Draft
22 April 2015

D I V I S I O N A N D T R A N S F E R A G R E E M E N T

concluded between ---

Österreichische Volksbanken-Aktiengesellschaft -------------------------------------
FN 116476 p ---
Kolingasse 14-16, 1090 Vienna --

and ---

Volksbank Wien-Baden AG ---
FN 211524 s---
Schottengasse 10, 1010 Vienna--

as follows: ---

Preamble --

Österreichische Volksbanken-Aktiengesellschaft is a corporation formed under Austrian law with registered office in Vienna and business address at Kolingasse 14-16, in 1090 Vienna, recorded in the companies register maintained by the Vienna Commercial Court under FN 116476 p (hereinafter, "**VBAG**" or the "**Transferor Company**"). ----------------

Volksbank Wien-Baden AG is a corporation formed under Austrian law with registered office in Vienna and business address at Schottengasse 10, in 1010 Vienna, recorded in the companies register maintained by the Vienna Commercial Court under FN 211524 s (hereinafter, "**VB Wien-Baden**" or the "**Transferee Company**"). -------------------------

In 2012, the primary institutions of the Austrian Volksbank sector concluded an agreement (the "**2012 Association Agreement**") that resulted in the creation of banking association pursuant to section 30a (*Bankwesengesetz*, "**BWG**"), which was designed to enable the sector to better meet the economic challenges posed by a changing market environment, on the one hand, and growing regulatory requirements, on the other. Pursuant to section 30a BWG, VBAG is currently the central organisation and central institution of the Association of Volksbanks that was formed on the basis of the 2012 Association Agreement. --

In order to ensure that the Association of Volksbanks remains viable and is able to retain its core responsibility as a regionally rooted financial-services provider, one that is charged with providing the economy with financing nationwide and attending to the regional financing needs of customers, the primary institutions of the Austrian Volksbank sector resolved on 2 October 2014 to carry out a strategic restructuring of the Association of Volksbanks. --

One of the core elements of this restructuring was the conclusion of an agreement to create a new banking association pursuant to section 30a BWG (the "**2014 Association Agreement**") and, in this regard, to divide VBAG into a wind-down part and transfer the central organisation and central institution function to a primary institution of the Austrian Volksbank sector as the new central organisation. This primary institution is VB Wien-Baden. The transaction planned hereunder is intended to transfer from VBAG to VB Wien-Baden those assets, contracts, resources, and systems that will enable VB Wien-Baden to assume and fulfil the central organisation and central institution function in the new Association of Volksbanks pursuant to the 2014 Association Agreement. -------------

Against this background, the intention is for VBAG as Transferor Company to transfer the Division Assets, i.e. the business unit responsible for the central organisation and central institution function (as defined in Section 1.10, below), to VB Wien-Baden as Transferee Company on the basis of this Division and Transfer Agreement through proportionate separation for the purposes of adoption by means of universal succession pursuant to section 1, para. 2, no. 2 in conjunction with section 17 of the Austrian Division Act (*Spaltungsgesetz*, "**SpaltG**") under application of article VI of the Austrian Reorganisation Tax Act (*Umgründungssteuergesetz*, "**UmgrStG**") (the "**Division**"). ----------------------------

At the same VBAG General Meeting at which the resolution on the Division is to be adopted, it is planned, inter alia, to adopt resolutions concerning a simplified reduction of VBAG share capital pursuant to sections 182 et seq. of the Austrian Stock Corporation Act (*Aktiengesetz*, "**AktG**") and the reduction of the entire participation capital issued by VBAG in the same ratio. Specifically, the following two measures are to be carried out: --

(i) As a first step, pursuant to section 192, para. 3, no. 2 AktG, 12 shares of VBAG are to be called in and cancelled through a capital reduction in order to reduce the number of registered no-par-value shares, each with a pro-rata amount of share capital equal to EUR 2.181, from 264,708,218 shares to 264,708,206 shares (the "**VBAG Share Cancellation**"). Following the VBAG Share Cancellation, the share capital will amount to EUR 577,328,597.29. --

(ii) As a second step, pursuant to sections 182 et seq. AktG, resolutions are to be adopted concerning a simplified reduction of VBAG share capital of EUR 577,328,597.29 (i.e. as reduced by the VBAG Share Cancellation) by EUR 557,992,646.06 to EUR 19,335,951.23 and the reduction of the entire participation capital issued by VBAG in the same ratio, meaning that the nominal amount of the entire participation capital issued by VBAG will be reduced by 96.65% (the "**VBAG Capital Reduction**"). Since the pro-rata amount of reduced share capital attributable to each share would fall below the minimum amount of EUR 1 pursuant to section 8, para. 3 AktG, the capital reduction is to be accomplished pursuant to section 175, para. 4 AktG through a reverse stock split. Therefore, after simplified reduction, VBAG share capital will be reallocated, with 264,708,206 registered no-par-value shares, each with a pro-rata amount of share capital equal to EUR 2.181, being replaced with 18,907,729 registered no-par-value shares, each with a pro-rata amount of share capital equal to EUR 1.023. The reallocation will be accomplished through a reverse stock split in the ratio of 14:1, i.e. one new share will be issued in exchange for 14 existing shares. If a shareholder owns a number of shares that is not a whole number after the stock split is carried out, or if a shareholder owns fewer than 14 shares at the time the reverse stock split is carried out, the partial rights of the various shareholders will be consolidated into one share, which is unavoidable with share fractions, and they will share fractional ownership of the new share. ---------------

Both the VBAG Share Cancellation and the VBAG Capital Reduction are to be recorded in the companies register prior to the Division and are thus to become effective prior to the Division.---

At the same VBAG General Meeting at which the resolution on the Division is to be adopted, it is planned, inter alia, to adopt a resolution concerning conversion of VBAG into a company in wind-down pursuant to section 162 of the Austrian Federal Act on the Reorganisation and Winding-up of Banks (*Sanierungs- und Abwicklungsgesetz*, "**BaSAG**"). ---

In the course of the Division – in addition to the capital increase to carry out the Division (see Section 1.4, below) – the Volksbanks will carry out a cash capital increase of VB

Wien-Baden in the nominal amount of EUR 35,440,781.25 (plus a premium in the amount of EUR 77,557,660.60) (the "**VB Wien-Baden Cash Capital Increase**"). The resolution concerning the VB Wien-Baden Cash Capital Increase is to be adopted at the same VB Wien-Baden General Meeting at which the resolution concerning the Division is adopted. Therefore, through the capital increase to carry out the Division (see Section 1.4, below) and the Wien-Baden Cash Capital Increase, the capital of VB Wien-Baden will be increased from the current EUR 56,454,375 by the nominal amount of EUR 37,634,531.25 to EUR 94,088,906.25. The amount of the increase consists of the nominal amount of EUR 2,193,750 for the capital increase to carry out the Division and the nominal amount of EUR 35,440,781.25 from the Wien-Baden Cash Capital Increase. -

1 Required contractual content (section 2 SpaltG)------------------------------

1.1 Name, registered office, and articles of association of the companies involved in the Division (section 2, para. 1, no. 1 SpaltG) --

1.1.1 Transferor Company is VBAG (Österreichische Volksbanken-Aktiengesellschaft), with registered office in Vienna. The Transferor Company will continue in existence after the Division is carried out. ------------

At the time this Division and Transfer Agreement is concluded, VBAG share capital amounts to EUR 577,328,623.46 and is divided into 264,708,218 shares. After the VBAG Share Cancellation and the VBAG Capital Reduction are carried out, VBAG share capital will amount to EUR 19,335,951.23, divided into 18,907,729 shares. ------------------------

The current VBAG shareholder structure is depicted in detail in Annex ./1.-

As a result of the Division and the VBAG Capital Reduction, the VBAG articles of association are to be amended, with the current version being attached as Annex ./2a and the version envisioned following the Division, the VBAG Share Cancellation, and the VBAG Capital Reduction being attached at Annex ./2b. After the Division is carried out, VBAG is to be operated as a company in wind-down pursuant to section 162 BaSAG. -------

