Half-year Report 2016

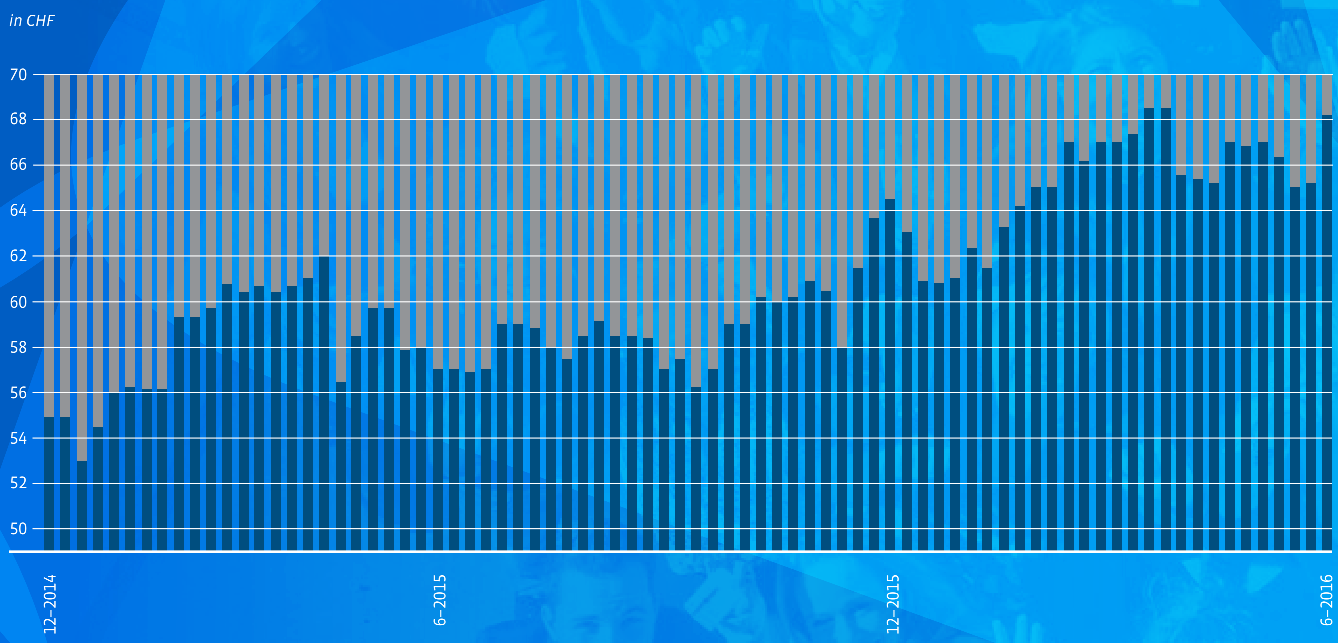
Cembra
MoneyBank

Group Report

Key Figures

For the six months ended (CHF in millions)	30 June 2016 / H1'16	30 June 2015 / H1'15	31 December 2015 / H2'15
Net interest income	**150.3**	147.3	154.7
Commission and fee income	**47.1**	43.0	43.7
Net revenues	**197.4**	190.3	198.4
Provision for losses	**– 21.7**	– 20.8	– 22.9
Total operating expenses	**– 84.8**	– 81.4	– 80.1
Net income	**71.8**	69.6	75.4
Cost / income ratio (in %)	**42.9 %**	42.8 %	40.4 %
Net interest margin (in %)	**7.3 %**	7.1 %	7.5 %
Total assets	**4,649**	4,768	4,745
Net financing receivables	**4,100**	4,102	4,063
Personal loans	**1,756**	1,840	1,784
Auto leases and loans	**1,670**	1,668	1,661
Cards	**673**	595	617
Shareholders' equity	**779**	736	799
Return on average shareholders' equity (ROE in %)	**18.2 %**	17.7 %	19.6 %
Return on average assets (ROA in %)	**3.1 %**	2.9 %	3.2 %
Tier 1 capital ratio (in %)	**20.1 %**	18.7 %	19.8 %
Employees (full-time equivalent)	**702**	708	715
Credit rating (S & P)	**A –**	A –	A–
Basic earnings per share (in CHF)	**2.55**	2.37	2.67
Share price (in CHF)	**68.15**	57.00	64.40
Market capitalisation	**2,045**	1,710	1,932

Share price: Cembra Money Bank AG



Facts

94,500,000

Swiss Francs were paid out to shareholders as dividend in May 2016

693,000

outstanding credit cards issued by Cembra Money Bank

105,000

cars have been financed by Cembra Money Bank

32,000

retail and institutional customers place deposits with Cembra Money Bank

702

full-time employees from 42 different nations work for Cembra Money Bank

21

Cembra Money Bank branches across Switzerland

Dear Shareholders

It is our pleasure to inform you about another successful first half-year for Cembra Money Bank. With a 3 % higher net income of CHF 71.8 million we achieved the best first half-year result since being a listed company. In a challenging economic environment we have been able to expand net financing receivables by 1 %. With a Tier 1 capital ratio of 20.1 % we remain strongly capitalised and expect another set of solid results for full-year 2016.

Net revenues increased by 4 % to CHF 197.4 million compared to first half 2015 with both interest and commission and fee income contributing to the growth. Net interest income was up 2 % to CHF 150.3 million driven by lower funding rates. Commission and fee income was 10 % higher at CHF 47.1 million mainly due to the strong performance in credit cards fee income. Our prudent risk management approach was reflected in low provisions for losses on financing receivables of CHF 21.7 million, equivalent to a loss rate of 1.1 % of financing receivables. Delinquency metrics in our portfolio remained stable with a non-performing loan ratio of 0.4 %. Operating expenses increased by 4 % to CHF 84.8 million mainly due to higher IT, depreciation and pension costs. With a stable cost / income ratio of 42.9 % we remained very competitive. Net income increased by 3 % to CHF 71.8 million and EPS grew by 8 % to CHF 2.55, making it the best first half-year result since our IPO. The annualised return on average equity (ROE) reached a record 18.2 % and was considerably above our 15 % medium-term target.

