

This is a translation into English of the statutory auditors' report on the consolidated 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 European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in 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
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

PricewaterhouseCoopers Audit

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To the general meeting of
BNP PARIBAS CARDIF
1, boulevard Haussmann
75009 Paris

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of BNP PARIBAS CARDIF (“the Group”) for the year ended 31 December 2019. These financial statements were approved by the Board of Directors on 2 April 2020 based on information available at that date and in the evolving context of the Covid-19 health crisis.

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 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) 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 rules applicable to us, for the period from 1 January 2019 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 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

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 context described 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, the BNP Paribas Cardif Group holds investments on the asset side of its balance sheet. The "Investments" item, which amounts to EUR 250 billion, represents a significant item in the financial statements. It covers a wide variety of investments (amortizable securities, shares, financial instruments) and includes a significant volume of securities.

Financial investments are recognised in accordance with the rules laid out by IAS 39 in the BNP Paribas Cardif Group's consolidated financial statements. Given the weight of investments in the balance sheet of the BNP Paribas Cardif Group's consolidated financial statements, the reliability of the procedures implemented by the Group during the year and at the accounts closing, for the recognition of transactions related to investments, constitutes a key audit matter.

▪ Procedures implemented in response to the risk identified

Our audit approach consisted of:

- updating our risk matrix on the basis of the conclusions of our previous audits and meetings with the BNP Paribas Cardif Group;
- identifying and assessing the quality of key controls (1st and 2nd level) implemented by the Group in response to the risks identified in relation to the management and accounting of investments;

- checking the reconciliation between the general and subledger accounting for transactions in the period and the closing positions;
- independently and comprehensively verifying the valuation of listed securities;
- for unlisted securities, examining the key controls put in place by the Group for the valuation models and independently verifying certain valuation parameters;
- checking the closing positions by requesting confirmation from custodians and banks;
- verifying the principles retained for impairment of financial investments, the methods used to identify the securities requiring analysis and justification of provisions made;
- verifying the documentation of hedging instruments with respect to the requirements in industry standards.
- lastly, we assessed the relevance of the information presented in the notes to the financial statements by comparing it to accounting and management data.

Technical provisions for insurance contracts

▪ Description of risk

As indicated in the note 1.14.2 “Contracts that fall under IFRS 4” in accordance with the IFRS 4 standard, a liability adequacy test is performed for insurance liabilities at each reporting date for each entity included in the scope of consolidation. This test compares the insurance liabilities (or technical provisions) recorded in the balance sheet with an estimation of future net cash flows. If the test shows the liability is inadequate, an additional liability should be recognised.

As of December 31, 2019, the total amount of BNP Paribas Cardif group insurance technical liabilities amounted to 164.4 billion euros (see note 5.14 of the appendices to the consolidated financial statements of BNP Paribas Cardif 2019).

The test performed as at 31 December 2019 concluded that technical provisions were adequate. We considered that the liability adequacy test for the Savings branch is a key audit matter because it involves actuarial models and modelling of options and guarantees specific for BNP Paribas Cardif as well as management's estimates to determine certain key assumptions (e.g., return on assets, level of redemptions, costs), particularly in the current context of low interest rates.

▪ 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 2018 and 2019 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.
- Assessing the results of the sensibility analysis performed by the company to ensure that the low interest rate context was correctly measured.

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 verification required by laws and regulations of the Group's information given in the management report of the Board of Directors approved on 2 April 2020. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements.

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

Report on Other Legal and Regulatory Requirements

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 2019, *Deloitte & Associés* and *PwC* were in the 8th year and 7th 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 (IFRS) 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 (code de commerce) 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, 30 April 2020

<i>PricewaterhouseCoopers</i>	<i>Deloitte & Associés</i>
<i>Frédéric Trouillard-Mignen</i>	<i>Laurence Dubois</i> <i>Estelle Sellem</i>