1.1.2 Transferee Company is VB Wien-Baden (Volksbank Wien-Baden AG), with registered office in Vienna. --

VB Wien-Baden share capital amounts to EUR 56,454,375 and is divided into 602,180 shares. After the capital increase to carry out the Division (EUR 2,193,750) (Section 1.4, below) and the VB Vienna Cash Capital Increase (EUR 35,440,781.25), VB Wien-Baden share capital will amount to EUR 94,088,906.25, divided into 1,003,615 shares. -------------------------

The current VB Wien-Baden shareholder structure is depicted in detail in Annex ./3.--

As a result of the Division, the capital increased carried out in connection with the Division, and the VB Wien-Baden Cash Capital Increase, the VB Wien-Baden articles of association are to be amended, with the current version being attached as Annex ./4a and the version envisioned following the Division and the carrying out of the capital increases being attached at Annex ./4b. ---

1.2 Agreement concerning the transfer of assets in exchange for the granting of interests (section 2, para. 1, no. 2 SpaltG) ---

1.2.1 VBAG as Transferor Company hereby transfers the division assets, i.e. the business unit responsible for the central organisation and central institution function (as defined in Section 1.10, below), to VB Wien-Baden as Transferee Company pursuant to the provisions of this Division and Transfer Agreement through proportionate separation for the purposes of adoption by means of universal succession pursuant to section 1, para. 2, no. 2 in conjunction with section 17 SpaltG and under application of article VI UmgrStG. VBAG as Transferor Company will continue in existence. It will not be liquidated in connection with the Division. ---------------------

1.2.2 VB Wien-Baden hereby accepts the transfer of the division assets, i.e. the business unit responsible for the central organisation and central institution function (as defined in Section 1.10, below), pursuant to the provisions of this Division and Transfer Agreement by means of universal succession. ---

The shareholders of the Transferor Company are to be granted shares of the Transferee Company (see Section 1.3, below). --------------------------

1.2.3 VBAG and VB Wien-Baden undertake to carry out all transactions and measures within and without Austria as may be necessary or expedient for the proper transfer of the division assets. --------------------------------

Should the transfer of individual division assets (as defined in Section 1.10, below), including contractual relationships, receivables, and liabilities to third parties, be impossible (e.g. if and as long as mandatory applicable foreign law should frustrate the effects of universal succession) or incapable of being effected in an economically reasonable manner, VBAG undertakes to continue hold such assets, receivables, and liabilities as trustee for VB Wien-Baden in its own name but for the account and risk of VB Wien-Baden and to manage and fulfil such contractual relationships. As between VBAG and VB Wien-Baden, it is deemed agreed that in such cases, irrespective of representation in the legal relationship with third parties, the profit or loss from such contractual relationships, receivables, and liabilities is for the account of VB Wien-Baden and that offsetting will take place between VBAG and VB Wien-Baden in suitable form in accordance with the aforementioned transfer of profit and loss. -----------------

1.3 Conversion ratio of the interests, their allocation, and the amount of additional cash payments (section 2, para. 1, no. 3 SpaltG) ------------------------------------

1.3.1 Once the recording of the Division becomes effective in the companies register, the Transferee Company is to grant the shareholders of the Transferor Company, in the composition in effect at the time at which the Division becomes effective, in consideration for the transfer of the Division Assets (as defined in Section 1.10, below) (i) one share of the Transferee Company plus (ii) an additional cash payment of EUR 0.2230, which is payable by VB Wien-Baden, for each 808 shares of the Transferor Company. Such shares are to be granted, and the additional cash payment is to be made, at no cost to the shareholders of the Transferor Company. The conversion ratio thus amount to 808:1. The calculation of the conversion ratio can be found in Annex ./5. In exchange for the transfer of the Division Assets, VBAG shareholders are to be granted a total of 23,400 shares of the Transferee Company. ---------------------------------

1.3.2 The shares of the Transferee Company to be granted to the shareholders of the Transferor Company are to be allocated proportionately. ------------

1.3.3 As a precaution, it is noted that for VBAG shares that VB Wien-Baden may own at the time the Division is recorded in the companies register, there is to be no granting of shares in accordance with section 224, para. 1, no. 1 AktG in conjunction with section 17 SpaltG.--------------------------------

1.3.4 As a result of the allocation ratio of one share of VB Wien-Baden share for every 808 shares of VBAG (after the VBAG Share Cancellation and the VBAG Capital Reduction), those VBAG shareholders that either hold fewer than 808 shares of VBAG (after the VBAG Share Cancellation and the VBAG Capital Reduction) or – after allocation of the shares of the Transferee Company attributable to each 808 of their VBAG shares (after the VBAG Share Cancellation and the VBAG Capital Reduction) and additional payments by the Transferee Company – have remaining VBAG shares that are fewer than 808 are entitled to partial, pro-rata rights to: ----------

(a) for each 808 shares of the Transferor Company conferring such partial right (after the VBAG Share Cancellation and the VBAG Capital Reduction), (i) one share of the Transferee Company plus (ii) an additional cash payment of EUR 0.2230, which is payable by VB Wien-Baden; --

(b) a further additional cash payment of EUR 195.84, which is payable by VB Wien-Baden. --

No shareholder rights may be asserted against VB Wien-Baden with the partial rights. All shares in VB Wien-Baden in which such partial rights are established are to be sold by the trustee for the benefit of the shareholders, whereby the trustee is not permitted to sell the shares to VB Wien-Baden shareholders at a price of less than EUR 298.91 per share. The proceeds from the sale of such shares and the total amount of additional cash payments (pursuant to subsection (a) and (b), above) are to be disbursed to the relevant VBAG shareholders following the sale in accordance with their pro-rata partial rights. ------------------------------------

1.3.5 The total amount of additional cash payments to be made by VB Wien Baden is limited to EUR 7,500. ---

1.3.6 All amounts of additional cash payments that are paid out are to be rounded up to the nearest cent.---

1.4 Details about the granting of interests (section 2, para. 1, no. 5 SpaltG) ------------

For the purpose of carrying out the Division, the Transferee Company is to increase its share capital from the current EUR 56,454,375 by EUR 2,193,750 through issuance of 23,400 shares. The Division Assets are to be paid toward this capital increase as a contribution in kind. The shares created through the capital increase are to be issued at the pro-rata amount of the share capital attributable to them of EUR 93.75.--

VBAG has appointed Michael Umfahrer, a public notary whose registered office is in Vienna and whose law firm is located at Währingerstraße 2-4, in 1090 Vienna, to be the trustee pursuant to section 17 SpaltG in conjunction with section 225a, para. 2 AktG for the receipt of the share certificates to be issued, as well as the additional cash payments to be made in connection with fraction offsetting. VB Wien-Baden is to submit to the Trustee the share certificates to be issued and to remit to the Trustee the additional cash payments to be made in connection with fraction offsetting in a sufficiently timely manner so as to enable him to provide the confirmation pursuant to section 17 SpaltG in conjunction with section 225a, para. 2 AktG at the time the Division is recorded in the companies register maintained by the Vienna Commercial Court. --

1.5 Claim to an interest in unappropriated surplus (section 2, para. 1, no. 6 SpaltG) ---

The shares of the Transferee Company granted to the shareholders of the Transferor Company pursuant to Section 1.4, above, are entitled to share in profit starting with the VB Wien-Baden financial year beginning on 1 January 2015. -----------

1.6 Reduction of the nominal capital of the Transferor Company (section 2, para. 1, no. 4 SpaltG)---

1.6.1 The VBAG capital reduction is to take place prior to the Division. ----------

1.6.2 The provisions of section 3 SpaltG, particularly section 3, para. 4 SpaltG, are to be complied with. After the Division is carried out (and after the prior VBAG Share Cancellation and prior VBAG Capital Reduction are carried out), the actual value of the remaining net assets of VBAG is to correspond to at least the amount of its share capital, plus appropriated reserves. --

