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Vontobel and Raiffeisen Establish Forward-Looking Strategic Cooperation Agreement

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A ground-breaking quantum leap has been taken by the Vontobel Group and the Swiss-based Raiffeisen Group, building on the cooperation that has existed between the two Groups since 1994. As part of its expansion plans for its asset-management business, the Raiffeisen Group will work exclusively with the Vontobel Group, offering investment services provided solely from Vontobel at all its branches in Switzerland. To increase its efficiency, the Raiffeisen Group will also be transferring the processing and administration of its entire securities business to Vontobel in order to benefit from advantageous economies of scale. This strategic cooperation agreement will enable Vontobel and Raiffeisen to achieve important business objectives. While Raiffeisen will be able to drive forward substantially the dynamic growth in its non-core business, Vontobel will receive exclusive access to a wide banking network that serves around 2.5 million customers via over 1,200 branches. – Given that the financial industry is moving increasingly towards specialization, this new cooperation model between Raiffeisen and Vontobel has been designed to play to each company's respective strengths. While Raiffeisen will continue to build on its reputation for banking expertise and customer closeness, Vontobel will be underlining its proven product and asset-management strengths. Both parties to the agreement regard this strategic cooperation agreement as a forward-looking win-win situation. This long-term cooperation agreement will be underpinned by a purchase on the part of the Raiffeisen Group of a 12.5% stake in the Vontobel Group Holding AG. However, given that the principal shareholders in the shareholder pool will still control the majority of capital and votes in Vontobel Holding AG, its independence will be preserved.

Vontobel and Raiffeisen have been cooperating closely in the investment fund business since 1994. Vontobel has been making a range of investment funds available to Raiffeisen, which, in turn, has been re-branding them and integrating the products into its asset-management business. Vontobel is currently responsible for a fund volume of around CHF 7 billion. As far as the two companies are concerned, this business-to-business arrangement has been very successful indeed and a decision has been taken to expand it substantially.

Exclusive investment business partnership

The expansion of this cooperation agreement will enable the Raiffeisen banks to offer their clients new investment products such as asset management services which carry the bank's own branding. While the local Raiffeisen banks will be responsible for looking after their clients and offering them advice locally, Vontobel will be responsible for product and portfolio management. The objective is to enable Raiffeisen's customers to benefit from Vontobel's specialist knowledge and gain from the capital market. To do this, Vontobel will make analyses and publications on investment strategy available to the Raiffeisen Group and its clients.

In return, Vontobel, which has not provided commercial or private mortgages in the past, will be able to draw on Raiffeisen's mortgage experience and offer its clients real estate financing packages. The Vontobel Group will continue to provide its private and institutional clients with

independent, tailor-made asset-management solutions in the same high quality to which they have become accustomed.



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Market-orientated outsourcing

As far as its securities operations are concerned, the Raiffeisen Group will transfer all future services to Vontobel. To this end, Vontobel will be responsible for the trading and administration of all Raiffeisen's securities, currencies and other investments. Vontobel will also be taking over the global custody services for the Raiffeisen Group. In a second stage, Vontobel will be given responsibility for managing client funds and securities positions on behalf of the Raiffeisen banks (client custody) while maintaining client banking secrecy. By outsourcing these services, Raiffeisen will benefit from Vontobel's securities business expertise and reduce its costs. The Vontobel Group will also be able to achieve significant economies of scale by taking over these transaction banking activities.

Step-by-step implementation of the cooperation agreement

The expanded cooperation agreement will be on a contractual basis. After signing a declaration of intent on 7th June, both parties to the agreement will enter into the long-term contracts over the months that follow.

The expanded cooperation agreement will be phased in on a step-by-step basis, beginning during the second half of 2004. Vontobel aims to have taken over full responsibility for all the services related to securities by 2006. This is a long-term cooperation agreement. In order to make sure that both parties to the agreement retain their flexibility, however, the agreements will be drawn up over seven years in the first phase with the appropriate extension options.

Vontobel will continue to develop and convey specific investment products for other financial services providers as well. But none of these products will compare to the comprehensive range of investment services that Vontobel will be making available to the Raiffeisen Group for Switzerland's asset-management market. In terms of securities transactions and custody, Vontobel will be free to offer its services to third parties.

Share agreement safeguards the options of both partners

In order to underline the long-term character of this agreement, the Raiffeisen Group will be purchasing a 12.5% stake in Vontobel Holding AG as part of the agreement contract. This share agreement takes into account the long-term nature of the cooperation agreement and the exclusive collaboration between the Raiffeisen and Vontobel Group in asset-management. The share agreement is planned to last for the duration of the cooperation agreement. The Raiffeisen Group has the right to propose a candidate for election to the Vontobel Holding AG's governing board for the duration of the cooperation agreement. In return, Vontobel will be allowed to be present on Raiffeisen's governing board when issues concerning cooperation are discussed.

Raiffeisen will be purchasing Vontobel shares mainly from the Vontobel Group's treasury shares and from free non-pool-committed shares from the Vontobel Foundation and Vontobel families. Both parties to the agreement have agreed on a purchase price of CHF 225 million. The price is based on a volume weighted average price of Vontobel shares. The shares committed to the shareholder pool will be reduced to 40% from the current 47% level. The existing Vontobel shareholder commitment contract for the principal shareholders remains unchanged. With the pool-committed and the free shares that they also own, the principal shareholders will continue to hold a majority in the Vontobel Holding AG.

Raiffeisen will be given right of preemption on any eventual partial sale of pool shares to third parties for the duration of the cooperation agreement (a priority right of first refusal exists for remaining pool members). In the event of a controlled sale of pool shares to a third party in which this third party would control more than 33.33% of voting rights, the shares in question must first be tendered to Raiffeisen. Raiffeisen's right of first refusal and tender obligation shall not apply for open takeover proposals by a third party.

In a recommendation issued on 4th June 2004, the Acquisition Commission declared that a shareholding by Raiffeisen and the granting of a right to first refusal does not trigger a bid obligation (*Angebotspflicht*) according to stock-market regulations.

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Notice for editors: Dr. Pierin Vincenz, Chairman of Raiffeisen Group's Management Board, and Herbert J. Scheidt, Chief Executive Officer of the Vontobel Group, will be issuing a more detailed statement about the new cooperation agreement at a media conference called at short notice. This conference will be taking place on:

Today, Monday 7th June 2004, from 13 pm to 14 pm

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