

# **BNP PARIBAS ISSUANCE B.V.**

Herengracht 595  
1017 CE Amsterdam, the Netherlands  
Chamber of Commerce Amsterdam no. 33215278

**Annual report for the year ended  
31 December 2021**

## **Independent auditor**

MAZARS ACCOUNTANTS N.V.  
Watermanweg 80, P.O. Box 23123 – 3001 KC Rotterdam

**mazars**

Mazars Accountants N.V.  
Initialed for  
identification purposes only  
KH/25 April 2022

# BNP PARIBAS ISSUANCE B.V.

## Contents

## Page

### Management Board Report

3

### Financial statements

- Balance sheet 5
- Profit and loss account 6
- Cash flow statement 7
- Notes to the financial statements 8

### Other information

- Statutory arrangements concerning the appropriation of profits 15
- Independent review report 16

# BNP PARIBAS ISSUANCE B.V.

## Management Board Report

### Description and principal activity of the Company

BNP Paribas Issuance B.V. (the Company) was incorporated on 10 November 1989 under the law of the Netherlands.

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

### Audit committee

The Company qualifies as an organisation of public interest pursuant to Dutch and EU law. By making use of the exemption for groups the Company did not install an audit committee. The Company belongs to the BNP Paribas group which has an audit committee that complies with international corporate governance rules.

### Operating result

The net profit for the financial year 2021 is EUR 33,895 (2020 profit EUR 42,483).

### Liquidity and shareholder's equity

No significant changes to liquidity resources occurred. Equity increased with the result for the period. Liquidity and capital resources are considered sufficient given the objective and activities of the Company.

### Risk appetite

The company has a low risk appetite and does not enter into unhedged economic positions.

### Financial risk management

#### Market risk

The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

#### Credit risk

The Company has significant concentration of credit risks as all OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that the BNP Paribas group is under supervision of the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A+) by Standard & Poor's and (Aa3) by Moody's.

#### Liquidity risk

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

### Employees

The Company employs no personnel.

### Future outlook

It is expected that the activities of the Company in 2022 will remain on the same level as in 2021.

### Statement

To the best of our knowledge we declare that:

1. the financial statements at 31 December 2021 give a fair view of the assets, the financial position and the profit of the Company; and
2. the financial report at 31 December 2021 gives a fair view of the Company's condition on balance sheet date, the development of the Company during the financial period ended 31 December 2021 and all material risks to which the Company is exposed.

# BNP PARIBAS ISSUANCE B.V.

Amsterdam, 25 April 2022  
The Management Board,

Signed by  
BNP Paribas Finance B.V.

# BNP PARIBAS ISSUANCE B.V.

## Balance sheet

(before appropriation of the net result)

		31-12-2021	31-12-2020
	Notes	EUR	EUR
<b>ASSETS</b>			
<b>Financial fixed assets</b>			
	1		
Repurchase agreements		5,834,572,458	791,938,317
OTC contracts		61,737,944,892	54,747,474,465
		<u>67,572,517,350</u>	<u>55,539,412,782</u>
<b>Current assets</b>			
	1		
OTC contracts		18,108,398,276	14,071,158,518
Repurchase agreements		1,395,370,218	
Taxes receivable		16,690	18,649
Accounts receivable		271,129	11,559,920
Cash at banks		785,492	163,341
		<u>19,504,841,805</u>	<u>14,082,900,427</u>
		<u><b>87,077,359,155</b></u>	<u><b>69,622,313,210</b></u>
<b>TOTAL ASSETS</b>			
<b>Shareholder's equity</b>			
	2		
Share capital issued and paid up		45,379	45,379
Retained earnings		572,663	530,180
Result for the period		33,895	42,483
		<u>651,937</u>	<u>618,042</u>
<b>Liabilities</b>			
<b>Long term liabilities</b>			
Issued securities	3	67,572,517,350	55,539,412,782
<b>Current liabilities</b>			
	3		
Issued securities		19,503,768,494	14,071,158,518
Other liabilities		421,374	11,123,868
		<u>19,504,189,868</u>	<u>14,082,282,386</u>
		<u><b>87,077,359,155</b></u>	<u><b>69,622,313,210</b></u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

