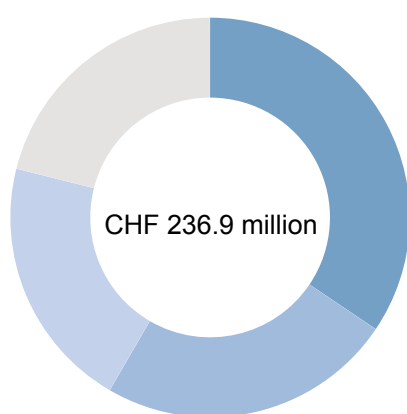


Half Year Report 2018

AT A GLANCE

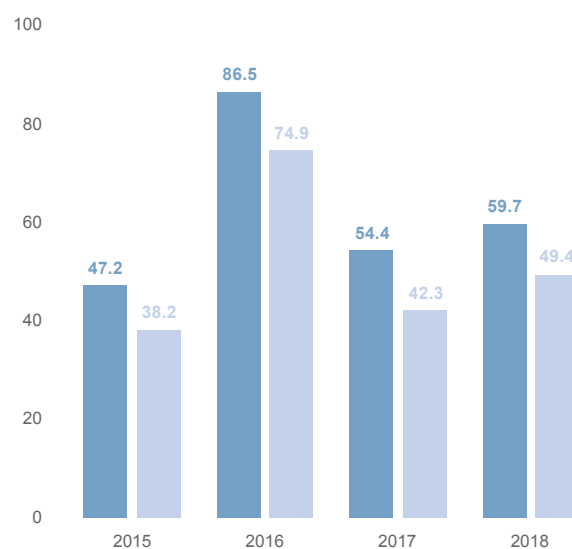
Financial Year		1 st half year 2018	1 st half year 2017 restated	1 st half year 2016 restated	1 st half year 2018/2017
Total revenue	in million CHF	236.9	221.6	259.1	6.9%
Results from operating activities	in million CHF	59.7	54.4	86.5	9.8%
	in % of revenue	25.2%	24.5%	33.4%	
Profit for the period	in million CHF	49.4	42.3	74.9	16.6%
	in % of revenue	20.8%	19.1%	28.9%	
Total assets	in million CHF	2,220	2,252	2,296	(1.4%)
Total equity	in million CHF	714.5	647.7	598.4	10.3%
	in % of total assets	32.2%	28.8%	26.1%	
Profit per share	in CHF	1,988	1,697	3,002	17.2%
Number of issued cards	in 1,000	1,532	1,459	1,401	5.0%
Transactions volume	in billion CHF	4.8	4.3	4.0	11.3%
Consumer Finance portfolio	in million CHF	1,400	1,285	1,259	8.9%
Number of employees (as at 30 June 2018)	in FTE	731	823	806	(11.2%)

**Distribution of revenue
30.06.2018 by source**
[in CHF million]



- 34.5% Commission income
- 23.9% Annual fees
- 20.6% Interest income
- 21.0% Other income

**Operating result and
net profit from 2015 to 2018**
[in CHF million]



- Results from operating activities
- Net profit

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EDITORIAL

Dear shareholders,

The Aduno Group can once again look back on a pleasing first half of the year. Positive consumer sentiment, low interest rates and a euro exchange rate that remains low despite the recent rise made for continued good operating conditions in the first six months of 2018. The Aduno Group made good use of these conditions and significantly increased both the number of cards issued and its transaction volumes. Livelier customer activity was reflected in a 6.9 per cent rise in turnover compared to the first half of last year to reach CHF 236.9 million. Net operating income, at CHF 59.7 million, and net profit, at CHF 49.4 million, also exceeded the prior-year figures.

In addition to a good set of numbers, the Aduno Group can also point to good progress in its strategic projects: first and foremost, the launch of the Debit Mastercard® and Mastercard® Flex in conjunction with our partners Freiburger Kantonalbank and Neuenburger Kantonalbank. These unique payment cards are two in one – they combine the familiar advantages of traditional debit cards with the modern functions of a credit card, such as online shopping, global acceptance at 43 million points of sale, security and full visibility of expenditure, including in real time using a mobile app. We are proud to be the first issuer in Switzerland to offer this new generation of debit card.

The digital transformation of our business continued to keep us hard at work in the period under review. We launched new digital services in connection with our credit, debit and prepaid cards. For instance, at the end of March the mobile payment solutions Fitbit Pay and Garmin Pay were introduced. Customers of all partner banks can use these smartwatches at all contactless payment terminals to make secure and swift payments around the world. In April, the mobile payment solution for Android smartphones, developed by the Aduno Group in collaboration with the joint venture SwissWallet, was launched at some initial partner banks. This means that customers with an Android smartphone can likewise make secure and convenient contactless payments around the world. The solution is based on NFC and tokenisation technology, supports biometric authentication by means of fingerprints and works via our popular VisecaOne app. The latter has been expanded further. As one of a number of planned self-service functions, customers can order a new PIN code using the app. This process is automated from end to end and is therefore not only customer-friendly and secure but also cost-efficient. The success story of the VisecaOne app continues unabated: 60 per cent of our customers actively use the app, many of them doing so daily. This level of penetration is outstanding for the financial sector. Using the app, customers can approve e-commerce payments simply and securely on a smartphone, check card transactions in real time and receive a push notification for each transaction.