1.7 Division closing date (section 2, para. 1, no. 7 SpaltG) ------------------------------

1.7.1 The Division closing date within the meaning of section 2, para. 1, no. 7 SpaltG and section 33, para. 6 UmgrStG is 31 December 2014. The Division closing date corresponds to the closing date of the statement of financial position in the annual financial statements as at 31 December 2014 as a closing statement of financial position of the Transferor Company. As between the companies involved in the Division – VBAG and VB Wien-Baden – and particularly for the purposes of accounting, all transactions undertaken by VBAG after 31 December 2014 with respect to the Division Assets are deemed to be for the account of VB Wien-Baden. ------

1.7.2 All assets and liabilities in the Division Assets that are required to be accounted for are to appear in the transfer statement of financial position underlying the Division, and all benefits and encumbrances associated with the assets that are required to be accounted for as at the Division closing date are to be reflected therein in full. ------------------------------

Effective 1 January 2015, all rights and obligations of VBAG with respect to the Division Assets vest in VB Wien-Baden. Beginning on such date, all benefits and encumbrances associated with the Division Assets pertain to VB Wien-Baden, in which also vests all pending transactions and legal relationships associated with the Division Assets. -----------------------------

After the Division has been recorded, VBAG is to refrain for asserting rights and claims against third parties. VB Wien-Baden is entitled to assert such rights and claims. Proceeds from the Division Assets received by VBAG after the Division closing date are to be attributed to VB Wien-Baden. --

If following the recording of the Division, erroneous payments or bookings are made, VBAG and VB Wien-Baden are to establish the proper allocation as soon as possible through corresponding corrective bookings or payments pursuant to the provisions of this Division and Transfer Agreement. If one of the parties receives information for which it is discernible or should be discernible that it is intended for the other party, the receiving party must forward the information to the other party, unless it is prevented from doing so by mandatory statutory provisions. ------------------

VB Wien-Baden agrees to indemnify VBAG and hold it harmless in the event that VBAG is sued by a third party pursuant to section 15 SpaltG or under any other legal title for obligations or liabilities that VB Wien-Baden is required to satisfy pursuant to this Division and Transfer Agreement.

VBAG agrees to indemnify VB Wien-Baden and hold it harmless in the event that VB Wien-Baden is sued by a third party pursuant to section 15 SpaltG or under any other legal title for obligations or liabilities that VBAG is required to satisfy pursuant to this Division and Transfer Agreement. ---

For the purposes of clarity, it is noted that this reciprocal indemnification particularly applies where (i) VBAG provides security to creditors of VB Wien-Baden pursuant to section 15, paras. 2-4 SpaltG or section 17, no. 4 SpaltG in conjunction with section 226 AktG and/or (ii) VB Wien-Baden provides security to creditors of VBAG pursuant to section 15, paras. 2-4 SpaltG or section 17, no. 4 SpaltG in conjunction with section 226 AktG. It is noted that this reciprocal indemnification applies only as between VBAG and VB Wien-Baden and does not affect the rights of third parties pursuant to section 15 SpaltG.---

In addition, VB Wien-Baden and VBAG agree that if creditors of the company involved in the Division demand security pursuant to section 15, paras. 2-4 SpaltG or section 17, no. 4 SpaltG in conjunction with section 226 AktG, such security is to be provided by the party to whom the liability for which the posting of security is demanded is allocated under this Division and Transfer Agreement, and such party undertakes to provide such security where applicable. ---

VBAG undertakes to continue to provide the Transferee Company with all information as may concern the Division Assets or the exercising by VBAG of the central organisation and central institution function of the banking association created on the basis of the 2012 Association Agreement that is not in the possession of the Transferee Company. For its part, the Transferee Company undertakes to continue to provide the Transferor Company with all information as may concern the Division Assets and that the Transferor Company requires for periods up to and including the Division closing date (e.g. for reasons of tax audits) that is not in the possession of the Transferor Company. This reciprocal duty to provide information and support also applies where public authorities conduct an audit of the Transferor Company or the Transferee Company (e.g. by supervisory authorities or tax authorities).---

VBAG hereby expressly agrees, where necessary, to convey to VB Wien-Baden title to the intangible assets and collateral (e.g. mortgages) forming part of the Division Assets. For the purposes of conveyance of title, VBAG undertakes to execute separate, notarially authenticated transfer declarations when so requested by VB Wien-Baden and at the latter's expense. VBAG furthermore undertakes to submit all other required declarations so that assets forming part of the Division Assets can be formally and properly transferred to VB Wien-Baden and, where necessary, title to same conveyed to VB Wien-Baden. Each party bears one half of any costs associated with this.---

After the Division becomes effective, VBAG will need the material resources (including IT services), personnel resources, and services of VB Wien-Baden for the areas of activity set forth in Annex ./6. In addition, the parties undertake to conclude service level agreements under arm's length terms, with such service level agreements to provide for reasonable termination notice periods and, moreover, in principle not to provide for any obligations of VB Wien-Baden to furnish material or personnel resources needed only by VBAG after the Division becomes effective. -------

1.8 Special rights within the meaning of section 2, para. 1, no. 8 SpaltG ----------------

1.8.1 Pursuant to section 19 of the current VB Wien-Baden articles of association (Annex ./4a), the shareholder VB Wien Beteiligung eG (FN 94237 i) has the right pursuant to section 88 AktG to appoint two members to the supervisory board, and the shareholders VB Baden Beteiligung e.Gen (FN 107748 d), VOLKSBANK Landeck eG (FN 40290 a), and Volksbank Tirol Innsbruck-Schwaz AG (FN 42236 m) have the right to appoint one member each. These appointment rights are valid for an unlimited period of time. Shareholders that have the right to appoint members to the supervisory board require the consent of the company within the meaning of section 62 AktG in order to transfer shares. In the amended VB Wien-Baden articles of association (Annex /.4b) these special rights will no longer be included. --
With legal effectiveness of the demerger of VBAG, the Republic of Austria will become a shareholder of VB Wien-Baden due to the granting of VB Wien-Baden shares to VBAG's shareholders as part of the demerger. Therefore and in view of the Republic of Austria's appointment rights at VBAG as described in 1.8.2 below, VB Wien-Baden's amended articles of association (Annex /.4b) will grant to the Republic of Austria the right to appoint up to half of the members of its supervisory board (shareholder representatives). ---

1.8.2 Pursuant to part IV, section 11(2) of the current VBAG articles of association, the shareholder the Republic of Austria (Federation), though FIMBAG-Finanzmarktbeteiligung Aktiengesellschaft, has the right to appoint up to one half of the members of the supervisory board (shareholder representatives). This special right is to be retained unchanged in the amended VBAG articles of association. -----------------------------------

Pursuant to part V, section 17(2) of the current VBAG articles of association, the shareholder Volksbanken Holding eingetragene Genossenschaft (e.Gen.) has the right to appoint and dismiss the members of Council of Delegates (*Delegiertenrat*) within the meaning of part V, section 17 of the current VBAG articles of association. This special right is to lapse and is no longer to be retained in the amended VBAG articles of association. -----

1.8.3 Pursuant to section 15, para. 5 SpaltG, the holders of debt securities and profit-sharing certificates are to be granted equivalent rights or receive appropriate settlement for the amendment of the rights or the right itself. The provision is based on section 226, para. 3 AktG, meaning that the merger rules in section 226, para. 3 AktG also apply mutatis mutandis to the Division. The term "debt securities and profit-sharing certificates" means only instruments of an equity nature. It covers only so-called profit-oriented but not profit-dependent instruments. -----------------------

1.8.4 Other than the share capital issued by it, VBAG has issued only the equity instruments set forth below. The legal status and the rights and obligations of VBAG as issuer of these equity instruments are **not** to be conveyed to VB Wien-Baden in connection with the Division and therefore are to remain with VBAG: ---