# BNP PARIBAS ISSUANCE B.V.

## Profit and loss account

		<u>2021</u>	<u>2020</u>
	Notes	EUR	EUR
Net result financial instruments	4		
Fee income and other income	5	<u>439,575</u>	<u>560,554</u>
<b>Operating income</b>		439,575	560,554
<b>Operating expenses</b>			
General and administrative expenses		-391,719	-505,795
<b>Operating result</b>			
		<u>47,856</u>	<u>54,758</u>
Interest income		-	-
Bank costs and similar charges		-7,980	-3,881
<b>Profit before taxation</b>		<u>39,876</u>	<u>50,878</u>
Corporate income tax	6	-5,981	-8,395
<b>Profit after taxation</b>		<u><b>33,895</b></u>	<u><b>42,483</b></u>

# BNP PARIBAS ISSUANCE B.V.

## Cash flow statement

		<u>31.12.2021</u>	<u>31.12.2020</u>
	Notes	EUR	EUR
<b>Cash flow from operating activities</b>			
Issuing of securities against OTC coverage		-	-
Received reimbursed issuing expenses		11,917,209	6,433,672
Received reimbursed general expenses		671,309	797,988
Paid issuing expenses		-11,459,311	-7,227,489
Paid general expenses		-642,858	-729,077
Received interest	7	27,017,009	42,679,959
Paid interest and fee's	7	-27,017,009	-42,680,727
Received taxes		135,801	162,446
<b>Cash flow from operating activities</b>		<u>622,151</u>	<u>-563,228</u>
<b>Cash flow from financing activities</b>		-	-
<b>Cash flow from investing activities</b>		-	-
<b>Increase/ (decrease) cash at banks</b>		<u><u>622,151</u></u>	<u><u>-563,228</u></u>
<b>Movements in cash at banks</b>			
Cash at banks at 1 January		163,341	726,569
Increase / (decrease)		<u>622,151</u>	<u>-563,228</u>
<b>Cash at banks at 31 December</b>		<u><b>785,492</b></u>	<u><b>163,341</b></u>

Refer to page 10 for the principles for preparation of the cash flow statement.

# BNP PARIBAS ISSUANCE B.V.

## *Notes to the financial statements*

### **GENERAL**

BNP Paribas Issuance B.V. (the Company), having its registered address at Amsterdam, was incorporated under the law of the Netherlands on 10 November 1989 as a private limited liability company.

The company is registered at Chamber of Commerce Amsterdam with no. 33215278

The principal objectives of the Company are to issue securities, such as warrants, certificates, private placements, notes, to enter into related OTC agreements and to issue and acquire financial instruments of any nature for account of various entities of the BNP Paribas group.

All outstanding shares of the Company are owned by BNP Paribas S.A., Paris, France, which company consolidates the figures of the Company. The financial statements of BNP Paribas S.A. can be found on the website [group.bnpparibas.com](http://group.bnpparibas.com).

### **SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of presentation

The annual accounts of the Company are prepared in accordance with accounting principles generally accepted in the Netherlands. All amounts are stated in euros, the reporting currency, unless stated otherwise.

The accounting principles of the Company are summarised below. These accounting principles have all been applied consistently throughout the financial year and the preceding year unless indicated otherwise.

#### Accounting convention

The accounts are prepared under the historical cost convention, except for derivatives that are measured at fair value with changes through profit and loss.

#### Going concern basis of accounting

The financial statements have been prepared on a going concern basis. The Company has a master hedging agreement with BNP Paribas group entities under which issued securities are hedged by swap agreements and OTC option agreements or collateral arrangements. In addition, the Company has an agreement with BNP Paribas group entities to recharge its operating expenses with a margin of 10%.

#### Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 3.

#### Recognition of income and expenses

The net result financial instruments includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related OTC contracts. As the Company enters into a swap agreement with a BNP Paribas group company and an OTC option at exactly the same terms and conditions of the issued security or a collateral arrangement at each issue of securities, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

Fee income, other income and general and administrative expenses are taken in the year to which they relate. Profits are recognised in the year they are realised; losses are taken as soon as they are foreseeable.

# BNP PARIBAS ISSUANCE B.V.

If securities are exercised against the Company, the Company fulfils its obligation by exercising the related swap agreements or OTC contracts with entities of the BNP Paribas groups as the case may be. Issued securities and related swap agreements and OTC contracts are released simultaneously. Issued securities not exercised at maturity and the related swap agreements and OTC contracts are released without any further future obligation for the Company.