Continued growth in credit cards

With net financing receivables increasing by 1 % to CHF 4,100 million, the Bank was able to outperform Swiss GDP growth in the first six months of 2016.

Despite resilient private consumption in Switzerland, the consumer loan market continued to decline in the first half-year 2016. Receivables in the Bank's personal loan business decreased by 2 % to CHF 1,756 million. Revenues reduced in line with the receivables development while pricing was stable.

After a very strong development in 2015, the Swiss auto market stabilised in the first six months of 2016. While new car registrations slightly regressed, the market for used cars developed positively. Our net financing receivables of the auto leases and loans portfolio increased by 1 % to CHF 1,670 million. Revenues in the auto business slightly declined due to lower rates offered in the market.

Cards again recorded excellent growth with net financing receivables increasing by 9 % to CHF 673 million compared to year-end 2015. All card programmes contributed to the 6 % growth in the number of issued credit cards to 693,000 in the first six months 2016. Revenues in the cards business increased supported by higher cross-border transactions and the overall growing portfolio. The partnership with Conforama was renewed and FNAC, a retailer of entertainment and leisure products and consumer electronics, was signed as new credit card partner.

Fully independently funded

We continued to further diversify our funding. Owing to our attractive term deposit rate offering we have been able to increase deposits from both retail (up 8 %) and institutional clients (up 1 %) to an aggregate CHF 2,324 million. Deposits now account for 62 % of our funding. In June 2016, the Bank successfully executed its fourth auto lease asset backed security (ABS) transaction of CHF 200 million at favorable conditions. The Bank also fully repaid the remaining CHF 250 million term loan from the General Electric Group in two steps during January and July. With that the Bank is now 100 % independently funded.

Strongly capitalised Bank

Shareholders' equity decreased slightly to CHF 779 million by end of June 2016 as a result of the CHF 94.5 million dividend payment in May. With a Tier 1 capital ratio of 20.1 % we remain very well capitalised. Compared to our minimum Tier 1 target of 18 %, we have CHF 78 million of excess capital. The Bank would like to use that capital for acquisitions in the consumer finance space which support the growth of our business.

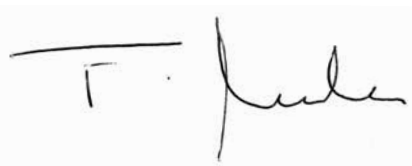
New interest rates for consumer loans

Since 1 July 2016, the lower maximum interest rates on consumer loans offered under the Consumer Credit Act are in place. The maximum interest rate on personal loans has been reduced to 10 %. The respective maximum interest rate for credit card overdrafts has been reduced to 12 %. The Bank has adapted the pricing of its loan products accordingly and offers personal loans starting from 7.95 %. Also the pricing for some of the credit card programmes has been adjusted. In order to mitigate the negative impact on revenues we have initiated several measures and, amongst others, we closed four smaller branches as of 1 May 2016.

Guidance for full-year 2016

Assuming no major change in the economic environment we expect earnings per share (EPS) at the higher end of the guided range of between CHF 4.80 and CHF 5.10. For 2016 we expect declining interest income in the personal loans business as a result of the lower interest rate cap effective since July 2016. On the other hand, lower refinancing costs and continued growth in the credit card business should be supportive to revenues. For loan loss provisions we foresee a stable development and expect the loss rate to be in line with prior years' performance. Costs are expected to increase slightly for 2016.

On behalf of the Board of Directors and Management we would like to thank our customers, shareholders and business partners for the trust they have placed in us. We would also like to express our particular gratitude to our employees, who shape the success of our Bank with their expertise, dedication and loyalty.



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

Robert Oudmayer
Chief Executive Officer

Management Discussion and Analysis

Management Discussion and Analysis of Financial Condition and Results of Operations

Significant Developments

On 8 January 2016, Cembra Money Bank (hereafter referred to as "the Bank", together with its subsidiaries, "the Group") made a partial repayment of CHF 150 million on a loan from the General Electric Group (acting through its subsidiary GE Capital Swiss Funding AG; "General Electric Group"). The remaining balance of the loan of CHF 100 million was fully paid down on 8 July 2016.

On 31 March 2016, the Group announced that Rémy Schimmel has been appointed as the new Chief Financial Officer (CFO). He has assumed this position on 1 August 2016. He replaced Antoine Boublil who had left the Group as of 31 March 2016.

On 27 April 2016, the Bank held its third General Meeting of Shareholders as a listed company in Zurich. All agenda items were approved including a dividend payment of CHF 94.5 million, or CHF 3.35 per share, which was paid out of the reserves from capital contributions. Katrina Machin and Simonis Maria Hubertus (Ben) Tellings were newly elected to the Board of Directors.

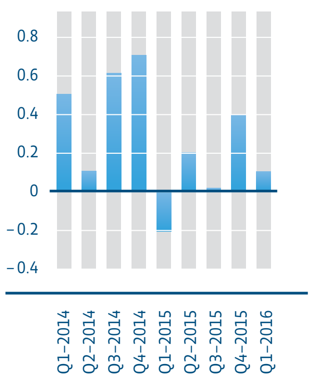
With effect as of 1 May 2016, the Group closed four smaller branches in Bellinzona, Frauenfeld, La Chaux-de-Fonds and Yverdon, reducing the number of branches to 21.

On 8 June 2016, the Group announced the launch of its fourth auto lease asset backed security ("ABS") transaction and issued fixed-rate senior notes of CHF 200 million on the Swiss capital market with a legal maturity of ten years and an optional redemption date of 3 3/4 years from the date of issuance. The proceeds of the transaction were used to refinance the second ABS issued in 2013.