(a) Issue of participation certificates in 1986 in the total nominal amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) ATS 15,000,000.00, ISIN AT0000755665 (the "**1986 Participation Certificates**"); -----

(b) Issue of participation certificates in 1987 (two issues) in the amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) 2 x ATS 15,000,000.00, for a total nominal amount of ATS 30,000,000.00, ISIN AT0000755665 (the "**1987 Participation Certificates**") ----------------------------------

(c) Issue of participation certificates in 1988 in the total nominal amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) ATS 3,000,000.00, ISIN AT0000755665 (the "**1988 Participation Certificates**"); -----

(d) Issue of participation certificates in 2006 in the total nominal amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) EUR 6,375,000.00, ISIN AT0000A018V0 (the "**2006 Participation Certificates**"); -----

(e) Issue of participation capital in 2008 in the total nominal amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) EUR 150,000,000.00, i.e. EUR 150,000,000 in Perpetual Non-Cumulative Participation Capital Notes, ISIN XS0359925889 (the "**2008 Participation Certificates**"); ---

(f) Issue of participation capital in 2009 in the total nominal amount of now (following the capital reduction in 2012 by 70% but prior to the VBAG Capital Reduction) EUR 300,000,000 (the "**BUND Participation Certificates**"); ---

(g) Various issues of supplementary capital pursuant to section 23, para. 7 BWG; --

(h) Various issues of subordinated capital pursuant to section 23, para. 8 BWG. --

For the purposes of clarity, it is noted that in the course of the VBAG Capital Reduction, the VBAG issues set forth in this Section 1.8.4(a) to (f) are to be reduced in the same ratio as the share capital.--------------------

1.8.5 The 1986 Participation Certificates, the 1987 Participation Certificates, and the 1988 Participation Certificates each grant participation in liquidation proceeds and participation in profit in the same percentage amount as dividends distributed on VBAG stock. -------------------------------------

The 2006 Participation Certificates have a fixed participation in liquidation proceeds of 1% (and thus only a limited participation in gains in enterprise value) and a fixed participation in profit that is not tied to VBAG dividends equal to the 3-month EURIBOR rate plus 130 basis points, provided that the profit shares of this participation capital are covered by VBAG annual profit after changes in reserves. -------------------------------

The 2008 Participation Certificates grant subscribers a fixed participation in profit (at a fixed rate of interest until 17 June 2018 and thereafter at a variable rate of interest (calculated in the nominal amount)). They do not grant them participation in gains in VBAG's enterprise value but can be redeemed in at most the nominal value. Payment of the profit share presupposes that VBAG has at its disposal sufficient profit (within the meaning of distributable unappropriated surplus). -------------------------------

The BUND Participation Certificates do not grant holders of participation certificates any participation in silent reserves or in gains in enterprise value. They are redeemed at the nominal value (after 10 years, at 150% of the nominal value). The profit shares are a fixed percentage of the nominal value. Payment of the profit share presupposes that VBAG has at its disposal sufficient profit (within the meaning of distributable unappropriated surplus). ---

Pursuant to section 23, para. 7 BWG, supplementary capital is characterised by the fact that it does not grant any participation in silent reserves or gains in enterprise value but rather is redeemed in at most the nominal amount (but participates in losses in the event of liquidation) and earns profit-dependent interest in the sense that payment of interest (fixed or variable rate of interest) is tied to the making of a profit. Supplementary capital does not grant any profit share in the sense that a certain portion of profit is paid to the subscribers to supplementary capital. ---------------

1.8.6 Section 15, para. 5 SpaltG and section 226, para. 3 AktG cover only equity-like rights like those addressed in section 174 AktG. Under the BWG, participation capital is to be classified as profit-sharing capital, and depending on how it is structured, it may fall under section 15, para. 5 SpaltG. Profit-sharing certificates whose content is simple creditor rights, like a fixed profit draw, do not fall under the aforementioned provisions. These instruments require neither protection against dilution nor adjustment in the event of a division. For the same reasons, holders of debt securities with a fixed rate of interest and without equity-like components are not protected by section 226, para. 3 AktG or section 15, para. 5 SpaltG. --

Accordingly, the supplementary capital and subordinated capital of credit institutions do not fall under the term "profit-sharing certificates" (or "debt securities") pursuant to section 174 AktG. ----------------------------

The BUND Participation Certificates and the 2008 Participation Certificates are not profit-oriented but rather profit-dependent instruments. They earn fixed, albeit profit-dependent interest and are redeemed at their nominal value (and thus without participation in silent reserves). The potentially higher redemption value of BUND Participation Certificates after 10 years can be left aside with respect to the date of increase and the circumstance that this higher amount was primarily established for reasons of state aid in order to ensure redemption. ---------------------------------

This means that measures pursuant to section 15, para. 5 SpaltG are not necessary for the BUND Participation Certificates, the 2008 Participation Certificates, or any of supplementary capital issues. ------------------------

The 1986 Participation Certificates, the 1987 Participation Certificates, the 1988 Participation Certificates, and the 2006 Participation Certificates are profit-sharing certificates that grant a share in gains in enterprise value. The change in the rights of holders of participation capital issued through the 1986 Participation Certificates, the 1987 Participation Certificates, the 1988 Participation Certificates, and the 2006 Participation Certificates that results from the disposal of assets due to the Division is to be suitably offset by adjusting the share of liquidation surplus pursuant to section 15, para. 5 SpaltG, as follows: ---

In the event that VBAG is liquidated, holders of participation capital issued through the 1986 Participation Certificates, the 1987 Participation Certificates, the 1988 Participation Certificates, and the 2006 Participation Certificates are to receive a share of liquidation surplus that, in relation to the claim to a share of liquidation surplus absent the Division, is increased by 18.92%, without any change in the rights under the issue of the 1986 Participation Certificates, the 1987 Participation Certificates, the 1988 Participation Certificates, and the 2006 Participation Certificates, including without any change in the rank of their claims and without any change in the profit share. No settlement or compensatory payments are to be made.---

1.8.7 Participation capital of VB Wien-Baden --------------------------------------

VB Wien-Baden is the issuer of the participation capital ISIN QOXDB4408833, 2006 issue, with a total volume in the nominal amount of EUR 4,244,000, as well as two tranches (2007 issue) with a total volume in the nominal amount of EUR 2,500,000. VB Regio Invest Bank AG holds 100% of this participation capital. For this participation capital, the percentage participation in the liquidation proceeds and enterprise value of VB Wien-Baden is to be decreased from the current 0.49% to 0.2917%. VB Regio Invest Bank AG has approved this change. In addition, agreement was reached with VB Regio Invest Bank AG that it is not necessary to issue additional participation capital to VB Regio Invest Bank AG in order to prevent dilution. ---

VBAG holds 100% of all other participation capital that has currently been issued by VB Wien-Baden. This participation capital is to be transferred to VB Wien-Baden through the Division.--

1.8.8 VB Wien-Baden agrees to indemnify VBAG and hold it harmless in the event that VBAG is sued by holders of the participation capital described in Section 1.8.7, above. VBAG agrees to indemnify VB Wien-Baden and hold it harmless in the event that VB Wien-Baden is sued by holders of the equity instruments set forth in Section 1.8.4, above. The provisions of Section 1.7.2, above, remain unaffected.------------------------------------

1.9 Special benefits within the meaning of section 2, para. 1, no. 9 SpaltG--------------

No special benefits are granted to members of the managing boards of the companies involved in the Division, members of the supervisory boards of the companies involved in the Division, or auditors of financial statements, the Division, the remaining assets, contributions in kind, or other auditors. The fees paid to auditors of the remaining assets, the contributions in kind, and the Division generally are reasonable and are not a special benefit within the meaning of section 2, para. 1, no. 9 SpaltG.---

