Half-year Report 2014

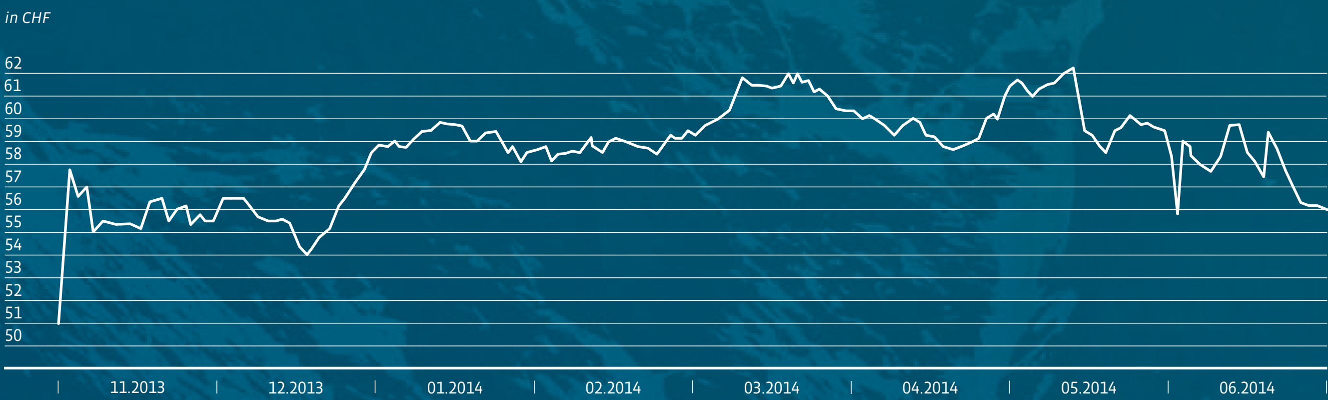
Cembra
MoneyBank

Group Report

Key Figures

For the six months ended (CHF in millions)	**30 June 2014**	**30 June 2013**	**31 December 2013**
Net interest income	148.4	138.3	144.3
Commission and fee income	37.5	34.6	37.4
Net revenues	185.9	172.8	181.7
Provisions for losses	– 21.0	18.9	– 25.9
Total operating expenses	– 82.6	– 79.3	– 99.6
Net income	64.7	87.7	45.2
Cost / income ratio (in %)	44.5 %	45.9 %	54.8 %
Net interest margin (in %)	7.2 %	6.8 %	7.1 %
Total assets	4,628	4,423	4,590
Net financing receivables	4,112	4,049	3,993
Personal loans	1,888	1,902	1,861
Auto leases and loans	1,688	1,687	1,647
Cards	536	460	485
Shareholders' equity	780	901	799
Annualized return on average shareholders' equity (ROE in %)	16.4 %	17.7 %	10.6 %
Annualized return on average assets (ROA in %)	2.8 %	4.0 %	2.0 %
Tier 1 capital ratio (in %)	19.8 %	22.5 %	19.7 %
Employees (full-time equivalent)	703	700	700
Rating (S & P)	A –	–	A –
Basic earnings per share (in CHF)	2.16	2.92	1.51
Share price (in CHF)	56.00	–	58.55
Market capitalisation	1,680	–	1,757

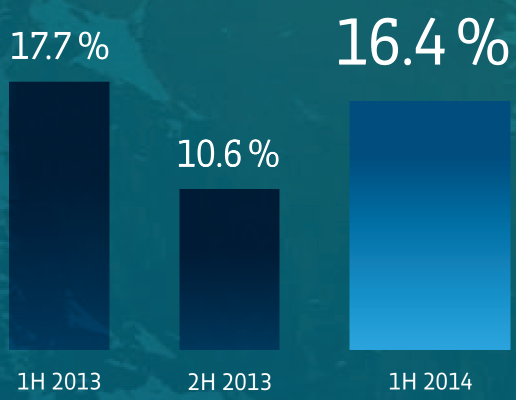
Share price: Cembra Money Bank AG



645,000

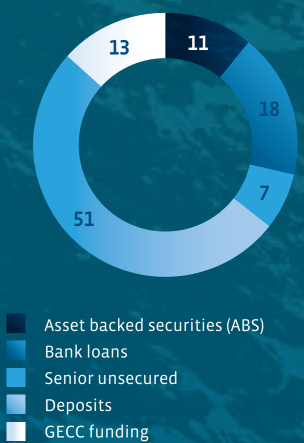
Customers entrust Cembra Money Bank as their preferred bank for financial services. This equals 8 % of the Swiss population; that means every 13th resident in Switzerland is a customer of our Bank.

Annualized Return on Shareholders' Equity (ROE)



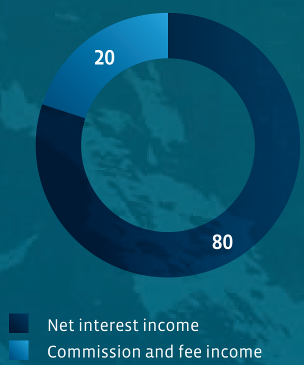
Funding Structure

in %



Revenue Structure

in %



Dear Shareholders

This is the first time that we are publishing our half-year results as a listed bank. We are pleased to inform you that Cembra Money Bank had a successful start to the 2014 business year. This is reflected in our net profit of CHF 64.7 million as well as in the growth of net financing receivables.

In May 2014 we successfully held our Annual General Meeting. Those shareholders who attended in person represented about 65% of all shares and votes. All agenda items were approved including a dividend per share of CHF 2.85, paid from reserves of capital contributions by end of May 2014. We very much enjoyed the personal interaction with our shareholders and are looking forward to next year's General Meeting.

Before we provide you with an overview of our business activities we would like to mention that the feedback on our new name and logo was very positive and helped to attract new customers. According to latest brand research results, Cembra Money Bank gained already important consumer top-of-mind awareness and the highest advertising recognition compared to its competitors in the Swiss market.

One of the most important operational projects, which started in November 2013 and will continue over the coming two years, is the transition of our IT infrastructure from the General Electric platform to a stand-alone solution. Several milestones have already been successfully reached and the project is on track.

Net income of CHF 64.7 million

Cembra Money Bank recorded a net income of CHF 64.7 million in the first six months of 2014. Net revenues increased by 8 % compared to the corresponding period in the previous year to CHF 185.9 million. Net interest income contributed CHF 148.4 million (or 80 %) to net revenues, while commissions and fees accounted for CHF 37.5 million (or 20 %). Our prudent risk management approach was reflected in low provisions for losses of CHF 21.0 million or annualized 1.0 % of financing receivables. Delinquency metrics on our portfolio remained at low levels with a nonperforming loan ratio of 0.5 %. Costs remained well under control with operating expenses at CHF 82.6 million. This includes a FINMA-related one-off provision of CHF 3.0 million to cover potential financial consequences and costs of the pending investigation. The cost / income ratio was at 44.5 %, which is a slight improvement compared to the corresponding period in 2013.

Net financing receivables increased by 3 % to CHF 4.1 billion compared to year-end 2013. In all three product lines our business was growing above the rate of the underlying market and we were able to gain market share. In the first half of 2014 we have further diversified the funding of the Bank, with stand-alone funding now accounting for 87 % of the overall mix. This was primarily due to an increase in our deposit base from both institutional and retail clients, which was up 14 %, helping the overall deposit balance to reach CHF 1,898 million. Our competitive rates for term deposits of 2 – 8 years led to a high customer demand. The Bank also successfully renegotiated a funding facility from a syndicate of Swiss banks.

By 30 June 2014 Cembra Money Bank's shareholders' equity amounted to CHF 780 million and the annualized return on average equity (ROE) was 16.4 %. This was achieved while retaining a very solid capital base with a Tier 1 capital ratio of 19.8 %.