Since 1 July 2016, the lower maximum interest rates on consumer loans offered under the Consumer Credit Act ("CCA") are in force. The maximum interest rate on personal loans has been reduced to 3-months LIBOR (with a floor at 0 %) plus a 10 % surcharge resulting in a cap of 10 %. The respective maximum interest rate for credit card overdrafts has been reduced to 3-months LIBOR (with a floor at 0 %) plus a 12 % surcharge resulting in a cap of 12 %. The Group has adapted the pricing of its loan products accordingly.

Quarterly Swiss GDP

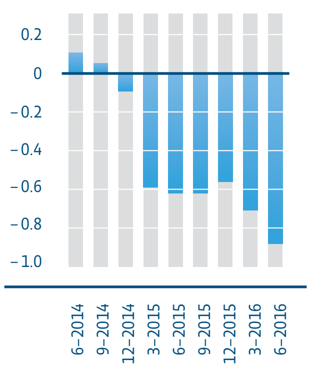
Change vs previous quarter (in %)



Source: SECO

CHF 3-year Swap Rate

in %



Source: Bloomberg

Macroeconomic Environment

The Group operates predominantly in Switzerland and its financial position and results of operations are strongly influenced by macroeconomic factors, notably, economic trends and interest rates. The Group does not have financing receivables and only very limited expenses in foreign currencies.

Gross Domestic Product Switzerland

Most relevant for the Group's business development is the state of the Swiss economy. Hence the development of the Swiss gross domestic product ("GDP") is a key indicator for the Group. Switzerland's GDP expanded only 0.1% in the first quarter 2016 and economists expect modest growth for the full-year 2016.

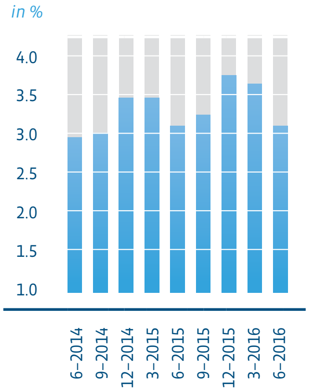
Interest Rates

Being active in the interest margin business, the development of interest rates is a major driver of the Group's profitability. The overall environment in which the Group operates was strongly influenced by historically low interest rates. United Kingdom's referendum and the decision to leave the European Union drove interest rates further into negative territory reaching new record lows. As of 30 June 2016, the entire Swiss Franc rate curve up to 30 years was negative. On the one hand this enabled the Group to raise new funds at very favourable conditions and to reduce its overall cost of funding. On the other hand this led to price pressure in some of the Group's product lines and additional expenses from the negative interest rate on the cash held with the Swiss National Bank ("SNB") and other institutions.

Unemployment Rate

The unemployment rate in Switzerland remained on low levels and was at 3.1% in June 2016 compared to 3.7% in December 2015 and 3.1% in June 2015. The low unemployment rate helped to maintain provision for losses at a low level.

Unemployment Rate (Switzerland)



Source: SECO

Product Markets

Consumer Loan Market

Despite a resilient development of private consumption in Switzerland, the Group estimates that the Swiss consumer loan market decreased again slightly in the first half-year 2016.

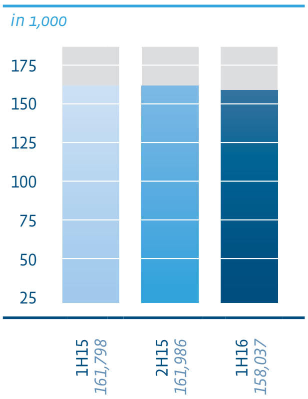
Auto Market

After a very strong 2015, the auto market stabilised in the first six months 2016 as demonstrated by the number of new car registrations. According to "auto-schweiz" statistics (association of official Swiss car importers) about 158,000 new cars were registered in the first six months of 2016, a decline of 2% versus the very strong first six months 2015. The association forecasts 305,000 new car registrations for the full-year 2016 which implies a decline of about 6% compared to 2015. The market for used cars developed positively in the first six months of 2016. A record 441,000 used cars were sold in Switzerland according to "Eurotax Schweiz" (independent provider of automotive market data). This is a 4% increase versus the same period in 2015.

Credit Card Market

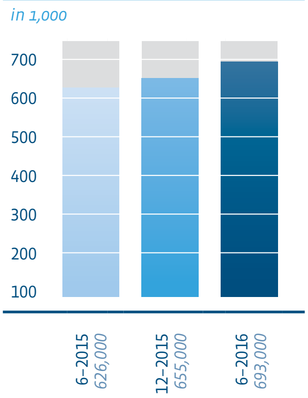
The credit cards business continued to grow and was able to outperform the overall Swiss market again. The Group increased the number of issued credit cards by 6% to about 693,000 compared to year-end 2015. Based on Swiss National Bank statistics, the number of issued credit cards in Switzerland grew by an estimated 1% to about 6.3 million in the first six months of 2016. Transactions conducted via near field communication ("NFC") gained further importance in the first six months of 2016. About 87% of all credit cards in Switzerland are now equipped with an NFC chip and around 14% of all domestic credit card transactions were initiated contactless in the first half-year 2016.

