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**BNP PARIBAS PERSONAL FINANCE**  
**Report of the Statutory Auditors**  
**on the financial statements**

Year ended 31 December 2020

Mazars  
Public limited liability accounting and auditing company with an  
executive board and a supervisory board  
Capital of €8,320,000 - Registered with the Nanterre Trade &  
Companies Register under number 784 824 153

Deloitte & Associés  
Simplified joint stock company  
Capital of €2,188,160 – Registered with the Nanterre Trade &  
Companies Register under number 572 028 041

## **BNP PARIBAS PERSONAL FINANCE**

Société anonyme (French public limited company)

1, Boulevard Haussmann, 75009 Paris

Registered with the Paris Trade & Companies Register under number 542 097 902

## **Report of the Statutory Auditors on the financial statements**

Year ended 31 December 2020

*“This is a free translation into English of the Statutory Auditors’ report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.”*

To the General Meeting of Shareholders of BNP PARIBAS PERSONAL FINANCE

### **Opinion**

In compliance with the engagement entrusted to us by the General Meeting, we have audited the accompanying financial statements of BNP Paribas Personal Finance for the year ended 31 December 2020.

We certify that the annual statements are, in accordance with French accounting rules and principles, regular and sincere, and give a true and fair view of the result of operations over the past financial year and of the financial situation and assets of the company at the end of that year.

The opinion expressed above is consistent with the content of our report to the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code.

### **Basis of our opinion**

#### **Audit framework**

We conducted our audit in accordance with the 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 these standards are further described in the section headed “Responsibilities of the Statutory Auditors relating to the audit of the financial statements” of this report.

#### **Independence**

We conducted our audit assignment in compliance with the independence rules provided by the Commercial Code and the Code of Ethics of the auditing profession for the period from 1 January 2020 to the date of our report, and in particular we did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) no. 537/2014.

The services other than certification of the financial statements that we provided during the financial year to your company and to the entities that it controls and which are not mentioned in the management report or the notes to the financial statements were mainly the following:

- Issue of audit reports on financial statements in accordance with French and US auditing standards,
- Issue of a limited review report on the interim consolidated financial statements,
- Issue of certificates of accounting information,
- Issue of certificates and reports required by regulatory and legal provisions

## Justification of our assessments - Key audit points

The global crisis linked to the COVID-19 pandemic creates special conditions for the preparation and audit of the financial statements for this financial year. Indeed, this crisis and the exceptional measures taken in the context of the health emergency lead to multiple consequences for companies, particularly for their activity and financing, as well as increased uncertainties as to their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on the internal organisation of companies and on the way audits are implemented.

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit points relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements for the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and of the forming of our above opinion. We do not express an opinion on items of these financial statements taken in isolation.

<b>Identification and assessment of credit risk</b> (Please refer to Notes 1.C, 1.F, 1L, 2.F and 3.C to the financial statements)	
<b>Risk identified</b>	<b>Audit response to the risk</b>
<p>In the context of its banking activities, BNP Paribas Personal Finance is exposed to credit risk.</p> <p>BNP Paribas Personal Finance recognises impairment losses to cover the credit risks inherent in its activities as they are identified.</p> <p>These impairment losses may take the form of individual impairment losses on the on- and off-balance sheet commitments concerned or collective impairment losses for portfolios of loans with homogeneous risks not individually impaired. These collective impairment losses are determined on the basis of statistical models requiring the exercise of judgement at the various stages of the calculation: constituting homogeneous portfolios, determining applicable risk parameters and identifying the trigger events for the impairment losses.</p> <p>The COVID-19 pandemic has led to a health and economic crisis affecting borrowers' ability to repay, with varying situations depending on the geographical region.</p> <p>At 31 December 2020, the gross amount of customer transactions exposed to credit risk was €20,446 million; the total amount of impairment losses was €1,790 million.</p> <p>We considered that the detection and assessment of credit risk constituted a key audit point, the assessment of this risk requiring judgements and estimates to be made by management, particularly in the context of uncertainty linked to the pandemic and its effects in the coming years.</p>	<p>We assessed the design and implementation of BNP Paribas Personal Finance's control mechanisms and tested the effectiveness of the manual and computerised controls concerning the valuation of provisions for impairment losses.</p> <p>We obtained assurance as to the conformity of the provisioning method applied by BNP Paribas Personal Finance with the accounting standards in force.</p> <p>Our work focused more particularly on the following processes:</p> <ul style="list-style-type: none"> <li>• Valuation of collective impairment losses: with the help of our credit risk specialists, we assessed the methods used by BNP Paribas Personal Finance for the various business lines and the effectiveness of the controls relating to data quality; we paid particular attention to the adjustments made during the year to incorporate the effects of the COVID-19 crisis based on the best available information.</li> <li>• The main assumptions used by management to estimate provisions for impairment recognised on loans classified as non-performing or irrecoverable;</li> <li>• Consistency review of changes in risk and non-recurring items.</li> </ul> <p>We also examined the information provided in the Notes relating to credit risk.</p>