Product lines

Personal loans had a good start in the first six months, although the personal loan market was slightly declining. Receivables reached CHF 1,888 million, 1 % higher than at year-end 2013.

Despite the negative performance of the Swiss auto market with new car registrations down by 4 % in the first six months of 2014, auto leases and loans were able to grow its receivables base and therefore gained market share. Receivables at period end stood at CHF 1,688 million representing a growth of 2 % compared to year-end 2013.

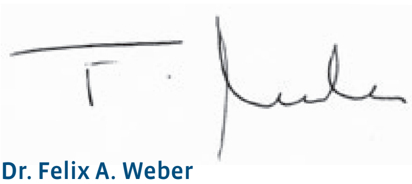
Cards again recorded strong growth of 11 % of its receivables portfolio, reaching CHF 536 million. The number of cards issued from the different programmes (Cumulus-MasterCard, TCS MasterCard, Cosy MasterCard Conforama and own Bank card) increased from 553,000 by year-end 2013 to 581,000 as at 30 June 2014.

Corporate social responsibility

Voluntary engagement of our staff is very important for us and our Bank's culture. We kicked off the year with numerous volunteering activities like blood donation (in cooperation with Blutspende SRK Schweiz), sponsoring, organisation and support of the Schweizerischer Schulsporttag as well as additional activities with Young Enterprise Switzerland (YES). Volunteering activities with Kinderkrebshilfe Schweiz and other Swiss charitable organisations are planned in the second half of the year.

Outlook

For the second half-year of 2014, Cembra Money Bank is expecting funding rates to stay broadly unchanged at historically low levels and therefore pricing pressure to remain, in particular in auto and personal loans. In cards we expect the growth trend to continue. Cembra Money Bank confirms its full-year 2014 guidance given in March 2014 and is expecting reported earnings per share in the range of CHF 4.40 to CHF 4.60. Given the seasonality in Cembra Money Bank's business, net profit for the second half-year of 2014 is expected to exceed first half net profit. Medium-term targets remain unchanged including a dividend pay-out ratio of 60 – 70 % of net income.



Dr. Felix A. Weber
Chairman of the Board of Directors

Robert Oudmayer
Chief Executive Officer

Management's Discussion and Analysis of Financial Condition and Results of Operations

Significant Developments

After the Bank's Initial Public Offering (IPO) on the SIX Swiss Exchange and the rebranding to Cembra Money Bank ("Bank", together with its subsidiaries, "Group") on 30 October 2013, the Group publishes for the first time a half-year report. On 13 May 2014, the Bank held its first Annual General Meeting of Shareholders as a listed company in Zurich. All agenda items were approved, including a dividend payment of CHF 85.5 million that was paid out of the reserves from capital contributions.

The Group has continued to reduce its reliance on the General Electric Group by further diversifying its funding structure and starting to decouple from the infrastructure of the former sole shareholder.

On 3 June 2014, the Bank informed the public that the Swiss Financial Market Supervisory Authority (FINMA) is performing an investigation in connection with allegations of a former agent. The Bank fully cooperates with FINMA in this investigation.

Market Environment

The overall environment in which the Group operates was strongly influenced by historically low funding rates. On the one hand, it enabled the Group to raise new funds at very favourable conditions and to reduce its overall cost of funds. On the other hand, this led to price pressure in the auto and personal loans business.

The unemployment rate in Switzerland remained low and fell below 3 % in June 2014, which helped to maintain the provision for losses at a low level. While Switzerland's gross domestic product grew by about 2 % in the first half of 2014, the consumer loan market decreased slightly. The Group was able to maintain its strong position in the consumer loans market in the first half of 2014.

The auto market remained challenging in the first six months of 2014, reflected in the lower numbers of new car registrations. According to auto-schweiz statistics, about 150,000 new cars were registered in the first six months of 2014, a decline of 4 % versus the corresponding period in 2013. With the Group's goal for best-in-class service, the Group was able to gain market share. Credit cards continued to grow and to outperform the overall market. The Group increased the number of issued credit cards by 5 % to 581,000 compared to year-end 2013. In the first six months of 2014, according to Swiss National Bank statistics, the number of issued credit cards in Switzerland grew by 2 % to 6.3 million.

Results of Operations

Key Figures

For the six months ended	30 June 2014	30 June 2013
Net revenues (CHF in millions)	185.9	172.8
Net interest income (CHF in millions)	148.4	138.3
Net income (CHF in millions)	64.7	87.7
Cost / income ratio	44.5 %	45.9 %
Net interest margin	7.2 %	6.8 %
Return on average equity (ROE)	16.4 %	17.7 %
Return on average assets (ROA)	2.8 %	4.0 %
Tier 1 capital ratio	19.8 %	22.5 %
Earnings per share (CHF)	2.16	2.92

	30 June 2014	31 December 2013
Total assets (CHF in millions)	4,628	4,590
Net financing receivables (CHF in millions)	4,112	3,993
Total shareholders' equity (CHF in millions)	780	799
Employees (FTEs)	703	700

Net revenues for the six months ended 30 June 2014 increased by 8 % to CHF 185.9 million compared to the corresponding period in 2013. Net interest income contributed 80 % to revenues while commission and fee income accounted for 20 % of revenues. The Group recorded net income of CHF 64.7 million for the first six months of 2014 versus CHF 87.7 million for the corresponding period in 2013.

Adjusting for a CHF 33.1 million one-off gain from the sale of a portfolio of loss certificates in June 2013, the net income for the first half of 2014 is about 5 % higher than for the corresponding period in 2013. Return on average shareholders' equity was 16.4 % in the first half of 2014 and 17.7 % in the first half of 2013, respectively, despite a high Tier 1 capital ratio of 19.8 % and 22.5 % in those periods.

Balance Sheet Analysis

CHF in millions	30 June 2014	31 December 2013	Variance	in %
ASSETS				
Cash and cash equivalents	395	492	– 97	– 20
Net financing receivables	4,112	3,993	119	3
Personal loans	1,888	1,861	27	1
Auto leases and loans	1,688	1,647	41	2
Credit cards	536	485	51	11
Other assets	121	105	16	15
Total assets	**4,628**	**4,590**	**38**	**1**
LIABILITIES AND EQUITY				
Deposits and debt	3,223	2,960	263	9
Deposits	1,898	1,660	238	14
Debt	1,325	1,300	25	2
Due to affiliates (GECC funding)	500	700	– 200	– 29
Other liabilities	125	131	– 5	– 4
Total liabilities	**3,848**	**3,790**	**58**	**– 2**
Shareholders’ equity	780	799	– 19	– 2
Total liabilities and shareholders’ equity	**4,628**	**4,590**	**38**	**1**

Net Financing Receivables

Net financing receivables amounted to CHF 4,112 million as at 30 June 2014, which is an increase of 3 % compared to CHF 3,993 million as at 31 December 2013. By mid-year 2014, the Group’s personal loans accounted for 46 % of its net financing receivables, its auto leases and loans accounted for 41 % of its net financing receivables and its credit cards accounted for 13 % of its net financing receivables.

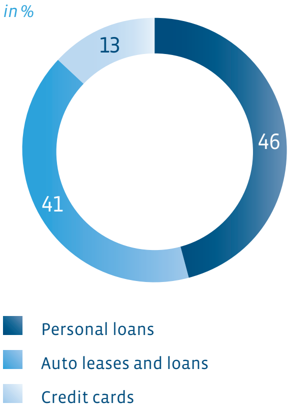
Personal loans performed well in the first six months of 2014. Receivables amounted to CHF 1,888 million, up 1 % compared to year-end 2013.

Auto leases and loans strengthened its market position despite the challenging market environment. Receivables ended the period at CHF 1,688 million, 2 % higher than at year-end 2013, supported by the Group’s goal for best-in-class service.

