

**SWISS BANKERS**



**Half-Year Report**

**2024**

# Business Development and Economic Situation

Swiss Bankers Group reports an operating profit (EBTDA) of CHF 0.8 m for the first half of 2024. After depreciation and taxes, the result amounts to a small loss of CHF 0.4 m. The negative result is due to the continued subdued consumer sentiment and the competitive situation in the payment services industry in the Swiss market. Despite customer restraint in consumer spending, spending on foreign travel increased slightly in the first half of the year, which is reflected positively in Swiss Bankers' banknote dispatch and in individual card products. Compared to the previous year, banknote dispatch increased by 2.7 percent.

Sales volume – i.e. the total of all card loads, banknote dispatches and money transfers via Send – fell by CHF 24.7 m or 6.7 percent compared to the first half of the previous year and amounted to CHF 345.1 m (previous year: CHF 369.8 m). This decline is primarily due to the more restrictive consumer behaviour of customers but is also attributable to the intensified competitive situation in the Swiss payment industry. Furthermore, the Bank's market development has been limited in recent months because Swiss Bankers had to transfer its processing platform to Mastercard's European processing platform. A processor or payment processor handles payment processing, i.e. when the card is used, between a merchant or service provider and Swiss Bankers as the cardholder's issuing bank. This change of processing platform was successfully completed in mid-June 2024. Various product campaigns can therefore only be triggered in the second half of the year. The successful processing migration is effectively an important milestone in the 2024 financial year so that Swiss Bankers can continue to offer customers secure payment solutions and a first-class service in the future.

As already mentioned, a look at the Swiss Bankers product range also reveals positive developments. Both the Corporate Card Value, which is primarily used by international organisations, corporate clients and public institutions, and direct card sales recorded year-on-year growth of 5.9 percent and 4.2 percent respectively. The "Money Send" products also recorded year-on-year growth of 2.7 percent. The dispatch of foreign currency banknotes has had a positive impact on sales volumes. In the first half of the year, demand was particularly high for Euro, US dollar, Japanese yen and Thai bath. Compared to the previous year, the sales volume increased from CHF 63.1 m to CHF 64.2 m.

## Financing situation

The Swiss Bankers Group's financial position remains very stable. The Group's equity amounted to CHF 36.1 m as at 30 June 2024 (31 December 2023: CHF 36.5 m). This corresponds to an equity ratio, i.e. equity as a percentage of total assets, of 10.0 percent (31 December 2023: 10.1 percent).

Net liquidity has not changed significantly in the last six months and amounted to CHF 335.0 m as at 30 June 2024 (end of 2023: CHF 337.7 m). Financial assets held for short-term liquidity management amount to CHF 202.6 m (31 December 2023: CHF 204.7 m).

## Business development

Comparing half-years, first six months of 2023 to first six months of 2024, gross profit fell by CHF 0.8 m or 4.6 percent. There are two main reasons why commission income is CHF 1.2 m or 11.3 percent lower: The lower sales volume and the adjustment to the booking of expired card. As of 2024, fees for expired cards have been recognised quarterly instead of once a year. Net trading income increased by 4.2 percent (CHF 0.2 m), mainly due to the high demand for foreign currency notes. In terms of interest income, both the higher market interest rate level for investments in foreign currencies and interest income on cash and cash equivalents contributed to an increase of CHF 0.2 m.

Commission expenses remained at the previous year's level despite the lower sales volume. A large proportion of the costs in commission expenses are transaction-based. In both 2023 and 2024, Swiss Bankers customers carried out around 4 m transactions in the first half of the financial year. However, the average worth per individual transaction in 2024 is lower than in 2023. Nevertheless, the use of Swiss Bankers card products is still well established in 2024 – both in Switzerland and abroad.

Operating expenses (personnel and operating expenses) are slightly lower than in the previous year: CHF 11.6 m for the first half of 2024 compared to CHF 11.8 m for the first half of 2023. The shortage of skilled labour is still noticeable. This led to a shift in expense items from personnel expenses to operating expenses, as more expensive external staff had to be employed. Provisions and other value adjustments as well as losses remain at a low CHF 0.1 m as already as of 30 June 2023, reflecting the sustained success of the fraud prevention measures developed in recent years.

As of 30 June 2024, the Swiss Bankers Group reported a loss of CHF 0.4 m (previous year: profit of CHF 0.3 m).

As at mid-2024, Swiss Bankers employed 91.3 employees on a full-time equivalent basis. As at 30 June 2023, there were 99.8 employees, adjusted for part-time working (as of 31 December 2023: 94.4 FTE). The decline is due to the shortage of skilled labour, which means that vacancies cannot be filled promptly following the fluctuation of staff.

As at the end of June 2024, Swiss Bankers had an active card portfolio of 521,000 cards. Compared to the previous year, this is a decrease of 8.3 percent, which is due to necessary adjustments in connection with the migration of the processing platform to Mastercard's European processing platform in mid-June 2024.