1.10 Description and allocation of assets (section 2, para. 1, no. 10 SpaltG)--------------

1.10.1 Pursuant to the provisions of this Division and Transfer Agreement, the assets to be transferred to VB Wien-Baden involve VBAG's business unit responsible for the central organisation and central institution function, as depicted through the items (assets, liabilities, and legal relationships) exhaustively set forth in Section 1.10.2, below, together with the rights and obligations associated with the listed items, including ancillary rights and obligations, legal positions, actual and legal elements, and actual and legal accessories, each on the basis of the transfer statement of financial position and the description in this Division and Transfer Agreement, however – unless expressly stipulated otherwise in this Division and Transfer Agreement – taking into account the portfolio changes that occur or occurred in the period between the Division closing date and the time at which the Division becomes effective with respect to the listed items that are evident from other accounting system records (particularly from the branch identifiers of the accounts or similar identifiers) or that result from the allocation rules set forth in this Division and Transfer Agreement. When in doubt, portfolio changes are to be allocated according to the same criteria that formed the basis for the allocation of items when drawing up the division statement of financial position and the transfer statement of financial position. --

1.10.2 The Division Assets include all legal relationships set forth in the transfer statement of financial position in connection with the below-listed asset and liability items, off-balance-sheet items, and other unrecognised items, provided they are listed below, each with the associated legal relationships, including collateral (located within or without Austria), however taking into account the portfolio changes that occur or occurred in the period between the Division closing date and the time at which the Division becomes effective with respect to the business unit responsible for the central organisation and central institution function that are evident from other accounting system records, unless agreed otherwise in the following regarding portfolio changes: ---

(a) <u>Cash in hand, balances with central banks (asset item 1 in the transfer statement of financial position)</u> -------------------------------

All cash in hand recognised under asset item 1 in the transfer statement of financial position, as well as all balances with central banks recognised under asset item 1 as are set forth in the transfer statement of financial position. ---------------------------------------

(b) <u>Debt instruments issued by public authorities that are permitted to be used for refinancing with central banks (asset item 1 in the transfer statement of financial position)</u> -------------------------------

The debt instruments issued by public authorities that are permitted to be used for refinancing with central banks as are set forth in <u>Annex ./7</u>. ---

(c) <u>Loans and advances to credit institutions and amounts owed to credit institutions (asset item 3 and liability item 1 of the transfer statement of financial position)</u> ---------------------------------------

The loans and advances to credit institutions pursuant to the accounts set forth in Annex ./8, together with the contractual relationships associated with such loans and advances or accounts (including where a balance of zero exists on the Division closing date), including any collateral (located within or without Austria). -------------

The amounts owed to credit institutions pursuant to the accounts set forth in Annex ./9, together with the contractual relationships associated with such amounts owed or accounts (including where a balance of zero exists on the Division closing date), including any collateral. --

It is noted that in connection with the Division project, a position called "Liquidity offset" was included in liability item 1 of the transfer statement of financial position ("Amounts owed to credit institutions"), which depicts an offsetting receivable due VBAG from VB Wien-Baden. With respect to such offsetting receivable, it is agreed that is to be entered as a VBAG receivable in the (current accounts) settlement between VBAG and VB Wien-Baden that will need to be carried on the basis of the portfolio changes in the Division Assets that occur between the Division closing date and the time at which the Division becomes effective. The parties have reached a separate agreement concerning the settlement period, interest on the balance, and repayment of this liquidity position. -------------------------

Still further liquidity will arise in addition to the position "Liquidity offsetting" through the continuing wind-down measures of the Transferor Company in the first half of 2015 and the anticipated positive net cash flow after servicing liabilities. In implementing the Division, such liquidity is to remain in accounts that form part of the remaining assets by virtue of the branch identifier. The branch identifiers that are to remain with the Transferor Company include "43 = OldCo Banken/Treasury". ---

It is noted that Division Assets do not include issued and received cash collateral for derivative transactions that are not divided. -------

(d) Loans and advances to customers and amounts owed to customers (asset item 4 and liability item 2 of the transfer statement of financial position) ---

The loans and advances to customers in connection with Volksbank business pursuant to the accounts listed in Annex ./10, together with the contractual relationships associated with such loans and advances or accounts (including where a balance of zero exists on the Division closing date), including any collateral. These involve loans and advances to customers that relate in particular to the profit centres "Volksbank syndicate business", "Housing construction" (= syndicate business with IMMO-BANK Aktiengesellschaft), "Model financing", and "Car loans" (= car dealer financing brokered by VB Leasing-Finanzierungsgmbh). -----------------------------------

The amounts owed to customers pursuant to the accounts set forth in Annex ./11, together with the contractual relationships associated with such amounts owed or accounts (including where a balance of zero exists on the Division closing date), including any collateral. ----

(e) Debt securities (asset item 5 of the transfer statement of financial position) ---

The debt securities set forth in Annex ./12.

(f) Equities and other variable-yield securities (asset item 6 of the transfer statement of financial position) ------------------------------

All equities and other variable-yield securities set forth in Annex ./13, whereby no positions other than those listed in this Annex are to be transferred, including any portfolio change after 31 December 2014 with respect to the positions, with the following exception: ---

In addition to the equities and other variable-yield securities listed in Annex ./13, also to be transferred to VB Wien-Baden are the participation certificates of Volksbank Niederösterreich Süd eG, i.e. 5,670 certificates of ATS 1,000 each, that are to be transferred to VBAG at nominal value at or before the time at which the Division becomes effective, likewise as part of the Division Assets. ------------

(g) Participations (asset item 7 of the transfer statement of financial position) and investments in affiliates (asset item 8 of the transfer statement of financial position) ---------------------------------------

The participations and investments in affiliates set forth in Annex ./14, together with all rights and obligations, including under partnership, syndicate, joint venture, and similar agreements. These involve participations and investments in affiliates that serve the Volksbanks or the business unit responsible for the central organisation and central institution function. No participations other those set forth in Annex ./14 are to be transferred and no portfolio changes are to take place, with the exception of those set forth in the following subsections (A) to (C). -----------------------------------

Pursuant to the following subsections (A) to (C), also transferred are:

(A) 3V-Immobilien Errichtungs-GmbH:--------------------------------

With respect to the participation in 3V-Immobilien Errichtungs-GmbH, it is noted that this participation was still held indirectly by VBAG as at the Division closing date and is not taken into account on the assets side of the transfer statement of financial position. Prior to conclusion of this Division and Transfer Agreement, VBAG acquired a membership interest in 3V-Immobilien Errichtungs-GmbH that corresponds to a fully paid-in capital contribution of EUR 34,650 and thus to a participation of 99%, at the terms and in the scope agreed to with VB Wien-Baden. It is clarified that this involves a transaction undertaken with respect to the Division Assets for the account of VB Wien-Baden within the meaning of Section 1.7.1, above. This membership interest in 3V-Immobilien Errichtungs-GmbH is to be transferred to VB Wien-Baden through the Division. -------------

(B) Also to be transferred to VB Wien-Baden is a minority interest (EUR 750) in Volksbank Kufstein-Kitzbühel eG that is to be transferred to VBAG at or before the time at which the Division becomes effective. This participation is not taken into account on the assets side of the transfer statement of financial position. VBAG acquired this interest prior to conclusion of this Division and Transfer Agreement. It is clarified that this involves a transaction undertaken with respect to the Division Assets for the account of VB Wien-Baden within the meaning of Section 1.7.1, above. This participation is to be transferred to VB Wien-Baden through the Division. --------------------------------------

(C) With respect to VBAG's participation in Volksbanken-Beteiligungsgesellschaft m.b.H., it is noted that this participation is allocated to the Division Assets in the transfer statement of financial position. It is planned for VBAG to sell this participation prior to the time at which the Division becomes effective, at the terms and in the scope agreed to with VB Wien-Baden. It is clarified that this involves a transaction undertaken with respect to the Division Assets for the account of VB Wien-Baden within the meaning of Section 1.7.1, above. If a previously concluded purchase agreement has not yet been performed at the time at which the Division becomes effective, VB Wien-Baden is to assume the rights and obligations under such purchase agreement. --

