



LONG-FORM AUDIT REPORT

Audit of the Financial Statements
as of December 31, 2019

BA-CA Finance (Cayman) Limited
Cayman Islands

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Financial Statements as of December 31, 2019

General Conditions of Contract (AAB 2018)

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To the directors of
BA-CA Finance (Cayman) Limited
Cayman Islands

We have completed the audit of the financial statements as of December 31, 2019 of

BA-CA Finance (Cayman) Limited, Cayman Islands,

(hereinafter referred to as "the Company")

and provide the results of our audit in the following report:

1. Audit contract and execution of the engagement

We were elected by the Company Directors as auditor for the fiscal year from January 1, 2019 to December 31, 2019 of BA-CA Finance (Cayman) Limited, Cayman Islands. The Company, represented by the board of directors, concluded an audit contract with us to audit the financial statements as of December 31, 2019, including the accounting system pursuant to sections 269ff of the Austrian Commercial Code (UGB).

The audit is a statutory audit.

The objective of the audit was to examine compliance with legal requirements with respect to the preparation of the financial statements and accounting.

In performing the audit, we adhered to the legal provisions and the relevant professional standards on performing an audit applicable in Austria. These principles require the application of International Standards on Auditing. We draw attention to the fact that the audit provides reasonable assurance as to whether the financial statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. Areas that are generally covered in special engagements were not included in our scope of work.

We performed the audit, from February 2020 to April 2020. The audit was concluded by the date of this report.

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Responsible for the proper performance of the engagement is Dr. Peter Bitzyk, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions issued by the Austrian Chamber of Tax Advisors and Auditors at 18.4.2018. These General Conditions of Contract do not only apply between the Company and the auditor but also towards third parties. With regard to our responsibility and liability as auditor towards the Company and towards third parties section 275 UGB applies.

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2. Analysis of, and explanatory notes to, significant items in the financial statements

The notes to the financial statements were prepared in accordance with IFRS. Therefore, to avoid repetitions, we refer to the related disclosures in the notes to the financial statements.

3. Summary of the results of the audit

3.1. Conclusion on the compliance of the financial statements and the annual report of the Company Directors as well as on the responsibility statement

In performing our audit procedures, we determined the compliance with legal requirements and generally accepted accounting principles. As part of our risk and control oriented audit approach, we included in the audit – where we considered it necessary for our audit report – the internal controls in parts of the accounting process.

With regard to the legal compliance of the financial statements, we refer to our comments in the auditor's report.

The Company has prepared an annual report of the Company Directors and a responsibility statement. The content of those reports was not subject to the audit.

3.2. Information provided

All information required was provided by the legal representatives of the Company. A letter of representation was signed by the legal representatives.

3.3. Statement on matters pursuant to section 273(2) UGB (execution of reporting obligation)

In performing our duties as auditor, we have neither determined any facts that might endanger the Company's position as a going concern or adversely affect its future development, nor any facts that would constitute a serious breach of the law or of the Company's articles of association by the legal representatives or employees. Material weaknesses in the internal control of the accounting process have not come to our attention.

4. Auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BA-CA Finance (Cayman) Limited, Cayman Islands, which comprise the statement of financial position as at December 31, 2019, the statement of comprehensive income, the statement of changes in shareholder's equity and the statement of cash flows for the financial year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

Basis for Opinion

We conducted our audit in accordance with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 of the current period. We have nothing to report in this regard.

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Other Information

The Company Directors are responsible for the other information. The other information comprises the information in the annual report apart from the financial statements and the audit opinion.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Company Directors for the Financial Statements

The Company Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB, and for such internal control as the Company Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Company Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Company Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they

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could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company Directors.
- Conclude on the appropriateness of the Company 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 the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Vienna, April 29, 2020

Deloitte Audit Wirtschaftsprüfungs GmbH



Dr. Peter Bitzyk

Austrian Certified Public Accountant

Financial Statements

BA-CA Finance (Cayman) Limited

Financial Statements

for the year ended December 31, 2019

Annual Report of the Company Directors

The directors of BA-CA Finance (Cayman) Limited (the “Company”) are pleased to present the Company’s financial statements for the year ended December 31, 2019.

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.

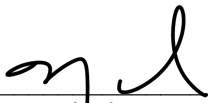
Sincerely,

MARKUS SCHWIMANN



Mr. Markus Schwimann, Director
April 29, 2020

NICOLA CORSETTI



Mr. Nicola Corsetti, Director
April 29, 2020

Responsibility Statement

The directors of BA-CA Finance (Cayman) Limited (the “Company”) submit herewith the audited 2019 financial statements for the Company.

