

Press release

Raiffeisen and Avaloq found technology company

Raiffeisen simultaneously cancels the cooperative agreement with Vontobel with effect from mid-2017

St. Gallen, 20 June 2014. Raiffeisen and Avaloq are founding a new company for the implementation and operation of Raiffeisen's retail banking platform. Raiffeisen will replace its previous front-end system in 2017 and migrate securities processing to a new Avaloq based banking software. Due to the changes in the technological environment and the advanced diversification, Raiffeisen is cancelling its cooperative agreement with Vontobel as of mid-2017 in line with the proper notice period.

Together with Avaloq, an international leading provider of integrated and comprehensive banking solutions, Raiffeisen is founding a new technology and service company. Raiffeisen intends to modernise and further harmonise its IT platform by means of increased integration of Avaloq. The bank is thus relying on autonomous software solutions in its overall IT strategy and is ensuring the autonomy of Raiffeisen banks. Raiffeisen owns the majority of the new company.

Raiffeisen will replace the previous front-end systems for clients and client advisors and transfer them to a new IT platform based on Avaloq. Securities processing will be technically integrated at the same time. The cooperative partner Vontobel will perform this until 2017.

Pierin Vincenz, Chair of the Executive Board of the Raiffeisen Group: "We are delighted to have found an outstanding partner in the Avaloq group that will offer us an integrated overall IT solution. The joint technology company will enable us to optimally meet the technological requirements of the financial centre, allowing Raiffeisen to further expand its position as a leading Swiss retail bank."

Francisco Fernandez, CEO of the Avaloq group: "Raiffeisen has already used our efficient software for payment transactions and central banking functions since 2009. I am very much looking forward to helping to shape the future experience of Raiffeisen Group clients through our combined forces and based on the Avaloq Banking Suite. This will enable the Raiffeisen Group to continue to propel the Swiss market."

Successful diversification

The diversification strategy pursued for years enables Raiffeisen to provide services within the Group. It thus has extensive skills in investment and corporate clients business involving the production of products and services. By establishing its own Economic Research team, Raiffeisen is also underlining the strengthening of its investment business.

Clarity for the future

The advanced diversification strategy and the changes in the technological environment create a new strategic basis for Raiffeisen to provide products and services within the internal Group network. The continuation of the existing partnership with Vontobel is thus no longer expedient. Raiffeisen is therefore cancelling the cooperative agreement with effect from mid-2017 in line with the proper notice period.

Ongoing court of arbitration proceedings

Different views on whether Notenstein Private Bank Ltd falls within the scope of the cooperative agreement prompted Vontobel to bring Raiffeisen before the court of arbitration in November 2012. The cancellation of the contract will take place irrespective of the outcome of the ongoing court of arbitration proceedings. A verdict in this case is expected at the end of the year.

To coincide with the cancellation of the agreement, Marcel Zoller, CFO of Raiffeisen and a member of the Board of Directors of Vontobel, is also announcing his resignation from the Board of Directors of Vontobel.

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Raiffeisen: third largest banking group in Switzerland

The Raiffeisen Group is the leading Swiss retail bank. The third largest bank in the Swiss banking sector has 3.7 million clients, over 1.8 million of whom are cooperative members and therefore co-owners of their Raiffeisen bank. The Raiffeisen Group includes 316 Raiffeisen banks with a cooperative structure and 1,032 branches. The legally autonomous Raiffeisen banks are amalgamated into Raiffeisen Switzerland Cooperative, which is the strategic leader of the entire Raiffeisen Group. Notenstein Private Bank Ltd is a wholly owned subsidiary of Raiffeisen Switzerland Cooperative. As of 31.12.2013, the Raiffeisen Group had CHF 187 billion in assets under management and CHF 151 billion in loans to clients. The market share is over 16.3% in the mortgage business and 18.9% of the savings market. The balance sheet total is CHF 177 billion.

Avaloq: Essential for Banking

The Avaloq group is an international leader in integrated and comprehensive solutions for wealth management, universal and retail banks. It has a reputation for the highest standards in engineering excellence, is passionate about innovation and invests more in R&D than any other provider for the financial industry. The company's meticulous and uncompromising attention to detail has enabled it to achieve a unique 100% success rate in its implementation of banking solutions around the world. The entire Avaloq Banking Suite is consistently designed throughout and delivers unique business benefits to its users as well as strong technical performance. Avaloq is the only independent provider for the financial industry to both develop and operate its own software. Business process and IT outsourcing solutions are offered from Avaloq's BPO centres in Switzerland and Germany. A further BPO centre is being set up in Luxembourg. The company employs more than 1,400 highly qualified banking and IT specialists and has a global customer base of more than 100 financial institutions in over 20 countries worldwide, including tier one banks in the most demanding financial centres. Headquartered in Switzerland, Avaloq has branches in Berlin, Frankfurt, Geneva, Hong Kong, Leipzig, London, Luxembourg, Paris, Singapore, Sydney and Zurich. It has development centres in Zurich and Edinburgh as well as a development support centre in Manila.

More information under www.avalog.com