(h) <u>Intangible assets (asset item 9 of the transfer statement of financial position)</u> ---

The trademarks pursuant to Annex ./15 and all of VBAG's intangible assets, other than the software Kondor+. ------------------------------

(i) Tangible fixed assets (asset item 10 of the transfer statement of financial position) ---

All tangible fixed assets, with the exception of the office furniture and equipment located at the leased properties Peregringasse 2, in 1090 Vienna, and Wasagasse 2, in 1090 Vienna. ----------------------

(j) Treasury shares or interests (asset item 11 of the transfer statement of financial p

Treasury shares or interests are not to be transferred. ---------------

(k) Other assets (asset item 12 of the transfer statement of financial position) --

The other assets recognised in the transfer statement of financial position and set forth in Annex ./16. ----------------------------------

(l) Deferred items (asset item 13 and liability item 5 of the transfer statement of financial position) --

The deferred items set forth in Annex ./17a (deferred assets) and Annex ./17b (deferred liabilities). --------------------------------------

(m) Debts evidenced by certificates (liability item 3 of the transfer statement of financial position) --

All debts evidenced by certificates from the covered bond programme as are set forth in Annex ./18. --------------------------------

It is noted that all rights and obligations as contracting partner under trust and amortisation agreements with primary banks are to be transferred to VB Wien-Baden as part of the Division Assets. ---------

It is moreover noted that all assets dedicated to the cover pool of the covered bond programme are to be transferred to VB Wien-Baden. ---

(n) Other liabilities (liability item 4 of the transfer statement of financial position)

The other liabilities recognised in the transfer statement of financial position and set forth in Annex ./19. ----------------------------------

(o) Provisions (liability item 6 of the transfer statement of financial position) --

The provisions recognised in the transfer statement of financial position and set forth in Annex ./20, which consist of provisions for severance payments, provisions for pensions, and other provisions. These provisions involve, in particular, personnel provisions for those employees who are to change over to VB Wien-Baden with the business unit responsible for the central organisation and central institution function, as well as provisions for risks associated with the customer relationships listed in Section 1.10.2(d), above. -----------

(p) Subordinated liabilities (liability item 7 of the transfer statement of financial position) --

Subordinated liabilities are **not** to be transferred. ---------------------

(q) Supplementary capital pursuant to Part Two, Title I, Chapter 4 of Regulation (EU) No. 575/2013 (liability item 8 of the transfer statement of financial position)

Supplementary capital pursuant to Part Two, Title I, Chapter 4 of Regulation (EU) No. 575/2013 is **not** to be transferred. -------------

(r) 2008 Participation Certificates (liability item 9 of the transfer statement of financial position) ---

The 2008 Participation Certificates are **not** to be transferred. -------

(s) Subscribed capital (liability item 10 of the transfer statement of financial position) --

Subscribed capital is **not** to be transferred. ----------------------------

(t) Retained earnings (liability item 11 of the transfer statement of financial position) --

Retained earnings are **not** to be transferred. --------------------------

(u) Liability reserve pursuant to section 57, para. 5 of the Austrian Banking Act (BWG) (liability item 12 of the transfer statement of financial position) --

The liability reserve pursuant to section 57, para. 5 BWG is **not** to be transferred. ---

(v) Untaxed reserves (liability item 14 of the transfer statement of financial position) --

All untaxed reserves are to be transferred. ----------------------------

(w) Off-balance-sheet items ---

The contingent liabilities (letters of credit and guarantees) set forth in Annex ./21a, including the associated provisions, and the liabilities under trustee transactions set forth in Annex ./21b.--------------

The special off-balance-sheet transactions (derivative transactions) pursuant to Annex ./21c (including the associated hedges). ----------

(x) Contractual relationships --

The contracts set forth in Annex ./22a and Annex ./22b are to be transferred to VB Wien-Baden.---

Is it noted in this connection that the contracts in Annex ./22a are identified with their contract numbers according to the contract database currently in place at VBAG. The parties and the authenticating notary have been provided with an Excel file that lists all contracts in the contract database as at 17 March 2015, including indication of the contract number. Moreover, the parties and the authenticating notary have been provided with DVDs on which is stored the contract database as at 17 March 2015, with access to the information and documents stored in the database being accessible with the software Lotus Notes. ----------------------------------

Annex ./22b includes those contracts that are to be transferred to VB Wien-Baden but whose allocation changed or was reestablished between 17 March 2015 and 14 April 2015. With respect to Annex ./22b, the parties and the authenticating notary have each been provided with a further DVD on which are stored the contracts set forth in Annex ./22b and a listing enabling allocation according to the contract numbers set forth in Annex ./22b.------------------------

For the purposes of clarity, it is noted that also to be transferred are such contracts or contract positions that form the legal basis for the positions depicted in the transfer statement of financial position. ----

(y) Employees---

The fixed employment relationships and the freelance employment relationships of the employees allocated to the business unit responsible for the central organisation and central institution function pursuant to Annex ./23, together with all corresponding recognised provisions (which are contained in the provisions pursuant to Subsection (o), above).---

For the purposes of clarity, it is noted that ---------------------------

- no retired employees are to be allocated to the transferred business unit responsible for the central organisation and central institution function and that therefore no claims of retired employees are to be transferred; ------------------------

- the leased vehicles (together with the associated lease contracts) pursuant to Annex ./24 that are allocated to the employees (Annex ./23) are to be transferred to the Transferee Company.---

(z) <u>ISDA master agreements and other master agreements for financial derivatives transactions</u> --

ISDA master agreements and other master agreements for financial derivatives transactions, together with all annexes (e.g. ISDA Credit Support Annex, collateral annex), supplemental protocols, and supplemental agreements (e.g. ISDA EMIR Protocol), are to remain with VBAG. Until such time as the Division becomes effective, VB Wien-Baden will conclude corresponding master agreements in order to be able to carry out in its own name and for its own account the financial derivatives transactions transferred to it through this Division after the Division becomes effective. If VB Wien-Baden has not yet concluded the relevant master agreements by the time the Division becomes effective, then Section 1.2.3, above, is to apply mutatis mutandis, and VBAG is to continue to execute the relevant transactions under the ISDA master agreement for VB Wien-Baden in a fiduciary capacity until the latter has concluded the relevant master agreements. ---

(aa) The Division Assets include tax loss carryforwards in the amount of EUR 425,157,312.53, which are to be transferred to and assumed by VB Wien-Baden through the Division. ------------------------------

(bb) The joint advertising by the Volksbank sector, all contracts concluded in this regard, and existing rights, legal positions, and obligations.--

(cc) LiveBank (as an organisational part of VBAG) with all associated assets, rights, liabilities, contractual relationships, and other legal positions, whereby it is noted that the employees allocated to LiveBank are already covered by Subsection (y), above. For the purposes of clarity, it is noted that customer deposits managed via the LiveBank brand are covered by Subsection (d), above. ---------------

(dd) VBAG's custodial function and thus all of VBAG's custodial contracts with customers. --

(ee) All of VBAG's rights (including appointment rights) and obligations under or in connection with the business unit contribution and transfer agreement (*Teilbetriebseinbringungs- und Überleitungsvertrag*) concluded between VBAG and the Austrian Cooperative Association (ÖGV), in the scope in which such rights and obligations exist with VBAG and are in effect immediately prior to the time at which the Division becomes effective. ---

(ff) As a result of the Division, the properties or rights equivalent thereto set forth in Annex ./25 are to be transferred from VBAG to VB Wien-Baden.---

(the "**Division Assets**") --

1.10.3 The exhaustively listed Division Assets are stipulated with the aim of transferring to VB Wien-Baden those assets, contracts, resources, and systems that will enable VB Wien-Baden to assume and fulfil the central organisation and central institution function in the new Association of Volksbanks pursuant to the 2014 Association Agreement as the new central organisation and the new central institution or that are expedient or convenient for same. Such assets, contracts, resources, and systems result from the functions, duties, and responsibilities of a central organisation and a central institution within the meaning of the BWG, which in particular include: ---