Credit cards once again recorded strong growth of 11 % (compared to year-end 2013) on its receivables portfolio, reaching CHF 536 million as at 30 June 2014, and contributed to the further diversification of the Group’s income.

Net Financing Receivables

in %



Funding

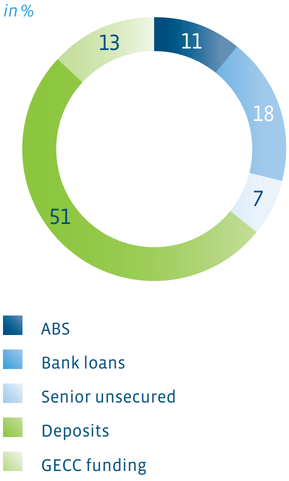
The Group continued to diversify its funding structure in the first six months of 2014, further reducing its reliance on the General Electric Capital Corporation ("GECC") by obtaining funding from a diverse range of sources. The Group's deposits increased by CHF 238 million, driven mainly by institutional investors, but also retail term deposits and saving accounts. Debt was stable at CHF 1,325 million. The 2014 maturing CHF 200 million bank loan from a syndicate of Swiss banks was successfully refinanced by a new CHF 150 million 3-year term facility from the same syndicate. Additionally, the Group signed a new revolving facility of CHF 100 million which will become available in December 2014. The Group repaid CHF 200 million to GECC reducing the balance to CHF 500 million as at 30 June 2014. The Group's total funding from sources other than GECC rose to 87 % as at 30 June 2014.

Equity

Total shareholders' equity decreased slightly by 2 % or CHF 19 million to CHF 780 million by 30 June 2014. This reduction was mainly driven by the dividend payment of CHF 85.5 million as agreed by the Annual General Meeting in May 2014 and partially offset by the net income of CHF 64.7 million generated in the period ended 30 June 2014.

Funding Structure

in %



Profit and Loss Analysis

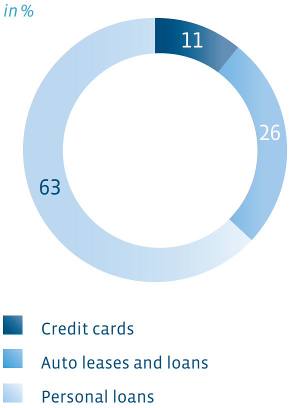
For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
Interest income	168.9	171.5	– 2.6	– 2
Interest expense	– 15.8	– 9.7	6.1	63
Affiliated interest expense	– 4.7	– 23.5	– 18.9	– 80
Net interest income	**148.4**	**138.3**	**10.1**	**7**
Commission and fee income	37.5	34.6	2.9	9
Net revenues	**185.9**	**172.8**	**13.0**	**8**
Provision for losses on financing receivables	**– 21.0**	**18.9**	**39.9**	**–**
Compensation and benefits	– 47.9	– 51.3	– 3.4	– 7
General and administrative expenses	– 34.7	– 28.0	6.8	24
Total operating expenses	**– 82.6**	**– 79.3**	**3.4**	**4**
Income before income taxes	**82.3**	**112.5**	**– 30.2**	**– 27**
Income tax expense	– 17.6	– 24.8	– 7.2	– 29
Net income	**64.7**	**87.7**	**– 23.0**	**– 26**
Other comprehensive income	0.7	2.4	– 1.6	– 70
Comprehensive income	**65.4**	**90.1**	**– 24.7**	**– 27**

Interest Income

For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
Personal loans	106.0	108.8	– 2.8	– 3
Auto leases and loans	43.9	47.5	– 3.6	– 8
Credit cards	18.7	15.2	3.6	23
Other	0.2	0.0	0.2	–
Total	**168.9**	**171.5**	**– 2.6**	**– 2**

Interest Income

in %



The Group's primary source of interest income is personal loans, which accounted for 63 % of interest income in both, the first half of 2014 and 2013. Auto leases and loans accounted for 26 % and 28 % of interest income for the six months ended 30 June 2014 and 2013, respectively. Credit cards accounted for 11 % and 9 % of interest income in the periods ended 30 June 2014 and 2013, respectively.

The Group's interest income decreased by CHF 2.6 million, or 2 %, from CHF 171.5 million as per 30 June 2013 to CHF 168.9 million as per June 2014, primarily due to a reduction in interest income from auto leases and loans.

Interest income from personal loans decreased by CHF 2.8 million, or 3 %, from CHF 108.8 million for the six months ended 30 June 2013 to CHF 106.0 million for the first six months of 2014. This decrease was primarily due to an increase of CHF 0.6 million in amortisation of origination costs, lower other interest income of CHF 1.2 million and a CHF 1.0 million reduction in interest income from personal loans, resulting largely from a product transition. Interest income from the Group's auto leases and loans decreased by CHF 3.6 million, or 8 %, from CHF 47.5 million for the six months ended 30 June 2013 to CHF 43.9 million for the first six months of 2014. The decrease was mainly driven by lower interest rates resulting from competitive pressure and a change in product mix. Interest income from credit cards increased by CHF 3.6 million, or 23 %, from CHF 15.2 million for the six months ended 30 June 2013 to CHF 18.7 million for the corresponding period in 2014. This increase was primarily due to higher credit card receivables as a result of an increase in credit card volumes.

Cost of Funds

For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
Interest expense on ABS	2.2	1.4	0.8	57
Interest expense on deposits	7.1	7.0	0.1	2
Interest expense on other nonaffiliated debt	6.5	1.3	5.2	397
Affiliated interest expense	4.7	23.5	– 18.9	– 80
Total	**20.5**	**33.2**	**– 12.8**	**– 38**

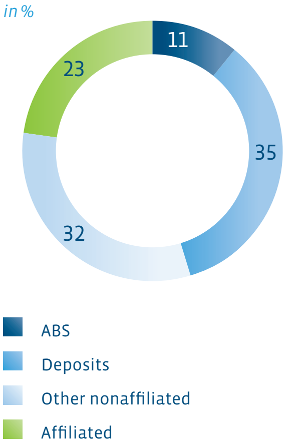
The Group's overall cost of funds decreased by CHF 12.8 million, or 38 %, from CHF 33.2 million for the six months ended 30 June 2013 to CHF 20.5 million for the corresponding period in 2014.

The Group's affiliated interest expense was reduced by CHF 18.9 million, or 80 %, from CHF 23.5 million for the six months ended 30 June 2013 to CHF 4.7 million for the corresponding period in 2014. This was achieved by the full repayment of the subordinated debt and the signing of a new contract with GECC at market rates in November 2013. The interest rate on the new contract is significantly lower than the 3.25 % per annum previously due on the subordinated debt.

The interest expense on other nonaffiliated debt increased by CHF 5.2 million, or 397 %, from CHF 1.3 million for the first six months ended 30 June 2013 to CHF 6.5 million for the corresponding period in 2014. This increase is driven by the issuance of an unsecured bond of CHF 250 million and the signing of a CHF 450 million contract with a syndicate of banks.

Cost of Funds

in %



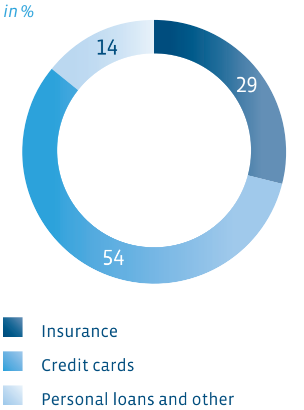
Commission and Fee Income

For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
Insurance	10.7	10.1	0.6	6
Credit cards	21.5	17.4	4.1	24
Personal loans and other	5.4	7.1	– 1.8	– 25
Total	**37.5**	**34.6**	**2.9**	**9**

The Group's commission and fee income increased by CHF 2.9 million, or 9 %, from CHF 34.6 million for the six months ended 30 June 2013 to CHF 37.5 million for the corresponding period in 2014. This increase was due to higher fee income on credit cards of CHF 4.1 million as a result of the growing cards portfolio and slightly higher insurance income. This increase was partially offset by a decrease in fees from personal loans and other of CHF 1.8 million, which was mainly attributable to a product transition.