Conrad Auerbach

Another success story is the software for finance management made available by our subsidiary Contovista. Already 20 shareholder banks of the Aduno Group are using the solution in order to offer their customers additional services in e-banking and thereby ultimately provide them with a more attractive customer experience. In this way, the Aduno Group is able to give effective support to its shareholder banks in the digitisation of their business. In order to enable our partner banks to integrate our products and services into their own banking applications even more easily in the future, in June the Aduno Group introduced an IT platform with open programming interfaces (Application Programming Interface, API). The API platform is already being used by a number of banks to obtain card services from Viseca and to integrate them into their own digital channels such as mobile and online banking.

Internally, further steps were taken in implementing the project “the smart way to work”, which will offer our employees solutions for working methods of the future. Along with new forms of collaboration and a modern technical infrastructure, the focus in the first six months of 2018 was on creating optimal spaces, such as for the call centre in Zurich, and on extending options for collaboration both internally and externally.

The first half of 2018 brought a change in the top management of the Aduno Group. After seven years as CEO of the Aduno Group, Martin Huldi decided to take up a new role outside the company. As a result, I assumed the CEO position on an interim basis until a successor takes over. This successor has been appointed by the Board of Directors in the person of Max Schönholzer. Max Schönholzer has many years of management experience in the financial sector and, among other things, worked for Zurich Financial Services for 15 years, most recently as Chief Claims Officer at Zurich Switzerland with around 900 staff. Between 2017 and 2018 he was CEO of the health insurer Sanitas. He will take up office on 1 September 2018.

The Aduno Group looks towards the second half of 2018 with confidence. It is likely that consumer sentiment will remain positive, interest rates low and exchange rates stable. Thus the conditions are right for another very good year in 2018. The Aduno Group will continue on its growth path, develop the business in conjunction with our partners and drive forward our strategic projects. Among other things, the plan in the second half is to launch the Debit Mastercard products at additional banks and to add further self-service functions to VisecaOne such as card blocking.

Our employees have once again put in a great deal of work for the Aduno Group. I would like to thank them for this on behalf of the Management. My thanks also go to our customers for the trust they have placed in us.



Conrad Auerbach
Chief Financial Officer
Chief Executive Officer a.i.

ADUNO GROUP RECORDS ROBUST GROWTH IN THE FIRST HALF OF 2018

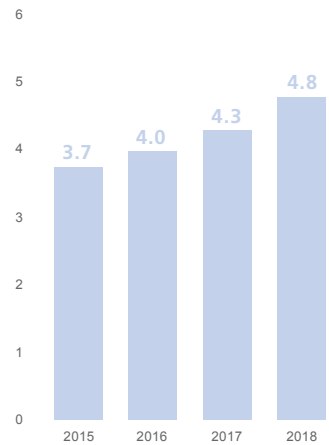
The Aduno Group recorded a successful performance in the first half of 2018. Bolstered by positive consumer sentiment and strong international business, the Payment business grew significantly and for the first time exceeded the 1.5 million mark in cards issued. The Consumer Finance business posted growth in both its personal credit and its leasing business. The low interest rate environment was utilised to place another bond.

In the first half of 2018 the Aduno Group increased its turnover by 6.9 per cent compared to the prior-year period to reach CHF 236.9 million (on a like-for-like basis, without the acquiring business divested in 2017). Both divisions – Payment with the issuing business of Viseca Card Services SA (Viseca), the rental deposit business of AdunoKaution AG and SmartCaution SA, and the finance management solutions and analytics in which Contovista AG specialises, as well as the Consumer Finance division with cashgate AG (cashgate) – recorded growth compared to the same period last year.

The main engine of growth was Payment with a significant expansion in business volumes. This also brought an increase in commission income, despite the domestic interchange fee of 0.44 per cent applying for a full half-year for the first time after being reduced by the regulator. New sales in the cards business remained at a gratifyingly high level, which creates a good basis for future earnings growth. More cards were sold within a half-year period than at any time since Viseca was established. Income from annual fees was below that in the prior-year period despite record new sales, though this is attributable solely to the switch to two differing bank remuneration models and the income is therefore recorded differently. This means that comparability is limited. The main driver of the significant growth in other income was remuneration for services that the Aduno Group is still providing temporarily to the buyer of the acquiring business.

