BA-CA Finance (Cayman) (2) Limited

Financial Statements

for the six-month period January 1 – June 30, 2020

Report of the Company Directors

The directors of BA-CA Finance (Cayman) (2) Limited (the "Company") are pleased to present the Company's financial statements for the six-month period ended June 30, 2020.

The Company is a wholly owned subsidiary of Alpine Cayman Islands Ltd. (the "Parent") and an indirect wholly-owned subsidiary of UniCredit Bank Austria AG ("UniCredit BA").

The Company was established for the sole purpose of issuing hybrid subordinated securities. The proceeds of these securities are used for general corporate purposes of UniCredit BA, its subsidiaries and affiliates. The Company is designed to take in interest revenue from a subordinated deposit with the Parent and pay dividends on the subordinated securities, in the process generating net interest income.

The outlook for 2020 is expected to be roughly the same. No impact from COVID-19 is expected.

Sincerely,

MARKUS SCHWIMANN

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Mr. Markus Schwimann, Director
September 30, 2020

NICOLA CORSETTI

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Mr. Nicola Corsetti, Director
September 30, 2020

Responsibility Statement

The directors of BA-CA Finance (Cayman) (2) Limited (the "Company") submit herewith the unaudited financial statements for the six-month period ended June 30, 2020.

Company overview

The Company is an indirect wholly-owned subsidiary of UniCredit Bank Austria AG ("UniCredit BA"). The Company was incorporated in the Cayman Islands on January 27, 2005. The Company is economically dependent on UniCredit BA.

The Company was established to issue hybrid subordinated securities. The proceeds of these securities are used for general corporate purposes of UniCredit BA, its subsidiaries and affiliates.

Statement as required by the Decree Implementing the Directive on Transparency for Issuers under the Financial Supervision Act ("Wft"):

The accompanying financial statements for the Company, prepared in accordance with IFRS issued by the IASB, provide to the best of our knowledge a true and fair view of the Company's situation as at June 30, 2020 and results of its operations during the six-month period then ended. Material risks, if any, are promptly disclosed.

The Report of the Company Directors has been presented in such a way as to provide a true and fair view of the financial position and performance of the Company.

Approved on behalf of the Board on September 30, 2020:

MARKUS SCHWIMANN

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Mr. Markus Schwimann, Director

NICOLA CORSETTI

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Mr. Nicola Corsetti, Director

BA-CA Finance (Cayman) (2) Limited
Statement of Financial Position
June 30, 2020 (Unaudited)
(stated in Euro)

	Note	June 30, 2020 (unaudited)	December 31, 2019
ASSETS			
Cash and cash equivalents	2,3,6	€ 1,896,369	€ 1,901,190
Other assets		2,110	4,219
Due from Parent	6	1,319,787	1,225,281
Subordinated deposit, including interest receivable	2,4,7	115,277,278	130,814,943
		€ 118,495,544	€ 133,945,633
LIABILITIES			
Other liabilities		€ 12,307	€ 17,531
Hybrid subordinated securities, including interest payable	2,5,6,7	117,594,345	133,371,875
		117,606,652	133,389,406
SHAREHOLDER'S EQUITY			
Ordinary shares, €1 par value 15,000 shares authorised and outstanding	8	15,000	15,000
Retained earnings	2,3,7	873,892	541,227
		888,892	556,227
		€ 118,495,544	€ 133,945,633

See accompanying notes to financial statements.

Approved by the Board of Directors on September 30, 2020:

MARKUS SCHWIMANN ______________________ DIRECTOR

NICOLA CORSETTI ______________________ DIRECTOR

BA-CA Finance (Cayman) (2) Limited
Statement of Comprehensive Income (Loss)
for the period ended January 1 – June 30, 2020 (unaudited)
(stated in Euro)

	Note	January 1 – June 30, 2020 (unaudited)	Year ended December 31, 2019
INCOME			
Interest income	4	**€ 404,995**	**€ 1,374,908**
		404,955	**1,374,908**
VALUATION GAIN/(LOSS)	2,3,7	**301,057**	**(130,949)**
EXPENSES			
Interest expense	5,6	**344,470**	**1,253,858**
Administrative expenses	6	**28,367**	**63,717**
		372,837	**1,317,575**
NET INCOME (LOSS) FOR THE YEAR		**332,665**	**(73,616)**
NET COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**€ 332,665**	**€ (73,616)**

See accompanying notes to financial statements.