Commission and Fee Income

in %



Provision for Losses on Financing Receivables

For the six months ended (CHF in millions)	**30 June 2014**	**30 June 2013**	**Variance**	**in %**
Provision for losses on personal loans	15.7	– 21.9	37.5	–
Provision for losses on auto leases and loans	3.0	0.7	2.2	306
Provision for losses on credit cards	2.3	2.3	0.1	4
Total	**21.0**	**– 18.9**	**39.9**	**–**

The Group's provision for losses on financing receivables increased by CHF 39.9 million from CHF – 18.9 million for the six months ended 30 June 2013 to CHF 21.0 million for the corresponding period in 2014. This increase was primarily due to the impact of a one-off gain in 2013 of CHF 33.1 million resulting from the sale of a portfolio of loss certificates and the subsequently lower recoveries.

Compensation and Benefits

For the six months ended (CHF in millions)	**30 June 2014**	**30 June 2013**	**Variance**	**in %**
Compensation and benefits	**47.9**	**51.3**	**– 3.4**	**– 7**

The Group's compensation and benefits decreased by CHF 3.4 million, or 7 %, from CHF 51.3 million for the six months ended 30 June 2013 to CHF 47.9 million for the corresponding period in 2014. The decrease was primarily due to a reduction in pension costs driven by strong performance of the pension plan assets in 2013.

General and Administrative Expenses

For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
GECC assessment / TSA	3.4	4.2	– 0.9	– 20
Professional services	8.3	4.3	4.0	93
Marketing	2.9	4.5	– 1.6	– 36
Collection fees	3.1	3.8	– 0.7	– 18
Postage and stationary	4.3	3.6	0.7	18
Rental expense under operating leases	2.9	2.9	– 0.0	– 1
Depreciation and amortisation	1.1	1.5	– 0.3	– 23
Other	8.7	3.1	5.6	184
Total	**34.7**	**28.0**	**6.8**	**24**

The Group's general and administrative expenses increased by CHF 6.8 million, or 24 %, from CHF 28.0 million for the six months ended June 2013 to CHF 34.7 million for the corresponding period in 2014. This increase was primarily due to higher professional services of CHF 4.0 million in connection with becoming a standalone business, including costs related to the separation from the former sole shareholder.

This increase was partially offset by a decrease in marketing costs of CHF 1.6 million, or 36 %, from CHF 4.5 million for the six months ended June 2013 to CHF 2.9 million for the corresponding period in 2014.

The position "Other" includes a provision of CHF 3.0 million related to the potential financial consequences and costs of an investigation initiated by FINMA.

Income Tax Expense

For the six months ended (CHF in millions)	30 June 2014	30 June 2013	Variance	in %
Income tax expense	**17.6**	**24.8**	**– 7.2**	**– 29**

The Group's income tax expense decreased by CHF 7.2 million from CHF 24.8 million for the six months ended June 2013 to CHF 17.6 million for the corresponding period in 2014, as a result of decreased income before income taxes in 2014.

The Group's effective tax rate for the six months ended 30 June 2014 was approximately 21 %, which is in line with the statutory tax rate resulting from the combination of federal, cantonal and communal corporation taxes in Switzerland.

Interim Condensed Consolidated Financial Statements (Unaudited)

Interim Condensed Consolidated Statements of Income (Unaudited)

For the six months ended (CHF in thousands)	**Notes**	**30 June 2014**	**30 June 2013**
Interest income	17	168,850	171,497
Interest expense	18	– 15,821	– 9,707
Affiliated interest expense		– 4,667	– 23,536
Net interest income		**148,362**	**138,254**
Commission and fee income	19	37,517	34,576
Net revenues		**185,879**	**172,830**
Provision for losses on financing receivables	**3**	**– 20,972**	**18,887**
Compensation and benefits		– 47,883	– 51,294
General and administrative expenses	20	– 34,748	– 27,971
Total operating expenses		**– 82,631**	**– 79,265**
Income before income taxes		**82,276**	**112,452**
Income tax expense	12	– 17,584	– 24,760
Net income		**64,692**	**87,692**
Earnings per share			
Basic	11	2.16	2.92
Diluted	11	2.16	2.92

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statements of Comprehensive Income (Unaudited)

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Net income	64,692	87,692
Net prior service cost	– 301	– 134
Net actuarial gain	1,006	2,488
Total other comprehensive income	705	2,355
Comprehensive income	**65,397**	**90,047**

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

CHF in thousands	Notes	30 June 2014	31 December 2013
ASSETS			
Cash and cash equivalents		394,784	491,733
Financing receivables, net	3	4,111,904	3,992,921
Property, plant and equipment, net	4	4,263	4,055
Intangible assets, net	5	5,548	2,279
Other assets	6	99,009	82,045
Deferred income taxes	12	12,362	16,545
Total assets [1]		**4,627,870**	**4,589,578**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Deposits	7	1,898,125	1,660,027
Accrued expenses and other payables		115,733	119,448
Due to affiliates	8	500,000	700,000
Short-term debt	8	75,000	–
Long-term debt	8	1,249,605	1,299,547
Other liabilities		9,509	11,213
Total liabilities [1]		**3,847,972**	**3,790,235**
Common shares		30,000	30,000
Additional paid in capital (APIC)		563,062	647,906
Treasury shares		– 1,998	– 2,000
Retained earnings		198,451	133,759
Accumulated other comprehensive loss (AOCI)		– 9,617	– 10,322
Total shareholders' equity		**779,898**	**799,343**
Total liabilities and shareholders' equity		**4,627,870**	**4,589,578**

[1] *The Group's consolidated assets as at 30 June 2014 and 31 December 2013, include total assets of TCHF 567,933 and TCHF 571,116, respectively, of consolidated variable interest entities ("VIEs") that can only be used to settle the liabilities of the VIEs. The Group's consolidated liabilities as at 30 June 2014 and 31 December 2013 include liabilities of the VIEs of TCHF 400,000 respectively, for which the VIE creditors do not have recourse to Cembra Money Bank AG.*

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

CHF in thousands	Common shares	Treasury Shares	APIC	Retained earnings	AOCI [1]	Total equity
Balance at 31 December 2012	**30,000**	**–**	**811,542**	**270,682**	**– 30,996**	**1,081,228**
Net income	–	–	–	87,692	–	87,692
Dividend paid	–	–	–	– 269,800	–	– 269,800
Reclassifications from accumulated other comprehensive loss net of deferred tax – 626	–	–	–	–	2,355	2,355
Balance at 30 June 2013	**30,000**	**–**	**811,542**	**88,574**	**– 28,641**	**901,475**
Balance at 31 December 2013	**30,000**	**– 2,000**	**647,906**	**133,759**	**– 10,322**	**799,343**
Net income	–	–	–	64,692	–	64,692
Dividend paid	–	–	– 85,500	–	–	– 85,500
Change in APIC due to One-Off Share Programme	–	–	658	–	–	658
Treasury shares	–	2	– 2	–	–	–
Reclassifications from accumulated other comprehensive loss net of deferred tax – 187	–	–	–	–	705	705
Balance at 30 June 2014	**30,000**	**– 1,998**	**563,062**	**198,451**	**– 9,617**	**779,898**

[1] *Accumulated other comprehensive loss consists of movements related to the Group's benefit plan obligation. Reclassifications from accumulated other comprehensive loss are classified in the Interim Condensed Consolidated Statements of Income under compensation and benefits.*