## Valuation of assets and liabilities - general

Unless indicated otherwise, assets and liabilities are stated at amortised cost.

## Financial instruments

Financial instruments include accounts receivable and accounts payable, cash at banks and cash equivalents, issued securities and acquired swap agreements and OTC contracts.

Financial assets and liabilities are recognised on the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognised when those contractual provisions are expired or transferred.

Non-derivative financial instruments are measured and accounted for at fair value upon initial recognition and subsequently at amortised cost.

## Derivatives (Issued securities and OTC's)

Derivatives are measured and accounted for at fair value upon initial recognition and at subsequent dates. Gains and losses are directly recognised in profit and loss. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market or most advantageous market, at the measurement date. Reference is made to note 3 for details about the determination of fair values.

The fair values of OTC contracts are calculated in the same way as their related issued securities.

The Company does not apply hedge accounting.

## Currencies

The functional currency of the Company is the euro.

Balance sheet items denominated in currencies other than the euro are translated at the rate of exchange prevailing on balance sheet date. Transactions in foreign currencies (not concerning derivatives) during the reporting period have been incorporated at the rate of settlement.

The premiums of the issued securities and the cost of the related OTC contracts are denominated in different currencies. Moreover, the underlying contracts of the securities have their own currency denominations, which are often based on a basket of currencies. The net effect of the currency risk is nil though, as this risk is completely hedged.

## Corporate income tax

Tax on result is calculated by applying the rates for the financial year to the result in the profit and loss account.

# BNP PARIBAS ISSUANCE B.V.

## PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement is prepared according to the direct method and consists of cash only; paid interest is taken into account under paid general expenses.

Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities and OTC contracts to avoid that payments have to be made for these flows. The outcome of this procedure is reflected in the cash flow report under the heading "Issuing of securities against OTC coverage".

## FINANCIAL RISK MANAGEMENT

### Market risk

The Company takes on exposure to market risks arising from positions in interest rates, currency exchange rates, commodities and equity products, all of which are exposed to general and specific market movements. However, these risks are hedged by swap agreements with BNP Paribas group entities and OTC option agreements or collateral arrangements and therefore these risks are mitigated in principle.

### Credit risk

The Company has a significant concentration of credit risks as all swap agreements and OTC contracts are acquired from its parent company and other group companies. Taking into consideration the objective and activities of the Company and the fact that BNP Paribas group is under supervision of the European Central Bank and the *Autorité de contrôle prudentiel et de résolution*, Paris, management considers these risks as acceptable. The long term senior debt of BNP Paribas is rated (A+) by Standard & Poor's and (Aa3) by Moody's.

### Liquidity risk

The Company has significant liquidity risk exposure. To mitigate this exposure, the Company entered into netting agreements with its parent company and other group companies.

## RELATED PARTY TRANSACTIONS

The Company has entered into various agreements with its parent company and other group companies relating to the issuing of securities, the hedging of the related exposures and the reimbursement of costs. Taking into account the position of the Company within the group these agreements are at arms-length and have as objective to limit cash flow, credit and market risks.

## NOTES TO THE BALANCE SHEET

### 1. Financial fixed assets

For the most issued securities OTC contracts with BNP Paribas group companies are agreed having the same characteristics as the issued securities. This means that the underlying quantity, issue price, strike, parity, maturity and quoted price for exercise are identical. Concerning one issued security the Company entered into repurchase agreements with BNP Paribas.

The Company is also active into repack transactions: the Company is issuing securitized notes, backed by Bonds.

Refer to note 3 for the details of the issued securities and hence the OTC contracts.

### 2. Shareholder's equity

Share capital: The Company's share capital amounts to EUR 45,379 composed by 45,379 issued and fully paid-up shares.

During the financial year under review, there have been no changes in the issued or paid up capital. The authorised capital has been annulled pursuant to a change of the articles of association.

# BNP PARIBAS ISSUANCE B.V.

## 3. Issued securities

The Company establishes securities programmes and issues securities such as warrants, notes and certificates exercisable pursuant to the terms and conditions of such securities programmes. Entities of the BNP Paribas group have agreed to purchase the securities at the same time. The entities of the BNP Paribas group distribute the securities to third parties. BNP Paribas S.A. acts as guarantor for the securities programmes towards the investors.

