BA-CA Finance (Cayman) (2) Limited

Financial Statements
for the year ended December 31, 2012
And Independent Auditors' report

BA-CA FINANCE (CAYMAN) (2) LIMITED

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Independent Auditors' Report to the Shareholder

To the Shareholder of
BA-CA Finance (Cayman) (2) Limited

We have audited the accompanying financial statements of BA-CA Finance (Cayman) (2) Limited (the "Company"), which comprise the statement of financial position as at December 31, 2012, and the statements of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

July 3, 2013

BA-CA Finance (Cayman) (2) Limited
Statement of Financial Position
December 31, 2012
(stated in Euro)

	Note	2012	2011
ASSETS			
Subordinated deposit	3,6	**€ 147,000,000**	**€ 147,000,000**
Term deposit		**1,840,681**	**1,818,672**
Interest receivable	3	**-**	**4,536,092**
Receivable from Support Agreement with related party	4	**2,974,907**	**-**
Due from Parent	5	**766,992**	**515,423**
		€ 152,582,580	**€ 153,870,187**
LIABILITIES			
Hybrid subordinated securities (net of unamortised transaction costs of €674,854 (2011: €989,854))	4,6	**€149,325,146**	**€ 149,010,146**
Interest payable		**2,985,456**	**4,186,471**
Other liabilities		**2,338**	**8,729**
		152,312,940	**153,205,346**
SHAREHOLDER’S EQUITY			
Ordinary shares €1 par value 15,000 shares authorised and outstanding	7	**15,000**	**15,000**
Retained earnings		**254,640**	**649,841**
		269,640	**664,841**
		€ 152,582,580	**€ 153,807,187**

See accompanying notes to financial statements.

Approved on behalf of the Board on July 3, 2013

JOSEF DUREGGER
________________________ Director

NICOLA A. CORSETTI
________________________ Director

BA-CA Finance (Cayman) (2) Limited
Statement of Comprehensive Income
Year ended December 31, 2012
(stated in Euro)

	Note	2012	2011
INCOME			
Interest income	3,5	3,953,359	5,790,680
Gain from Support Agreement with related party	4	8,672,547	-
		12,625,906	**5,790,680**
EXPENSES			
Interest expense	4	4,494,485	5,651,893
Impairment loss on interest receivable	3,5	8,467,395	-
Administrative expenses	5	59,227	33,410
		13,021,107	**5,685,303**
NET (LOSS) INCOME		**€ (395,201)**	**€ 105,377**

See accompanying notes to financial statements.

BA-CA Finance (Cayman) (2) Limited
Statement of Changes in Shareholder's Equity
Year ended December 31, 2012
(stated in Euro)

		Share Capital	Retained earnings	Total
As at December 31, 2010	**€**	**15,000**	**544,464**	**559,464**
Net income for the year		-	105,377	105,377
As at December 31, 2011	**€**	**15,000**	**649,841**	**664,841**
Net loss for the year		-	(395,201)	(395,201)
As at December 31, 2012	**€**	**15,000**	**254,640**	**269,640**

See accompanying notes to financial statements.

BA-CA Finance (Cayman) (2) Limited
Statement of Cash Flows
Year ended December 31, 2012
(stated in Euro)

	2012	2011
CASH PROVIDED BY/ (USED IN):		
OPERATING ACTIVITIES		
Net (loss) income	**€ (395,201)**	**€ 105,377**
Adjustment for item not affecting cash:		
Amortisation of transaction costs relating to the issuance of hybrid subordinated securities	**315,000**	**315,000**
Impairment loss on interest receivable	**8,467,395**	**-**
Interest income on subordinated deposit	**(3,941,512)**	**-**
Gain from Support Agreement with related party	**(8,672,547)**	**-**
Cash received from support agreement	**5,697,640**	**-**
Changes in operating assets and liabilities:		
Term deposit	**(22,009)**	**(9,765)**
Interest receivable	**10,209**	**(159,341)**
Due from Parent	**(251,569)**	**(404,817)**
Interest payable	**(1,201,015)**	**152,893**
Other liabilities	**(6,391)**	**653**
CHANGE IN CASH	**-**	**-**
CASH, BEGINNING OF YEAR	**-**	**-**
CASH, END OF YEAR	**€ -**	**€ -**
SUPPLEMENTARY INFORMATION		
Interest received	22,056	5,631,339
Interest paid	€ (5,380,500)	€ (5,499,000)

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.

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 Bank Austria AG, 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 policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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 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.

2. Significant accounting policies (continued)

(c) Term deposit

Term deposit consists of cash balance on deposit with a financial institution with maturity of six months.

(d) Subordinated deposit

The subordinated deposit consists of interest bearing balances held with the Parent.

(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 initially recognised at nominal value less transaction costs, and the transaction costs are amortised over ten years (the estimated life of the securities). The amortisation of the transaction costs is included in interest expense.

(f) Interest income and expense

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

(g) Gain 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 3 for further details.

(h) Identification and measurement of impairment

The subordinated deposit, carried in the statement of financial position at cost, is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset would be considered impaired when objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

2. Significant accounting policies (continued)

(h) Identification and measurement of impairment (continued)

Objective evidence that the subordinated deposit is impaired include significant financial difficulties of the Parent, default or delinquency by the Parent, restructuring of amount due on terms that the Company would not consider otherwise, indications that the Parent will enter bankruptcy, or adverse changes in the payment status of the Parent other than those allowed by the Deposit Agreement (Note 3).

