BA-CA Finance (Cayman) (2) Limited

Unaudited Financial Statements

for the six-month period January 1 – June 30, 2017

Annual Report of the Company Directors

The directors of BA-CA Finance (Cayman) (2) Limited (the "Company") are pleased to present the Company's unaudited financial statements for the six-month period ended June 30, 2017.

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 revenue. However, the Parent suspended the payment of interest to the Company on the subordinated deposit due on March 22, 2017, as allowed under certain circumstances. As a result, the Company was supported by UniCredit BA to make sufficient funds available to satisfy the Company's dividend obligation.

Ultimately, the outlook for the full year 2017 is expected to be favourable because the Company has been able to accrue interest income on the subordinated deposit since March 23, 2017.

Sincerely,

MARKUS SCHWIMANN

Mr. Markus Schwimann, Director
September 22, 2017

NICOLA CORSETTI

Mr. Nicola Corsetti, Director
September 22, 2017

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, 2017.

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 Issurers under the WtF:

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, 2017 and results of its operations six-month period from January 1 to June 30, 2017. 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 September 22, 2017:

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, 2017 (Unaudited)
(stated in Euro)

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS			
Cash and cash equivalents	5	€ **1,908,819**	€ **1,927,299**
Interest receivable	4	**440,063**	**-**
Receivable from Support Agreement with related party	4	**-**	**845,522**
Other assets		**-**	**2,971**
Due from Parent	5	**1,137,376**	**1,145,931**
Subordinated deposit	3,6	**147,000,000**	**147,000,000**
		€ **150,486,258**	€ **150,921,523**
LIABILITIES			
Interest payable	5	€ **416,091**	€ **805,315**
Other liabilities		**17,651**	**3,463**
Hybrid subordinated securities	4,5,6	**150,000,000**	**150,000,000**
		150,433,742	**150,808,778**
SHAREHOLDER'S EQUITY			
Ordinary shares, €1 par value 15,000 shares authorised and outstanding	7	**15,000**	**15,000**
Retained earnings		**37,516**	**56,707**
		52,516	**71,707**
		€ **150,486,258**	€ **150,921,523**

See accompanying notes to financial statements.

Approved by the Board of Directors on September 22, 2017:

MARKUS SCHWIMANN DIRECTOR

NICOLA CORSETTI DIRECTOR

BA-CA Finance (Cayman) (2) Limited
Statement of Comprehensive Income (Loss)
for the period January 1 – June 30, 2017 (Unaudited)
(stated in Euro)

	Note	January 1 – June 30, 2017 (Unaudited)	Year ended December 31, 2016 (Audited)
INCOME			
Interest income	4	€ **440,063**	€ **-**
Income from Support Agreement with related party	4	**239,338**	**1,075,972**
		679,401	**1,075,972**
EXPENSES			
Interest expense	4,5	**655,430**	**1,068,847**
Administrative expenses	5	**43,162**	**59,924**
		698,592	**1,128,771**
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		€ **(19,191)**	€ **(52,799)**

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, 2017 (Unaudited)
(stated in Euro)

		Share Capital		Retained earnings		Total
As at December 31, 2015	**€**	**15,000**	**€**	**109,506**	**€**	**124,506**
Comprehensive loss:						
Net loss for the year		-		(52,799)		(52,799)
As at December 31, 2016	**€**	**15,000**	**€**	**56,707**	**€**	**71,707**
Comprehensive loss:						
Net loss for the period		-		(19,191)		(19,191)
As at June 30, 2017	**€**	**15,000**	**€**	**37,516**	**€**	**52,516**

See accompanying notes to financial statements.

BA-CA Finance (Cayman) (2) Limited
Statement of Cash Flows
for the period January 1 – June 30, 2017 (Unaudited)
(stated in Euro)

		January 1 – June 30, 2017 (Unaudited)		Year ended December 31, 2016 (Audited)
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss	€	**(19,191)**	€	**(52,799)**
Adjustment for items not affecting cash:				
Changes in operating assets and liabilities:				
Interest receivable		**(440,063)**		**-**
Receivable from Support Agreement with related party		**845,522**		**10,262**
Due from Parent		**8,555**		**1,310**
Other assets		**2,971**		**(11)**
Interest payable		**(423,070)**		**33,846**
Other liabilities		**6,996**		**7,192**
Net cash used in operating activities		**(18,280)**		**(200)**
CHANGE IN CASH AND CASH EQUIVALENTS		**(18,280)**		**(200)**
BEGINNING CASH AND CASH EQUIVALENTS		**1,927,099**		**1,927,299**
ENDING CASH AND CASH EQUIVALENTS	€	**1,908,819**	€	**1,927,099**
SUPPLEMENTARY INFORMATION				
Interest received	€	**-**	€	**-**
Interest paid	€	**(1,078,500)**	€	**(1,035,000)**

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 the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value as of June 30, 2017 has been disclosed in Note 6.

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. The estimates and associated assumptions are based on various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(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.

