

Media release

## Successful 2016 annual result for the Aduno Group

**The Aduno Group, Swiss specialist for cashless payment, had a successful financial year in 2016. Turnover for the cards business improved substantially thanks to higher transaction volumes in Issuing and Acquiring. The personal credit business held up well in a challenging environment. The good business performance and a one-off extraordinary contribution pushed the profit to a record level. The sound equity base provides a foundation for further growth.**

Zurich, 11 April 2017 – Supported by a friendly economic environment, the Aduno Group increased its turnover by 20.4 per cent to CHF 583 million in the 2016 financial year. At CHF 137 million, the operating result was up 63 per cent on the previous year, thanks not only to higher volumes but mainly also because of a substantial one-off contribution paid to the Aduno Group as a member of Visa Europe Ltd. following the latter's takeover by Visa Inc. Net profit amounted to CHF 118.5 million compared to CHF 74.6 million in the previous year, allowing the Aduno Group to improve its profit margin of 15.4 per cent in the previous year to 20.3 per cent.

*Martin Huldi, Chief Executive Officer of the Aduno Group: "In 2016, the Aduno Group posted impressive volume growth – particularly if we remember that this challenging year for currencies and interest rates was also dominated by rapid developments in technology. We grew almost seven per cent in Issuing and over five per cent in Acquiring. Such growth figures are not often seen."*

### **Reduced interchange fee compensated**

Payment, which comprises the two complementary segments card issuing (Issuing; Viseca Card Services SA) and card acceptance and processing (Acquiring; Aduno SA) as well as the guarantee deposit business (AdunoKautio AG and SmartCaution AG), recorded turnover of CHF 456.7 million, 29.1 per cent more than in 2015. Consumer Finance with cashgate AG contributed CHF 96.2 million, while the central financing unit generated CHF 98.4 million.

Of the total turnover, 36.2 per cent came from commission income, 19.9 per cent from annual fees, 17.1 per cent from interest income and 26.8 per cent from other income. Remarkably, the commission income of the Aduno Group was slightly better than in the previous year in spite of the regulatory reduced interchange fee, which is due to higher transaction volumes, among other things. The particularly pleasing growth in the income earned from annual fees is explained by the higher number of issued cards. Other income was considerably increased by the extraordinary contribution by Visa. The decline in interest income, on the other hand, mainly reflects the regulatory reduction in the maximum interest rate for personal credits to 10 per cent which cashgate implemented prematurely on 1 April 2016.

### **Payment business strengthens in all segments**

In 2016 Payment business improved its transaction volume by 6 per cent to CHF 16.5 billion. The Issuing and Acquiring segments each contributed approximately 50 per cent of this volume. In the Issuing business, Viseca reported an increase in transaction volume of 6.7 per cent, while the Acquiring volume improved by 5.3 per cent following the stagnation seen in the previous year. The number of transactions increased significantly last year by 14.8 per cent last year to 193.2 million. New card sales also rose by 4.7 per cent, mainly thanks to the successful distribution collaboration with the partner banks. The number of cards issued rose by 4.1 per cent or more than 56,000 to over 1.4 million cards.

### **Digitisation strategy pushed ahead**

In the past year, Aduno Group's main focus was on digital payment projects. VisecaOne, the digital service for safe and convenient online payment and useful card information, has been launched very successfully and is already actively used by more than 500,000 customers. The personal finance management solution developed by Viseca in collaboration with the fintech start-up Contovista AG has also met with a positive response from the customers of the partner banks hitherto involved. Three banks have already integrated this service into their e-banking environment, and another twelve will do so shortly.

### **Consumer Finance down slightly on previous year**

In a challenging financial year, the Consumer Finance business almost matched the previous year's performance. At CHF 822 million, new business was down 0.8 per cent, while the credit portfolio contracted by 1.1 per cent to CHF 1,251 million. The personal credit segment did well and posted new volume growth of 4.4 per cent and credit portfolio growth of 5.5 per cent. cashgate therefore gained market share in a shrinking market while upholding its strict risk policy. The recipe for success was the continued development of the successful price model. The interest rates of 7.9 and 9.9 per cent have been in force since April 2016. cashgate also introduced an interest rate of 4.9 per cent for customers who own residential property. New volume declined by 6.6 per cent in the leasing business, which is still under strong competitive pressure. However, innovative new offers for senior citizens and car dealers improved customer loyalty and laid the foundation for growth in 2017.

#### **Sound equity base**

As at 31 December 2016, the Aduno Group reported total assets of CHF 2,292 million, compared to CHF 2,207 million at the end of 2015. Equity totalled CHF 642.7 million compared to CHF 543.2 million in the previous year. With an equity ratio of 28 per cent, the Aduno Group has a solid financial foundation to support its future growth.

#### **New jobs created**

At the end of 2016, the Aduno Group had 819 employees (full-time equivalents), 63 more than in the previous year. The new jobs were mainly created on the projects for digital transformation and mobile payment.

#### **Dividend**

Given the excellent performance and strong capital base, the Board of Directors of Aduno Holding AG is proposing to the Annual General Meeting of 12 June 2017 to double the dividend to CHF 40 million.

#### **Change on the Board of Directors**

Dr Pierin Vincenz, Chairman of the Board of Directors of Aduno Holding since its founding in 1999, has decided not to stand for re-election at the Annual General Meeting of 12 June 2017. Michael Auer, Head of Private and Investment Clients, has been nominated as the new representative of the Raiffeisen Group, and Pascal Niquille, Chief Executive Officer of Zuger Kantonalbank, has been nominated by the Board of Directors for election as new the Chairman of the Board of Directors.

#### **Outlook**

The Aduno Group expects 2017 to be another good year. General consumer sentiment should remain positive, and the trend towards cashless payment – supported by the digitisation and more favourable conditions for merchants as a result of the lower interchange fee – will continue. The outlook for the personal credit business is stable, but the leasing business is likely to remain under pressure. In the current year, the Aduno Group will continue to play to its strengths in the Payment and Consumer Finance sectors in order to further grow its volumes. A substantial amount will be invested again in the implementation of digital technologies and projects. A headwind will be created by further regulatory interference in the market. The domestic interchange fee will be reduced for the second time to 0.44 per cent on 1 August 2017. Together with the regulatory reduced maximum interest rate, this will cause margins to fall. The Aduno Group will therefore do everything in its power to maintain its income levels in this environment in 2017.

The full 2016 annual report is available online at [reports.aduno-gruppe.ch](http://reports.aduno-gruppe.ch).

#### **Aduno Group – the smart way to pay**

The Aduno Group offers the entire range of products and services for cashless payment from a single source: from card issuing activities (Viseca Card Services SA) and card acceptance, to payment terminals (Aduno SA), personal loans and leasing (cashgate AG) as well as deposit guarantees (AdunoKautio AG and SmartCaution SA). As a leading company for private and commercial clients the Aduno Group is a fair and transparent partner. The Aduno Group is wholly owned by the largest Swiss retail and cantonal banks (Raiffeisen Group, all the cantonal banks, Migros Bank, Bank Coop and a number of commercial and private banks).

#### **Further information**

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