An impairment loss in respect of a financial asset carried at cost is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these financial statements.

IFRS 7 — Offsetting Financial Assets and Financial Liabilities

Issued in December 2011, this amended the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognized financial assets and recognized financial liabilities, on the entity's financial position.

An entity must therefore disclose:

(i) the gross amounts of those recognized financial assets and recognized financial liabilities;
(ii) the amounts that are set off in accordance with the criteria in paragraph 42 of IAS 32 when determining the net amounts presented in the statement of financial position;
(iii) the net amounts presented in the financial statements;
(iv) the amounts subject to an enforceable master netting arrangement or similar agreement; and
(v) net amounts after deducting the amounts in (iii) and (iv) above.

2. Significant accounting policies (continued)

(i) New standards and interpretations (continued)

IFRS 7 — Offsetting Financial Assets and Financial Liabilities (continued)

These amendments are effective for annual periods beginning on or after January 1, 2013 and interim periods within those annual periods. Disclosures required by these amendments are to be provided retrospectively.

IFRS 9 – Financial Instruments

Effective for annual periods beginning on or after January 1, 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. IFRS 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

IFRS 9 is not expected to have a significant impact on the Company's measurement basis, financial position or performance, as it is expected that the Company will continue to classify its financial assets and financial liabilities (both long and short) as being at fair value through profit or loss. IFRS 9 is permitted for early adoption but the Company does not intend to do so.

IFRS 13 – Fair Value Measurement

IFRS 13, effective for annual periods beginning on or after January 1, 2013, improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread.

IFRS 13 is permitted for early adoption but the Company does not intend to do so. The impact of IFRS 13 on the Company's financial statements is currently being considered.

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 20, 2012, the Parent informed the Company that the interest under the Deposit Agreement due on March 22, 2012 would not be paid. Accordingly, on March 20, 2012, the Company wrote off any associated interest income accrued during 2012.

During the year ended December 31, 2012, €8,467,395 (including €4,525,883 earned during the prior year) of accrued interest income and receivable was written off. Pursuant to the Support Agreement, Unicredit BA guaranteed sufficient funds during the year to cover interest payments and certain operating costs of the Company.

At December 31, 2012, €Nil (2011: €4,525,883) of interest is receivable by the Company. During the year ended December 31, 2012 the Company earned €Nil (2011: €5,773,410) in interest.

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.

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

4. Hybrid subordinated securities (continued)

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).

a) Unavailability of distributable profit.
b) UniCredit Bank Austria AG determines that in accordance with Austrian Banking regulations, UniCredit Bank Austria AG 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 Bank Austria AG 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 Bank Austria AG (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 Bank Austria AG 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, on March 20, 2012, requested Unicredit Bank Austria AG ("Unicredit BA") for its financial support under the Support Agreement dated February 22, 2005. The request was approved and funds were received on March 22, 2012.

At December 31, 2012, €2,974,907 (2011: €Nil) of financial support is receivable by the Company. During the year ended December 31, 2012 the Company earned €8,672,547 (2011: €Nil) in gains pursuant to proceeds due under the Support Agreement.

5. Related party transactions

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

The Company had a receivable due from the Parent in the amount of €766,992 and €515,423 at December 31, 2012 and 2011, respectively.

The Company paid administrative fees of €15,000 in each of 2011 and 2010 to the Parent. These amounts are included in administrative expenses.

At December 31, 2012, UniCredit Bank Austria AG, the ultimate parent of the Company owned 66.4% of the outstanding hybrid subordinated securities with a book value of €99,619,000.

(stated in Euro)

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. The fair value of the subordinated deposit is determined based on the price of the exchange-traded subordinated securities. Management estimated this to be representative of fair value due to the similar duration, interest rate risk and credit risk of the two instruments.

The carrying and fair values of certain financial instruments as of December 31, 2012 are summarised as follows:

	Carrying value	Fair value
Assets:		
Subordinated deposit	€ 147,000,000	€ 69,304,620
Liabilities:		
Hybrid subordinated securities	149,325,146	70,719,000

The carrying and fair values of certain financial instruments as of December 31, 2011 are summarised as follows:

	Carrying value	Fair value
Assets:		
Subordinated deposit	€ 147,000,000	€ 44,100,000
Liabilities:		
Hybrid subordinated securities	149,010,146	45,000,000

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 high credit ratings.

(stated in Euro)

6. Fair value disclosure of financial instruments (continued)

Market risk

Market risk is the potential loss the Company may incur as a result of 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 as the carrying value is not fair value.

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.

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.

7. Share capital

		2012	2011
Authorised:			
15,000 shares of €1 each	€	15,000	15,000
Allotted, called up and fully paid:			
15,000 shares	€	15,000	15,000

8. Subsequent events

On March 19, 2013, the Parent suspended the March 22, 2013 payment of interest to the Company on a certain subordinated deposit. Suspension was allowed by Clause 3.4 of the Agreement between the two parties. As a result, the Company had insufficient funds to meet the March 22, 2013 dividend obligations on the 150,000 Preferred Securities in issue (Note 4). On March 19, 2013, in accordance with Clause 2.1.1 of the Support Agreement with Unicredit Bank Austria AG ("Unicredit"), the Company requested Unicredit make sufficient funds available to satisfy the Company's dividend obligations. The request was approved and funds received by the Company on March 22, 2013.