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 September 23, 2004. 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 December 31, 2019 and results of its operations during the year then ended. Material risks, if any, are promptly disclosed.

The Annual 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.

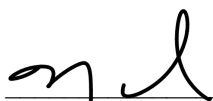
Approved on behalf of the Board on April 29, 2020:

MARKUS SCHWIMANN



Mr. Markus Schwimann, Director

NICOLA CORSETTI



Mr. Nicola Corsetti, Director

BA-CA Finance (Cayman) Limited
Statement of Financial Position
December 31, 2019 and 2018

(stated in Euro)

	Note	<u>2019</u>	<u>2018</u>
ASSETS			
Cash and cash equivalents	2,3,6	€ 3,974,269	€ 3,982,507
Other assets		4,233	4,166
Due from Parent	6	2,305,597	2,130,398
Subordinated deposit, including interest receivable	2,4,7	216,187,718	206,955,935
		<u>€ 222,471,817</u>	<u>€ 213,073,006</u>
LIABILITIES			
Other liabilities		€ 18,941	€ 21,720
Hybrid subordinated securities, including interest payable	2,5,6,7	220,556,667	211,128,333
		<u>220,575,608</u>	<u>211,150,053</u>
SHAREHOLDER'S EQUITY			
Ordinary shares, €1 par value 15,000 shares authorised and outstanding	8	15,000	15,000
Retained earnings	2,3,7	1,881,209	1,907,953
		<u>1,896,209</u>	<u>1,922,953</u>
		<u>€ 222,471,817</u>	<u>€ 213,073,006</u>

See accompanying notes to financial statements.

Approved by the Board of Directors on April 29, 2020:

MARKUS SCHWIMANN  DIRECTOR

NICOLA CORSETTI  DIRECTOR

BA-CA Finance (Cayman) Limited
Statement of Comprehensive Income (Loss)
for the years ended December 31, 2019 and 2018
(stated in Euro)

	Note	<u>2019</u>	<u>2018</u>
INCOME			
Interest income	4	€ 1,933,332	€ 2,926,664
		<u>1,933,332</u>	<u>2,926,664</u>
VALUATION GAIN/(LOSS)	2,3,7	<u>(196,363)</u>	<u>275,592</u>
EXPENSES			
Interest expense	5,6	1,685,833	2,717,499
Administrative expenses	6	77,880	81,433
		<u>1,763,713</u>	<u>2,798,932</u>
NET INCOME (LOSS) FOR THE YEAR		<u>(26,744)</u>	<u>403,324</u>
NET COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		<u>€ (26,744)</u>	<u>€ 403,324</u>

See accompanying notes to financial statements.

Approved by the Board of Directors on April 29, 2020:

MARKUS SCHWIMANN  DIRECTOR

NICOLA CORSETTI  DIRECTOR

BA-CA Finance (Cayman) Limited
Statement of Changes in Shareholder's Equity
for the years ended December 31, 2019 and 2018
(stated in Euro)

	Share Capital		Retained Earnings		Total
As at January 1, 2018	€	15,000	€	995,452	€ 1,010,452
IFRS 9 transition effect		-		509,177	509,177
Net comprehensive income for the year		-		403,324	403,324
As at December 31, 2018	€	15,000	€	1,907,953	€ 1,922,953
Net comprehensive loss for the year		-		(26,744)	(26,744)
As at December 31, 2019	€	15,000	€	1,881,209	€ 1,896,209

See accompanying notes to financial statements.

BA-CA Finance (Cayman) Limited
Statement of Cash Flows
for the years ended December 31, 2019 and 2018
(stated in Euro)

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss)	€ (26,744)	€ 403,324
Adjustment for items not affecting cash:		
Valuation gain	197,946	(277,173)*
Changes in operating assets and liabilities:		
Receivable from Support Agreement with related party	-	4,270
Interest receivable	399,166	(40,417)
Due from Parent	(175,199)	(120,842)
Other assets	(67)	(204)
Interest payable	(399,167)	21,249
Other liabilities	(2,779)	8,012
Net cash provided by operating activities	<u>(6,844)</u>	<u>(1,781)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(6,844)	(1,781)
BEGINNING CASH AND CASH EQUIVALENTS	<u>3,982,507</u>	<u>3,984,288</u>
ENDING CASH AND CASH EQUIVALENTS	<u>€ 3,975,663</u>	<u>€ 3,982,507</u>
SUPPLEMENTARY INFORMATION		
Interest received	€ 2,332,498	€ 2,886,247
Interest paid	€ (2,085,500)	€ (2,696,250)

* Including IFRS 9 FTA effect

See accompanying notes to financial statements.

