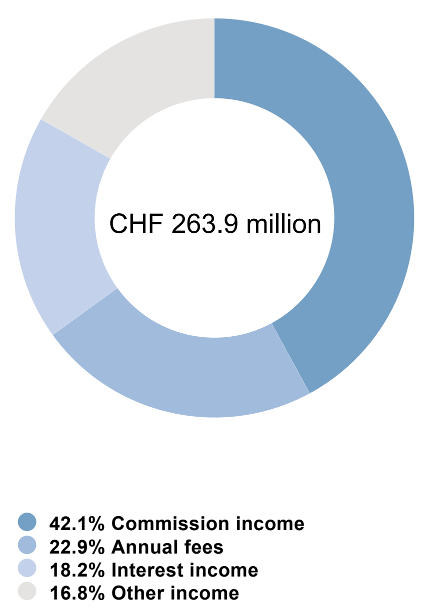
Half Year Report 2017

Aduno Group
the smart way to pay

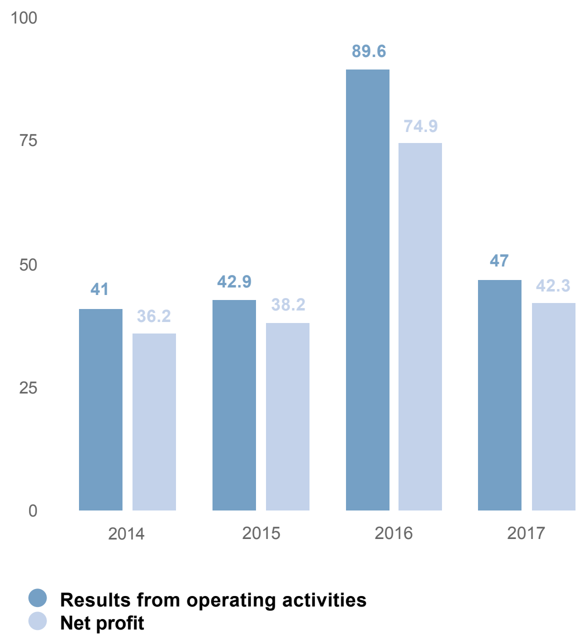
AT A GLANCE

Financial Year		1st half year 2017	1st half year 2016	1st half year 2015 represented	1st half year 2017/2016
Total revenue	in million CHF	263.9	315.1	245.2	(16.2%)
Results from operating activities	in million CHF	47.0	89.6	42.9	(47.6%)
in % of revenue		17.8%	28.4%	17.5%	
Profit for the period	in million CHF	42.3	74.9	38.2	(43.4%)
in % of revenue		16.0%	23.8%	15.6%	
Total assets	in million CHF	2,252	2,296	2,306	(1.9%)
Total equity	in million CHF	647.7	598.4	499.9	8.2%
in % of total assets		28.8%	26.1%	21.7%	
Profit per share	in CHF	1,697	3,002	1,535	(43.5%)
Number of issued card	in 1,000	1,459	1,401	1,339	4.1%
Processed volume from issued cards	in billion CHF	4.3	4.0	3.7	7.7%
Merchant sales volume	in billion CHF	4.2	3.9	3.7	6.0%
Consumer Finance portfolio	in million CHF	1,285	1,259	1,280	2.1%
Number of employees (as at 30 June 2017)	in FTE	823	806	728	2.2%

Distribution of revenue 30.06.2017 by source



Operating result and net profit from 2014 to 2017
[in CHF million]



Editorial

Pascal Niquille
Chairman of the Board of Directors

Dear shareholders,

As the new Chairman of the Board of Directors of the Aduno Group, I am delighted to be able to report to you on a successful first half of 2017. When we look back at the first six months of the year, we have been very busy with digitisation. We can point to good progress in our projects and a good financial result. In the second half of the year the Board of Directors will move swiftly in tackling strategically important themes.

At the Annual General Meeting on 12 June 2017, the shareholders of Aduno Holding AG elected Michael Auer as a new member of the Board of Directors. He is Head of Private and Investment Clients at the Raiffeisen Group. Mr Auer replaces Dr Pierin Vincenz, who has been Chairman of the Board of Directors of our company since it was established in 1999 and has now resigned. I said goodbye to him at length at our Annual General Meeting. I would like to take this opportunity to thank him once again for his long and successful leadership of the Aduno Group.

The fact that the Aduno Group achieved another good result and reached important milestones in the first half of 2017 is primarily down to our employees. On behalf of the Board of Directors I would like to thank them for their hard work and solid commitment. I would also like to thank our customers, our partner banks and our shareholders for their trust and support.

Pascal Niquille
Chairman of the Board of Directors

CEO Report

Ladies and Gentlemen

I am delighted to be able to report to you on a successful first half of 2017. The Aduno Group posted revenue of CHF 263.9 million. The result from operating activities reached CHF 47.0 million and net profit totalled CHF 42.3 million. At first glance, these figures are below the comparable figures for the same period in 2016. However, that is due to the fact that last year the Aduno Group received a substantial one-off payment as part of the acquisition of Visa Europe Ltd. by Visa Inc. After adjusting for this exceptional item, i.e in purely operational terms, all key financial figures were above their prior-year level.

The divisions Payment and Consumer Finance contributed to this gratifying result. In the Payment division, transaction volumes and transaction turnover were above the prior-year figures, reflecting positive consumer sentiment and the increasing popularity of cards as an everyday means of payment. This can also be seen in the above-average growth of card payments in the retail segment – in supermarkets and department stores as well as in smaller specialised outlets. Travel and transport as well as services have experienced significant increases, too. The engine of growth in the Consumer Finance division was leasing, for once. After losing ground in recent years, this area of business registered a turnaround in new business. The provision of stock vehicle financing accords with the needs of our partners and enabled volumes to be expanded with existing customers and new dealers to be acquired. The personal credit business continued with the robust growth posted in previous years.

In both divisions, the focus in the reporting period was on a number of projects connected with digitisation. The Payment division pushed forward with the digital transformation in the reporting period, with VisecaOne proving to be a real success story: more than half of all Viseca customers have now registered for VisecaOne and the app has been downloaded more than 580,000 times. This means that the VisecaOne app is consistently among the most downloaded and most heavily used finance apps in Switzerland. Integrating the rewards shop connected with our surprize rewards programme into the VisecaOne app made the application even more attractive to customers. The personal finance management (PFM) solution, developed by the Aduno Group in collaboration with the fintech start-up Contovista AG, has also been well received by customers and partner banks. When customers activate this service, they can view a list of their credit card transactions on their bank's e-banking portal, create charts to represent them visually and keep track of their spending very easily. In the first half of 2017, more Aduno Group partner banks opted for this solution.

Also in Consumer Finance, digitisation is becoming ever more important. A significant proportion of business takes place online. That reflects a clear need on the part of our customers while also bringing efficiency improvements for the Aduno Group and allowing us to some extent to make up for the lower margins resulting from the reduction in the maximum interest rate for personal credit.

Martin Huldi
Chief Executive Officer

"With revenue of CHF 264 million, a result from operating activities of CHF 47 million and net profit of CHF 42 million, we can look back on a successful first half."