New Car Registrations in Switzerland



Source: auto-schweiz

Number of Issued Cembra Credit Cards



Results of Operations

Key Figures

For the six months ended	30 June 2016	30 June 2015
Net revenues (CHF in millions)	197.4	190.3
Net interest income (CHF in millions)	150.3	147.3
Commission and fee income (CHF in millions)	47.1	43.0
Net income (CHF in millions)	71.8	69.6
Earnings per share (CHF)	2.55	2.37
Cost / income ratio	42.9 %	42.8 %
Net interest margin	7.3 %	7.1 %
Return on average shareholders' equity (ROE)	18.2 %	17.7 %
Return on average assets (ROA)	3.1 %	2.9 %
As of	30 June 2016	31 December 2015
Total assets (CHF in millions)	4,649	4,745
Net financing receivables (CHF in millions)	4,100	4,063
Total shareholders' equity (CHF in millions)	779	799
Tier 1 capital ratio	20.1 %	19.8 %
Employees (FTEs)	702	715

Net revenues for the six months ended 30 June 2016 increased by 4 % to CHF 197.4 million compared to the corresponding prior year period. Net interest income contributed 76 % to revenues while commission and fee income accounted for 24 % of revenues. The Group recorded a net income of CHF 71.8 million for the first six months of 2016 compared to CHF 69.6 million in the corresponding period in 2015, which is an increase of about 3 %. Earnings per share increased by 8 % from CHF 2.37 in the first six months 2015 to CHF 2.55 in the corresponding period 2016 supported by the effect from the share buyback. The annualised return on average shareholders' equity was 18.2 % in the first half of 2016 and 17.7 % in the first half-year of 2015, respectively, despite high Tier 1 capital ratios of 20.1 % and 18.7 % in those periods.

Balance Sheet Analysis

CHF in millions	30 June 2016	31 December 2015	Variance	in %
Assets				
Cash and cash equivalents	441	572	– 132	– 23
Net financing receivables	4,100	4,063	37	1
Personal loans	1,756	1,784	– 28	– 2
Auto leases and loans	1,670	1,661	9	1
Credit cards	673	617	56	9
Other assets	108	109	– 1	– 1
Total assets	**4,649**	**4,745**	**– 96**	**– 2**
Liabilities and equity				
Deposits and debt	3,744	3,817	– 73	– 2
Deposits	2,324	2,246	78	3
Debt	1,420	1,571	– 151	– 10
Other liabilities	126	129	– 3	– 2
Total liabilities	**3,870**	**3,946**	**– 76**	**– 2**
Shareholders' equity	779	799	– 20	– 3
Total liabilities and shareholders' equity	**4,649**	**4,745**	**– 96**	**– 2**

Net Financing Receivables

Net financing receivables amounted to CHF 4,100 million as at 30 June 2016, which is an increase of 1 %, or CHF 37 million, compared to CHF 4,063 million as at 31 December 2015. At the end of June 2016 the Group's personal loans accounted for 43 %, auto leases and loans accounted for 41 % and credit cards accounted for 16 % of the net financing receivables.

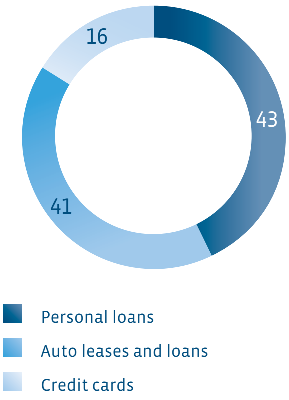
As at 30 June 2016, receivables from personal loans were 2 % lower at CHF 1,756 million compared to CHF 1,784 million at 31 December 2015.

Auto leases and loans receivables grew by 1 % to CHF 1,670 million at 30 June 2016 compared to CHF 1,661 million at the end of 2015.

Credit cards once again recorded strong growth of 9 % of its receivables compared to end of 2015, increasing from CHF 617 million to CHF 673 million as at 30 June 2016.

Net Financing Receivables

in %



Funding

The Group further diversified its funding structure during the first six months of 2016. The deposit base grew by 3 % to CHF 2,324 million at 30 June 2016 from CHF 2,246 million as at 31 December 2015. The institutional deposit base was up 1 % to CHF 1,449 million, whilst retail deposits increased by 8 % to CHF 875 million. The strong growth in the retail deposits was primarily through new customer acquisition in line with the Group's retail term deposit strategy.

The Group reduced the level of debt (excluding deposits) with balances declining from CHF 1,571 million as at 31 December 2015 to CHF 1,420 million as at 30 June 2016. This was primarily driven by the repayment of CHF 150 million to the General Electric Group in January 2016. The focus remained on extending the term profile and ensuring limited maturity concentration within the overall funding portfolio as well as reducing funding reliance on the General Electric Group. The Group returned to the capital markets in June 2016 and raised CHF 200 million with its fourth auto lease ABS transaction (optional redemption in 2019), successfully refinancing the maturing ABS issued in 2013.

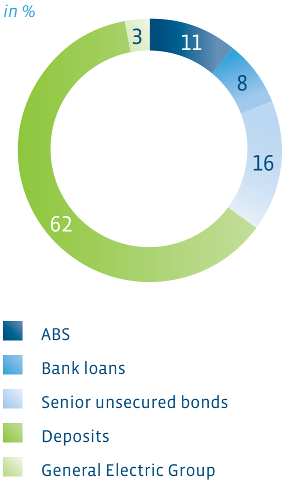
The funding from the General Electric Group was reduced to a CHF 100 million term loan and CHF 100 million undrawn facility as at 30 June 2016. Funding from the General Electric Group is considered as external debt after the sale of the remaining stake in the Group in 2015.

Equity

Total shareholders' equity decreased by CHF 20 million from CHF 799 million at year-end 2015 to CHF 779 million at 30 June 2016. The decrease is mainly attributable to the dividend payment of CHF 94.5 million in May 2016. This was partially offset by the net income of CHF 71.8 million for the first six months of 2016.