**Valuation of equity interests, other long-term investment securities and shares in related companies**  
(Please refer to Notes 1.E, 2.B, 2.G and 3.E to the financial statements)

Risk identified	Audit response to the risk
<p>Equity interests, other long-term investment securities and shares in related companies are shown in the balance sheet for a carrying amount of €4,716 million at 31 December 2020.</p> <p>They are recognised individually at the lower of acquisition value and value in use.</p> <p>The value in use of each security is determined using a valuation method based on available data such as the present value of future cash flows or the revalued net assets.</p> <p>When the value in use of the securities is lower than the carrying amount, an impairment loss is recognised in the amount of the difference.</p> <p>Given their weight on the balance sheet and the sensitivity of the models used to the assumptions on which the estimates are based, particularly in the context of the COVID-19 pandemic, we considered the valuation of these securities to be a key point of our audit.</p>	<p>Our work consisted in:</p> <ul style="list-style-type: none"> <li>Assessing, on the basis of samples, the appropriateness of the valuation methods and assumptions used by management to determine the values in use; In this context, we paid particular attention to how the effects of the COVID-19 crisis were taken into account in the methods and assumptions used;</li> <li>Sample testing the arithmetical accuracy of the calculations of the values in use used by the company.</li> </ul> <p>Lastly, we examined the information relating to the equity interests, other long-term investment securities and shares in related companies disclosed in the Notes.</p>

## Specific verifications

We have also performed the specific verifications required by law and by regulations, in accordance with the professional standards applicable in France.

### Information provided in the management report and in the other documents on the financial situation and the financial statements sent to the shareholders

We have no observations to make regarding the fair presentation and consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents sent to the shareholders on the financial situation and the financial statements, except for the following remark.

We have the following observation with regard to the fair presentation and consistency with the financial statements of the information relating to payment terms referred to in Article D.441-6 of the French Commercial Code: as indicated in the management report, this information does not include banking transactions and related transactions, as your company considers that they do not fall within the scope of the information to be produced.

## Report on corporate governance

We certify that the report of the Board of Directors on corporate governance contains the information required by Article L.225-37-4 of the French Commercial Code.

## Other verifications or information required by laws and regulations

### Appointment of Statutory Auditors

We were appointed Statutory Auditors of BNP Paribas Personal Finance by the General Meeting of Shareholders of April 2006 as regards Deloitte & Associés and by a General Meeting of Shareholders held prior to 1994 as regards Mazars. It has not been possible to retrace the history of Mazars' office.

At 31 December 2020, Deloitte & Associés was in its 15th uninterrupted year of office. At that date Mazars had been in office for more than 27 years without interruption.

## Responsibilities of management and persons charged with corporate governance for the financial statements

Management is responsible for the preparation of financial statements giving a true and fair view in accordance with French accounting standards and for putting in place such internal controls as it deems necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the financial statements, it is incumbent upon management to assess the company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the company into liquidation or cease its activities.

The Board of Directors, fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code, is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and, where applicable, internal audit, with regard to procedures relating to the preparation and processing of accounting and financial information.

The financial statements have been approved by the Board of Directors.

# Responsibilities of the Statutory Auditor in respect of the audit of the financial statements

## Audit objective and approach

It is for us to draw up a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with the standards of the profession will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L.823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the financial statements whether deriving from fraud or from error, defines and implements audit procedures to address those risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by management, as well as the related information provided in the financial statements;
- it assesses the appropriateness of management's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast serious doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of the audit report. However, future situations or events could call into question the company's continued operation. If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of the audit report to the information provided in the financial statements regarding that uncertainty or, if that information is insufficient or inappropriate, it issues a qualified opinion or refuses to certify;
- it assesses the overall presentation of the financial statements and whether they give a true and fair view of the underlying transactions and events.

## Report to the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code

We submit to the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code a report that outlines the scope of the audit work and the work programme implemented, as well as the conclusions resulting from our work. We also disclose any significant weaknesses of internal control that we have identified with respect to the procedures relating to the preparation and processing of accounting and financial information.

Among the items disclosed in the report to the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code are the risks of material misstatement that we consider to have been of most significance in our audit of the financial statements for the year and which therefore constitute the key audit points, which we are required to describe in this report.

We have also provided the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code with the declaration provided by Article 6 of Regulation (EU) no. 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. If necessary, we discuss with the Board of Directors fulfilling the functions of the specialised committee referred to in Article L.823-19 of the French Commercial Code the risks weighing on our independence and the safeguarding measures applied.

Signed in Paris La Défense on 30 April 2021

The Statutory Auditors

Mazars

Deloitte & Associés

[Signature]

[Signature]

Alexandra Kritchmar

Jean-Vincent Coustel