The Aduno Group looks towards the second half of 2017 with confidence. The economic environment will help business performance. There are no signs of a weakening in consumer sentiment, interest rates are likely to remain low and exchange rates will probably remain stable. In addition, the replacement of cash with card payments looks set to continue. A negative effect will come from the reduction in the Swiss interchange rate from the current 0.70 per cent to 0.44 per cent as at 1 August 2017. This will doubtless put further pressure on our margins, which the Aduno Group plans to compensate for this mostly by enhancing efficiency.

Finally, I would like to thank our staff for their tireless commitment and hard work, our customers for their trust in our products and services, and our shareholders for their sustained support.

Martin Huldi
Chief Executive Officer

Successful first half of 2017 for the Aduno Group

The Aduno Group made very good progress in the first half of 2017. Positive consumer sentiment and the increasing substitution of cash by card payments gave the cards business a boost. Digital services providing greater customer friendliness and security were well received. In Consumer Finance, new pricing models and attractive leasing options resulted in a positive business performance.

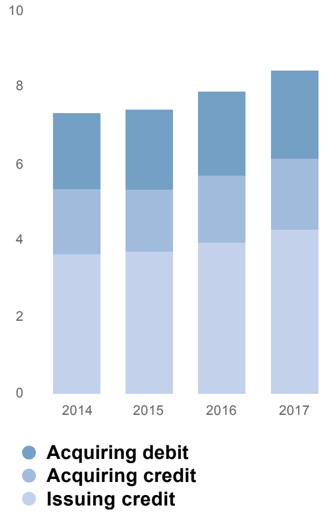
In the first half of 2017, the Aduno Group recorded revenue of CHF 263.9 million. Both the Payment division – with the issuing business of Viseca Card Services SA (Viseca), the acquiring business of Aduno SA (Aduno) and the rental deposit guarantee business of AdunoKaution AG (AdunoKaution) and SmartCaution SA (SmartCaution) – and the Consumer Finance division with cashgate AG (cashgate) posted growth compared to the prior-year period. With an expansion in business volume, the Payment division increased its commission income by 14.4 per cent. The division continues to enjoy a high level of new card sales, which is reflected in increasing revenue from annual fees. The Consumer Finance division achieved gratifying growth rates in new business in a market that remained challenging. Because of the reduction that was ordered in the maximum interest rate on personal credit, which applied for a full half year for the first time, interest income was slightly down on the prior-year period.

The result from operating activities in the first half of 2017 amounted to CHF 47.0 million. The reduction against the figure of CHF 89.6 million for the first half of 2016 was attributable to the fact that last year the Aduno Group received a substantial one-off contribution as a result of the acquisition of Visa Europe Ltd. by Visa Inc. Adjusting for this exceptional item, the result from operating activities have been 30.9 per cent higher than in the same period last year. The operating margin was also well above the prior-year period margin of 14.8 per cent on a like-for-like basis, at 17.8 per cent. Net profit in the first half amounted to CHF 42.3 million. As at mid-2017, the Aduno Group employed 823 staff (full-time equivalents).

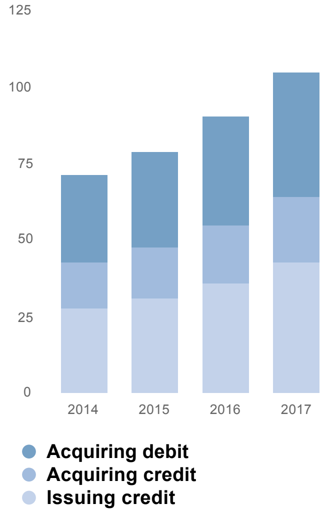
Payment division posts further growth

In its card business the Aduno Group increased its revenue in the first six months of 2017 by 6.9 per cent to CHF 8.5 billion, with the volume of business split equally between the Issuing and Acquiring segments. The number of transactions actually rose by 15.8 per cent to 105.0 million.

Payment turnover
[in CHF billion]



Card transactions
[in million transactions]



In Issuing, Viseca recorded a transaction volume of CHF 4.3 billion, 7.7 per cent more than in the first half of 2016. The volume of business rose more sharply in Switzerland than abroad, at 8.9 per cent and 6.4 per cent respectively. The sharp growth in domestic card revenue reflects the ongoing substitution of cash. Consumers like being able to make quick and easy contactless payments for their everyday purchases using a card. There is also greater use of credit cards in e-commerce. New sales of credit cards were maintained at the high level recorded in the prior-year period, particularly through solid collaboration with partner banks in distribution as well as successful marketing activities. The total number of issued cards climbed to 1.46 million, with Viseca slightly increasing its share of the Swiss market compared to the prior-year period measured by the number of issued cards.

The success achieved by the Viseca One digital services also remains unbroken: more than 50 per cent of Viseca customers have registered for Viseca One. The app has been downloaded more than 580,000 times and 175,000 customers use it actively every month. It offers them a simple yet very secure authentication system for making 3-D Secure online payments, and customers can also use the app to check their spending and available amount and subscribe to push notifications for every card transaction. The high standard of security provided by Viseca One and further investment in preventive solutions have resulted in a sustained reduction in risk costs. The surprize rewards programme, which is popular with cardholders and merchants, was also linked up with the Viseca One app in the first half of 2017. This means that customers can use the app to access an overview at any time of what is on offer in the surprize rewards shop. At the same time, additional retail, hotel and consumer goods partners were brought into the surprize network, adding further to the selection of attractive rewards available to cardholders.

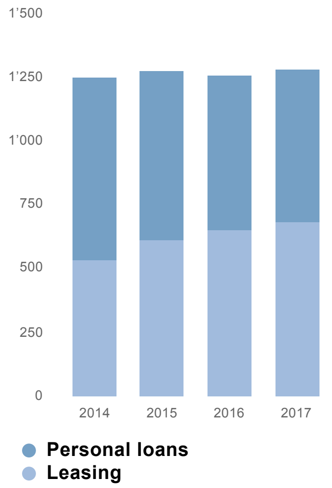
Aduno's Acquiring business likewise recorded a solid performance in the first six months of 2017, with an increase in volume of 6.0 per cent to CHF 4.2 billion. Growth was achieved across all areas: in credit business volume was up by 8.1 per cent, while in debit business the increase was 4.5 per cent.

At the beginning of 2017, Aduno launched PAX, a new line of very efficient payment terminals. The new PAX Mobile is intended primarily for customers in the hotels and restaurants business, providing first-rate connection quality. Wherever the WLAN network reaches its limits, the PAX Mobile terminal automatically switches to the mobile network.

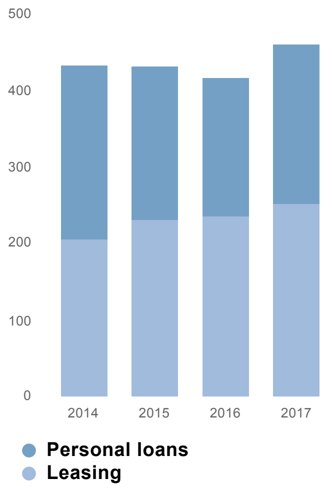
Consumer Finance division back on a growth track

The Consumer Finance division, comprising cashgate's personal credit and leasing business, returned to a growth track in the first six months of 2017 following a decline in the prior-year period on account of market conditions. Overall, new business expanded by 10.7 per cent to CHF 461.1 million. This increase enabled the Consumer Finance division to hold on to its market share despite fiercer competition.

