direct or indirect interests in the Company's share capital that the Company is aware of pursuant to Articles L. 233-7 and L. 233-12 of the French Commercial Code

The following threshold crossings have been disclosed to the Company between January 1, 2017 and the date of this Draft Response Offer Document:

- in a letter dated August 22, 2017, the company Silchester International Investors LLP declared that as of such date it held 3,408,173 shares representing 7.99% of the share capital and theoretical voting rights of the Company; in a letter dated November 27, 2017, such company declared that it had crossed downwards the threshold of 5% of the share capital and voting rights of the Company, and that it no longer held any shares of the Company;

- in a letter dated November 14, 2017, the company Franklin Resources, Inc, acting on its own behalf and on behalf of its affiliates, declared that it had crossed downwards the thresholds provided for by the Articles of Association of 1% of the share capital and voting rights of the Company, and that it held 410,786 shares as of such date, representing 0.96% of the share capital and theoretical voting rights of the Company;

- in a letter dated November 28, 2017, the company Kiltearn Partners LLP declared that it no longer held any shares or voting rights of the Company;

- in a letter dated November 29, 2017, the Offeror declared (i) that the company Allianz Argos 14 GmbH, controlled by the Offeror, had crossed upwards the thresholds of 5% and 10% of the share capital and voting rights of the Company and that it held 4,837,536 shares representing 11.34% of the share capital and theoretical voting rights of the Company and (ii) having crossed upwards, through the companies it controls, the thresholds of two-thirds of the share capital and voting rights of the Company and that it indirectly held 31,702,566 shares representing 74.35% of the share capital and theoretical voting rights of the Company;

- in letters dated December 22, 2017, (i) the company Allianz Argos 14 GmbH, controlled by the Offeror, declared that it had individually crossed downwards the thresholds of 10% and 5% of the share capital and voting rights of the Company and that it individually no longer held any shares of the Company and (ii) the Offeror declared that it had individually crossed upwards the thresholds of 5% and 10% of the share capital and voting rights of the Company and that it individually held 4,837,536 shares representing 11.34% of the share capital and theoretical voting rights of the Company;

- in a letter dated December 28, 2017, the Offeror declared that it had individually crossed upwards the thresholds provided for by the Articles of Association of 12%, 13% and 14% of the share capital and voting rights of the Company and that it individually held 6,388,392 shares representing 14.98% of the share capital and theoretical voting rights of the Company;

- in a letter dated February 12, 2018, the company Norges Bank Investment Management declared that it had crossed downwards the thresholds provided for by the Articles of Association of 1% of the share capital and voting rights of the Company and that it held 13,247 shares representing 0.03% of the share capital and theoretical voting rights of the Company;

- in letters dated January 16, 2018, January 19, 2018, January 26, 2018, February 1st, 2018, February 6, 2018, February 7, 2018, February 9, 2018, February 12, 2018, February 13, 2018, February 16, 2018 and March 20, 2018, the Offeror declared that it had crossed upwards, alone or in concert, several shareholding thresholds provided for by law and/or by the Articles of Association and that it held 90.86% of the share capital and theoretical voting rights of the Company, as well as 29.43% of the share capital and theoretical voting rights of the Company on an individual basis[15].

7.4 List of holders of any securities carrying special control rights and description of such rights

None.

7.5 Control mechanisms provided for in an eventual employee participation scheme

The voting rights attached to the Company shares held by employees through the Company mutual fund (*fonds commun de placement d'entreprise*) "FAC EH" (the "**Company Mutual Fund**") are exercised by one or more representatives appointed by the fund's Supervisory Board to represent it at the Shareholders' Meeting (please refer to Section 7.5 of the Company's 2016 Registration Document).

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[15] Allianz Argos 14 GmbH also declared that it had crossed upwards the thresholds provided for by the Articles of Association of 1% of the share capital and theoretical voting rights of the Company and that it held 369.727 shares representing 1.02% of the share capital and theoretical voting rights of the Company.

The shares of the Company held by employees through the Company Mutual Fund have been tendered into the Initial Offer upon an unanimous decision of the members of the supervisory board of the Company Mutual Fund that were present or represented.