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	64,692	87,692
Adjustments to reconcile net income to cash provided from operating activities:		
Provision for losses on financing receivables	20,972	– 18,887
Deferred income taxes	3,998	540
Depreciation	705	806
Amortisation of intangible assets	421	662
Decrease in accrued expenses	– 3,715	– 19,379
Increase in tax receivables	– 22,468	– 2,172
Decrease in other receivables	1,220	3,616
All other operating activities	– 1,213	4,533
Net cash provided by operating activities	**64,612**	**57,411**
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financing receivables	– 139,955	– 54,765
Proceeds from sale of loss certificates	–	35,287
Additions to property, plant and equipment	– 914	– 1,072
Decrease / Increase (–) in restricted cash	4,684	– 12,771
Additions to intangible assets	– 3,690	–
All other investing activities	–	– 133
Net cash used in investing activities	**– 139,875**	**– 33,454**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	238,097	231,673
Net change in due to affiliates	– 200,000	– 250,000
Issuance of nonrecourse long-term borrowings	–	200,000
Issuance of long-term debt	50,000	–
Repayments of long-term debt	– 25,000	–
Dividends paid	– 85,500	– 269,800
All other financing activities	717	–
Net cash used in financing activities	**– 21,686**	**– 88,127**
Net decrease in cash and cash equivalents	**– 96,949**	**– 64,170**
CASH AND CASH EQUIVALENTS		
Beginning of the period	491,733	367,868
End of period	**394,784**	**303,698**
SUPPLEMENTAL DISCLOSURE		
Interest paid	– 19,055	– 10,553
Income taxes paid	– 30,713	– 36,712

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation and Summary of Significant Accounting Policies

Cembra Money Bank (formerly GE Money Bank), which is headquartered in Zurich, Switzerland, comprises Cembra Money Bank AG ("Bank") and its subsidiaries Swiss Auto Lease 2012-1 GmbH and Swiss Auto Lease 2013-1 GmbH (collectively the "Group").

The accompanying Interim Condensed Consolidated Financial Statements are unaudited and reflect the Group's financial position, results of operations, shareholders' equity and cash flows. They have been prepared in accordance with accounting principles generally accepted in the U.S. ("US GAAP") and are stated in Swiss francs (CHF).

Certain financial information, which is normally shown in annual consolidated financial statements prepared according to US GAAP, is not required to be disclosed for interim reporting purposes. These statements include all adjustments (consisting of normal recurring accruals) that the Group considers necessary to present a fair statement of the Group's financial position, results of operations, shareholders' equity and cash flows. The results reported in these Interim Condensed Consolidated Financial Statements should not be regarded as necessarily indicative of results that may be expected for the entire year. They should be read in combination with the Consolidated Financial Statements and notes thereto included in the Consolidated Financial Statements for the year ended 31 December 2013. Certain reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation which had no impact on net income / (loss) or total shareholders' equity.

Preparing financial statements in conformity with US GAAP requires the management to make estimates based on assumptions about future economic and market conditions that affect reported amounts and related disclosures in the financial statements. Although the Group's current estimates take into account current conditions and how management expects them to change in the future, as appropriate, it is reasonably possible that in 2014 and beyond actual conditions could be worse than anticipated in those estimates, which could materially affect the Group's results of operations and financial position.

The abbreviation TCHF within these Interim Condensed Consolidated Financial Statements refers to thousands of Swiss francs.

2. Accounting Changes

On 1 January 2013, the Group adopted FASB ASU 2013-01, "Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities", an update to ASC Topic 210 – Balance Sheet. FASB ASU 2013-01 clarifies the scope of FASB ASU 2011-11 and is effective for interim and annual reporting periods beginning on or after 1 January 2013. Adopting this amendment had no effect on the financial statements.

On 1 January 2013, the Group adopted FASB ASU 2013-02, "Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income" (FASB ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. FASB ASU 2013-02 is effective for interim and annual reporting periods beginning on or after 1 January 2013. The amendments affect only the display of those components of equity categorised as other comprehensive income and do not change existing recognition and measurement requirements that determine net income and comprehensive income.

3. Financing Receivables and Allowance for Losses

As at 30 June 2014, the Group's financing receivables included lending to private customers, vehicle lease financing, and credit card financing:

CHF in thousands	**30 June 2014**	**31 December 2013**
Loans	2,660,213	2,580,290
Deferred costs, net	29,837	29,934
Total loans, net of deferred costs, net	**2,690,050**	**2,610,224**
Investment in financing leases, net of deferred income	1,469,757	1,432,288
Financing receivables before allowance for losses	**4,159,807**	**4,042,512**
Less allowance for losses	– 47,903	– 49,591
Financing receivables, net	**4,111,904**	**3,992,921**

The majority of the investment in financing leases is related to auto leases. Components of the Group's net investment in financing leases, which are included in financing receivables above, are shown below:

CHF in thousands	**30 June 2014**	**31 December 2013**
Total minimum lease payments receivable	1,585,661	1,547,836
Deferred income [1]	– 115,904	– 115,548
Investment in direct financing leases	**1,469,757**	**1,432,288**
Less allowance for losses	– 5,168	– 5,401
Net investment in direct financing leases	**1,464,589**	**1,426,887**

[1] *Included TCHF 14,376 and TCHF 13,678 of initial direct costs on direct financing leases as at 30 June 2014 and 31 December 2013, respectively.*

The subsidiaries held TCHF 527,205 and TCHF 525,321 of net investment in direct financing leases as at 30 June 2014 and 31 December 2013, respectively, as collateral to secure third-party debt in securitisations. See note 15 for further details of securitisations.

The following table provides further information about financing receivables:

CHF in thousands	**30 June 2014**	**31 December 2013**
Personal loans	1,925,000	1,899,984
Auto leases and loans	1,695,255	1,654,671
Credit cards	539,552	487,857
Financing receivables, before allowance for losses	**4,159,807**	**4,042,512**
Allowance for losses	– 47,903	– 49,591

A summary of activity in the allowance for losses is shown below:

CHF in thousands	**Balance as at 1 January 2014**	**Provision for losses**	**Amounts written off**	**Recoveries**	**Balance as at 30 June 2014**
Personal loans	38,829	15,672	– 40,580	23,119	37,040
Auto leases and loans	7,536	2,964	– 8,245	5,024	7,279
Credit cards	3,226	2,336	– 3,838	1,860	3,584
Total	**49,591**	**20,972**	**– 52,663**	**30,003**	**47,903**
As a % of total financing receivables, net					1.2 %

CHF in thousands	**Balance as at 1 January 2013**	**Provision for losses**	**Amounts written off**	**Recoveries**[1]	**Balance as at 30 June 2013**
Personal loans	38,277	– 21,868	– 41,305	61,373	36,477
Auto leases and loans	7,644	731	– 9,761	9,214	7,828
Credit cards	4,574	2,250	– 5,060	1,497	3,261
Total	**50,495**	**– 18,887**	**– 56,126**	**72,084**	**47,566**
As a % of total financing receivables, net					1.2 %

[1] *In June 2013, previously written off financing receivables were sold to two third parties. The proceeds were recorded as recoveries within the allowance for losses, which resulted in a reduction in the provision for losses of TCHF 33,101 in the Group's financial results as at 30 June 2013.*

Credit Quality of Financing Receivables

The Group describes the characteristics of the financing receivables and provides information about payment performance, credit quality indicators, and impairment. The Group manages these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as nonaccrual financing receivables are defined by the authoritative guidance and the Group bases the categorisation on the related scope and definitions contained in the related standards. The category of delinquent customer accounts is defined by the Group and is used in the process of managing the financing receivables.

Past Due Financing Receivables [1]

The following table displays payment performance of the financing receivables:

	30 June 2014		31 December 2013	
	Over 30 days past due	*Over 90 days past due*	*Over 30 days past due*	*Over 90 days past due*
Personal loans	3.3 %	0.7 %	2.8 %	0.6 %
Auto leases and loans	1.0 %	0.2 %	0.9 %	0.2 %
Credit cards	1.2 %	0.5 %	1.0 %	0.5 %
Total [2]	**2.0 %**	**0.5 %**	**1.8 %**	**0.4 %**

[1] As a % of loans and investment in direct financing leases excluding initial direct costs.
[2] Over 30 days past due and over 90 days past due as at 30 June 2013 were 2.1 % and 0.5 %, respectively.

