



Independent auditor's report

To: the General Meeting of Shareholders and the Audit Committee of CID Finance B.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of CID Finance B.V. as at 31 December 2020 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2020 of CID Finance B.V. ('the Company') based in Amsterdam.

The financial statements comprise:

- 1 the statement of financial position as at 31 December 2020;
- 2 the following statements for the year ended 31 December 2020: the statements of comprehensive income, cash flows and changes in equity; and
- 3 the notes comprising a summary of the significant 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 CID Finance B.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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



Audit approach

Summary

Materiality

- Materiality of EUR 44 thousand
- 1% of total assets

Key audit matters

- Estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives

Opinion

- Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 44 thousand (2019: EUR 332.7 thousand). The materiality is determined with reference to total assets (1%, 2019: 1%). We consider total assets as the most appropriate benchmark because the holders of the Notes issued by the Company are entitled to the proceeds from the assets of the Company. 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.

We agreed with the Audit Committee and Board of Directors that misstatements in excess of EUR 2 thousand which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit

On the basis of the relationship between the Company and Banco Bilbao Vizcaya Argentaria, S.A. based in Bilbao, Spain ("BBVA") in its capacity as the arranger, collateral manager, swap counterparty, issue agent, registrar and principal paying agent of the Company, we made use of work of KPMG Auditores, S.L., the auditor of BBVA (referred to as the 'other audit team'), for the audit of account balances, profit and loss accounts and disclosures of the Company as serviced by BBVA.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the audit. In this respect we have determined the nature and extent of the audit procedures to be carried out by the other audit team.

We sent instructions to KPMG Auditores, S.L., covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to us.



We discussed the work performed with KPMG Auditores, S.L. and performed a review of their audit file. During these discussions and reviews, the planning, risk assessment, procedures performed and findings and observations reported to us were discussed in more detail and evaluated.

By performing the procedures mentioned above at BBVA, together with additional procedures at the Company level, we have been able to obtain sufficient and appropriate audit evidence about the Company's financial information to provide an opinion about the annual accounts.

Our focus in relation to the risk of fraud

In accordance with the Dutch standards on auditing we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. As part of our risk assessment process we have evaluated events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud ('fraud risk factors') to determine whether fraud risks are relevant to our audit.

We communicated identified fraud risks throughout our team and remained alert to any indications of fraud throughout the audit.

In accordance with the auditing standard we evaluated the fraud risks that is relevant to our audit:

— management override of controls (a presumed risk)

Based on our risk assessment we did not identify a presumed fraud risk in relation to revenue recognition following the characteristics of the Company, being a Special Purpose Entity that has that has been established to issue debt securities.

Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these risks and substantive audit procedures and evaluation of management bias. In determining the audit procedures we made use of the company's evaluation in relation to fraud risk management (prevention, detections and response), including the set-up of ethical standards to create a culture of honesty.

We communicated our risk assessment and audit response to the Board of Directors and the Audit Committee. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks did not result in significant findings or the identification of a key audit matter

Our focus in relation to non-compliance with laws and regulations

We have evaluated facts and circumstances in order to assess laws and regulation relevant to the company.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our general understanding and sector experience, through discussion with relevant management and evaluating the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably:

- Firstly, the company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations that have an indirect effect to inquiring of relevant management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not identify any additional actual or suspected non-compliance other than those previously identified by the company in each of the above areas. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that 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 errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matters

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 the key audit matters to the Audit Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were 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 these matters.

Estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives

Description

The company uses fair value as the accounting policy for the level 2 and level 3 investment securities and derivatives. Changes in the valuation of these investment securities and derivatives may have a significant effect on the entity's ability to fully redeem the Notes. A higher estimation uncertainty was identified for instruments that make use of less liquid inputs. The estimation uncertainty in respect to the valuation of the level 2 and level 3 investment securities and derivatives has therefore been identified as a key audit matter.

Our response

- We challenged the key assumptions, valuation methods, techniques and input data used by Management in determining the fair value of the portfolio of level 2 and level 3 investment securities and derivatives, with assistance from our own valuation specialists. Our procedures included, amongst others, a comparison of the discount rate and cash flow assumptions against contractual and externally derived market data and inspection and analyses of post year-end events indicative for possible credit defaults.
- For a sample selection our valuation specialists performed an independent reassessment of the fair value of selected positions using our own independent valuation models, inputs and assumptions. We compared our independent evaluation with the fair values applied by the company.
- We also assessed the design, implementation and operating effectiveness of the controls performed by the Arranger, Banco Bilbao Vizcaya Argentaria, S.A. ("BBVA") on the pricing of investment securities and derivatives.
- Furthermore, we considered the adequacy of Management's disclosures in Note 2(b) ("Use of estimates and judgments") and note 20(vi) to the financial statements in respect of the sensitivity of the determined fair value to changes in the discount rates and cash flow projections.

Our observation

- We observed from our assessment of the design, implementation and operating effectiveness of the related controls that the controls can prevent or detect and correct material misstatements that could arise in the pricing of the level 2 and level 3 investment securities and derivatives.
- Based on our independent reassessments of the fair values of selected positions we conclude that the fair value of the level 2 and level 3 investment securities and derivatives has been estimated in a balanced manner for the purpose of the financial statements and that the disclosures meet the requirements of IFRS and appropriately describe the inherent degree of subjectivity in the estimates.

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, including a Directors' report and other information.

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

- is consistent with the financial statements and does not contain material misstatements; and
- 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 less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders as auditor of CID Finance B.V. on 5 November 2020, as of the audit for the year 2020.

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 audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern.



Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors 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.

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement 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.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 5 November 2021

KPMG Accountants N.V.

E.D.H. Vinke-Smits RA

Appendix:

Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

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

- 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 the risk 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 the Board of Directors;
- concluding on the appropriateness of the Board of Directors' 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 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 Board of Directors 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. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audits of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Board of Directors 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 Board of Directors, 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.