BA-CA Finance (Cayman) (2) Limited
Statement of Changes in Shareholder's Equity
for the period January 1 – June 30, 2020 (unaudited)
(stated in Euro)

	Share Capital	Retained Earnings	Total
As at December 31, 2018	**€ 15,000**	**€ 614,843**	**€ 629,843**
Net comprehensive loss for the year	-	(73,616)	(73,616)
As at December 31, 2019	**€ 15,000**	**€ 541,227**	**€ 556,227**
Net comprehensive loss for the period	-	332,665	332,665
As at June 30, 2020 (unaudited)	**€ 15,000**	**€ 873,892**	**€ 888,892**

See accompanying notes to financial *statements.*

BA-CA Finance (Cayman) (2) Limited
Statement of Cash Flows
for the period January 1 – June 30, 2020 (unaudited)
(stated in Euro)

		January 1 – June 30, 2020 (unaudited)		Year ended December 31, 2019
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss)	€	**332,665**	€	**(73,616)**
Adjustments to reconcile net income to net cash used in operating activities:				
Valuation gain		**(301,057)**		**131,706**
Changes in operating assets and liabilities:				
Interest receivable		**818,555**		**513,142**
Due from Parent		**(94,506)**		**(60,125)**
Other assets		**2,109**		**(52)**
Interest payable		**(758,030)**		**(513,142)**
Other liabilities		**(5,224)**		**(4,117)**
Net cash used in operating activities		**(5,488)**		**(6,204)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(5,488)**		**(6,204)**
BEGINNING CASH AND CASH EQUIVALENTS		**1,901,857**		**1,908,061**
ENDING CASH AND CASH EQUIVALENTS	€	**1,896,369**	€	**1,901,857**
SUPPLEMENTARY INFORMATION				
Interest received	€	**1,223,550**	€	**1,888,050**
Interest paid	€	**(1,102,500)**	€	**(1,767,000)**

See accompanying notes to financial statements.

1. The Company and its principal activity

BA-CA Finance (Cayman) (2) Limited (the "Company") is a wholly owned subsidiary of Alpine Cayman Islands Ltd. (the "Parent") and an indirect wholly-owned subsidiary of UniCredit Bank Austria AG ("UniCredit BA").

The Company was incorporated in the Cayman Islands on January 27, 2005 for an unlimited duration and with limited liability under the Companies Law of the Cayman Islands. The Company is economically dependent on the Parent.

The Company was established to issue hybrid subordinated securities. The proceeds of these securities were advanced to the Parent and are used for general corporate purposes of UniCredit BA, its subsidiaries and affiliates.

The Company has received an undertaking from the Cayman Islands Government exempting it from all local income, profits, and capital gains taxes until March 1, 2025. No such taxes are levied in the Cayman Islands at the present time.

The Company's registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

2. Significant accounting and reporting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by IASB. The accounting policies have been applied consistently by the Company and are consistent with those used in previous years.

(b) Basis of preparation

The financial statements are presented in Euro.

The financial statements have been prepared on amortised cost basis or fair value basis as described by IFRS 9. Fair value as of June 30, 2020 has been disclosed in Note 7.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense.

The key areas of estimate are the estimations of fair value. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

2. Significant accounting policies (continued)

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash balances with a financial institution with an original maturity of three months or less.

(d) Subordinated deposit

The subordinated deposit consists of an interest bearing balance held with the Parent. The Subordinated deposit is classified as loans.

(e) Due from Parent

Due from Parent consists of a receivable balance the Parent holds in cash on behalf of the Company. In turn, the Parent utilizes this balance to cover the day to day operational expenses of the Company. Due from Parent is classified as short-term receivables.

(f) Hybrid subordinated securities

Hybrid subordinated securities have been classified by the Company as a liability in accordance with International Accounting Standard 32, *Financial Instruments: Disclosure and Presentation* ("IAS 32"). In the event of the winding-up of the Company, holders at the time will be entitled to receive the nominal value of each security plus accrued and unpaid dividends, but will have no right or claim to any of the remaining assets of the Company.

The hybrid subordinated securities entitle holders to receive non-cumulative preferential cash dividends subject to certain limitations as identified in the offering circular (dated February 18, 2005). However, these limitations do not create the unconditional right for the Company to avoid delivering payment to holders of the securities. Dividend payments made to holders of the securities are classified as interest expense on the statement of comprehensive income (loss).

The securities are valued at fair value through P&L in accordance with the IFRS 9.

(g) Interest income and expense

Interest income and expense are recorded on an accrual basis. Interest income comprises interest earned on subordinated deposit. Interest expense comprises dividend payments on hybrid subordinated securities.