Nonaccrual Financing Receivables

The following table provides further information about financing receivables that are classified as nonaccrual:

CHF in thousands	30 June 2014	31 December 2013
Personal loans	13,875	12,070
Auto leases and loans	3,090	3,219
Credit cards	2,509	2,245
Total	**19,474**	**17,534**
Nonperforming loan coverage [1]	246.0 %	282.8 %

[1] Calculated as allowance for losses divided by nonaccrual financing receivables.

Credit Quality Indicators

For its lending products, the Group uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default based on historical default experience, with a default definition of 90 days past due. The five ratings and their associated probabilities of default are
(a) CR1 0.00% – 1.20%,
(b) CR2 1.21% – 2.97%,
(c) CR3 2.98% – 6.99%,
(d) CR4 7.00% – 13.16% and
(e) CR5 13.17% and greater.
For private customers the consumer rating is derived from an application credit score that is calculated through one of the Group's internal scorecards. Each credit score translates into one of the consumer ratings. For commercial customers, an obligor rating is assigned. The obligor rating can be translated into the grades of the consumer rating.

In addition to regular scorecard monitoring, a parity test is run on a quarterly basis to monitor at portfolio level whether the consumer ratings adequately reflect the credit quality. The parity tests confirm that although a consumer rating may have been assigned more than 12 months ago and so the initial 12-month window for probability of default has passed, the rating still accurately reflects the probability of default.

	30 June 2014				
CHF in thousands	*CR1*	*CR2*	*CR3*	*CR4*	*CR5*
Personal loans	785,205	598,124	410,952	120,101	10,618
Auto leases and loans	998,840	517,664	125,829	18,325	34,596
Credit cards	419,355	93,718	25,048	1,335	97
Total	**2,203,400**	**1,209,506**	**561,829**	**139,761**	**45,311**
As a % of total financing receivables before allowance for losses	53.0%	29.1%	13.5%	3.3%	1.1%

	31 December 2013				
CHF in thousands	*CR1*	*CR2*	*CR3*	*CR4*	*CR5*
Personal loans	792,839	579,110	395,364	119,521	13,150
Auto leases and loans	978,409	500,076	128,031	17,439	30,716
Credit cards	381,936	83,282	21,388	1,145	106
Total	**2,153,184**	**1,162,468**	**544,783**	**138,105**	**43,972**
As a % of total financing receivables before allowance for losses	53.2%	28.8%	13.5%	3.4%	1.1%

4. Property, Plant and Equipment

The details of property, plant and equipment are shown below:

CHF in thousands	**Estimated useful lives (years)**	**30 June 2014**	**31 December 2013**
ORIGINAL COST			
Buildings and improvements	(5 – 40)	7,697	7,266
Office equipment	(3 – 10)	13,232	12,917
Total		**20,929**	**20,183**
ACCUMULATED DEPRECIATION			
Buildings and improvements		– 5,851	– 5,732
Office equipment		– 10,815	– 10,396
Total		**– 16,666**	**– 16,128**
NET CARRYING VALUE			
Buildings and improvements		1,845	1,534
Office equipment		2,418	2,521
Total		**4,263**	**4,055**

Depreciation expense was TCHF 705 and TCHF 806 for the periods ended 30 June 2014 and 30 June 2013, respectively. The Group did not recognise any impairment losses in the two periods.

5. Intangible Assets

The following table shows the split between original cost and accumulated amortisation of intangible assets:

CHF in thousands	**30 June 2014**	**31 December 2013**
Original cost	32,351	28,661
Accumulated amortisation	– 26,803	– 26,382
Net carrying value	**5,548**	**2,279**

Capitalised software is amortised over a useful life of one to five years. Amortisation expense related to intangible assets subject to amortisation for the periods ended 30 June 2014 and 30 June 2013 was TCHF 421 and TCHF 662, respectively.

6. Other Assets

The details of other assets are shown below:

CHF in thousands	**30 June 2014**	**31 December 2013**
Restricted cash	39,753	44,437
Tax receivables	49,063	26,601
Other receivables	2,917	4,137
Deferred expenses	5,570	5,961
Other	1,705	909
Total other assets	**99,008**	**82,045**

Restricted cash is cash that is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 39,753 and TCHF 44,437 of restricted cash related to the consolidated VIEs (see note 15) as at 30 June 2014 and 31 December 2013, respectively. The tax receivables as per 30 June 2014 contain income tax receivables which were due to the sale of shares by the former sole shareholder as part of the IPO. More details are provided in note 12.

7. Deposits

The following table presents the maturities of the Group's customers' saving deposits, term deposits and prepaid cards as at 30 June 2014 and 31 December 2013, respectively:

CHF in thousands	**30 June 2014**	**31 December 2013**
On demand	198,488	198,072
Less than 3 months	287,645	321,514
3 to less than 6 months	340,470	296,483
6 to less than 12 months	406,985	388,115
12 months plus, thereof	664,538	455,843
due in 2015	140,244	182,229
due in 2016	180,445	129,490
due in 2017	133,231	57,493
due in 2018 and later	210,618	86,631
Total	**1,898,125**	**1,660,027**

There is no term of maturity for on demand saving deposits. All deposits are in Switzerland and denominated in CHF. The weighted average interest rate on all deposits was approximately 0.77 % and 0.83 % as at 30 June 2014 and 31 December 2013, respectively.

8. Due to Affiliates, Short-term and Long-term Debt

The details of due to affiliates, short-term and long-term debt are shown below:

		30 June 2014		31 December 2013	
CHF in thousands	*Maturity*	*Amount*	*Contractual interest rate*	*Amount*	*Contractual interest rate*
Due to affiliates (term)	2016	500,000	1.39 %	500,000	1.39 %
Due to affiliates (revolving)	2016	–	–	200,000	1.22 %
External debt (bank loan) - short-term portion	2014	75,000	1.49 %	–	–
External debt (bank loan) - long-term portion	2014	100,000	1.52 %	200,000	1.59 %
External debt (bank facility)	2017	50,000	0.91 %	–	–
External debt (bank facility)	2016	450,000	1.14 %	450,000	1.14 %
External debt (unsecured bond)	2017	249,605	1.13 %	249,547	1.13 %
Nonrecourse borrowings (Auto ABS) [1]	2015	200,000	0.78 %	200,000	0.78 %
Nonrecourse borrowings (Auto ABS) [1]	2016	200,000	0.58 %	200,000	0.58 %
Total due to affiliates, short-term and long-term debt		**1,824,605**		**1,999,547**	

[1] *Related to consolidated VIE*

The contractual rate represents the interest due on the relevant debt as at the reporting date, whereas the all-in-rate reflects, in addition to the contractual interest rate, fees and debt issuance costs that are amortised over the expected life of the instrument. As per 30 June 2014, the Group has fixed rate funding only.

The facility from the Group's affiliates consists of a TCHF 500,000 term loan and a TCHF 500,000 revolving credit facility and has been committed for three years as of signing, with the option for the Group to extend by two years. The term loan portion of this facility has a fixed rate for the initial three years and floating CHF LIBOR for the remainder. The all-in-rate over the lifetime of the overall facility amounts to 1.82 %, assuming an undrawn portion of the revolving facility of TCHF 500,000. Available unused credit facilities were TCHF 500,000 and TCHF 300,000 as at 30 June 2014 and 31 December 2013, respectively. The balance of accrued interest and commitment fee for this facility was TCHF 1,570 as at 30 June 2014 and TCHF 1,837 as at 31 December 2013.