Remaining maturity of the issued securities	Fair value 31-12-2021 EUR	Fair value 31-12-2020 EUR
Up to 1 year	19,503,768,494	14,071,158,518
From 1- 5 years	39,137,674,312	32,516,006,379
Exceeding 5 years	28,434,843,039	23,023,406,403
Financial fixed assets	67,572,517,350	55,539,412,782
Total as per 31 December	<b>87,076,285,844</b>	<b>69,610,571,300</b>

Methods of valuation of the issued securities 31-12-2021	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Warrants	-	6,156,257,850	2,069,486,664	8,225,744,514
Certificates	128,014	23,811,157,559	24,569,480,056	48,380,765,629
MTN	- 11	23,152,293,147	7,317,482,566	30,469,775,701
<b>Total</b>	<b>128,002</b>	<b>53,119,708,556</b>	<b>33,956,449,286</b>	<b>87,076,285,844</b>

Methods of valuation of the issued securities 31-12-2020	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Warrants	-	3,249,098,561	2,905,127,050	6,154,225,612
Certificates	-	28,224,152,452	15,033,677,938	43,257,830,391
MTN	-	13,953,926,808	6,244,588,490	20,198,515,298
<b>Total</b>	-	<b>45,427,177,822</b>	<b>24,183,393,478</b>	<b>69,610,571,300</b>

BNP Paribas group including the Company determines the fair value of financial instruments either by using prices obtained directly from external data or by using valuation techniques. These valuation techniques are primarily market and income approaches encompassing generally accepted models (e.g. discounted cash flows, Black-Scholes model and interpolation techniques). They maximize the use of observable inputs and minimize the use of unobservable inputs. They are calibrated to reflect current market conditions and valuation adjustments are applied as appropriate, when some factors such as model, liquidity and credit risks are not captured by the models or their underlying inputs but are nevertheless considered by market participants when setting the exit price.

The unit of measurement is generally the individual financial asset or financial liability but a portfolio-based measurement can be elected subject to certain conditions. Accordingly, the group retains this portfolio based measurement exception to determine the fair value when some group of financial assets and financial liabilities with substantially similar and offsetting market risks or credit risks are managed on the basis of a net exposure, in accordance with the documented risk management strategy.

# BNP PARIBAS ISSUANCE B.V.

Assets and liabilities measured or disclosed at fair value are categorised into the three following levels of the fair value hierarchy:

Level 1: fair values are determined using directly quoted prices in active markets for identical assets and liabilities. Characteristics of an active market include the existence of a sufficient frequency and volume of activity and of readily available prices.

Level 2: fair values are determined based on valuation techniques for which significant inputs are observable market data, either directly or indirectly. These techniques are regularly calibrated and the inputs are corroborated with information from active markets.

Level 3: fair values are determined using valuation techniques for which significant inputs are unobservable or cannot be corroborated by market-based observations, due for instance to illiquidity of the instrument and significant model risk. An unobservable input is a parameter for which there are no market data available and that is therefore derived from proprietary assumptions about what other market participants would consider when assessing fair value. The assessment of whether a product is illiquid or subject to significant model risks is a matter of judgment.

The level in the fair value hierarchy within which the asset or liability is categorised in its entirety is based upon the lowest level input that is significant to the entire fair value. All given estimated fair values are related to the market conditions prevailing at year end; the future values may differ.

When issued, securities are publicly offered or privately placed. Sometimes privately placed securities are listed for the secondary market. Listed securities are listed on stock exchanges in- and outside of the European Union; the related OTC contracts are not listed. The majority of the issued securities are not traded actively in active markets.

No accrued interest is presented in the balance sheet because the accrued interest is part of the market value of the derivatives as disclosed in the balance sheet. The net result on the derivatives equals zero and is recorded on a net basis in the profit and loss account, see note 4.

