

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

BNP PARIBAS CARDIF

1 boulevard Haussmann, 75009 PARIS

Statutory auditors' report on the consolidated financial statements

For the year ended 31 December 2021

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For the year ended 31 December 2021

To the annual general meeting of BNP Paribas Cardif,

Opinion

In compliance with the engagement entrusted to us by your general meeting, we have audited the accompanying consolidated financial statements of BNP Paribas Cardif (“the Group”) for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from 1 January 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Financial investments

- **Description of risk**

As part of its activities, BNP Paribas Cardif group holds investments on its balance sheet. Financial investments measured at fair value are presented according to the hierarchy defined by IFRS 13.

Financial assets are classified as level 2 when the external prices offered by a reasonable number of active market makers are regularly observable, without being directly executable. These prices are derived in particular from market consensus publication services to which active market makers contribute, as well as indicative prices produced by active brokers or traders.

The fair value of financial assets classified in level 3 is determined using valuation techniques whose significant parameters used are unobservable or cannot be corroborated by market data, for example due to the lack of liquidity of the instrument, or a significant model risk. An unobservable parameter is data for which no market information is available. It therefore arises from internal assumptions about the data that would be used by other market participants. Evaluating the absence of liquidity or identifying a model risk involves the exercise of judgment.

In the current context of Covid 19 crisis and given the uncertainty of the economic environment, we considered that the evaluation of instruments classified in level 2 and 3 was a key point of our audit which requires the exercise of judgment by management.

At December 31, 2021, financial assets classified as level 2 and level 3 of the BNP Paribas Cardif group amounted to € 66.3 billion (see note 1.6.10, 4.11 of the appendices to the consolidated financial statements of BNP Paribas Cardif 2021), representing 25% of total financial assets (€ 268.5 billion).

▪ **Procedures implemented in response to the risk identified**

Our audit approach consisted of implementing the following procedures:

- Review of the processes and controls put in place by BNP Paribas Cardif to identify, assess and record financial assets classified as level 2 and 3.
- Review of controls that we deemed key, such as review of price observability, independent verification of valuation parameters for venture capital funds and internal validation of valuation models for shares in non-equity companies, consolidated companies and real estate securities held directly by BNP Paribas Cardif.
- For assets valued using internal valuation models, with the assistance of our financial instrument valuation specialists:
 - verification of the conformity of the assumptions, methods and parameters used with regard to market practices and the economic context.
 - assessment of the reasonableness of the valuations used and recognized as of December 31, 2021.
- For assets valued by management companies outside the BNP Paribas Cardif group and for real estate assets:
 - verification of the compliance of the valuations used as of December 31, 2021 with the reports sent by asset management companies and real estate experts.
 - for assets whose underlying activity is based on a market in economic difficulty given the Covid 19 crisis: examination of how these impacts are taken into account in the valuation.
- For assets for which the valuation retained was established at a date prior to the closing: review of the analyzes carried out by the group to verify the absence of a significant difference between the valuations used and the valuations at the closing date.
- Review of the sufficiency and appropriateness of the information in the appendix.

Technical provisions for insurance contracts

▪ **Description of risk**

At the annual closing date, a liability adequacy test is carried out by BNP Paribas Cardif for insurance activities.

This test ensures that the liabilities of insurance contracts and investment contracts with discretionary profit sharing are sufficient compared to the current estimates of future cash flows generated by these contracts.

If this assessment indicates that the book value of the insurance liabilities is insufficient with regard to the estimated future cash flows, the total insufficiency corresponding to potential losses is recognized in profit or loss.

We considered that the implementation of the insurance liability adequacy test for the Savings branch constitutes a key point of our audit because it involves actuarial models, modeling options and guarantees specific to BNP Paribas Cardif as well as management estimates to determine certain key assumptions (eg discount rate, return on assets, level of redemptions, fees, etc.). The high volatility of assets and the downward trend in benchmark rates are particularly sensitive in the context of the Covid 19 crisis.

- **Procedures implemented in response to the risk identified**

On the basis of random sample, we challenged the valuation of the future net flows used in the calculation with a focus on:

- assessing the validity of asset portfolios and contracts data used as a starting point for modelling;
- identifying the main changes in actuarial models, assessing the relevance of these evolutions and understanding their impact on the outcome of the test ;
- analysing the variations in the results of the models between 2020 and 2021 on the basis of the analysis prepared by BNP Paribas Cardif. We have verified that the most important variations were supported by changes in the portfolios, assumptions or models ;
- examine the results of the sensitivity studies carried out by BNP Paribas Cardif, in particular those relating to the rate assumptions and their consistency with the rates observed on the market since the start of the Covid-19 crisis.
- We have also examined the information published in the appendix relating to insurance liabilities.

General IT controls

- **Description of risk**

The reliability of IT systems is key for BNP Paribas Cardif, as it is for all financial institutions given the high volume of transactions processed every day. We pay particular attention to access controls for the main IT systems supporting the production of financial information, as well as to the management of changes to these systems.

We thus deemed the assessment of the general IT controls and the application controls specific to the information processing chains that contribute to the preparation of accounting and financial information to be a key audit matter.

In particular, a system for controlling access rights to IT systems and authorisation levels based on employee profiles represents a key control for limiting the risk of inappropriate changes to application settings or underlying data.

- **Procedures implemented in response to the risk identified**

For the main systems used to prepare accounting and financial information, assisted by our IT specialists, our work consisted primarily in:

- obtaining an understanding of the systems, processes and controls which underpin accounting and financial data ;
- assessing the general IT controls (application and data access management, application changes/developments management and IT operations management) on material systems (in particular accounting, consolidation and automatic reconciliation applications) ;
- examining the control for the authorisation of manual accounting entries.

We implemented additional diligences given that certain accounts have extended system rights and undertook additional procedures consisting mainly, depending on the situations and risks identified, of:

- examining compensatory controls put in place by BNP Paribas Cardif;
- increasing the size of the samples in our control and substantive tests (testing of accounting entries, reconciliation of the characteristics of transactions with external supporting materials such as contracts, transaction advice notices and third-party confirmations, etc.) ;
- data analysis work in order to identify and analyse atypical transactions on premiums.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Other Legal and Regulatory Verifications or Information

Appointment of the Statutory Auditors

We were appointed as statutory auditors of BNP Paribas Cardif by the annual general meeting held on 11 May 2012 for Deloitte & Associés and on 14 May 2013 for PwC.

As at 31 December 2021, Deloitte & Associés and PwC were in the 10th year and 9th year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, 28 April 2022

PricewaterhouseCoopers

Deloitte & Associés

Frédéric Trouillard-Mignen

Laurence Dubois

Estelle Sellem