Consumer Finance portfolio
[in CHF million]



Consumer Finance new business
[in CHF million]



In the personal credit business, cashgate recorded a rise in new volumes of 7.0 per cent. The credit portfolio expanded by 5.2 per cent. A particular driver of this positive performance was the competitive interest rate of 4.9 per cent that cashgate introduced last year for customers who own residential property and therefore represent a very low risk. The low interest rate and the transparent lending criteria were well received by borrowers and partner banks, enabling cashgate partially to offset the lower margins resulting from the maximum interest rate introduced in 2016 through higher volumes of business. Direct business posted a particularly positive performance compared to the prior-year period.

The leasing segment increased its new volumes by 15.5 per cent in the first half of 2017; the portfolio as at the end of June 2017 was slightly smaller than in the prior-year period. The fact that cashgate was able to expand its new business to such an extent in a market environment that remained challenging and was characterised by aggressive pricing on the part of manufacturers' own leasing companies is to be viewed as a positive. One factor in its success is the established collaboration with garage owners and importers, which has been enhanced in recent months through innovative offers and services. Additional revenue was generated by cashgate mainly through its new financing service for stock vehicles. This means that dealers can finance their vehicle stock through cashgate. The service was well received by existing customers and also allowed new dealers to be acquired.

Financial Report
1. Half Year 2017

Financial Report First Half Year 2017

Condensed consolidated income statement

For the period ended 30 June

In 1,000 CHF	Note	2017 unaudited	2016 unaudited
Commission income	3	111,092	97,117
Annual fees		60,570	55,831
Interest income	4	48,057	50,477
Other income	5	44,214	111,662
Total revenue		**263,933**	**315,087**
Processing and service expenses		50,656	47,095
Distribution, advertising and promotion expenses		51,815	48,612
Interest expenses	4	10,474	11,508
Impairment losses from Payment and Consumer Finance	6	7,409	6,804
Personnel expenses		58,566	55,907
Other expenses	7	26,622	44,139
Depreciation		2,975	3,101
Amortisation		8,428	8,313
Total expenses		**216,945**	**225,479**
Results from operating activities		**46,988**	**89,608**
Income from associates		1,343	1,552
Profit before income tax		**48,331**	**91,160**
Income tax expenses		5,985	16,287
Profit for the period		**42,346**	**74,873**
Profit attributable to:			
Owners of the Company		42,426	75,048
Non-controlling interests		(80)	(175)
Earnings per share			
Basic earnings per share (in CHF)		1,697.06	3,001.91
Diluted earnings per share (in CHF)		1,697.06	3,001.91

Condensed consolidated statement of comprehensive income

For the period ended 30 June

In 1,000 CHF	Note	2017 unaudited	2016 unaudited
Profit for the period as per the condensed consolidated income statement		**42,346**	**74,873**
Other comprehensive income / (loss)			
Items that will not be reclassified to the income statement			
Remeasurement employee benefit obligations		793	(1,113)
Income tax relating to items not reclassified		(166)	237
Total items that will not be reclassified to the income statement, net of tax		**627**	**(876)**
Items that may be reclassified subsequently to the income statement			
Foreign currency translation differences		3	1
Net unrealised gains / (losses) on financial investments available for sale		2,362	(232)
Effective portion of changes in fair value of IRS cash flow hedges		174	902
Income tax relating to items that may be reclassified		(513)	(55)
Total items that may be reclassified subsequently to the income statement, net of tax		**2,027**	**616**
Other comprehensive income / (loss)		**2,655**	**(260)**
Total comprehensive income for the period		**45,001**	**74,613**
thereof attributable to:			
Owners of the company		45,077	74,814
Non-controlling interests		(76)	(201)

Condensed consolidated statement of financial position

In 1,000 CHF	Note	30.06.2017 unaudited	31.12.2016 audited
Assets			
Cash and cash equivalents		15,990	41,489
Receivables from business unit Payment, net	8	485,286	544,902
Short-term receivables from business unit Consumer Finance, net	8	459,593	458,856
Inventories	9	4,009	4,031
Other receivables		84,796	89,573
Prepaid expenses		57,294	39,218
Total current assets		**1,106,968**	**1,178,068**
Long-term receivables from business unit Payment, net	8	4,385	4,311
Long-term receivables from business unit Consumer Finance, net	8	839,532	810,662
Property and equipment		25,075	26,897
Goodwill		136,043	136,043
Other intangible assets		65,716	64,762
Investments in associates		44,865	45,022
Financial investments available for sale		21,093	18,732
Deferred tax assets		8,523	7,556
Total non-current assets		**1,145,232**	**1,113,985**
Total assets		**2,252,200**	**2,292,053**

In 1,000 CHF	Note	30.06.2017 unaudited	31.12.2016 audited
Liabilities			
Payables to counterparties		262,630	286,898
Other trade payables		4,919	10,407
Short-term interest-bearing liabilities	10	743,109	848,253
Other payables		13,562	19,489
Provisions		130	170
Accrued expenses and deferred income		124,287	127,351
Current tax payable		25,272	24,720
Total current liabilities		**1,173,909**	**1,317,288**
Long-term interest-bearing liabilities	10	375,574	275,678
Provisions		1,711	1,688
Employee benefit obligations		43,247	42,548
Deferred tax liabilities		10,023	12,116
Total non-current liabilities		**430,555**	**332,030**
Total liabilities		**1,604,464**	**1,649,318**
Equity			
Share capital		25,000	25,000
Share premium		94,101	94,101
Reserves		529,435	524,359
Equity attributable to the owners of the company		**648,536**	**643,460**
Non-controlling interests		(800)	(724)
Total equity		**647,736**	**642,735**
Total equity and liabilities		**2,252,200**	**2,292,053**

Condensed consolidated statement of changes in equity

As at 30 June 2017 (unaudited)

In 1,000 CHF	Note	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Employee benefit obligations	Derivative on own equity	Financial investments available for sale	Retained earnings	Total*	Non-controlling interests	Total equity
Balance at 1 January 2017		25,000	94,101	(8)	(306)	(22,277)	0	1,146	545,804	643,460	(724)	642,735
Profit for the period		0	0	0	0	0	0	0	42,426	42,426	(80)	42,346
Unrealised gains / (losses) on financial investments available for sale, net of tax		0	0	0	0	0	0	1,866	0	1,866	0	1,866
Foreign currency translation differences		0	0	2	0	0	0	0	0	2	1	3
Effective portion of changes in fair value of cash flow hedges, net of tax		0	0	0	158	0	0	0	0	158	0	158
Remeasurement employee benefit obligations, net of tax		0	0	0	0	624	0	0	0	624	3	627
Total other comprehensive income		0	0	2	158	624	0	1,866	0	2,651	4	2,655
Total comprehensive income for the period		**0**	**0**	**2**	**158**	**624**	**0**	**1,866**	**42,426**	**45,077**	**(76)**	**45,001**
Transaction with non-controlling interests		0	0	0	0	0	0	0	0	0	0	0
Dividends to shareholders	11	0	0	0	0	0	0	0	(40,000)	(40,000)	0	(40,000)
Total transactions with owners		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(40,000)**	**(40,000)**	**0**	**(40,000)**
Balance at 30 June 2017		**25,000**	**94,101**	**(6)**	**(149)**	**(21,653)**	**0**	**3,013**	**548,230**	**648,536**	**(800)**	**647,736**