- The controlling function and monitoring as a material part of the management function of the central organisation within the meaning of section 30a BWG --

- Supervisory risk management and overall bank management in order to fulfil obligations, primarily pursuant to section 30a, para. 10 BWG, particularly in connection with the obligation of the central organisation ---

    - o to ensure the solvency and liquidity of the banking association and to monitor on the basis of the consolidated financial statements of the central organisation and those of the allocated credit institutions; ----------------------------------

    - o to ensure that the managers of the allocated credit institutions satisfy the necessary supervisory requirements, that the supervisory prerequisites are met, and that the banking association has administrative, accounting, and control procedures in place for identifying, evaluating, managing, and monitoring business and operational banking risks and compensation policies and practices and in this regard exercises the rights of direction to which it is entitled. ---------

- Participation review and investment review, in particular to meet the obligations pursuant to section 30a, para. 6 BWG. --------------

- Approving of equity issues of primary banks, monitoring of own portfolios relating to equity, and controlling of compliance with repurchase limits in the banking association and compliance with base amounts for membership interests, since the banking association must satisfy the minimum equity requirements at the consolidated level and pursuant to section 30a, para. 10 BWG, consolidation is the responsibility of the central organisation.-----------

- Ensuring appraisal of manager contracts and powers for the purposes of fulfilling the task of the central organisation so that managers of the allocated credit institutions satisfy the necessary supervisory requirements and that the supervisory prerequisites are met. --

- Sectoral internal audit for the purpose of implementation of the task pursuant to section 30a, paras. 7 and 10 BWG of implementing a corresponding internal association control system. ------------

- Functions and powers that enable the central organisation to draw up consolidated financial statements (section 301, para. 7 BWG). --

- Functions and powers that enable the central organisation to fulfil the supervisory reporting duties for the banking association (insofar as these reporting duties are to be assumed by the central organisation or relate to it).---

- Processing of all payment transactions and making available technical and technological expertise in this area. ------------------------

- Representing the interests of the members of ÖGV in connection with the existing agreements with ÖGV. ------------------------------

- Representing the sector in STUZZA. ---------------------------------

- Association marketing and association organisation in connection with the existing agreements with ÖGV. ------------------------------

- Economics department, market and organisation unit. --------------

If in the opinion of VB Wien-Baden, assets, contracts, resources, and systems are not defined as a part of the Division Assets pursuant to this Division and Transfer Agreement (and are therefore not to be transferred) that are necessary, expedient, or convenient to assume and fulfil the central organisation and central institution function in the new Association of Volksbanks pursuant to the 2014 Association Agreement as the new central organisation, then at the request of VB Wien-Baden, the parties are to transfer them outside of the Division process if and insofar as the assets, contracts, resources, and systems are still with VBAG and can be transferred by same. In so doing, it is to be ensured that VBAG does not suffer a financial loss as a result of such transfer and that VBAG operations are not jeopardised thereby. ---

1.10.4 Should taxes or fees concerning the Division Assets be imposed in future on VBAG or its potential legal successors for the period after the Division, VBAG undertakes to include VB Wien-Baden in such proceedings. VBAG is to notify VB Wien-Baden promptly following receipt of an audit mandate concerning an external tax audit for the periods up to the Division closing date, including about the audit period, audit subject, and audit time, and to keep VB Wien-Baden continuously informed about such audit. ----------

1.10.5 If it is not possible to allocate contractual relationships, assets or liabilities, rights, obligations, claims, guarantees, or other legal relationships not capable of being recognised pursuant to this Division and Transfer Agreement, together with all of its Annexes, such contractual relationships, assets, or liabilities are to be allocated to VBAG as the Transferor Company and are therefore not to be transferred to VB Wien-Baden. -----

1.10.6 The Division Assets had a positive market value on the Division closing date and are to have a positive market value on the date this Division and Transfer Agreement is concluded.---

1.10.7 The commercial carrying amount of the Division Assets is to be retained by the Transferee Company. ---

1.10.8 All assets, rights, liabilities, contractual relationships, and other legal position not set forth in Section 1.10.2, above, are to remain with VBAG and are not to be transferred to VB Wien-Baden. This includes but is not limited to:---

(a) All assets and liabilities recognised in the division statement of financial position (Annex ./27), taking into account the portfolio changes that occur or occurred in the period between the Division closing date and the time at which the Division becomes effective that are evident from other accounting system records. For the purposes of clarity, it is noted that also not to be transferred are such contracts or contract positions that form the legal basis for the positions depicted in the division statement of financial position. --

(b) All of VBAG's rights, obligations, and legal positions pursuant to the 2012 Association Agreement and the implementation agreement, both from April/May 2012, under the restructuring agreement from April 2012, and all of VBAG's public-law rights, obligations, and legal positions as the central organisation and the central institution of the Association of Volksbanks pursuant to section

30a BWG as exist at the time this Division and Transfer Agreement is executed. --

(c) The equity instruments set forth in Section 1.8.4, above, and all liabilities, contingent liabilities, obligations, guarantees, and encumbrances of any nature attached to or resulting from them, including those that may not arise until after conclusion of this Division and Transfer Agreement. ---

(d) All of VBAG's obligations, liabilities, contingent liabilities, guarantees, and encumbrances of any nature under agreements with the Republic of Austria. --

(e) All – contingent – liabilities and encumbrances of any nature that may be imposed on VBAG for reasons of civil, administrative, or criminal liability on the part of governing bodies or employees, as well as all obligations under agreements within the meaning of section 167 of the Austrian Criminal Code under which VBAG undertakes to pay compensation for damages. ----------------------------

(f) Unless expressly stipulated otherwise in this Division and Transfer Agreement, all guarantees, obligations, liabilities, contingent liabilities, and other encumbrances of any nature resulting from any purchases or sales of participations, operations, or business units made by VBAG (or by subsidiaries of VBAG) prior to the time at which the Division becomes effective (i.e. recording of the Division in the companies register), particularly with respect to the sale of Europolis AG, Volksbank International AG (VBI), Victoria-Volksbanken Versicherungen, Volksbank Malta, and Volksbank Romania S. A., as well as the sales made by VB Leasing International. ---

(g) VBAG liabilities, contingent liabilities, and guarantees of any nature with regard to the common fund of the Volksbanks. -----------------

(h) Liabilities and obligations of any nature in connection with sales, advice, and/or portfolio management with respect to financing, financial instruments, and investments of any nature (including from liability in connection with advice, the portfolio, or the execution of stop-loss orders). ---

1.11 Allocation of other assets (section 2, para. 1, no. 11 SpaltG)-------------------------

Pursuant to section 2, para. 1, no. 11 SpaltG, it is noted that assets, liabilities, and contractual relationships that were not allocated under this Division and Transfer Agreement to companies involved in the Division are to be allocated to the Transferor Company. ---

1.12 Statements of financial position (section 2, para. 1, no. 12 SpaltG)------------------

1.12.1 The Division is to take place on the basis of the audited closing statement of financial position of the Transferor Company as at 31 December 2014, including an unqualified audit opinion. This is attached as Annex ./26 as the component of the annual financial statements of VBAG, together with the notes and the management report.--

1.12.2 VBAG's commercial division statement of financial position as at 1 January 2015, which depicts the assets as at 1 January 2015 that are to remain with VBAG following the time at which the separation of the Division Assets becomes effective, is attached as Annex ./27. --------------------------

1.12.3 VB Wien-Baden's commercial transfer statement of financial position as at 1 January 2015, which depicts the assets as at 1 January 2015 that are to be transferred to VB Wien-Baden at the time at which the separation of the Division Assets becomes effective, is attached as Annex ./28.----------