(h) Income from Support Agreement with related party

Proceeds due from the Support Agreement are recorded on an accruals basis as and when the interest expense from the dividend payments on the hybrid subordinated securities is recognized. See Note 5 for further details.

2. Significant accounting policies (continued)

(i) New accounting policies

As of December 31, 2018, the European Commission endorsed the following accounting principles that are applicable for reporting periods beginning on or after 1 January 2019:

- IFRS 16 - Leasing (EU Regulation 2017/1986);
- IFRIC 23 Uncertainty over Income Tax Treatments (Reg. UE 2018/1595);
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (EU Regulation 2018/498).

These new standards and amendments have no impact on BA-CA Finance (Cayman) (2).

(j) New and amended accounting standards that have not yet been applied

IFRS 17 Insurance Contracts

Within the scope of standard are principles relating to recognition, measurement, presentation and disclosure of insurance contracts. The standard is applicable for the first time to financial years beginning on or after January 1, 2023.

Amendments to IFRS 3 Business Combinations

On October 22, 2018 the IASB adapted the criteria for defining a business operation. The amendments are applicable to financial years beginning on or after January 1, 2020

Amendments to IAS 1 and IAS 8 regarding the definition of materiality

The IASB has issued a definition of "material" in order to harmonise the various definitions in the framework and in the standards themselves. The amendments are effective for financial years beginning on or after January 1, 2020.

Changes in references to the framework in IFRS standards

Together with the revised framework, the IASB also issued amendments to the references to the framework in IFRS standards. These include amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. The amendments are to be applied to financial years beginning on or after 1 January 2020.

No material impact is expected from these standards.

2. Significant accounting policies (continued)

(k) Financial Instruments under IFRS 9

For all financial assets held by the Company, the business model is "held-to-collect", which means the prime aim is to hold the instruments until maturity and collect the cash in-flows of interest and principal.

As cash management is done by means of overnight and short-term fixed deposits, disposals before maturity are not part of the business model and only occur in rare circumstances. The business model would thus allow for all financial assets to be classified as amortised cost.

However, the Company has a particular purpose; it has issued the hybrid subordinated securities and has deposited the gathered funds with UniCredit BA (via the Parent). The corresponding deposit is of a subordinate character, as the interest received on this deposit is dependent on positive results in the financial statements of UniCredit BA. This means that under certain conditions, as discussed in Note 5, interest can be cancelled based on the terms of the subordinated deposit and such cancellations do not represent a default event.

In addition, the interest tenor incorporates a modification of the time value, as the annual interest payments are linked to the 10-year swap rate but are reset on an annual basis. It has been concluded on a qualitative basis, that a benchmark-test for this instrument fails.

Based on this assessment, the financial assets related to the subordinated deposit are measured at fair value through profit or loss.

In relation to financial liabilities and in order to mitigate an accounting mismatch that would otherwise emerge, the fair value option was exercised in accordance with IFRS 9.4.2.2. In the absence of that the financial statements would not convey the true and fair view of the economic performance of the entity.

One should note in this context that under the fair value option for financial liabilities under IFRS 9, changes in the fair value of these liabilities that are attributable to changes in the credit risk of that liability shall generally be presented in other comprehensive income, following IFRS 9.5.7.8. In the particular case of these liabilities, the relevant credit risk is the one of UCBA (as there is a "support agreement" that UCBA will always make sure that the issuing entities will be in a position to make the relevant payments out of the notes).

However, this would still not fully do away with the accounting mismatch, as the same credit risk effect will cause fluctuations in the relating assets (deposits), that inevitably need to be measured against P&L (in their entirety). For such situations, IFRS 9.5.7.8 foresees an exception, under which it is allowed to show the entire fair value changes of the liability in P&L.

The Company elected the fair value option for their hybrid securities in order to bring the measurement in line with the mandatorily fair value measurement of the subordinate deposits.

(stated in Euro)

2. Significant accounting policies (continued)

Under IFRS 9 credit loss allowances for instruments measured at amortised cost are to be calculated and booked when certain criteria are met. In case a significant credit risk increase is observed in relation to a certain financial asset, this asset must carry a credit loss allowance based on the lifetime expected credit losses. There was not a significant increase in credit risk in 2020 and it is observed that the majority of financial assets is in relation to UniCredit BA (which are measured at fair value, discussed above), while all other receivables against third parties are negligible. Therefore, the impact of any expected credit loss is deemed to be immaterial.

3. Cash and cash equivalents

There was no significant increase in credit risk in 2020.