* Total equity attributable to owner of the Company

As at 31 December 2016 (audited)

In 1,000 CHF	Note	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Employee benefit obligations	Derivative on own equity	Financial investments available for sale	Retained earnings	Total*	Non-controlling interests	Total equity
Balance at 1 January 2016		25,000	94,101	(7)	(1,870)	(20,036)	(116)	0	446,566	543,638	(454)	543,184
Profit for the period		0	0	0	0	0	0	0	118,564	118,564	(71)	118,493
Unrealised gains / (losses) on financial investments available for sale, net of tax		0	0	0	0	0	0	1,146	0	1,146	0	1,146
Foreign currency translation differences		0	0	(1)	0	0	0	0	0	(1)	(1)	(2)
Effective portion of changes in fair value of cash flow hedges, net of tax		0	0	0	1,564	0	0	0	0	1,564	0	1,564
Remeasurement employee benefit obligations, net of tax		0	0	0	0	(2,217)	0	0	0	(2,217)	(39)	(2,256)
Total other comprehensive income		0	0	(1)	1,564	(2,217)	0	1,146	0	492	(40)	452
Total comprehensive income for the period		**0**	**0**	**(1)**	**1,564**	**(2,217)**	**0**	**1,146**	**118,564**	**119,057**	**(111)**	**118,945**
Transaction with non-controlling interests		0	0	0	0	(25)	116	0	674	765	(158)	607
Dividends to shareholders		0	0	0	0	0	0	0	(20,000)	(20,000)	0	(20,000)
Total transactions with owners		**0**	**0**	**0**	**0**	**(25)**	**116**	**0**	**(19,326)**	**(19,235)**	**(158)**	**(19,393)**
Balance at 31 December 2016		**25,000**	**94,101**	**(8)**	**(306)**	**(22,277)**	**0**	**1,146**	**545,804**	**643,460**	**(724)**	**642,735**

* Total equity attributable to owner of the Company

As at 30 June 2016 (unaudited)

In 1,000 CHF	Note	Share capital	Share premium	Trans-lation reserve	Hedging reserve	Employee benefit obligations	Derivative on own equity	Financial investments available for sale	Retained earnings	Total*	Non-controlling interests	Total equity
Balance at 1 January 2016		**25,000**	**94,101**	**(7)**	**(1,870)**	**(20,036)**	**(116)**	**0**	**446,566**	**543,638**	**(454)**	**543,184**
Profit for the period		0	0	0	0	0	0	0	75,048	75,048	(175)	74,873
Unrealised gains / (losses) on financial investments available for sale, net of tax		0	0	0	0	0	0	(184)	0	(184)	0	(184)
Foreign currency translation differences		0	0	1	0	0	0	0	0	1	0	1
Effective portion of changes in fair value of cash flow hedges, net of tax		0	0	0	799	0	0	0	0	799	0	799
Remeasurement employee benefit obligations, net of tax		0	0	0	0	(850)	0	0	0	(850)	(26)	(876)
Total other comprehensive income		0	0	1	799	(850)	0	(184)	0	(234)	(26)	(260)
Total comprehensive income for the period		**0**	**0**	**1**	**799**	**(850)**	**0**	**(184)**	**75,048**	**74,814**	**(201)**	**74,613**
Transaction with non-controlling interests		0	0	0	0	(25)	116	0	651	742	(135)	607
Dividends to shareholders		0	0		0	0	0	0	(20,000)	(20,000)	0	(20,000)
Total transactions with owners		**0**	**0**	**0**	**0**	**(25)**	**116**	**0**	**(19,349)**	**(19,258)**	**(135)**	**(19,393)**
Balance at 30 June 2016		**25,000**	**94,101**	**(6)**	**(1,071)**	**(20,911)**	**0**	**(184)**	**502,264**	**599,194**	**(790)**	**598,404**

* Total equity attributable to owner of the Company

Condensed consolidated statement of cash flows

For the period ended 30 June

In 1,000 CHF	Note	2017	2016
Cash flows from operating activities			
Profit for the period		42,346	74,873
Adjustments for non-cash items:			
Interest income	4	(48,057)	(44,898)
Interest expense	4	10,474	11,508
Income tax expenses		5,985	16,287
Depreciation		2,975	3,101
Amortisation		8,428	8,313
Loss on disposals of property and equipment and intangible assets		3	12
Income from associates		(1,343)	(1,552)
(Increase) / decrease in receivables from business unit Payment, net	8	59,543	(23,839)
(Increase) / decrease in receivables from business unit Consumer Finance, net	8	(28,817)	(1,155)
(Increase) / decrease in inventories	9	22	(185)
(Increase) / decrease in other trade receivables and other receivables		4,882	(1,439)
(Increase) / decrease in prepaid expenses		(18,076)	(422)
Increase / (decrease) in payables to counterparties		(24,268)	(3,927)
Increase / (decrease) in other trade payables		(5,488)	2,993
Increase / (decrease) in other payables		(8,198)	(4,043)
Increase / (decrease) in accrued expenses and deferred income		3,233	23,821
Increase / (decrease) in provisions		(16)	981
Increase / (decrease) in employee benefit obligations charged to the income statement		1,492	(1,168)
(Increase) / decrease in Financial investments available for sale		0	(17,096)
Foreign exchange and other financial items		284	(238)
Interest received		47,267	44,898
Interest paid		(16,772)	(11,508)
Income tax paid		(6,990)	(4,232)
Net cash from / (used in) operating activities		**28,909**	**71,085**

In 1,000 CHF	Note	2017	2016
Cash flows from investing activities			
Acquisition of property and equipment		(595)	(3,007)
Acquisition of other intangible assets		(9,782)	(8,200)
Acquisition of investments in associates		0	(3,000)
Dividends received from associates		1,500	1,500
Net cash from / (used in) investing activities		**(8,877)**	**(12,707)**
Cash flows from financing activities			
Proceeds from interest-bearing liabilities	10	593,336	404,650
Repayment of interest-bearing liabilities	10	(598,583)	(399,715)
Dividends paid	11	(40,000)	(20,000)
Net cash from / (used in) financing activities		**(45,247)**	**(15,065)**
Net (decrease) / increase in cash and cash equivalents		(25,215)	43,313
Cash and cash equivalents at 1 January		41,489	90,002
Effect of exchange rate fluctuations on cash held		(284)	(238)
Cash and cash equivalents at 30 June		**15,990**	**133,077**

1. Significant accounting policies

Aduno Holding AG (Aduno Holding or Company) is a company domiciled in Zurich (Switzerland). The condensed consolidated interim financial statements of the Company as at 30 June 2017 and for the six months ended 30 June 2017 comprise Aduno Holding AG and its subsidiaries (together referred to as the Group). The Group provides financial services in the fields of cashless payment solutions and consumer finance services.

Statement of compliance
These unaudited condensed consolidated interim financial statements were prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016. The condensed interim financial statements were approved on 27 July 2017.

Estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of these condensed consolidated interim financial statements, the significant judgements made by management in application of the Group's accounting policies and the key sources of estimation were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Foreign currency transactions
The following exchange rates applied for significant currency exposures:

	Average rates		Closing rates as per	
CHF	First HY 2017	First HY 2016	30.06.2017	31.12.2016
EUR 1	1.0886	1.1086	1.1050	1.0866
USD 1	0.9984	0.9898	0.9658	1.0309
GBP 1	1.2675	1.4158	1.2579	1.2658

Significant accounting policies
Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2016.

New and revised standards and interpretations newly adopted by the Group
The Group applied the following new and revised accounting standards and interpretations for the first time:

– Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
– Disclosure Initiative (Amendments to IAS 7)

The above standards had no significant impact on the consolidated interim financial statements.

New and revised standards and interpretations
The following new and revised standards and interpretations have been issued, but are not yet effective and have not been applied early in these condensed consolidated interim financial statements. Their impact on the consolidated financial statements of the Group has not yet been systematically analysed. The table reflects a first assessment conducted by the Group's management and the expected effects.

		Effective date	Planned application by the Group
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	*	1 January 2018	Reporting year 2018
IFRIC 23 Uncertainty over Income Tax Treatments	*	1 January 2019	Reporting year 2019

* No or no significant impacts are expected on the consolidated financial statements of the Group.

IFRS 9 Financial Instruments (effective 1 January 2018)
IFRS 9 introduces new classification and measurement requirements for financial assets and financial liabilities, replaces the current rules for impairment of financial assets with the expected credit loss impairment model and amends the requirements for hedge accounting.

On the basis of the implementation work currently being carried out, the Group expects no changes in the classification of financial assets and financial liabilities except for additional disclosures.

The new rules for impairment of financial assets – the expected credit loss model – require that expected credit loss is recognised when consumer loan is granted, lease receivables are established or credit card purchases are made, and that this expected credit loss is updated on each reporting date to reflect the change in credit risks for the financial asset.

The Group is currently defining the specific components and inputs for the new impairment model. The expected credit loss models for the credit card, consumer loans and leasing portfolios are generally based on probability of default, exposure at default and loss given default. For other financial assets (e.g. other current receivables) a simplified approach is used.

The individual inputs will be determined on the basis both of empirical data and of forward-looking information. In general, comparable models will be used for the credit card, consumer loan and leasing portfolios, while taking into account the different features and characteristics of the individual portfolios.

Modelling expected credit loss requires extensive data analysis using a number of data sources. For that reason, it is not currently possible to determine a quantitative impact on the current need for impairment.

The amended requirements for hedge accounting will not have an impact on the Group's financial statements except for additional disclosures.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
In May 2014, the IASB issued the new standard which specifies how and when revenue is recognised. IFRS 15 replaces several other IFRS standards and interpretations that currently govern revenue recognition under IFRS and provides a single, principles-based five-step model to be applied to all contracts with customers.

The five steps cover: identifying the contract(s) with a customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price to the performance obligations in the contract and recognising revenue when (or as) the Group satisfies a performance obligation. The standard also requires entities to provide users of financial statements with more informative and relevant disclosures.

The implementation of the new standard is currently ongoing. Based on our assessment, no material impact is expected except for additional disclosures.

IFRS 16 Leases (effective 1 January 2019)
The new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

The impact of the new standard on the Group's financial statements is currently assessed.

2. Segment reporting

For reporting and managerial purposes, management has divided the Group's business into four segments. The external segment reporting is based on the internal reporting to the chief operating decision maker, who is responsible for allocating resources and assesses the financial performance of the business. The Executive Board has been identified as the chief operating decision maker, as it is responsible for the operational management of the entire Group and reviews the management reporting of each business segment on a monthly basis. The Executive Board consists of the Group's Chief Executive Officer (CEO) as well as Chief Officers for Finance (CFO), Sales (CSO), Marketing and Product Management (CMO) and Operations (COO).

Payment
The business unit Payment provides services for cashless payments via credit, debit and customer cards to private and corporate customers and runs the relevant transaction and customer services relating to the business. The major part of the business is run through the brands of Mastercard and Visa.

The business unit Payment is operated through Viseca Card Services SA and its subsidiary Aduno SA, as well as through Vibbek AG, Vibbek GmbH, AdunoKaution AG and SmartCaution SA. The major revenue streams in the business result from interchange fees and commissions, annual fees for cards and services, income from card transactions in foreign currency and interest income.

Consumer Finance
The business unit Consumer Finance sells and operates leasing contracts and credit facilities for consumer goods to private and corporate clients. The business unit Consumer Finance is operated by cashgate AG. The major income streams are interest income, commission income and fees for chargeable services.

Internal Financing
As the central treasury centre of the Group, Internal Financing provides financial services to the other members of the Group. The treasury services include the treatment of payments, the handling of foreign exchange transactions as well as the management of the Group's brand assets. The major income streams result from foreign currency transactions and interest income.

Corporate Functions
The business unit Corporate Functions contains intercompany consolidation items as well as the financial results of Aduno Holding.

Segments' assets and liabilities
Assets and liabilities, revenue and expenses are measured in accordance with the relevant IFRS standards.

Information about major customers
There is no major customer in any of the business segments whose revenues amount to 10% or more of the segment's revenues (30 June 2016: none).

The following table presents certain information regarding the operating segments, based on management's evaluation and the internal reporting structure, on 30 June 2017 and 30 June 2016 for the first half year (unaudited).

	Payment		Consumer Finance		Internal Financing		Total operating segments		Corporate Functions/ Consolidation		Consolidated	
In 1,000 CHF	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Commission income	102,442	89,831	0	0	8,650	7,286	111,092	97,117	0	0	111,092	97,117
Annual fees	60,570	55,831	0	0	0	0	60,570	55,831	0	0	60,570	55,831
Interest income	7,274	7,783	42,759	44,488	13,696	14,301	63,729	66,572	(15,672)	(16,095)	48,057	50,477
Other income	30,808	100,455	4,490	3,933	28,447	26,487	63,745	130,875	(19,531)	(19,213)	44,214	111,662
Total revenue	**201,094**	**253,900**	**47,249**	**48,421**	**50,793**	**48,074**	**299,136**	**350,394**	**(35,203)**	**(35,308)**	**263,933**	**315,087**
Processing and service expenses	50,771	46,934	612	662	0	0	51,383	47,596	(727)	(501)	50,656	47,095
Distribution, advertising and promotion expenses	47,553	43,583	9,436	10,304	0	0	56,989	53,887	(5,174)	(5,275)	51,815	48,612
Interest expenses	7,117	7,023	7,653	8,578	14,617	15,256	29,387	30,857	(18,913)	(19,349)	10,474	11,508
Impairment losses from Payment and Consumer Finance	1,282	1,226	6,127	5,578	0	0	7,409	6,804	0	0	7,409	6,804
Personnel expenses	48,708	46,196	9,471	9,342	387	369	58,566	55,907	0	0	58,566	55,907
Other expenses	31,082	47,660	6,204	6,053	2,178	2,353	39,464	56,066	(12,842)	(11,927)	26,622	44,139
Depreciation	2,242	2,188	278	322	69	205	2,589	2,715	386	386	2,975	3,101
Amortisation	5,297	4,633	1,931	2,293	1,198	1,324	8,426	8,250	2	63	8,428	8,313
Total expenses	**194,052**	**199,443**	**41,712**	**43,132**	**18,449**	**19,507**	**254,213**	**262,082**	**(37,268)**	**(36,603)**	**216,945**	**225,479**
Results from operating activities	**7,042**	**54,457**	**5,537**	**5,289**	**32,344**	**28,567**	**44,923**	**88,313**	**2,065**	**1,295**	**46,988**	**89,608**
Income from associates	1,343	1,552	0	0	0	0	1,343	1,552	0	0	1,343	1,552
Profit before income tax	**8,385**	**56,009**	**5,537**	**5,289**	**32,344**	**28,567**	**46,266**	**89,865**	**2,065**	**1,295**	**48,331**	**91,160**
Income tax expenses	1,078	11,678	1,151	1,099	3,428	3,286	5,657	16,063	328	224	5,985	16,287
Profit for the period	**7,307**	**44,331**	**4,386**	**4,190**	**28,916**	**25,281**	**40,609**	**73,802**	**1,737**	**1,071**	**42,346**	**74,873**