1.13 Cash settlement (section 2, para. 1, no. 13 SpaltG)-----------------------------------

It is noted that the Division is proportionate and is congruent in terms of legal form, meaning that a cash settlement is not required by statute and is therefore not being offered. Accordingly, no information is provided about a cash settlement pursuant to section 2, para. 1, no. 13 SpaltG. --

2 Reorganisation tax law--

2.1 Retention of carrying amounts ---

The Division is to take place according to the rules contained in article VI UmgrStG under retention of carrying amounts for tax purposes and under utilisation of the relief associated therewith.---

2.2 Division Assets --

The Division Assets constitute a business unit within the meaning of sections 32, para. 2 in conjunction with 12, para. 2, no. 1 UmgrStG. -----------------------------

2.3 Right of taxation of the Republic of Austria ---

The Republic of Austria's right of taxation is not restricted with respect to the Transferee Company's silent reserves, including any goodwill. -----------------------

2.4 Capital transactions taxes --

The Division Assets have been assets of VBAG as the Transferor Company for more than two years, meaning that pursuant to section 38, para. 5 UmgrStG, the Division is exempt from capital transactions taxes.-----------------------------------

3 Conditions precedent --

This Division and Transfer Agreement is subject to the conditions precedent of ----

(a) its approval by the VBAG General Meeting; and ---------------------------------

(b) its approval by the VB Wien-Baden General Meeting; and ----------------------

(c) the adoption of a resolution by the VB Wien-Baden General Meeting on the VB Wien-Baden Cash Capital Increase and subscription in full to the VB Wien-Baden Cash Capital Increase; and ---

(d) the authorisation of the Division by the supervisory authority pursuant to section 21 BWG; and ---

(e) the approval of the supervisory authority pursuant to article 26(3) of Regulation (EU) No 575/2013 (CRR) with respect to Division-contingent capital increase and with respect to the VB Wien-Baden Cash Capital Increase or, as the case may be, contingent on the fact that the supervisory authority gives notice that in its view there are no apparent circumstances arguing against classifying the capital instrument to be issued as Common Equity Tier 1 (CET 1) capital within the meaning of article 26(3) CRR; and-------------------------

(f) the approval of the financial market supervisory authority under section 162, para. 1 BaSAG that VBAG is being operated as a company in wind-down; and

(g) the granting of unconditional approval by the Austrian merger control authority with respect to the transaction or expiry of the statutory deadlines following which approval by the Austrian merger control authority is deemed granted; and --

(h) the recording of the VBAG Share Cancellation and the VBAG Capital Reduction in the companies register; and ---

(i) the approval of the supervisory authority for the new banking association to be created under the 2014 Association Agreement pursuant to section 30a BWG; and --

(j) the finding by the supervisory authority that a banking association created under the 2012 Association Agreement (pursuant to section 30a BWG) no longer exists, at the latest, at the time at which the new banking association to be created under the 2014 Association Agreement (pursuant to section 30a BWG) becomes effective; and--

(k) the conclusion of a new agreement (that in substance essentially corresponds to the draft that was sent to the primary institutions of the Volksbank sector on 13 April 2015) by, on the one hand, VB Wien-Baden as central organisation of the new banking association to be created under the 2014 Association

Agreement and by, on the other hand, the primary institutions of the Volksbank sector defined by the 2014 Association Agreement as allocated credit institutions, concerning the bearing of association costs; and ---------------------

(l) the conclusion of a new agreement (that in substance essentially corresponds to the draft that was sent to the primary institutions of the Volksbank sector on 13 April 2015) by, on the one hand, VB Wien-Baden as central organisation of the new banking association to be created under the 2014 Association Agreement and by, on the other hand, the primary institutions of the Volksbank sector defined by the 2014 Association Agreement as allocated credit institutions, concerning risk sharing in syndicated lending business and in the ZVE and the Garantie-Spar-Fonds; and --

(m) the approval of state aid by the European Commission, -------------------------

each insofar as the corresponding condition has not already been satisfied at the time this Division and Transfer Agreement is executed. Proof of satisfaction of the conditions precedent (i), (j), (k), and (l) is to be provided to the companies register in the form of an authenticated declaration by the directors of the Transferor Company and the Transferee Company. ---

4 Costs --

Each party bears one half of the costs, levies, and fees associated with the drafting and performance of this Division and Transfer Agreement. Each party bears the costs of its own legal advice. --

5 Other provisions ---

5.1 This Division and Transfer Agreement is subject to Austrian law. To the extent legally permissible, application of the Austrian Act on Private International Law (*Internationales Privatrechtsgesetz*, IPRG) is precluded. --------------------------------

5.2 All Annexes to this Division and Transfer Agreement form a component hereof. ----

5.3 If a provision of this Division and Transfer Agreement should be or become infective, invalid, or unenforceable, same does not affect the effectiveness, validity, or enforceability of any of the other provisions. In the event that a provision of this Division and Transfer Agreement is infective, invalid, or unenforceable, then a provision that most closely approximates the economic result of the former provision and that is not infective, invalid, or unenforceable is deemed agreed to as between the parties. The same applies mutatis mutandis to gaps that need to be closed. ---

5.4 For the purposes of clarity, it is noted that where circumstances through which conditions precedent to this Division and Transfer Agreement are to be satisfied cease to exist after legal consequences take effect pursuant to section 14, para. 3

SpaltG (grandfathering under division law [*spaltungsrechtlicher Bestandsschutz*]), same does not affect the legal effectiveness of this Division and Transfer Agreement. ---

5.5 Amendments and supplementations of this Division and Transfer Agreement, including this Section 5.5, must take the form of a notarial instrument in order to be legally effective. --

5.6 Each party may at its own expense request as many originals of this notarial instruments as it desires. ---

6 Annexes--

Annex ./1	Current VBAG shareholder structure
Annex ./2a	Current VBAG articles of association
Annex ./2b	Version of the VBAG articles of association envisioned following the Division, the VBAG Share Cancellation, and the VBAG Capital Reduction
Annex ./3	Current VB Wien-Baden shareholder structure
Annex ./4a	Current VB Wien-Baden articles of association
Annex ./4b	Version of the VB Wien-Baden articles of association envisioned following the Division and the carrying out of the capital increase and the VB Wien-Baden Cash Capital Increase
Annex ./5	Calculation of the conversion ratio
Annex ./6	VBAG areas of activity for which material resources (including IT services), personnel resources, and services of VB Wien-Baden will be needed following the Division
Annex ./7	Debt instruments issued by public authorities that are permitted to be used for refinancing with central banks
Annex ./8	Loans and advances to credit institutions
Annex ./9	Amounts owed to credit institutions

Annex ./10	Loans and advances to customers
Annex ./11	Amounts owed to customers
Annex ./12	Debt securities
Annex ./13	Equities and other variable-yield securities
Annex ./14	Participations and investments in affiliates
Annex ./15	Trademarks
Annex ./16	Other assets
Annex ./17a	Deferred assets
Annex ./17b	Deferred liabilities
Annex ./18	Debts evidenced by certificates from the covered bond programme
Annex ./19	Other liabilities
Annex ./20	Provisions
Annex ./21a	Contingent liabilities
Annex ./21b	Liabilities under trustee transactions
Annex ./21c	Special off-balance-sheet transactions (derivative transactions)
Annex ./22a	Contractual relationships
Annex ./22b	Contractual relationships
Annex ./23	Employees
Annex ./24	Leased vehicles
Annex ./25	Properties or rights equivalent thereto
Annex ./26	VBAG closing statement of financial position as at 31 December 2014

Annex ./27	VBAG division statement of financial position as at 1 January 2015
Annex ./28	VB Wien-Baden commercial transfer statement of financial position as at 1 January 2015

This notarial instrument was read aloud to the appearing parties, following which it was approved and executed by them. --

Vienna, [•] [•] 2015 --

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Österreichische Volksbanken-Aktiengesellschaft

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Volksbank Wien-Baden AG