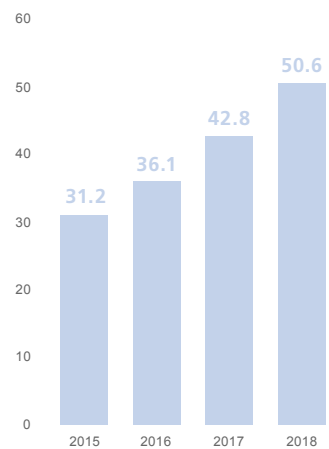
Net operating income for the first half of 2018 amounted to CHF 59.7 million, compared to CHF 54.4 million in the prior-year period. The operating margin also improved over the prior-year level, from 24.5 per cent to 25.2 per cent. Net profit in the first half of 2018 amounted to CHF 49.4 million.

Transaction volume
[in CHF billion]



● Issuing

Card transactions
[in million transactions]



● Issuing

As at mid-2018, the Aduno Group employed 731 staff (full-time equivalents), compared to 823 staff as at mid-2017. Personnel expenses were nonetheless higher in the first half of 2018, resulting from the fact that last year's basis for comparison has been reduced to remove the expenses for all employees of the divested acquiring business. Those employees performing central services such as IT or call centre services were transferred back to the Aduno Group up to the end of 2017. Accordingly, personnel expenses for the first half of 2018 derive from a different personnel basis and cannot be compared with the first half of last year.

Payment business benefits from cash substitution and online commerce

In the first six months of 2018 the Payment business registered robust growth and increased its transaction volume by 11.3 per cent to CHF 4.8 billion. While domestic volumes were up by 9.5 per cent, volumes abroad rose by 13.3 per cent. This considerable expansion reflected both the increase in the euro exchange rate and, in particular, above-average growth in the consumer, transport, entertainment and tourism sectors. A large part of this growth was achieved through online business. In the domestic bricks-and-mortar business, a significant rise in contactless transactions was recorded.

Consumers like being able to make quick and easy contactless payments for their everyday purchases using a card, including for relatively small amounts. While 28.8 per cent of all transactions at payment terminals were contactless in 2017, the proportion rose to 38.5 per cent in the first half of 2018. The average transaction volume per card rose, too, which underlines ongoing cash substitution.

New sales of credit cards were also at a record level, with credit card package solutions in particular enjoying increasing popularity with bank customers. Thanks to a solid performance in new sales, the number of cards in circulation rose above the 1.5 million mark for the first time.

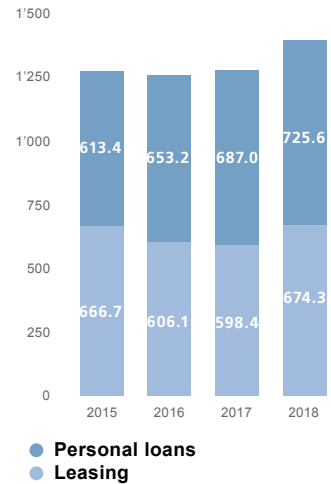
Consumer Finance business defies challenging market environment

The Consumer Finance division, with the personal credit and leasing products offered by cashgate, posted an increase in new business in the first half of 2018 of 8.2 per cent to CHF 499.2 million. This enabled cashgate to maintain its position in a hard-fought market. In view of the fierce competition, strict cost control remained a focal point of attention. Through systematic digitisation and automation of processes, cashgate aims to handle expanding business volumes with existing resources.

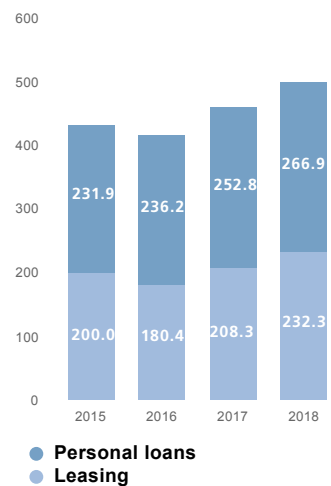
In the personal credit segment, the volume of new business rose by 5.5 per cent. Overall volumes rose by 5.6 per cent, a somewhat sharper increase than in the prior-year period. Branch and direct business as well as new business coming via the credit broker channel registered particularly gratifying rates of expansion.

The leasing segment increased the volume of new business by 11.5 per cent in the first half of 2018, while the growth in overall volumes accelerated appreciably at 12.7 per cent. The collaboration with an innovative car producer launched last year proved particularly fruitful. Overall, the leasing business remains under heavy competitive pressure owing to the strong position of producers' own leasing companies (captives).

Consumer Finance portfolio
[in CHF million]



Consumer Finance new business
[in CHF million]



Bond placed for CHF 150 million

Aduno Holding AG made use of the favourable environment on the capital market and in June 2018 placed a bond privately for CHF 150 million. The bond has a coupon of 0.0 per cent and a term lasting until May 2019.