3. Commission income

In 1,000 CHF	First half year 2017	First half year 2016
Interchange revenue and related revenue	71,576	67,155
Currency exchange commissions	29,085	19,126
Other commission revenue	10,431	10,836
Commission income	**111,092**	**97,117**

4. Interest income and interest expenses

In 1,000 CHF	First half year 2017	First half year 2016
Interest income	48,057	50,477
Interest expenses	10,474	11,508
Interest income, net	**37,583**	**38,969**

The interest income contains income from the Group's Consumer Finance activities and also from credit lines arising out of the Payment business.

In the Payment business, creditcardholders are eligible to convert their debit on the credit card into a consumer credit for which the Group then charges interest for the period of the short-term loan.

The interest expenses are the refinancing expenses to finance the open credit lines of the Payment and Consumer Finance businesses.

5. Other income

In 1,000 CHF	First half year 2017	First half year 2016
Foreign exchange gain or loss, net	22,592	20,481
Income from services	18,480	17,130
Income from terminal sales	1,487	973
Other income	1,655	73,078
Other income	**44,214**	**111,662**

Foreign exchange gains and losses arise on transactions which are not settled in Swiss francs. Customers in the Group's Payment business are billed based on a typical exchange rate close to spot rates whereas the Group is billed near the interbank rate (interbank rate plus Group's credit spread).

As a former member of Visa Europe Ltd., the business unit Payment benefited from selling Visa Europe Ltd. to Visa Inc. in the first half year 2016. The Group received contributions at a total value of CHF 71.7 million, including preferential Visa Inc. shares at a value of CHF 17.3 million as per date of transaction as well as an entitlement to a deferred cash payment of CHF 4.3 million. The contribution of CHF 71.7 million has been recorded as other income.

6. Impairment losses from Payment and Consumer Finance

In 1,000 CHF	First half year 2017	First half year 2016
Impairment losses on commission income	1,281	1,225
Impairment losses on interest income	6,128	5,579
Impairment losses	**7,409**	**6,804**

The impairment losses on commission income are attributable to losses arising from bad debts, fraud and charge back in the Payment business, whereas the impairment losses on interest income mainly represent incurred but not reported losses in the Consumer Finance business.

7. Other expenses

In 1,000 CHF	First half year 2017	First half year 2016
Audit and professional services	7,402	6,427
IT expenses	9,697	8,904
Telephone and postage	1,293	1,031
Premises expenses	3,763	3,778
Travel and representation	468	492
Loss on sale of property and equipment and intangible assets	3	12
Other administration expenses	3,996	23,495
Other expenses	**26,622**	**44,139**

The item “Other administration expenses” includes a deferral relating to the outsourcing of business activities between the business units Payment and Internal Financing in the amount of CHF 0.1 million (first half year 2016: CHF 18.0 million).

8. Receivables from Payment and Consumer Finance

In 1,000 CHF	30.06.2017	31.12.2016
Receivables from cardholders	394,820	452,704
Receivables from card schemes	84,835	85,439
Receivables from debt collection	3,806	3,604
Receivables for which fraud is assumed	133	223
Other receivables from Payment business	7,008	8,163
Allowance for doubtful debts	(932)	(921)
Total receivables from business unit Payment	**489,671**	**549,213**

In 1,000 CHF	30.06.2017	31.12.2016
Short-term receivables from Consumer Finance	468,873	467,674
Short-term allowance for doubtful debts	(9,280)	(8,818)
Short-term receivables from Consumer Finance	**459,593**	**458,856**
Long-term receivables from Consumer Finance	856,921	826,625
Long-term allowance for doubtful debts	(17,388)	(15,963)
Long-term receivables from Consumer Finance	**839,532**	**810,662**
Total receivables from Consumer Finance	**1,299,125**	**1,269,519**

The ageing of the receivables contained in the statement of financial position that are not individually impaired at the reporting date are as follows:

In 1,000 CHF	Gross amount 30.06.2017	Allowance 30.06.2017	Gross amount 31.12.2016	Allowance 31.12.2016
Receivables from cardholders				
Not past due	391,094	0	449,127	0
Past due 1–30 days	2,818	0	2,561	0
Past due 31–60 days	655	0	619	0
Past due 61–90 days	188	0	279	0
Past due for more than 90 days	66	0	117	0
Total	**394,820**	**0**	**452,704**	**0**
Receivables from debt collection				
Past due for more than 90 days	3,806	(716)	3,604	(656)
Total	**3,806**	**(716)**	**3,604**	**(656)**
Receivables for which fraud is assumed				
Past due 1–30 days	119	(47)	213	(91)
Past due 31–60 days	13	(13)	11	(11)
Past due 61–90 days	1	(1)	0	0
Past due for more than 90 days	0	0	0	0
Total	**133**	**(61)**	**223**	**(102)**
Receivables from card schemes and others				
Due on sight	86,961	0	88,422	0
Due within 1–3 years	4,385	0	4,311	0
Past due	497	(155)	870	(163)
Total	**91,843**	**(155)**	**93,603**	**(163)**
Receivables from business unit Consumer Finance				
Past due	29,651	(839)	28,440	(736)
Due on sight	12,002	(324)	14,297	(373)
Due within up to 3 months	130,687	(2,311)	130,775	(2,217)
Due within 4–12 months	296,533	(5,806)	294,162	(5,492)
Total current receivables	**468,873**	**(9,280)**	**467,674**	**(8,818)**
Due within 1–3 years	620,247	(12,592)	614,775	(11,859)
Due after more than 3 years	236,674	(4,797)	211,850	(4,104)
Total non-current receivables	**856,921**	**(17,388)**	**826,625**	**(15,963)**
Total	**1,325,792**	**(26,668)**	**1,294,299**	**(24,780)**

Receivables from Payment business

Receivables from cardholders consist of regular open balances on the credit card account of credit cardholders. Open balances from cardholders due more than 90 days are transferred into a dedicated and monitored collection portfolio. The balance of the collection portfolio amounts to CHF 3.8 million as at 30 June 2017 (31 December 2016: CHF 3.6 million) and is shown under receivables from debt collection.