2. Significant accounting policies (continued)

(d) Subordinated deposit

The subordinated deposit consists of interest bearing balances held with the Parent. The Subordinated deposit is classified as loans and receivables.

(e) 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. Dividend payments made to holders of the securities are classified as interest expense on the statement of income.

The securities are valued at amortised cost.

(f) 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.

(g) 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 4 for further details.

(h) Recent accounting pronouncements

In 2016 the following standards, amendments or interpretations have become effective:

- Amendments to IFRS10, IFRS12 and IAS28: Investment Entities - Applying the Consolidation Exception;
- Amendments to IAS27: Equity Method in Separate Financial Statements;
- Amendments to IAS1: Disclosure Initiative;
- Annual Improvements to IFRSs 2012 - 2014 Cycle;
- Amendments to IAS16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IFRS11: Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS16 and IAS 41: Bearer Plants;
- Amendments to IAS19 - Defined benefit plans: employee contributions;
- Annual Improvements to IFRSs 2010 - 2012 Cycle.

2. Significant accounting policies (continued)

(i) Recent accounting pronouncements (continued)

The application of the principles and amendments mentioned above did not have an impact on the Statement of Financial Position and Statement of Comprehensive Income (Loss).

In 2016 the European Commission endorsed the following accounting principles that are applicable for reporting periods beginning on or after January 1, 2018:

- IFRS9 Financial Instruments
- IFRS15 Revenue from Contracts with Customers

With regards to IFRS9, a group wide project within UniCredit BA has been set up with the aim of creating common risk and accounting methodologies as well as a harmonized target operating model across the group's legal entities, including the Company. The potential impact from IFRS9 is under evaluation.

There will be no impact from IFRS15, as the Company has no customers and therefore no revenue from contracts with customers.

3. 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.

On March 16, 2017, the Parent suspended the March 22, 2017 payment of interest to the Company on the subordinated deposit. On March 15, 2016, the Company was informed by the Parent that the interest under the Deposit Agreement due on March 22, 2016 would not be paid. Suspensions are allowed by Clause 3.4 of the Agreement between the two parties. Accordingly, the Company did not record interest income relating to subordinated deposits during the year 2016 up to March 22, 2017.

4. 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 Frankfurt 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.

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.

As the Company did not receive interest on the subordinated deposit as discussed in Note 3, the Company requested financial support from UniCredit BA under the Support Agreement. The request was approved and funds were received for the March 22, 2017 and 2016 coupon obligations.

At June 30, 2017, €Nil (December 31, 2016: €845,522) of financial support is receivable by the Company in relation to interest accrued and certain expenses. During the six-month period ended June 30, 2017, the Company earned €239,338 (year 2016: €1,075,972) in income pursuant to proceeds due under the Support Agreement.

5. Related party transactions

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

At June 30, 2017, the Company held cash and cash equivalents with UniCredit BA, the ultimate parent of the Company, of €1,908,819 (December 31, 2016: €1,907,534).

At June 30, 2017, the Company had a receivable due from the Parent in the amount of €1,137,376 (December 31, 2016: €1,145,931), of which €1,009,014 (2016: €1,002,654) 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 (2016: €15,000) by the Parent. These amounts are included in administrative expenses on the statement of comprehensive income (loss).

During 2017, the Company incurred accounting fees for services rendered by UniCredit BA totaling €3,573 (2016: €14,845). This amount is included in administrative expenses on the statement of comprehensive income (loss).

At June 30, 2017 and December 31, 2016, UniCredit BA owned 66.4% of the outstanding hybrid subordinated securities with a book value of €99,881,000 and €100,172,000, respectively. As a result, the Company incurred €435,271 (2016: €709,821) of related interest expense during the period of which €276,326 (2016: €557,287) is payable at the balance sheet date.

6. Fair value disclosure of financial instruments

The following disclosures represent the Company's best estimate of the fair value of financial instruments. The fair value of hybrid subordinated securities is based on current market quotations as these are exchange-traded. As discussed in Note 3, 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 4 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. Subordinated deposits are classified as loans and receivables.

In accordance with IFRS 13 Fair Value Measurement, the Company has classified the financial instruments listed below at Level 2 in the fair value hierarchy.

(stated in Euro)

6. Fair value disclosure of financial instruments (continued)

The carrying and fair values of certain financial instruments as of June 30, 2017 are summarised as follows:

		Carrying value		Fair value
Assets:				
Subordinated deposit	€	147,000,000	€	125,317,500
Liabilities:				
Hybrid subordinated securities		150,000,000		127,875,000

The carrying and fair values of certain financial instruments as of December 31, 2016 are summarised as follows:

		Carrying value		Fair value
Assets:				
Subordinated deposit	€	147,000,000	€	92,236,620
Liabilities:				
Hybrid subordinated securities		150,000,000		94,119,000

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.

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 perfectly hedged.

6. Fair value disclosure of financial instruments (continued)

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.

7. Share capital

		2017	**2016**
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.

8. 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 2016.