Funding Structure

in %

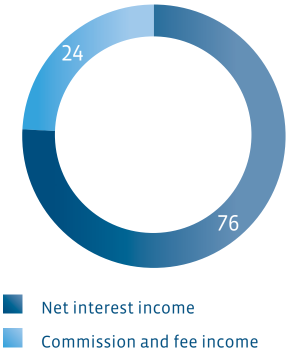


Profit and Loss Analysis

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Interest income	164.5	167.1	– 2.6	– 2
Interest expense	– 14.2	– 19.8	5.6	– 28
Net interest income	**150.3**	**147.3**	**3.0**	**2**
Commission and fee income	47.1	43.0	4.1	10
Net revenues	**197.4**	**190.3**	**7.1**	**4**
Provision for losses on financing receivables	**– 21.7**	**– 20.8**	**– 0.9**	**4**
Compensation and benefits	– 49.9	– 48.8	– 1.1	2
General and administrative expenses	– 34.9	– 32.5	– 2.3	7
Total operating expenses	**– 84.8**	**– 81.4**	**– 3.4**	**4**
Income before income taxes	**90.9**	**88.1**	**2.8**	**3**
Income tax expense	– 19.1	– 18.5	– 0.6	3
Net income	**71.8**	**69.6**	**2.2**	**3**
Other comprehensive loss	2.5	1.7	0.8	49
Comprehensive income	**74.4**	**71.3**	**3.0**	**4**

Net Revenues

in %



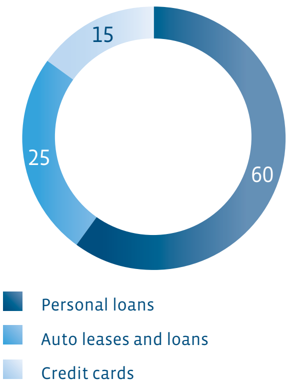
Interest Income

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Personal loans	98.7	103.7	– 5.0	– 5
Auto leases and loans	41.8	42.9	– 1.1	– 3
Credit cards	25.0	21.8	3.1	14
Other	– 1.0	– 1.5	0.5	– 32
Total	**164.5**	**167.1**	**– 2.6**	**– 2**

The Group's primary source of interest income is personal loans, which accounted for 60 % of interest income in the first half-year of 2016 and 62 % in the first half-year of 2015. Auto leases and loans accounted for 25 % of interest income for both the periods ended 30 June 2016 and 2015, respectively. Credit cards accounted for 15 % and 13 % of interest income in the periods ended 30 June 2016 and 2015, respectively.

Interest Income

in % (excluding "other")



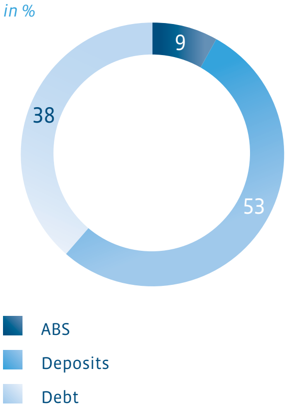
The Group's interest income declined by 2 % or CHF 2.6 million to CHF 164.5 million in the first half-year of 2016 compared to CHF 167.1 million in the first half-year of 2015. Other interest income included CHF 1.0 million expense from the negative interest rate on the cash held with the Swiss National Bank and other institutions. Interest income from personal loans decreased by CHF 5.0 million, or 5 %, from CHF 103.7 million to CHF 98.7 million. This decrease was primarily due to lower average financing receivables during the period under review. The yield was unchanged at 10.9 %. Interest income from the Group's auto leases and loans decreased by CHF 1.1 million, or 3 %, from CHF 42.9 million in the first six months of 2015 to CHF 41.8 million in the first six months of 2016. The decrease was mainly driven by lower average interest rates of the lease and loan portfolio. The yield declined 10 basis points to 5.0 %. Conversely, interest income from credit cards increased by CHF 3.1 million, or 14 %, from CHF 21.8 million for the first six months of 2015 to CHF 25.0 million in the corresponding period in 2016. This increase was primarily due to higher levels of credit card receivables as a result of an increase in credit card volumes. The yield increased 20 basis points to 7.7 %.

Cost of Funds

For the six months ended (CHF in millions)	**30 June 2016**	**30 June 2015**	**Variance**	**in %**
Interest expense on ABS	1.3	1.7	– 0.4	– 26
Interest expense on deposits	7.6	8.4	– 0.8	– 10
Interest expense on debt	5.4	9.7	– 4.3	– 45
Total	**14.2**	**19.8**	**– 5.6**	**– 28**

Cost of Funds

in %



The Group's overall cost of funds decreased by CHF 5.6 million, or 28 %, from CHF 19.8 million in the first half-year 2015 to CHF 14.2 million in the first half-year 2016. Interest expense on auto lease ABS decreased by 26 % to CHF 1.3 million. The decrease was due to the refinancing of the 2012 ABS (0.756 % coupon) that matured in March 2015, with a new four year ABS at more attractive financing conditions (0.23 % coupon). Interest expense on deposits decreased by 10 % to CHF 7.6 million as a result of market conditions and natural repricing of the deposit portfolio at lower rates, despite an increase in balances of the overall portfolio. The former affiliated interest expense was reclassified to interest expense on debt after the General Electric Group sold its investment in the Bank in May 2015. The total interest expense on debt decreased by CHF 4.3 million, or 45 %, from CHF 9.7 million in June 2015 to CHF 5.4 million in June 2016. The reduction was mainly driven by attractive refinancing of existing debt at favorable market conditions and a lower debt balance.

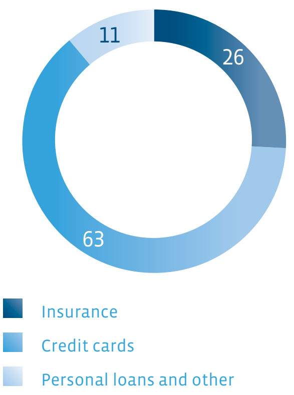
Commission and Fee Income

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Insurance	12.0	10.7	1.2	11
Credit cards	29.7	27.0	2.7	10
Personal loans and other	5.5	5.3	0.2	4
Total	**47.1**	**43.0**	**4.1**	**10**

The Group's commission and fee income increased by CHF 4.1 million, or 10 %, from CHF 43.0 million in the first half-year 2015 to CHF 47.1 million in the first half-year 2016. This increase was mainly due to higher fee income on credit cards of CHF 2.7 million or 10 %. The negative effect from lower domestic interchange fees was more than compensated by the effect of the growing credit card portfolio and higher-yielding cross-border transactions. Insurance income increased by CHF 1.2 million, or 11 %, mainly as a result of higher profit share.