7.6 Agreements between shareholders known to the Company and that may entail restrictions on share transfers and on the exercise of voting rights

To the Company's knowledge, as of the date of this Draft Response Offer Document, there is no agreement between shareholders which may entail restrictions on share transfers and the exercise of voting rights.

7.7 Rules applicable to the appointment and replacement of the members of the Board of Management as well as to the amendment of the Articles of Association of the Company

7.7.1 Rules applicable to the appointment and replacement of the members of the Board of Management

The rules applicable to the appointment and replacement of the members of the Board of Management are set forth in Article 15 of the Articles of Association of the Company.

Pursuant to Article 15 of the Articles of Association of the Company, the Company is managed by a Board of Management, which is composed of at least two members and no more than six members (subject to the Company shares being admitted to trading on a regulated market), who may but need not be shareholders, appointed by the Supervisory Board.

The members of the Board of Management must be individuals no older than 65. Such age limit shall become effective at the next general shareholders' meeting. However, when a member of the Board of Management reaches such age, the Supervisory Board may, on one or several occasions, extend his/her appointment for a total duration which may not exceed three years.

A member of the Supervisory Board may not be a member of the Board of Management.

The Board of Management is appointed for a period of four years and its members may be re-appointed. Their mandates may be terminated by the Supervisory Board or by the Ordinary Shareholders' Meeting on the recommendation of the Supervisory Board.

Pursuant to Article 16 of the Articles of Association of the Company, the Supervisory Board shall appoint one of the members of the Board of Management as Chairman. The Chairman shall carry out his/her duties for the period of his/her office as a member of the Board of Management. The Supervisory Board may grant the same power of representation to one or more members of the Board of Management, who then carry the title of General Manager.

7.7.2 Rules applicable to the amendment of the Articles of Association of the Company

The rules applicable to the amendment of the Articles of Association of the Company are those provided for by the laws and regulations in force.

7.8 Powers of the Board of Management, relating in particular to the issuance and repurchase of shares

Pursuant to Articles 15 and 17 of the Articles of Association of the Company, the Company is managed by the Board of Management, which is vested with the broadest extensive powers to act in all circumstances in the name of the Company. The Board of Management exercises its powers within the limits defined by the corporate purpose, subject to those expressly allocated to the Supervisory Board and Shareholders' Meetings by the law and the Articles of Association of the Company.

The Board of Management operates according to internal regulations that are designed to supplement the operating procedures stipulated in the Articles of Association, while respecting the collegial principle of the Board of Management and facilitating the work of the Supervisory Board.

These internal regulations stipulate the Board of Management's powers and the distribution of its tasks and, in accordance with Article 12 of the Articles of Association, the decisions which require prior authorization by the Supervisory Board, namely:

– transactions aimed at granting or contracting any borrowings or loans, credits or advances in excess of EUR 75,000,000;

– the issuance of securities, guarantees, endorsements or deposits in excess of EUR 30,000,000;

– direct transactions or equity holdings that might significantly affect the Group's strategy and materially modify its financial structure or scope of activity where these exceed EUR 5,000,000;

– the issuance of securities of any kind that may result in a modification of the registered share capital regardless of the amount involved.

Article 18 of the Articles of Association of the Company provides that for the deliberations of the Board of Management to be valid, the number of members of the Board of Management present must be at least equal to half the number of members in office. Decisions are voted by a simple majority of the members present or represented. In the event of a tie, the Chairman of the Board of Management shall have the casting vote.