In May 2014, the Group has repaid TCHF 25,000 of the bank loan, which had a balance of TCHF 200,000 as at 31 December 2013. The remaining balance of this bank loan will fully mature in 2014. The Group has already signed a new funding agreement with the same partners for a three year term. This new bank facility matures in 2017 and consists of a TCHF 150,000 term loan from which the Group has utilised TCHF 50,000 as at 30 June 2014. Additionally, the Group has signed a new revolving facility of TCHF 100,000 which will become available in December 2014.

The bank facility maturing in 2016 is a three-year committed term loan of TCHF 450,000 with a fixed interest rate for the initial two years and floating CHF LIBOR for the remainder.

9. Pension Plan

The cost of the pension plan is presented below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Service cost for benefits earned	3,337	2,759
Prior service credit amortisation	– 382	– 169
Expected return on plan assets	– 3,282	– 2,939
Interest cost on benefit obligations	1,790	1,390
Net actuarial loss amortisation	1,274	3,150
Pension plan cost	**2,737**	**4,191**

10. Capital Adequacy

As at 30 June 2014, the Group adheres to the applicable regulatory requirements for a category IV bank set by FINMA. The Group aims to consistently operate with a capital base that is well above this mark. The Group was adequately capitalised under the regulatory provisions outlined by FINMA and the Basel Committee on Banking Supervision.

CHF in thousands	**30 June 2014**	**31 December 2013**
ELIGIBLE REGULATORY CAPITAL		
Tier 1 capital	732,211	706,972
of which core tier 1 capital	732,211	706,972
Tier 2 capital	4,831	4,750
Total eligible capital	**737,041**	**711,722**
RISK-WEIGHTED ASSETS		
Credit risk	3,151,422	3,048,363
Non counterparty risk	10,290	7,012
Market risk	115	112
Operational risk	534,877	540,113
Total risk-weighted assets	**3,696,704**	**3,595,600**
CAPITAL RATIOS		
Core tier 1 ratio	19.8 %	19.7 %
Tier 1 ratio	19.8 %	19.7 %
Total capital ratio	19.9 %	19.8 %

11. Earnings Per Share

The following table provides information about earnings per share:

For the six months ended	**30 June 2014**	**30 June 2013**
Net income attributable to shareholders (CHF in thousands) for basic earnings per share	64,692	87,692
Income impact of restricted stock units that will be settled with treasury shares	–	–
Net income attributable to shareholders (CHF in thousands) for diluted earnings per share	64,692	87,692
Weighted-average number of common shares		
Weighted-average number of common shares issued	30,000,000	30,000,000 [1]
Less weighted-average number of treasury shares	39,205	–
Weighted-average numbers of common shares outstanding for basic earnings per share	**29,960,795**	**30,000,000**
Dilution effect number of shares	32,249	–
Weighted-average numbers of common shares outstanding for diluted earnings per share	**29,993,044**	**30,000,000**
Basic earnings per share (in CHF)	**2.16**	**2.92**
Diluted earnings per share (in CHF)	**2.16**	**2.92**

[1] *Pre IPO, the Bank performed a share split (1:1,000), resulting in 30,000,000 common shares with a par value of CHF 1.00 each, fully paid. Furthermore, a maximum of 6,900,000 shares (authorised, conditional) are available for issuance without further approval of the shareholders.*

12. Income Tax Expense

The provision for income taxes is summarised in the table below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Current tax expense	13,586	24,220
Deferred tax expense from temporary differences	3,998	540
Income tax expense	**17,584**	**24,760**

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the carrying amounts for income tax purposes. Under Swiss law, a resident company is subject to income tax at the federal, cantonal and communal levels. The federal statutory tax rate is 8.5 %. The cantonal and communal corporation tax rates vary. The Group's effective tax rate for the six months ended 30 June 2014 was approximately 21 %.

Principal components of the Group's deferred tax assets and liabilities are as follows:

CHF in thousands	**30 June 2014**	**31 December 2013**
ASSETS		
Pension plans	2,556	2,744
Tax goodwill	10,039	13,584
Other	491	993
Total deferred tax assets	**13,086**	**17,321**
LIABILITIES		
Deferred loan origination fees and costs	–724	–776
Total deferred tax liabilities	**–724**	**–776**
Net deferred tax assets	**12,362**	**16,545**

Management believes that the realisation of the recognised deferred tax assets of TCHF 13,086 as at 30 June 2014 is more likely than not based on expectations regarding future taxable income. In assessing the realisability of deferred tax assets, the management considers whether it is more likely than not that a portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realise the benefits of these deductible differences. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are significantly reduced.

The Group has no unrecognised tax benefits. Management believes that there are no uncertain tax positions that would require a reserve.

In connection with the restructuring in 2010 (described in note 1 of the Cembra Money Bank Annual Report 2013) and caused by the sale of 68.3 % of all outstanding shares of the Bank by the former sole shareholder as part of the IPO, the Group was permitted to retroactively recognise tax goodwill in the amount of CHF 168.8 million as at 1 December 2010 for the purposes of Swiss corporate income tax. The amount of tax goodwill and the tax treatment was agreed with the Zurich cantonal tax authority and the Swiss federal tax authority in September 2013. The tax goodwill is amortised for tax purposes over a period of five years, commencing retroactively on 1 December 2010 and ending on 30 November 2015. The aggregate nominal Swiss corporate income tax benefit from the amortisation of the goodwill is expected to be CHF 36.2 million (for the purposes of the US GAAP Financial Statements, this amount was recognised as an adjustment to shareholders' equity). The tax benefit related to the tax periods 2010 to 2013 and for the six months in 2014 was CHF 22.7 million and CHF 3.5 million, respectively, and the benefit in respect of the tax periods thereafter (from July 2014 to 2015) is expected to be a residual amount of CHF 10.0 million until full amortisation of the goodwill. Should the former sole shareholder sell all or part of its remaining shares before 1 December 2015, the Group will be permitted to retroactively recognise additional amortisable tax goodwill of up to CHF 77.7 million, resulting in an additional nominal tax benefit of up to CHF 16.3 million (which would be recognised as an adjustment to shareholders' equity in the Group's future US GAAP Financial Statements). Correspondingly, the Group would have to pay additional Swiss issuance tax of up to approximately CHF 3.4 million before income tax (approximately CHF 2.7 million after income tax) in the respective year(s) in such a case.

13. Commitments and Guarantees

The Group's guarantees are provided in the ordinary course of business and are underwritten by considering the economic, liquidity and credit risk of the counterparty.

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 6.0 billion for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, the Group's share in the deposit insurance guarantee programme was TCHF 5,742 as at 30 June 2014 and 31 December 2013. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 30 June 2014, the Group considers the probability of a material loss from this obligation to be remote.

Commitments to extend credit lines are agreements to lend to a customer as long as there is no violation of conditions established in the contract. Commitments generally have fixed expiration dates, or other termination clauses. Loan commitments are most often uncollateralised and may be drawn upon up to the total amounts to which the Group is committed.

Total commitment amounts do not necessarily represent future cash requirements as the lines of credit may expire or be terminated without being fully drawn upon. No additional allowance for losses was deemed necessary for these unused commitments since the Group can terminate the lines of credit at any time unilaterally.

CHF in thousands	**30 June 2014**	**31 December 2013**
Ordinary course of business lending commitments	41,748	19,966
Unused revolving loan facilities	59,034	77,060
Unused credit card facilities	2,222,095	2,120,354

14. Financial Instruments

The following table provides information about the assets and liabilities not carried at fair value in the Interim Condensed Consolidated Statement of Financial Position.

The table excludes finance leases and nonfinancial assets and liabilities. For the most part, the assets and liabilities discussed below are considered to be Level 3.