Commission and Fee Income

in %



Provision for Losses on Financing Receivables

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Provision for losses on personal loans	15.4	13.3	2.1	16
Provision for losses on auto leases and loans	2.8	2.5	0.3	10
Provision for losses on credit cards	3.5	4.9	– 1.5	– 29
Total	**21.7**	**20.8**	**0.9**	**4**

The Group's provision for losses on financing receivables increased by CHF 0.9 million to CHF 21.7 million in the first half-year 2016 compared to CHF 20.8 million in the same period 2015. While the provision for losses on personal loans increased, driven by both slightly higher write-offs and lower recoveries, the provision for losses on credit cards decreased, predominantly driven by lower transaction fraud losses. The Group's loss rate for the first half-year 2016 was 1.1 % of financing receivables and hence in line with the loss rate for full-year 2015.

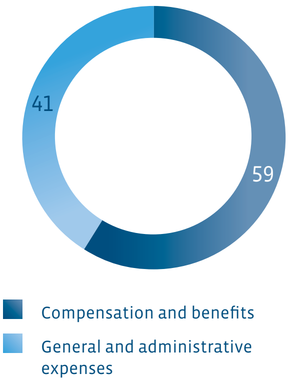
Compensation and Benefits

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Compensation and benefits	**49.9**	**48.8**	**1.1**	**2**

The Group's compensation and benefits expense in the first half-year 2016 was higher by CHF 1.1 million, or 2 %, at CHF 49.9 million, compared to CHF 48.8 million in the same period 2015. The increase was primarily due to higher pension cost as a result of a lower discount rate. The average number of employees (full-time equivalent, FTE) was 709 in the first half-year 2016 compared to 705 in the corresponding prior year period.

Operating Expenses

in %



General and Administrative Expenses

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
GECC assessment / TSA	–	1.2	– 1.2	– 100
Professional services	3.9	5.3	– 1.4	– 27
Marketing	5.0	4.6	0.4	9
Collection fees	3.1	3.3	– 0.2	– 6
Postage and stationery	4.2	3.9	0.3	7
Rental expense under operating leases	3.1	2.8	0.3	11
Depreciation and amortisation	3.9	1.8	2.2	122
Information technology	11.5	6.7	4.8	71
Other	0.1	2.9	– 2.8	– 95
Total	**34.9**	**32.5**	**2.3**	**7**

The Group's general and administrative expenses increased by CHF 2.3 million, or 7 %, from CHF 32.5 million in the first six months 2015 to CHF 34.9 million in the first six months 2016. The transitional service agreement ("TSA") with the General Electric Group ended in the fourth quarter 2015. Hence, there were no more GECC assessment / TSA expenses recorded in the first half-year 2016. Costs from professional services declined as a result of a lower number of IT projects. Marketing expenses were higher in the first half-year 2016 due to the large-scale advertising campaign for the new rates in the personal loans business. The increase in rental expenses is due to the closing of four smaller branches. Depreciation and amortisation significantly increased after the successful transition to a stand-alone operating IT platform and the go-live in the fourth quarter 2015. Slightly higher running costs of the independent IT infrastructure, one-off items and the shift from TSA and professional services were the main drivers for the increase in the line "Information technology". The position "Other" included in the first half-year 2015 Swiss issuance stamp tax associated with the sale of the remaining Cembra Money Bank shares by the General Electric Group in May 2015.

The cost / income ratio was 42.9 % in the first half-year 2016 compared to 42.8 % in the first half-year 2015.

Income Tax Expense

For the six months ended (CHF in millions)	30 June 2016	30 June 2015	Variance	in %
Income tax expense	**19.1**	**18.5**	**0.6**	**3**

The Group's income tax expense increased by CHF 0.6 million, or 3 %, from CHF 18.5 million in the first half-year 2015 to CHF 19.1 million in the same period 2016 as a result of increased income before income taxes. The Group's effective tax rate in both periods 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.

Capital position

For the six months ended (CHF in millions)	30 June 2016	31 December 2015	Variance	in %
Risk-weighted assets	3,755	3,703	52	1
Tier 1 capital	754	733	22	3
Tier 1 ratio (in %)	20.1 %	19.8 %		

Risk-weighted assets increased by 1 % to CHF 3,755 million as per 30 June 2016 compared to CHF 3,703 million as per 31 December 2015. This increase is in line with the development of net financing receivables. The Tier 1 capital increased by CHF 22 million, or 3 %, to CHF 754 million mainly as a result of the net profit for the first six months 2016 adjusted for expected future dividend payments. This resulted in a Tier 1 ratio of 20.1 % as per 30 June 2016 which is significantly above the regulatory requirement of 11.2 % and the Group's target of at least 18.0 %.