The gross amounts and amortized cost values of cash and cash equivalents, including the IFRS 9 expected credit loss (ECL) as of June 30, 2020 are summarised as follows:

	Gross Amount	ECL	Amortized Cost
Cash at bank	€ 1,896,964	€ (595)	€ 1,896,369

The gross amounts and amortized cost values of cash and cash equivalents, including the IFRS 9 ECL as of December 31, 2019 are summarised as follows:

	Gross Amount	ECL	Amortized Cost
Cash at bank	€ 1,901,857	€ (667)	€ 1,901,190

(stated in Euro)

4. Subordinated deposit

Upon receipt of proceeds from issuance of the hybrid subordinated securities, the Company deposited an amount of €147,000,000 with the Parent. The deposit, together with any accrued interest and costs and expenses in connection therewith, are subordinated to the claims of all the creditors of the Parent, but are senior to the claims of the holders of the ordinary shares of the Parent.

The deposit bore interest at 7.95% per annum until March 22, 2006; thereafter such deposit bears interest at a variable rate as stipulated in the subordinated deposit agreement (the "Deposit Agreement") dated February 18, 2005. Interest is receivable annually in arrears. The deposit is repayable solely at the option of the Parent until the date the hybrid subordinated securities are redeemed. The interest receivable for June 30, 2020 is €126,298 (Dec 31, 2019: €944,853). The interest income for June 30, 2020 is €404,995 (Dec 31, 2019: €1,374,908).

On March 16, 2017 the Company was informed by the Parent that the interest under the Deposit Agreement due on March 22, 2017 would not be paid. Since March 23, 2017, the Company resumed accruing interest income in accordance with the Deposit Agreement.

As noted above, the subordinated deposits are accounted for at fair value. We have summarized the impact below.

Fair value impact on P&L

	Fair Value 06.30.2020 EUR	Fair Value 12.31.2019 EUR	2020 Impact On P&L EUR	2019 Impact on P&L EUR
Subordinated deposit	115,150,980	129,870,090	-14,719,110	6,420,959

Fair value hierarchy

The fair value measurements used above for the subordinated deposits have been categorized as Level 2 fair value based on the fact that market quotes are not available for these deposits. The factors used to determine the fair value of the subordinated deposits are the prices of the hybrid subordinated securities discussed in Note 5. The payment terms of the subordinated deposits were set up to replicate the hybrid subordinated securities and the Support Agreement allows for the replication of credit risk to be applied to the subordinated deposits.

This change in market value is based on factors such as the yield curve for EUR denominated fixed income securities, credit risk related to UniCredit Bank Austria AG (which is the appropriate credit risk due to the Support Agreement) and liquidity of securities that have limited trading volume.

(stated in Euro)

5. Hybrid subordinated securities

On February 22, 2005 the Company issued 150,000 Perpetual Non-Cumulative Non-Voting Fixed/Floating Rate Preferred Securities at €1,000 each. These securities are listed on Euronext Amsterdam N.V. and other European exchanges.

These securities are redeemable at the option of the Company, subject to the prior consent of UniCredit Bank Austria AG.

The hybrid subordinated securities entitle holders to receive non-cumulative preferential cash dividends subject to certain limitations. These limitations are identified in the offering circular (dated February 18, 2005) as follows:

a) Unavailability of distributable profit.
b) UniCredit BA determines that in accordance with Austrian Banking regulations, UniCredit BA fails to meet capital ratios and would be limited in making payment to holders of hybrid subordinated securities.
c) There is in effect, any law of relevant regulatory authority which prohibits UniCredit BA from making any payment to holders of hybrid subordinated securities.

For the period from (and including) February 22, 2005 to (but excluding) March 22, 2006, the preferential cash dividends were calculated at a rate of 7.5% per annum; after March 21, 2006, the preferential cash dividends were calculated at a variable rate as stipulated in the offering circular dated February 18, 2005. Dividends are payable annually in arrears and are reported as interest expense in the accompanying financial statements. The interest payable for June 30, 2020 is €93,345 (Dec 31, 2019: €851,375). The interest expense for June 30, 2020 is €344,470 (Dec 31, 2019: €1,253,858).

These securities were issued with the benefit of a support agreement entered into with UniCredit BA (the "Support Agreement") on February 22, 2005. Should the Company have insufficient funds to enable it to meet in full all of its obligations under or in respect of these securities, UniCredit BA will make available to the Company sufficient funds to enable it to meet its payment obligations.