	30 June 2014		31 December 2013	
CHF in thousands	*Carrying amount net*	*Estimated fair value*	*Carrying amount net*	*Estimated fair value*
ASSETS				
Loans	2,647,316	2,696,984	2,566,034	2,618,982
LIABILITIES				
Deposits	– 1,898,125	– 1,921,619	– 1,660,027	– 1,678,904
Borrowings	– 1,324,605	– 1,336,645	– 1,299,547	– 1,310,015
Due to affiliates	– 500,000	– 513,579	– 700,000	– 716,336

Fair values are estimated as follows:

Loans
Based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Deposits and Borrowings
If no market quotes are available, the calculation is based on a discounted future cash flows methodology, using current effective interest rate data or current market interest rate data that is available to the Group for similar financial instruments.

Due to affiliates
Based on a discounted future cash flows methodology using current effective interest rate data.

Asset and liabilities that are reflected in the accompanying financial statements at a carrying value deemed to represent fair value are not included in the above disclosures; such items include cash and equivalents, other assets, accrued expense and other liabilities.

Pension Fund
Refer to note 9 of the Cembra Money Bank Annual Report 2013.

15. Variable Interest Entities

The Group uses VIEs to securitise auto lease financing receivables. The financing receivables are originated by the Bank in the ordinary course of business and transferred to the VIEs. The financing receivables in the VIEs have similar risks and characteristics to the Bank's other lease financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to the Bank's other lease financing receivables.

The Group completed two securitisations, both through consolidated VIEs, to obtain funding backed by its auto lease receivables. The first securitisation, launched in March 2012, involved the issuance of TCHF 200,000 in senior notes with a maturity in 2015, three years from the date of issuance and with a coupon of 0.783 % per annum. The Group completed its second securitisation in June 2013, which involved the issuance of TCHF 200,000 in senior notes with an optional redemption of three years from the date of issuance, and with a coupon of 0.576 % per annum. Third-party holders of the debt issued by the VIEs only have recourse to the financing receivables owned by the VIEs and not to the Bank's general credit. Contractually, the cash flows from these financing receivables must first be used to pay third-party debt holders and other expenses of the VIEs. Excess cash flows are available to the Bank.

The Bank is the servicer of the VIEs and holds the subordinated interests issued by the VIEs. The Bank therefore benefits significantly from the VIEs and hence the VIEs are being consolidated.

The table below summarises the assets and liabilities of the consolidated VIEs described above:

CHF in thousands	**30 June 2014**	**31 December 2013**
ASSETS		
Financing receivables, net	527,205	525,321
Other assets	40,728	45,795
Total assets	**567,933**	**571,116**
LIABILITIES		
Accrued expenses and other payables	4,523	5,564
Nonrecourse borrowings	400,000	400,000
Total liabilities	**404,523**	**405,564**

16. Related Party Transactions

Generally, the Group directly employs the human resources and owns or leases the equipment and facilities required to operate its businesses. However, prior to the IPO, the General Electric Group and General Electric Capital Corporation ("GECC"), a wholly owned subsidiary of the General Electric Group, provided a variety of products and services to the Group, which included:

- Customer service, transaction processing and a variety of functional support services provided by GECC;
- Employee benefit processing and payroll administration;
- Employee training programmes, including access to training courses;
- Insurance coverage under the insurance programme;
- Information systems, network and related services;
- Leases for vehicles, equipment and facilities; and
- Other financial advisory services such as tax consulting, capital markets services and trademark licenses.

Transactions with GECC and its subsidiaries relating to borrowings are discussed in note 8.

Following the IPO, the Group entered into a Transitional Service Agreement ("TSA"). Under this agreement, GECC and the Group agreed to provide to each other certain transitional services. In particular, GECC will provide the Group with agreed information technology, support and access rights and other operational services that were provided by GECC prior to the IPO and that are necessary for the Group to run as a standalone business for a transitional period during which the Group will be establishing its own information technology systems. The Group also provides certain limited reverse services to GECC.

The Group's total expense for these services was TCHF 3,372 and TCHF 4,237 for the six months ended 30 June 2014 and 30 June 2013, respectively.

The total commission income recognised for additional payment protection insurance (which covers the customer's monthly loan payment in the event of unemployment, accident or sickness) was TCHF 1,063 and TCHF 952 for the periods ended 30 June 2014 and 30 June 2013, respectively. The Group acts as an intermediary between the customers and the affiliated service provider Lighthouse General Insurance Company Limited.

The Group had a net liability of TCHF 132 as at 30 June 2014 and a net receivable of TCHF 574 as at 31 December 2013 related to the settlement of the services described above.

17. Interest Income

The details of interest income are shown below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Personal loans	106,026	108,841
Auto leases and loans	43,895	47,493
Credit cards	18,713	15,157
Other	216	6
Total	**168,850**	**171,497**

18. Interest Expense

The details of interest expense are shown below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Interest expense on ABS	2,226	1,418
Interest expense on deposits	7,138	6,990
Interest expense on other nonaffiliated debt	6,457	1,299
Total	**15,821**	**9,707**

19. Commission and Fee Income

The details of commission and fee income are shown below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Insurance	10,664	10,050
Credit cards	21,499	17,402
Personal loans and other	5,354	7,124
Total	**37,517**	**34,576**

20. General and Administrative Expenses

The details of general and administrative expenses are shown below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
GECC assessment / TSA [1]	3,372	4,237
Professional services	8,346	4,334
Marketing [2]	2,886	4,508
Collection fees	3,091	3,782
Postage and stationery	4,313	3,646
Rental expense under operating leases	2,887	2,919
Depreciation and amortisation	1,126	1,468
Other [3]	8,727	3,077
Total	**34,748**	**27,971**

[1] *GECC assessment was replaced by a TSA starting 1 November 2013.*
[2] *Marketing includes advertising costs, which are expensed as incurred.*
[3] *Includes a provision of TCHF 3,000 related to the potential financial consequences and costs of an investigation initiated by FINMA.*

21. Supplemental Cash Flow Information

Supplemental information related to the cash flows is shown below:

For the six months ended (CHF in thousands)	**30 June 2014**	**30 June 2013**
Increase in loans to customers	– 876,163	– 885,641
Principal collections from customers – loans	829,787	916,612
Investment in equipment for financing leases	– 422,314	– 370,901
Principal collections from customers – financing leases	382,407	376,790
Net change in credit card receivables	– 53,671	– 56,338
Net increase in financing receivables	**– 139,955**	**– 19,478**

22. Contingent Liabilities

In 2011 the Group became aware of certain allegations relating to the misuse of confidential information by one or more of its employees at, and by an independent agent working with, one of its branches. After investigating these allegations and certain other allegations relating to the behaviour of the independent agent, the Group took remedial action, including the termination of its relationship with the involved independent agent. In addition, the Group reinforced its procedures, systems and controls to prevent similar behaviour from arising in the future. Following the termination of the relationship, the former agent initiated a civil litigation which is still pending. The Group is convinced that the claim of the former agent made in such civil litigation lacks proper legal basis and, hence, is without merit. FINMA is currently conducting an investigation in connection with further allegations of the former agent and has appointed an examiner in the first half of 2014. On 18 July 2014, the Group received the final report of the FINMA appointed examiner for comments. Considering the findings in the report relating to the period prior to 2012 and in light of potential financial consequences and cost associated with the examination, the Group recorded a provision of CHF 3.0 million as part of its financial results as of 30 June 2014. The Group expects that FINMA will issue its final position in the fourth quarter of 2014.

23. Subsequent Events

The Group has evaluated subsequent events from the financial position date through 27 August 2014, the date at which the interim financial results were available to be issued.

There were no subsequent events other than the one described in note 22.

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In order to improve the legibility of the present half-year report, when it comes to gender specific definitions, the half-year report publishes in male version; as a matter of course always both genders are meant.

This report also appears in German. In the event of inconsistencies between the English or German version of the half-year report, the original English version prevails.

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