If a cardholder transaction tends to be fraudulent, the respective balance is transferred into a dedicated fraud portfolio until the case is settled – CHF 0.1 million as at 30 June 2017 (31 December 2016: CHF 0.2 million). An adequate allowance is set up for all receivables for which fraud is assumed. The respective balance of all fraudulent transactions under clarification is shown under receivables for which fraud is assumed.

The open settlement balance to the card schemes of CHF 84.8 million as at 30 June 2017 (31 December 2016: CHF 85.4 million) reflects the transmitted merchant transactions of the last days before closing. The open settlement balances to the card schemes are settled daily. In the history of the Company all daily balances to the schemes have been settled as announced by the card schemes. Therefore, no allowances for doubtful debts were built.

Receivables from terminal sales are open balances to customers totalling CHF 0.9 million as at 30 June 2017 (31 December 2016: CHF 1.7 million) and are contained in the other receivables from Payment business. This is 0.2% (31 December 2016: 0.3%) of the total receivables of the Payment business. Allowances for doubtful debts are built according to the ageing of the overdue receivables and for receivables overdue for more than 12 months are provided for 100%.

Other receivables from Payment business also contain receivables related to the currency conversion amounting to CHF 1.3 million (31 December 2016: CHF 1.9 million). Such receivables are usually settled within less than one week.

Receivables from Consumer Finance activities

These receivables consist of consumer loans and finance lease receivables out of the car leasing business. Finance lease receivables are collateralised by the financed cars, while consumer loans are not collateralised.

Open balances from the business unit Consumer Finance due for more than 90 days are transferred into a dedicated and monitored collection portfolio. Allowances for doubtful debts are built using sophisticated analytical and statistical methods as described below. The total balance is shown under the position ”Allowance for doubtful debts”.

In 1,000 CHF	30.06.2017	31.12.2016
Receivables from consumer loans	725,014	700,772
Receivables from finance lease	600,778	593,527
Total receivables from business unit Consumer Finance	**1,325,792**	**1,294,299**

Receivables from finance lease

In 1,000 CHF	30.06.2017	31.12.2016
Current receivables from finance lease		
Gross investment in finance lease	286,541	287,851
Unearned finance income	66,840	66,224
Present value of minimum lease payments	**219,701**	**221,627**
Non-current receivables from finance lease		
Gross investment in finance lease	419,496	408,070
Unearned finance income	38,419	36,171
Present value of minimum lease payments	**381,077**	**371,899**
Gross receivables from finance lease		
Due within up to 1 year	286,541	287,851
Due within 1–5 years	419,496	408,070
Unearned finance income	105,259	102,395
Present value of minimum lease payments	**600,778**	**593,527**

Allowance for doubtful debts

Recognised allowances for doubtful debts for the business units at the reporting date are shown in the following tables.

In 1,000 CHF	30.06.2017	31.12.2016
Allowance for doubtful debts, business unit Payment		
Balance at 1 January	(921)	(1,516)
(Increase)/decrease	(11)	594
Balance at reporting date	**(932)**	**(921)**

The allowance for doubtful debts on receivables from cardholders is composed of impairment on receivables due to late payment, fraudulent payments and non-recoverable chargeback at both the specific and collective level. All individually significant receivables from cardholders are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. The allowance for all three categories is determined according to historical data based on sophisticated analytical methods and evaluation models. The allowance is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends. Management qualifies the allowance for doubtful debts in the Payment business as adequate.

In 1,000 CHF	30.06.2017	31.12.2016
Allowance for doubtful debts, business unit Consumer Finance		
Balance at 1 January	(24,780)	(24,904)
(Increase)/decrease	(1,888)	124
Balance at reporting date	**(26,668)**	**(24,780)**

The allowance for doubtful debts on receivables from Consumer Finance is composed of impairment on receivables due to late payment and also comprises a portion for those found not to be specifically impaired but which are then collectively assessed for any impairment that will be incurred but not yet identified. The Group recognises for the allowance in its Consumer Finance business at the time the credit facility or the leasing contract is paid out to the customer.

The collective allowance is determined for clusters of customers by combining historical data based on sophisticated analytical methods and evaluation models that consider the particular risks of each cluster. The allowance is adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than those suggested by historical trends. Currently, no specific allowances that are individually significant are recognised on receivables in the Consumer Finance business unit. Management qualifies the allowance for doubtful debts in the Consumer Finance business unit as adequate.

Except for allowances for fraudulent transactions in the Payment business, all impairments of receivables are due to late payment of customers or those that have been incurred but not yet identified. Based on the Group's experience, impairments are calculated as a percentage of the overdue balance by customers, including the estimated amount of receivables becoming overdue in the near future.

In the Payment business and Consumer Finance, on average about 98% (31 December 2016: 98%) of the receivables outstanding are not past due. Based on past experience, the Group includes the impairment allowance for these receivables in the allowance calculated on the basis of the default risk of the total debts.

9. Inventories

In 1,000 CHF	30.06.2017	31.12.2016
Raw materials	2,071	2,306
Terminals – new	1,841	1,651
Terminals – used	97	74
Total inventories	**4,009**	**4,031**

In the first six months of 2017, costs of CHF 3.3 million were recognised as an expense (first six months of 2016: CHF 3.8 million). Write-downs of less than CHF 0.1 million were recognised on inventories to net realisable value (first six months of 2016: CHF 0.5 million).

10. Interest-bearing liabilities

In 1,000 CHF	30.06.2017	31.12.2016
Other bank liabilities	2,951	8,584
Current portion of syndicated loan	390,000	390,000
Current portion of unsecured bond issues	350,158	449,669
Short-term interest-bearing liabilities	**743,109**	**848,253**
Unsecured bond issue	373,886	273,749
Other long-term liabilities	1,689	1,929
Long-term interest-bearing liabilities	**375,574**	**275,678**
Total interest-bearing liabilities	**1,118,683**	**1,123,930**

Terms and debt repayment schedule

In 1,000 CHF	Currency	Nominal interest rate	Year of maturity	Nominal value 30.06.2017	Carrying amount 30.06.2017	Nominal value 31.12.2016	Carrying amount 31.12.2016
Syndicated loan	CHF	0.68%	2017	390,000	390,000	390,000	390,000
Unsecured bond issue	CHF	3 M Libor [1]	2017	0	0	100,000	99,995
Unsecured bond issue	CHF	0.00%	2017	0	0	100,000	99,987
Unsecured bond issue	CHF	2.25%	2017	250,000	249,911	250,000	249,687
Unsecured bond issue	CHF	0.00%	2018	100,000	100,247	0	0
Unsecured bond issue	CHF	3 M Libor [1]	2019	100,000	100,000	0	0
Unsecured bond issue	CHF	1.125%	2021	275,000	273,884	275,000	273,749
Other bank liabilities	CHF	0.78%	current account	2,919	2,919	5,536	5,536
Other bank liabilities	various	0.78%	current account	33	33	3,047	3,047
Other long-term liabilities	CHF	0.00%	2021	1,689	1,689	1,929	1,929
Total				**1,119,641**	**1,118,683**	**1,125,512**	**1,123,930**

1) Floor at 0.0% and Cap at 0.05%

Syndicated loan
As at 30 June 2017, the Group has a syndicated loan facility of CHF 1,050 million headed by Zürcher Kantonalbank (ZKB) (31 December 2016: CHF 1,050 million) at its disposal. The interest conditions of the facility are quoted by ZKB at market conditions at the fixing date according to the maturity plus a margin, depending on the Company's credit rating.