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

1. The Company and its principal activity

BA-CA Finance (Cayman) 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 September 23, 2004 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 October 12, 2024. 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 December 31, 2019 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).

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

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 in custody with a financial institution with an original maturity of three months or less.

(d) Subordinated deposit

The subordinated deposit consists of interest bearing balances 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 October 25, 2004). 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 IFRS 9.

(g) Interest income and expense

Interest income and expense are recorded on an accrual basis. Interest income comprises interest earned on the 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 accrual basis, as and when the interest expense from the dividend payments on the hybrid subordinated securities is recognized. See Note 5 for further details.

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

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) Limited.

(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.

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

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 semi-annual interest payments are linked to the 10-year swap rate but are reset on a semi-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.

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(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 2019 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 2019.

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

	<u>Gross Amount</u>	<u>ECL</u>	<u>Amortized Cost</u>
Cash at bank	€ 3,975,663	€ (1,394)	€ 3,974,269

The gross amount and amortized cost values of cash and cash equivalents, including the IFRS 9 expected credit loss (ECL) which as of December 31, 2018 are summarised as follows:

	<u>Gross Amount</u>	<u>ECL</u>	<u>Amortized Cost</u>
Cash at bank	€ 3,984,088	€ (1,582)	€ 3,982,507

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

4. Subordinated deposit

Upon receipt of proceeds from issuance of the hybrid subordinated securities, the Company deposited an amount of €245,000,000 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 bears interest at a variable rate as stipulated in the subordinated deposit agreement (the “Deposit Agreement”) dated October 25, 2004. Interest is receivable semi-annually in arrears. The deposit is repayable solely at the option of the Parent until the date the hybrid subordinated securities (Note 5) are redeemed. The interest receivable for 2019 is €87,918 (2018: €487,085). The interest income for 2019 is €1,933,332 (2018: €2,926,664).

On March 16, 2017, the Parent suspended the April 28, 2017 and October 28, 2017 payments of interest to the Company on the subordinated deposit. Suspension was allowed by Clause 3.4 of the Agreement between the parties. The Company resumed accruing interest income related to the subordinated deposit on October 29, 2017.

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 12.31.2019 EUR	Fair Value 12.31.2018 EUR	2019 Impact On P&L EUR	2018 Impact on P&L EUR
Subordinated deposit	216,099,800	206,468,850	9,630,950	-13,501,950

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.

BA-CA Finance (Cayman) Limited
Notes to Financial Statements
for the years ended December 31, 2019 and 2018
(stated in Euro)

5. Hybrid subordinated securities

On October 28, 2004, the Company issued 250,000 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 BA.

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 October 25, 2004):

- 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 October 28, 2004 to October 28, 2005, the preferential cash dividends were calculated at a rate of 6% per annum; after October 28, 2005, the preferential cash dividends were calculated at a variable rate as stipulated in the offering circular dated October 25, 2004. The dividends are payable semi-annually in arrears with the first payment having been made as scheduled on April 28, 2005. The dividends are reported as interest expense in the accompanying financial statements. The interest payable for 2019 is €46,667 (2018: €445,833). The interest expense for 2019 is €1,685,833 (2018: €2,717,499).

These securities were issued with the benefit of a support agreement entered into with UniCredit BA (the “Support Agreement”). 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 12.31.2019 EUR	Fair Value 12.31.2018 EUR	2019 Impact On P&L EUR	2018 Impact On P&L EUR
Hybrid subordinated securities	220,510,000	210,682,500	-9,827,500	13,777,500

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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 items.

At December 31, 2019, the Company held cash and cash equivalents with UniCredit BA, the ultimate parent of the Company, of €3,974,269 (2018: €3,982,507).

At December 31, 2019, the Company had a receivable due from the Parent in the amount of €2,305,597 (2018: €2,130,398), of which €1,452,142 (2018: €1,452,142) relates to the Support Agreement the Parent received from UniCredit BA on behalf of the Company.

The Company is charged administrative fees of €25,000 per annum (2018: €25,000) by the Parent. This amount is included in administrative expenses on the statement of comprehensive income (loss).

At December 31, 2019, UniCredit BA, the ultimate parent of the Company owned 62.0% (2018: 62.0%) of the outstanding hybrid subordinated securities with a book value of €155,128,952 (2018: €155,376,595). As a result, the Company incurred €1,045,891 (2018: €1,685,936) of related interest expense during the year of which €28,952 (2018: €276,595) is payable at year end that is ultimately due to UniCredit BA.

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.

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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 credit 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.

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8. Share capital

		2019	2018
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 debt and equity balances. The overall strategy remains unchanged from 2018.

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.

Other Appendices

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a).

If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.