Interim Condensed Consolidated Financial Statements (Unaudited)

Interim Condensed Consolidated Statements of Income (Unaudited)

For the six months ended (CHF in thousands)	**Notes**	**30 June 2016**	**30 June 2015**
Interest income	17	164,488	167,050
Interest expense	18	– 14,233	– 19,787
Net interest income		**150,255**	**147,263**
Commission and fee income	19	47,142	43,001
Net revenues		**197,397**	**190,264**
Provision for losses on financing receivables	**3**	**– 21,698**	**– 20,753**
Compensation and benefits		– 49,886	– 48,813
General and administrative expenses	20	– 34,868	– 32,548
Total operating expenses		**– 84,754**	**– 81,361**
Income before income taxes		**90,945**	**88,150**
Income tax expense	12	– 19,099	– 18,511
Net income		**71,846**	**69,638**
Earnings per share			
Basic	11	2.55	2.37
Diluted	11	2.55	2.36

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 2016**	**30 June 2015**
Net income	71,846	69,638
Amortisation of prior service cost	– 168	– 254
Amortisation of net actuarial loss	2,685	1,938
Total other comprehensive loss	2,517	1,684
Comprehensive income	**74,363**	**71,322**

See accompanying notes to the Interim Condensed Consolidated Financial Statements.

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

CHF in thousands	Notes	30 June 2016	31 December 2015
ASSETS			
Cash and cash equivalents		440,852	572,440
Financing receivables, net	3	4,099,800	4,063,251
Property, plant and equipment, net	4	4,810	5,334
Intangible assets, net	5	24,440	26,370
Other assets	6	72,001	70,156
Deferred income taxes	12	6,824	7,501
Total assets [1]		**4,648,727**	**4,745,053**
LIABILITIES AND EQUITY			
Deposits	7	2,323,770	2,246,247
Accrued expenses and other payables		88,340	89,362
Short-term debt	8	150,000	450,000
Long-term debt	8	1,269,810	1,120,715
Other liabilities		37,724	39,382
Total liabilities [1]		**3,869,644**	**3,945,705**
Common shares		30,000	30,000
Additional paid in capital (APIC)		390,723	485,351
Treasury shares		– 100,093	– 100,093
Retained earnings		489,294	417,448
Accumulated other comprehensive loss (AOCI)		– 30,841	– 33,358
Total shareholders' equity		**779,083**	**799,348**
Total liabilities and shareholders' equity		**4,648,727**	**4,745,053**

[1] *The Group's consolidated assets as at 30 June 2016 and 31 December 2015, include total assets of TCHF 490,622 and TCHF 527,211 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 2016 and 31 December 2015 include liabilities of the VIEs of TCHF 398,428 and TCHF 398,935, 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 1 January 2015	**30,000**	**– 1,952**	**563,631**	**273,609**	**– 22,913**	**842,375**
Net income	–	–	–	69,638	–	69,638
Dividend paid	–	–	– 93,000	–	–	– 93,000
Change in deferred tax assets related to tax goodwill	–	–	15,522	–	–	15,522
Change in APIC due to share based compensation	–	–	602	–	–	602
Treasury shares	–	– 99,822		–	–	– 99,822
Reclassifications from accumulated other comprehensive loss net of deferred tax of – 448	–	–	–	–	1,684	1,684
Other	–	–	–	– 1,177	–	– 1,177
Balance at 30 June 2015	**30,000**	**– 101,774**	**486,755**	**342,071**	**– 21,229**	**735,823**
Balance at 1 January 2016	**30,000**	**– 100,093**	**485,351**	**417,448**	**– 33,358**	**799,348**
Net income	–	–	–	71,846	–	71,846
Dividend paid	–	–	– 94,464	–	–	– 94,464
Change in APIC due to share based compensation	–	–	– 165	–	–	– 165
Reclassifications from accumulated other comprehensive loss net of deferred tax of – 669	–	–	–	–	2,517	2,517
Balance at 30 June 2016	**30,000**	**– 100,093**	**390,723**	**489,294**	**– 30,841**	**779,083**

[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 income statement 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)	Notes	30 June 2016	30 June 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		71,846	69,638
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		21,698	20,753
Deferred income taxes		9	5,073
Depreciation		734	737
Amortisation of intangible assets		3,194	1,034
Decrease (–) / Increase in accrued expenses		– 1,021	– 2,950
Decrease / Increase (–) in tax receivables		– 21,997	– 36,519
Decrease / Increase (–) in other receivables		948	4,808
All other operating activities		3,659	11,140
Net cash provided by operating activities		**79,070**	**73,714**
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financing receivables	21	– 58,247	– 49,593
Additions to property, plant and equipment		– 209	– 1,204
Decrease / Increase (–) in restricted cash		17,072	16,591
Additions to intangible assets		– 1,264	– 6,514
Net cash used in investing activities		**– 42,649**	**– 40,721**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in deposits		77,523	221,476
Issuance of non-recourse long-term borrowings		199,285	200,000
Issuance of long-term debt		–	50,000
Repayments of non-recourse long-term borrowings		– 200,000	– 200,000
Repayments of short-term and long-term debt		– 150,000	– 200,000
Dividends paid		– 94,464	– 93,000
All other financing activities		– 354	– 99,949
Net cash used in financing activities		**– 168,010**	**– 121,473**
Net decrease in cash and cash equivalents		**– 131,588**	**– 88,479**
CASH AND CASH EQUIVALENTS			
Beginning of the period		572,440	622,333
End of period		**440,852**	**533,854**
SUPPLEMENTAL DISCLOSURE			
Interest paid		– 12,354	– 16,928
Income taxes paid		– 39,065	– 35,457

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, which is headquartered in Zurich, Switzerland, comprises of Cembra Money Bank AG ("the Bank" or the parent company) and its subsidiaries Swiss Auto Lease 2012-1 GmbH in liquidation, Swiss Auto Lease 2013-1 GmbH, Swiss Auto Lease 2015-1 GmbH and Swiss Auto Lease 2016-1 GmbH (collectively "the Group").

The accompanying unaudited Interim Condensed Consolidated Financial Statements reflect the Group's financial position, results of operations, shareholders' equity and cash flows and 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 as of and for the years ended 31 December 2015 and 2014.

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 2016 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 financial statements refers to thousands of Swiss Francs.