As at 30 June 2017, the syndicated loan amounts to CHF 390 million nominal (31 December 2016: CHF 390 million).

Unsecured bond issues

Since 27 October 2011, Aduno Holding has an outstanding fixed-rate bond of CHF 250 million with a maturity in 2017. The nominal interest rate is set at 2.25% and is paid yearly to the bondholders. The effective interest rate, including all fees paid for this bond, amounts to 2.44%.

Two new bonds have been issued in 2017 with maturity in 2018 and 2019 respectively, replacing the two bonds issued in 2015. A fixed-rate bond of CHF 100 million with its maturity in 2018 and with a coupon of 0.00% with an effective interest rate of -0.3%, and a bond of CHF 100 million disposes of a floating rate based on Libor interest rate with a floor at 0% and a cap at 0.05% expiring in 2019.

A fixed-rate bond of CHF 275 million issued in 2014 with its maturity in 2021 disposes of a nominal interest rate of 1.125%. Including fees, the effective interest rate amounts to 1.241%.

Other bank liabilities

As at 30 June 2017, the Group has access to bilateral credit facilities with ZKB of CHF 700 million (31 December 2016: CHF 700 million). The interest rate for these facilities is set at the market interest rate according to the maturity plus a margin, depending on the Company’s credit rating.

As at 30 June 2017, the total of the other bank liabilities amounts to CHF 2.9 million (31 December 2016: CHF 8.6 million).

11. Share capital and reserves

Dividends

The following dividends were declared and paid by the Group.

In 1,000 CHF	Paid in first half year 2017	Paid in 2016
Total dividend	40,000	20,000
Dividend per share in CHF	1,600	800

12. Financial risk management

Fair values

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

In 1,000 CHF	30.06.2017 Carrying amount	30.06.2017 Fair value	31.12.2016 Carrying amount	31.12.2016 Fair value
Cash and cash equivalents	15,990	15,990	41,489	41,489
Receivables from business unit Payment	485,286	485,286	549,213	549,213
Receivables from business unit Consumer Finance	1,299,125	1,299,125	1,269,519	1,269,519
Other trade receivables and other receivables	80,548	80,548	81,498	81,498
Total loans and receivables	**1,880,949**	**1,880,949**	**1,941,718**	**1,941,718**
Financial investments available for sale	21,093	21,093	18,732	18,732
Derivatives held for trading	154	154	49	49
Total financial assets	**1,902,196**	**1,902,196**	**1,960,499**	**1,960,499**
Payables to counterparties	375,574	387,713	286,898	286,898
Other trade payables	262,630	262,630	10,407	10,407
Short-term interest-bearing liabilities	743,109	745,205	848,253	853,218
Other payables	12,625	12,625	16,770	16,770
Accrued expenses	60,343	60,343	67,609	67,609
Long-term interest-bearing liabilities	375,574	389,401	275,678	288,008
Total financial liabilities at amortised cost	**1,829,855**	**1,857,917**	**1,505,614**	**1,522,909**
Derivatives held for trading	(291)	(291)	(255)	(255)
Derivatives used for hedging	(145)	(145)	(289)	(289)
Total financial liabilities	**1,829,418**	**1,857,480**	**1,505,071**	**1,522,366**

Basis for the determination of fair value

The following summarises the significant methods and assumptions used in estimating the fair value of financial instruments reflected in the table above.

Receivables and payables

Trade accounts receivable and payable are stated in the statement of financial position at their carrying value less impairment allowance. Due to their short-term nature, receivables from card activities are assumed to approximate their fair value.

The fair value of long-term financial instruments with a maturity or a refinancing profile of more than one year and for which observable market transactions are not available, the fair value is estimated using valuation models such as discounted cash flow techniques. Input parameters into the valuation include expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads.

Non-derivative financial liabilities
The fair value of financial instruments for disclosure purposes is calculated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The difference between the carrying amount and the fair value in the interest-bearing liabilities (short-term as well as long-term) is caused by the unsecured bond issues and amounted to a total of CHF 15.9 million as per half year 2017 (at year end 2016: CHF 17.3 million). These unsecured bonds are categorised in level 1 of the fair value hierarchy.

Financial instruments carried at fair value, fair value hierarchy
The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

	30.06.2017				31.12.2016			
In 1,000 CHF	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial investments available for sale	0	21,093	0	21,093	0	18,732	0	18,732
Derivative financial instruments	0	154	0	154	0	49	0	49
Total financial assets carried at fair value	**0**	**21,247**	**0**	**21,247**	**0**	**18,780**	**0**	**18,780**
Derivative financial instruments	0	(437)	0	(437)	0	(544)	0	(544)
Total financial liabilities carried at fair value	**0**	**(437)**	**0**	**(437)**	**0**	**(544)**	**0**	**(544)**

Input for Level 2 valuation
Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the non-performance risk when appropriate. Level 2 fair values for available for sale financial instruments are based on market prices multiples without any unobservable input.

13. Group companies

In 1,000	Country of incorpo-ration	Currency	Share capital 30.06.2017	Share capital 31.12.2016	Ownership interest 30.06.2017	Ownership interest 31.12.2016
Aduno Holding AG, Zurich (ZH), parent company	Switzerland	CHF	25,000	25,000	-	-
Accarda AG, Brüttisellen (ZH)*	Switzerland	CHF	18,500	18,500	30%	30%
Aduno Finance AG, Stans (NW)	Switzerland	CHF	1,000	1,000	100%	100%
AdunoKaution AG, Zurich (ZH)	Switzerland	CHF	1,365	1,365	100%	100%
Aduno SA, Bedano (TI)	Switzerland	CHF	120	120	100%	100%
cashgate AG, Zurich (ZH)	Switzerland	CHF	35,000	35,000	100%	100%
Contovista AG, Schlieren (ZH)*	Switzerland	CHF	140	140	14.3%	14.3%
SmartCaution SA, Geneva (GE)	Switzerland	CHF	500	500	100%	100%
SwissWallet AG, Zurich (ZH)*	Switzerland	CHF	105	105	33.3%	33.3%
Vibbek AG, Urdorf (ZH)	Switzerland	CHF	1,300	1,300	67%	67%
Vibbek GmbH, Hamburg**	Germany	EUR	25	25	67%	67%
Viseca Card Services SA, Zurich (ZH)	Switzerland	CHF	20,000	20,000	100%	100%

* Associates, the Group has significant influence

** Vibbek GmbH is fully owned by Vibbek AG.

14. Subsequent events

There are no subsequent events to be reported.

Zurich, 27 July 2017

Pascal Niquille
Chairman of the Board of Directors

Martin Huldi
Chief Executive Officer

Conrad Auerbach
Chief Financial Officer

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PUBLISHING DETAILS

Half Year Report 2017

This Half Year Report is published in German and English. The English version is binding for the condensed consolidated financial statements.

Exclusion of liability

This report contains forward-looking statements that do not give any guarantees of future performance. These statements contain risks and uncertainties, including but not restricted to future economic conditions, legal provisions, market conditions, activities of competitors and other factors that are outside the Company's control.

Publisher

Aduno Gruppe
Corporate Communications, Zurich

Technical implementation

NeidhartSchön
Zurich