### Outlook 2024

The highly competitive situation in the payment industry is noticeable, the pressure on margins and growth is steadily increasing due to aggressive competition, and the role of a niche player in the consumer payment sector is very challenging. Furthermore, the State Secretariat for Economic Affairs SECO expects a below-average growth in 2024, which is why lower sales volumes than in the previous year are expected for the second half of the year. Due to the ongoing review and adjustment of the fee models, Swiss Bankers expects a slightly negative to balanced result by the end of the year. On the expenditure side, the continuing shortage of skilled workers on the Swiss labour market continues to make itself felt. Recruiting well-trained and specialised employees is proving to be a major challenge, which is why the required expertise and the lack of resources must be covered by external personnel. In addition, Swiss Bankers is continuing to invest in the renewal and modernisation of its existing IT infrastructure to be able to offer and operate secure and innovative financial services in the future.

### Outlook 2025 and 2026

Swiss Bankers assumes that the current market situation for card products will stabilise in the future. In other countries, the switch from Maestro cards to debit cards has shown that the card market has stabilised after some time. In its economic forecasts, the State Secretariat for Economic Affairs SECO expects the economic environment to brighten somewhat in the coming years and to lead to a normalisation. Nevertheless, there are still certain economic risks. Geopolitical tensions, the rising costs of living and the monetary policy of various central banks could continue to slow down growth.

Despite the current challenging environment, Swiss Bankers is optimistic about the coming years and will continue to focus on its transformation strategy, successful and sustainable market entry into new growth markets and the expansion of its product range. With the attractive products, it should be possible to tap into additional customer segments and new partnerships in the coming years.

### Strategy

Swiss Bankers comprehensively revised its strategy in 2017 and has since repositioned itself ("Strategy 2022": transformation from a single-product to a multi-product company). Swiss Bankers has set itself the goal of digitalising its offering in all areas and expanding its card business with additional offerings. As a result, the prepaid business area has been extensively digitalised and modernised in recent years (including additional new products, expansion of the app, digital cards, online onboarding, new market presence) and the new Remittance and Digital Solutions business areas have been launched.

In the next transformation step, Hypothekarbank Lenzburg Ltd and Swiss Bankers want to jointly become a leading provider in the Banking-as-a-Service and Embedded Finance business. The two companies have decided to create a joint solution offering in the areas of Banking-as-a-Service and Embedded Finance. To this end, Hypothekarbank Lenzburg Ltd is acquiring 100 percent of the share capital of Swiss Bankers Prepaid Services Ltd. Hypothekarbank Lenzburg and the shareholders of Swiss Bankers signed a corresponding purchase agreement on 5 August 2024. The transaction is subject to the approval of the Swiss Financial Market Supervisory Authority FINMA and the Financial Market Authority FMA Liechtenstein; the corresponding authorisation processes have been initiated.

By combining the expertise of both companies, a new strong force in the Swiss banking-as-a-service and embedded finance business is being created on the basis of the Finstar banking platform. Hypothekarbank Lenzburg currently operates the Banking-as-a-Service business under the HBL Solutions brand and is regarded as a pioneer in this area in Switzerland. In recent years, Swiss Bankers has comprehensively digitalised the payment business and successfully launched important embedded finance components such as the digital card or the global card-based peer-to-peer money transfer service "Send" from Switzerland to many countries. In addition, the e-money license held by Swiss Bankers in Liechtenstein will enable Hypothekarbank Lenzburg to expand its business in other European countries in the future. Swiss Bankers' client base comprises more than 200 companies from the banking, transport and multinational sectors, among others. Hypothekarbank Lenzburg Ltd plans to continue Swiss Bankers in its current form as a subsidiary of Hypothekarbank Lenzburg Ltd and to utilise the Swiss Bankers brand more broadly in future.

Together with Hypothekarbank Lenzburg Ltd, the Swiss Bankers Group intends to align itself with the changed market conditions. The associated growth opportunities are in line with the challenges arising from the rapid changes in payment industry. These changes require excellently trained and specialised employees as well as a modern and efficient infrastructure. Due to the associated increase in fixed costs, profitability must be improved through higher sales and income volumes as well as margins from new products and markets. The Swiss Bankers Group is convinced that in Hypothekarbank Lenzburg Ltd it has found an ideal partner to meet these challenges.

The change in the shareholder structure has no impact on Swiss Bankers' customers. They can continue to count on secure and innovative payment products and a personalised service in the future.