## **Conditions that can influence the future cash flow**

In general it is assumed that the securities and the related swap agreements and OTC contracts are exercised at the exercise dates mentioned in the final terms of the securities against the fair value as determined. Based on these two assumptions the above specification based on maturity has been prepared. Netting agreements between the Company and entities of the BNP Paribas group have been drawn up for all flows resulting from securities, OTC contracts, swap agreements and collateral arrangements to avoid that payments have to be made for these flows. Conditions that could influence future cash flows will have therefore no impact on the cash flow of the Company.

## **NOTES TO THE PROFIT & LOSS ACCOUNT**

### **4. Net result financial instruments**

The net result derivatives includes capital gains and losses, currency results, interest income and expense and changes in fair value on the issued securities and related swap agreements and OTC contracts. As the Company enters into a OTC option or swap agreement with a BNP Paribas group company at exactly the same terms and conditions of the issued security at each issue of securities, there is a complete hedge of the economic risk of the Company. Therefore, the net result on the derivatives equals zero and is recorded on a net basis.

# BNP PARIBAS ISSUANCE B.V.

## 5. Fee income and other income

Other income concerns recharged general and administrative expenses increased with an up-count of 10%, based on cost plus agreements concluded for an indefinite period of time. These costs have been or will be invoiced to BNP Paribas group companies.

## 6. Corporate income tax

The corporate income tax is the estimated charge for the period amounting to EUR 5,981. The rate for the financial year 2021 is 15% (for taxable amount up to 245,000 EUR).

As from 1 January 2020 BNP Paribas Issuance B.V. makes no more part of the consolidated tax group (fiscale eenheid) for Dutch corporate income tax purposes with other BNP Paribas group entities domiciled in the Netherlands.

## **Issuing expenses and remunerations**

Issuing expenses are expenses related to the issuing of the securities for account of the Company and are reimbursed by BNP Paribas group companies, if charged to the Company.

The sole member of the Management Board will charge a management fee of EUR 60,000 over 2021 (2020: EUR 60,000).

The charged fees 2021 for Mazars Accountants N.V. are EUR 8,350 for the audit of the semi-annual report and EUR 24,790 for the audit of the annual report.

## **NOTES TO THE CASH FLOW STATEMENT**

## 7. Received interest and paid interest and fees

These cash flows relate to a new repack transaction in 2019 (notes issued by the Company backed by bonds). The company receives monthly interest and pays fees to BNP Paribas Group entities. The remainder is paid as interest to the noteholders.

## **OTHER**

### **Commitments, contingencies and off-balance items**

The Company has issued securities with pledged collateral. The value of the pledged collateral as at 31 December 2021 amounts to EUR 6,301,633,914 (31 December 2020: EUR 6,300,568,911).

### **Employees**

The Company employs no personnel.

### **Subsequent events**

No subsequent events have occurred.

# BNP PARIBAS ISSUANCE B.V.

## Appropriation of the results for the years 2020 and 2021

The profit of the year 2020 has been added to the retained earnings. The Managing Director proposes to the general meeting of shareholders to add the profit made by the Company during the year 2021 to the retained earnings. The financial statements do not reflect this proposal.

Amsterdam, 25 April 2022  
The Management Board,

Signed by  
BNP Paribas Finance B.V.

# BNP PARIBAS ISSUANCE B.V.

## Other information

### Statutory arrangements concerning the appropriation of profits

Paragraphs 1 and 2 of article 19 of the articles of association:

19.1 The allocation of profits accrued in a financial year shall be determined by the Shareholders' Body. If the Shareholders' Body does not adopt a resolution regarding the allocation of the profits prior to or at latest immediately after the adoption of the annual accounts, the profits will be reserved.

19.2 Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts.

The Shareholders' Body is defined as the body of the Company consisting of shareholders entitled to vote.

### Audit

The independent audit report is included on the next page.

## Independent auditor's report

To the Shareholder of  
BNP Paribas Issuance B.V.

### **Report on the audit of the financial statements 2021 included in the annual report**

#### **Our opinion**

We have audited the financial statements 2021 of BNP Paribas Issuance B.V., based in Amsterdam. In our opinion the accompanying financial statements give a true and fair view of the financial position of BNP Paribas Issuance B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- the profit and loss accounts for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of BNP Paribas Issuance B.V. company in accordance with the "EU Regulation on specific requirements regarding statutory audit of public-interest entities", the "Audit firms supervision act" (Wta), "Dutch Independence Standard regarding assurance engagements (ViO)" and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Dutch Code of Ethics (VGBA)".

