



# Independent auditor's report

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

## **Report on the audit of the financial statements 2021 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 2021 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 2021 of CID Finance B.V. (the "Company") based in Amsterdam.

The financial statements comprise:

- 1 the statement of financial position as at 31 December 2021;
- 2 the following statements for 31 December 2021: the statements of comprehensive income, changes in equity and cash flows; 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).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

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 586 thousand
- 1% of total assets

#### **Going concern and Fraud/Noclar**

- Going concern: no significant going concern risks identified.
- Fraud & Non-compliance with laws and regulations (Noclar): management override of controls.

#### **Key audit matters**

- Estimation uncertainty in respect to the valuation of the level 2 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 586 thousand (2020: EUR 44 thousand). The materiality is determined with reference to total assets (1%, 2020:1%). 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 Board of Directors that misstatements identified during our audit in excess of EUR 29 thousand, 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.

#### ***Audit response to going concern – no significant going concern risks identified***

The management board has performed its going concern assessment and has not identified any significant going concern risks. To assess the management board's assessment, we have performed, inter alia, the following procedures:

- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

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

In the Director's Report, the management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. The Company has no own personnel and makes use of service organisations for all operating processes. Our procedures included, among other things, assessing the code of conduct, anti-fraud and whistleblowing procedures as implemented by these service organisations. Furthermore, we performed relevant inquiries with management and those charged with governance. As part of our audit procedures, we evaluated legal confirmation letters and inspected correspondence (if any) with the regulatory authorities overseeing the Company.

In addition, we identified no areas that are likely to have a material effect on the financial statements.

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.



We assessed the presumed fraud risk on revenue recognition as irrelevant, because of the specific set-up of the note structure only the minimum required returns are generated. As a consequence, we did not identify an incentive or pressure for the management to achieve certain results or specific financial income targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Based on the above and on the auditing standards, we identified only the presumed fraud risk laid down in the auditing standards, and responded as follows:

*Management override of controls (a presumed risk)*

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Responses:

- We evaluated the design and implementation of policies that mitigate fraud and non-compliance risks, such as the Code of Conduct, Anti-Fraud, and Whistleblower policy of the service providers engaged by the Company.
- We examined all minutes and resolutions of the Companies to search for indications of fraud and for significant transactions that are outside the Companies normal course of business, or are otherwise unusual.
- We examined all correspondence with regulatory authorities (if any).
- We assessed whether there were indications of a possible management bias in the valuation of the investment securities and the derivatives.
- We incorporated elements of unpredictability in our audit, including a full assessment of all bank transactions for the financial year of the Company.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

*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 Board of Directors. 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 investment securities and derivatives

### Description

The company uses fair value as the accounting policy for the level 2 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 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 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 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 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.

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 for the management report and other information.

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 General Meeting of Shareholders as auditor of CID Finance B.V. on 15 December 2017, as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year. We were re-engaged by the General Meeting of Shareholders as auditor of the Company on 18 November 2021.

## **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. In that respect the Board of Directors is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

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.

### ***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, 18 November 2022

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 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 are, given our ultimate responsibility for the opinion, also responsible for directing and supervising the audit procedures performed by another audit member firm. In this respect we determine the nature and extent of the audit procedures to be carried out.

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.

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.