Fair value impact on P&L

	Fair Value 06.30.2020 EUR	Fair Value 12.31.2019 EUR	2020 Impact On P&L EUR	2019 Impact On P&L EUR
Hybrid subordinated securities	117,501,000	132,520,500	15,019,500	-6,552,000

5. Hybrid subordinated securities (continued)

Fair value hierarchy

The fair value measurements used above for the hybrid subordinated securities have been categorized as Level 2 fair value based on the market quotes obtained from Bloomberg along with the following factors: the yield curve for EUR denominated fixed income securities, credit risk related to UniCredit Bank Austria AG (which is the appropriate credit risk due to the Support Agreement) and liquidity of securities that have limited trading volume.

6. Related party transactions

Significant related party balances and transactions not disclosed elsewhere in these financial statements include the following:

At June 30, 2020, the Company held cash and cash equivalents with UniCredit BA, the ultimate parent of the Company, of €1,896,964 (Dec 31, 2019: €1,901,857).

At June 30, 2020, the Company had a receivable due from the Parent in the amount of €1,319,787 (2019: €1,225,281), of which €996,264 (Dec 31, 2019: €996,264) relates to the Support Agreement the Parent received from UniCredit BA on behalf of the Company.

The Company was charged administrative fees of €15,000 (Dec 31, 2019: €15,000) by the Parent. These amounts are included in administrative expenses on the statement of comprehensive income (loss).

At June 30, 2020, UniCredit BA owned 66.4% (2019: 66.4%) of the outstanding hybrid subordinated securities with a book value of €99,661,981 (2019: €100,521,175). As a result, the Company incurred €228,728 (2019: €832,687) of related interest expense during the year of which €61,981 (2019: €565,398) is payable at period end.

7. Fair value disclosure of financial instruments

The following disclosures represent the Company's best estimate of the fair value of financial instruments. As noted in Notes 4 and 5, the fair value of hybrid subordinated securities is based on current market quotations as these are exchange-traded. As discussed in Note 4, proceeds from the initial issuance of the hybrid subordinated securities were placed in a subordinated deposit with the Parent. Concurrent with the initial deposit, the Company entered into the Support Agreement discussed in Note 5 to guarantee the Company's obligations under the hybrid subordinated securities.

Collectively, the sole purpose and use of the subordinated deposit and the Support Agreement is to fund the Company's obligations under the securities, whether for the funding of future dividend payments or possible redemption amounts. Accordingly, the collective fair value of the subordinated deposit and Support Agreement will approximate the fair value of the hybrid subordinated securities.

As noted above, the subordinate deposits and the hybrid subordinate bonds are accounted for at fair value.

7. Fair value disclosure of financial instruments (continued)

The fair value of financial instruments that are short-term in nature or re-priced frequently and have a history of negligible credit losses is considered to approximate their carrying value. Those instruments include balances recorded in interest receivable, cash, interest payable and other liabilities (as this statement is necessary for all assets and liabilities which are not included in Note 4 & Note 5).

As discussed in Note 4 and 5, the fair value measurements used above for the subordinated deposits and hybrid subordinated securities have been categorized as Level 2.

Credit risk

Credit risk arises from the chance of counterparties defaulting on their contractual obligations. The risk of credit losses is mitigated as the Parent is a part of a large multinational bank with investment grade ratings.

Market risk

Market risk is the potential loss the Company may incur as a result from changes in the market prices of a particular instrument, whether these changes are caused by factors specific to the instrument or its issuer or factors affecting all securities traded in the market. The Company is not directly exposed to any market risk on its financial instruments, but may be indirectly exposed to market risk through interest risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the interest rates on the subordinated deposit and hybrid subordinated securities are reset at the same time, and determined using the same reference rate, interest rate risk is economically hedged.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. The liquidity risk is mitigated by timing the payment obligations on its hybrid subordinated securities concurrently with the liquidity terms of the subordinated deposit and by the support received from UniCredit BA.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not subject to foreign currency risk as all assets and liabilities are denominated in the functional currency of the Company.

(stated in Euro)

8. Share capital

		2020	2019
Authorised:			
15,000 ordinary shares of €1 each	€	15,000	15,000
Allotted, called up and fully paid:			
15,000 ordinary shares of €1 each	€	15,000	15,000

The common stock issued by the Company is held entirely by the Parent. Each share has a right to vote and a right to dividends.

9. Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to the shareholder through the optimization of the debt and equity balances. The overall strategy remains unchanged from 2019.

10. Subsequent events

The Company has implemented its Business Continuity Plan due to the COVID-19 outbreak. The Management of the Company believe it is well prepared for any significant business disruption given the business continuity plan. The Management of the Company does not anticipate any major disruptions in its operations. The Management of the Company has determined that there are no material events or subsequent transactions that would affect the Company's financial statements through this date.