In addition to the general powers granted to the Board of Management pursuant to the laws and regulations in force and the Articles of Association of the Company, the Board of Management is granted delegations by the Shareholders' Meeting for the issuance or repurchase of shares, which are detailed below:

Date of the Shareholders' Meeting (Number of the resolution)	**Nature of the authorization or delegation**	**Duration (Expiry date)**	**Maximum nominal amount**	**Amount used as of the date of this Draft Response Offer Document**
May 25, 2016 (Resolution No. 24)	Delegation of authority to increase the share capital by incorporation of reserves, profits and/or	26 months (July 25, 2018)	EUR 1,400,000(1)	None

Date of the Shareholders' Meeting (Number of the resolution)	Nature of the authorization or delegation	Duration (Expiry date)	Maximum nominal amount	Amount used as of the date of this Draft Response Offer Document
	premiums			
May 25, 2016 (Resolution No. 25)	Delegation of authority to issue ordinary shares and/or capital securities giving access to other capital securities or giving the right to allocation of debt securities and/or securities giving access to capital securities to be issued with maintenance of preferential subscription rights	26 months (July 25, 2018)	EUR 7,000,000(1)	None
May 25, 2016 (Resolution No. 26)	Delegation of authority to issue ordinary shares and/or capital securities giving access to other capital securities or giving the right to allocation of debt securities and/or securities giving access to capital securities to be issued, with elimination of preferential subscription rights and a mandatory priority period for subscription by public offering	26 months (July 25, 2018)	EUR 1,400,000(2)	None
May 25, 2016 (Resolution No. 27)	Delegation of authority to issue ordinary shares and/or capital securities giving access to other capital securities or giving the right to allocation of debt securities and/or securities giving access to capital securities to be issued, with elimination of preferential subscription rights by an offer as referred to in part II of Article L. 411-2 of the French Monetary and Financial Code	26 months (July 25, 2018)	EUR 1,400,000 (limited to 20% of the share capital of the Company per year)(2)	None
May 25, 2016	Authorization to establish	26 months	10% of the share capital	None

Date of the Shareholders' Meeting (Number of the resolution)	Nature of the authorization or delegation	Duration (Expiry date)	Maximum nominal amount	Amount used as of the date of this Draft Response Offer Document
(Resolution No. 28)	the methods used to determine the subscription price in the event of an issue decided pursuant to Resolution No. 26 and 27, within the limit of 10% of the share capital per year	(July 25, 2018)	of the Company per year	
May 25, 2016 (Resolution No. 29)	Authorization to increase the amount of shares issued pursuant to Resolution No. 25, 26 and 27 in the case of excess demand	26 months (July 25, 2018)	In accordance with the conditions laid down in Articles L. 225-135-1 and R. 225-118 of the French Commercial Code and within a limit set by the Shareholders' Meeting, when the Board of Management notes an excess demand	None
May 25, 2016 (Resolution No. 30)	Authorization to increase the share capital through the issue of ordinary shares and/or securities giving access to capital, within the limit of 10% of capital to remunerate the contributions in-kind of capital securities or securities giving access to capital	26 months (July 25, 2018)	10% of the share capital of the Company as of May 25, 2016[(1)]	None
May 25, 2016 (Resolution No. 31)	Authorization to allocate bonus shares to salaried employees (and/or certain corporate officers)	38 months (July 25, 2019)	1% of the share capital as of May 25, 2016, it being specified that the total number of bonus shares allocated to the Company's corporate officers cannot exceed 0.2% of the share capital within this envelope	None
May 25, 2016 (Resolution No. 32)	Delegation of authority to increase the share capital by the issue of ordinary shares and/or securities giving access to capital with elimination of preferential subscription rights reserved for members of a company savings plan in	26 months (July 25, 2018)	1% of the amount of the share capital reached at the time of the decision of the Board of Management	None

Date of the Shareholders' Meeting (Number of the resolution)	Nature of the authorization or delegation	Duration (Expiry date)	Maximum nominal amount	Amount used as of the date of this Draft Response Offer Document
	application of Articles L. 3332-18 *et seq.* of the French Labor Code			
May 25, 2016 (Resolution No. 23)	Authorization to be granted to the Board of Management in order to cancel the shares repurchased by the Company pursuant to the mechanism set forth in Article L. 225-209 of the French Commercial Code	24 months (May 25, 2018)	10% of the share capital of the Company per 24 month period	None
May 24, 2017 (Resolution No. 15)	Authorization to be granted to the Board of Management to enable the Company to buy back its own shares pursuant to Article L. 225-209 of the French Commercial Code	18 months (November 24, 2018)	10% of the share capital of the Company on the date of completion of the repurchases Maximum amount of EUR 596,982,820 Maximum repurchase price of €140 per share	None

(1) Independent cap

(2) Aggregate nominal amount of the share capital increases decided on the basis of the 26th and 27th Resolutions of the Combined General Shareholders' Meeting of May 25, 2016 may not exceed EUR 1,400,000 (Resolutions No. 26 and 27).