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Information in support of our opinion**

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

## **Materiality**

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 870 million. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

## **Audit response to the risks of fraud and non-compliance with laws and regulations**

### **The company's fraud risk assessment and response to fraud risks and non-compliance**

As part of our audit, we have obtained an understanding of the company and its environment, and assessed the company's internal controls in relation to fraud and non-compliance. This includes obtaining an understanding of management's processes for identifying and responding to the risks of fraud and non-compliance in the company.

### **Fraud risk assessment**

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors indicate that a risk of material misstatement in the financial statements is present. As in all our audits, we had special attention for the risks of management override of controls. We identified this risk primarily in the area where journal entries are recorded in the general ledger and other adjustments are made in the preparation of the financial statements and where judgement is involved, such as in relation to the valuation of the loans issued for which we refer to our key audit matter.

We rebutted the presumed fraud risk on revenue because of the nature of the transactions. Revenue consist as mentioned in the annual report of fee income and other income and relates to recharged general and administrative expenses increased with a mark-up.

## **Our specific response to the identified and assessed fraud risks**

- We have evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries and estimates.
- We made enquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.
- We selected journal entries and other adjustments made during the year and at the end of the reporting period and post-closing entries.
- For the journal entries mentioned above and other adjustments, we examined the underlying audit documentation.
- We evaluated key estimates and judgements for bias by management, including retrospective reviews of prior year's estimates with respect to valuation of the loans issued.

In addition we also performed the following more general procedures:

- we evaluated whether the selection and application of accounting policies by the company, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting;
- we have considered to incorporate an element of unpredictability in the selection of the nature, timing and extent of our audit procedures.
- we also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud and non-compliance;
- we considered available information and made enquiries of with management.

## **Our response to non-compliance with laws and regulations**

We have obtained an understanding of the relevant laws and regulations. We have identified the following laws and regulations that have an indirect effect on the financial statements:

- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht);
- the anti-money laundering laws and regulations.

We held enquiries with management as to whether the company is in compliance with these laws and regulations. We also held an inspection of relevant correspondence with regulatory authorities. We also obtained a written representation from management that all known instances of (suspected) non-compliance with laws and regulations were disclosed to us.

## **Our observation**

Our audit procedures did not reveal indications or reasonable suspicion of fraud and/or non-compliance that are considered material to the financial statements.

## **Our key audit matter**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated one key audit matter with the managing director. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## **Fair value of financial instruments (issued securities and OTC contracts)**

Issued securities amounting to € 87.1 billion, are measured at fair value measured using 'level 1', 'level 2' and 'level 3' valuations. As the economic risk of the issued securities is completely hedged by OTC contracts with BNP Paribas group entities, the fair value of OTC contracts equals the fair value of issued securities. Fair value measurement of these financial instruments is significant to our audit as the fair value is subject to estimation uncertainty. Due to the nature of the company, the fair values are provided by BNP Paribas group entities, that are considered as service organisations in our audit.

As part of our audit, we have assessed the quality of confirmations provided by the BNP Paribas group entities, also by relying on information provided by these service organisation's auditors. We have received and reviewed reporting provided to us by the service organisation's auditors, including their involvement of valuation specialists. We furthermore focused on the adequacy of the fair value disclosures in note 3 of the financial statements.

## **Report on the other information included in the annual report**

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management board report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The managing director is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## Report on other legal and regulatory requirements and ESEF

### Engagement

We were engaged as auditor of BNP Paribas Issuance B.V. as of the audit for the year 2012 and have operated as statutory auditor since that year.

### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

### European Single Electronic Format (ESEF)

BNP Paribas Issuance B.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the financial statements of BNP Paribas Issuance B.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

Our procedures taking into account Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the company's financial reporting process, including the preparation of the annual report prepared in XHTML format;
- examining the annual report in XHTML format, whether it is in accordance with the RTS on ESEF.

## Description of responsibilities regarding the financial statements

### Responsibilities of the managing director for the financial statements

The managing director is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The managing director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our 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;

- obtaining 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 company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the managing director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the managing director, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 25 April 2022

Mazars Accountants N.V.

Original has been signed by: C.A. Hartevelde RA