# Consolidated Income Statement

(in CHF thousand)

	01.01.-30.06.2024	01.01.-30.06.2023
<b>NET INTEREST INCOME</b>		
Interest and discount income	555	333
Interest and dividend income from financial investments	1,001	1,018
<b>Gross interest income</b>	<b>1,556</b>	<b>1,351</b>
<b>Net interest income</b>	<b>1,556</b>	<b>1,351</b>
<b>NET COMMISSION AND SERVICES INCOME</b>		
Commission income	9,743	10,984
Commission expenses	-4,852	-4,892
<b>Net commission and services income</b>	<b>4,891</b>	<b>6,092</b>
<b>NET INCOME FROM TRADING</b>	<b>5,774</b>	<b>5,540</b>
<b>OTHER ORDINARY NET INCOME</b>		
Real estate income	39	39
Other ordinary income	232	267
Other ordinary expenses	-2	-5
<b>Other ordinary net income</b>	<b>269</b>	<b>301</b>
<b>OPERATING INCOME</b>	<b>12,490</b>	<b>13,284</b>
<b>OPERATING EXPENSES</b>		
Personnel expenses	-5,899	-6,584
General and administrative expenses	-5,680	-5,241
<b>Operating expenses</b>	<b>-11,579</b>	<b>-11,825</b>
<b>GROSS PROFIT</b>	<b>911</b>	<b>1,459</b>
Depreciation of property, plant and equipment	-1,223	-1,118
Changes in provisions and other allowances and losses	-97	-55
<b>BUSINESS RESULT</b>	<b>-409</b>	<b>286</b>
Taxes	7	-3
<b>Consolidated half-year profit</b>	<b>-402</b>	<b>283</b>

# Consolidated Statement of Financial Position

(in CHF thousand)

	<b>30.06.2024</b>	31.12.2023
<b>ASSETS</b>		
Cash and cash equivalents	42,518	29,111
Receivables from banks	83,629	97,678
Receivables from customers	6,253	6,174
Financial assets	202,581	204,707
Accrued income and prepaid expenses	1,986	1,597
Property, plant and equipment	15,311	14,949
Other assets	6,919	7,629
<b>Total assets</b>	<b>359,197</b>	<b>361,845</b>
<b>LIABILITIES</b>		
Due to banks	116	559
Due to customer deposits	316,601	314,465
Accrued expenses and deferred income	4,543	4,305
Other liabilities	1,841	6,019
Provisions	0	0
Share capital	10,000	10,000
Capital reserves	9,116	9,116
Retained earnings	17,382	15,185
Consolidated half-year profit	-402	2,196
<b>Total liabilities</b>	<b>359,198</b>	<b>361,845</b>
<b>OFF-BALANCE SHEET BUSINESS</b>		
Contingent receivables	215	115
Contingent liabilities	6,882	7,489
Irrevocable commitments	4,401	4,401

# Consolidated Cash Flow Statement

(in CHF thousand)

	<b>30.06.2024</b>	30.06.2023
<b>CASH FLOW STATEMENT</b>		
<b>Consolidated half-year profit</b>	<b>- 402</b>	<b>283</b>
Depreciation of property, plant and equipment	1,223	1,118
Accrued income and prepaid expenses	-389	-1,467
Accrued expenses and deferred income	238	1,276
<b>Cash flow from operating result</b>	<b>1,072</b>	<b>927</b>
Real estate	0	0
Acquired software	-1,587	-2,421
Other property, plant and equipment	0	-52
<b>Cash flow from transactions in property, plant and equipment</b>	<b>-1,587</b>	<b>-2,473</b>
Medium and long-term business (> 1 year)		
Receivables from banks	178	-481
Receivables from customers	0	0
Financial assets	-1,549	-2,980
Short-term business		
Due to banks	-443	-219
Due to customer deposits	2,137	-3,392
Other liabilities	-4,178	-2,966
Receivables from banks	13,871	4,412
Receivables from customers	-79	-140
Financial assets	3,677	2,825
Other assets	710	3,987
<b>Cash flow from banking business</b>	<b>14,324</b>	<b>1,046</b>
<b>LIQUIDITY</b>		
<b>Increase in cash and cash equivalents</b>	<b>13,407</b>	<b>-217</b>
Position at 1 January	29,111	33,802
Position at 30 June	42,518	33,585

# Consolidated Statement of Changes in Equity

(in CHF thousand)

	Share capital	Capital reserves	Retained earnings	Consolidated result	Total
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>					
<b>Equity at the beginning of the reporting period</b>	<b>10,000</b>	<b>9,116</b>	<b>15,184</b>	<b>2,196</b>	<b>36,496</b>
Other allocations from reserves			2,196	-2,196	0
Consolidated result				-402	-402
<b>Equity at the end of the reporting period</b>	<b>10,000</b>	<b>9,116</b>	<b>17,380</b>	<b>-402</b>	<b>36,094</b>



# SWISS BANKERS

Swiss Bankers Prepaid Services Ltd  
Kramgasse 4  
3506 Grosshöchstetten  
Switzerland  
Phone +41 31 710 11 11  
[info@swissbankers.ch](mailto:info@swissbankers.ch)  
[www.swissbankers.ch](http://www.swissbankers.ch)