7.9 Agreements entered into by the Company that shall be amended or terminated in the event of a change of control of the Company

It is specified that the Offer will not result in a change of control of the Company, which is already indirectly controlled by the Offeror.

To the Company's knowledge, no agreement entered into by the Company will be amended or terminated in the event of a change of control of the Company.

It is reminded the existence of Euler Hermes Long Term Incentive plans ("**EH LTI**"), which are long term incentive plans whereby Restricted Stock Units ("**RSUs**") are granted to certain employees and to members of the Board of Management (*Directoire*) of the Company. Following a four-year vesting period as from the date upon which they are granted, each RSU entitles its beneficiary to the payment of a sum of money of which the amount depends on the share price of the Company at the end of the vesting period.

As part of the Offer followed by the Squeeze-Out and the delisting of the shares of the Company from Euronext Paris, the RSUs currently vesting will be immediately vested by their beneficiaries, without taking into account the remaining applicable vesting periods, and each RSU will entitle its beneficiary to the payment of a sum of money equal to the average share price of the Company share at the time of the delisting in accordance with the terms and conditions of the RSUs.

As of the date of this Draft Response Offer Document and to the Company's knowledge, four EH LTI plans are currently in effect:

Allocation date	Rights vesting period (years)	Number of outstanding RSUs[16]
March 2015	4	39,923
March 2016	4	44,616
March 2017	4	46,973
		131,512

7.10 Agreements providing for the payment of compensation to the members of the Board of Management or to employees if they resign or are dismissed without cause or if their term or employment ceases due to a tender offer

To the Company's knowledge, no agreement provides for the payment of compensation to the members of the Board of Management or to the employees in the event that they resign or are dismissed without just or serious grounds or if their term or employment ceases due to a tender offer, subject to the following.

It is recalled that the Supervisory Board, on the occasion of the appointment of the members of the Board of Management, decided to grant all members of the Board of Management, pursuant to the provisions of Article L. 225-90-1 of the French Commercial Code, a commitment corresponding to the severance compensation that may be due as a result of the termination of their duties. The severance package is only due in the event of a forced departure (*i.e.*, only in the event of dismissal for a reason other than serious misconduct, fault or gross negligence), and in particular related to a change in control or strategy, and is therefore excluded if the executive is not reappointed, leaves the Company at his/her own initiative, or changes duties within the Allianz group. The payment of this compensation is subject to the achievement of performance criteria. The performance criteria, the other applicable rules to calculate the severance package and the other conditions for such payment are detailed in Section 2.3.1.3 of the Company's 2016 Registration Document.

8. INFORMATION RELATING TO THE LEGAL, FINANCIAL AND ACCOUNTING CHARACTERISTICS OF THE COMPANY

Pursuant to the provisions Article 231-28 of the AMF General Regulation, the "Other information" document relating in particular to the legal, financial and accounting characteristics of the Company will be filed with the AMF and made available to the public no later than the day prior to the opening of the Offer. Such document will be made available on the website of the Company (www.fr.eulerhermes.com) and of the AMF (www.amf-france.org). It will also be made available free of charge at the registered office of Euler Hermes Group (1 place des Saisons, 92048 Paris-La Défense Cedex, France) and obtainable free of charge by any person who should make such request. A press release will be disseminated in order to inform the public of the manner in which such information will be made available.

[16] The number of remaining RSUs will be reduced by the number of RSUs granted to individuals who will leave the Allianz group in the future.

9. PERSON RESPONSIBLE FOR THE DRAFT RESPONSE OFFER DOCUMENT

"*To my knowledge, the information contained in this draft response offer document is in accordance with the facts and does not contain any omission likely to affect its import.*"

Mr. Wilfried Verstraete
Chairman of the Board of Management of the Company