2. Accounting Changes

On 9 January 2015, the Financial Accounting Standards Board ("FASB") issued the Accounting Standards Update ("ASU") 2015-01 "Income Statement – Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items" to eliminate from US GAAP the concept of an extraordinary item, which is an event or transaction that is both unusual in nature and infrequently occurring. Under the ASU, an entity will no longer segregate an extraordinary item from the results of ordinary operations or separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; or disclose income taxes and earnings-per-share data applicable to an extraordinary item. This ASU is effective for annual periods beginning after 15 December 2015, and interim periods within those annual periods. The Group elected to early adopt the standard as of 31 December 2015. There is no material impact on the Group's financial statements due to adoption of this ASU.

On 7 April 2015, the FASB issued ASU 2015-03 "Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs", which changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity will present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortisation of the costs will continue to be reported as interest expense. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after 15 December 2015. The Group adopted this standard as of 1 January 2016. Please refer to note 8 for details.

On 18 February 2015, the FASB issued ASU 2015-02 " Consolidation (Topic 810): Amendments to the Consolidation Analysis", which amends the consolidation requirements in ASC 810 and significantly changes the consolidation analysis required under US GAAP. The ASU changes the effect that fees paid to a decision maker or service provider have on the consolidation analysis. The Group adopted this standard as of 1 January 2016. There is no material impact on the Group's financial statements due to adoption of this ASU.

Recently issued accounting standards to be effective in future periods

On 5 January 2016, the FASB issued ASU 2016-01 "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" which makes limited amendments to the guidance on the classification and measurement of financial instruments. The new standard significantly revises an entity's accounting related to the classification and measurement of investments in equity securities and the presentation of certain fair value changes for financial liabilities measured at fair value. It also amends certain disclosure requirements associated with the fair value of financial instruments. The new standard is effective for fiscal years beginning after 15 December 2017, including interim periods therein. The Group is currently evaluating the impact of this new standard on its financial statements.

On 25 February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)", which introduces material changes to lease accounting. The guidance requires lessees to recognise most leases on their balance sheets. The guidance also eliminates today's real estate-specific provisions and changes the guidance on sale-leaseback transactions, initial direct costs and lease executory costs for all entities. For lessors, the standard modifies the classification criteria and the accounting for sales-type and direct financing leases. All entities will classify leases to determine how to recognize lease-related revenue and expense. Classification will continue to affect amounts that lessors record on the balance sheet. The standard is effective for annual periods beginning after 15 December 2018, and interim periods within those years. The Group is currently evaluating the impact of this new standard on its financial statements.

On 30 March 2016, the FASB issued ASU 2016-09 "Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" that provides guidance how companies account for certain aspects of share-based payments to employees. Entities will be required to recognize the income tax effects of awards in the income statement when the awards vest or are settled. The guidance is effective for fiscal years beginning after 15 December 2016, and interim periods within those fiscal years. The Group is currently evaluating the impact of this new standard on its financial statements.

On 14 April 2016, the FASB issued ASU 2016-10 "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing" that clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in the new revenue recognition standard. The effective date and transition requirements for the amendments in this ASU are the same as the effective date and transition requirements in Topic 606 (and any other Topic amended by ASU 2014-09). On 12 August 2015, the FASB issued ASU 2015-14, which defers the effective date of the Board's revenue standard, ASU 2014-09, by one year for all entities. The standard is effective for annual reporting periods beginning after 15 December 2017, including interim reporting periods within those periods. Early adoption is permitted as of annual reporting periods beginning after 15 December 2016, including interim reporting periods within those annual periods. The Group is currently evaluating the effect of adoption of the new standard on its financial statements.

On 16 June 2016, the FASB issued ASU 2016-13 "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which amends the guidance on the impairment of financial instruments. The ASU adds to US GAAP an impairment model (known as the current expected credit loss ("CECL") model) that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The ASU is also intended to reduce the complexity of US GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments. The standard is effective for annual periods beginning after 15 December 2020, and interim periods therein. The Group is currently evaluating the effect of adoption of the new standard on its financial statements.

3. Financing Receivables and Allowance for Losses

As at 30 June 2016, the Group's financing receivables included lending to private customers, vehicle lease financing and credit card financing as follows:

CHF in thousands	**30 June 2016**	**31 December 2015**
Loans	2,690,631	2,654,911
Deferred costs	30,656	31,441
Total loans, net of deferred costs	**2,721,287**	**2,686,352**
Investment in financing leases, net of deferred income	1,423,464	1,422,058
Financing receivables before allowance for losses	**4,144,750**	**4,108,410**
Less allowance for losses	– 44,950	– 45,159
Financing receivables, net	**4,099,800**	**4,063,251**

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 2016**	**31 December 2015**
Total minimum lease payments receivable	1,536,971	1,533,943
Deferred income [1]	– 113,507	– 111,885
Investment in direct financing leases	**1,423,464**	**1,422,058**
Less allowance for losses	– 4,666	– 4,817
Net investment in direct financing leases	**1,418,798**	**1,417,241**

[1] *Included TCHF 14,453 and TCHF 14,328 of initial direct costs on direct financing leases as at 30 June 2016 and 31 December 2015, respectively.*

The subsidiaries held TCHF 466,462 and TCHF 486,011 of net investment in direct financing leases as at 30 June 2016 and as at 31 December 2015, respectively, used 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 2016	31 December 2015
Personal loans	1,788,414	1,816,898
Auto leases and loans	1,676,950	1,668,425
Credit cards	679,386	623,087
Financing receivables, before allowance for losses	**4,144,750**	**4,108,410**
Allowance for losses	– 44,950	– 45,159
Financing receivables, net	**4,099,800**	**4,063,251**

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

CHF in thousands	Balance at 1 January 2016	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2016
Personal loans	32,542	15,421	– 38,398	22,709	–	32,274
Auto leases and loans	7,026	2,782	– 8,625	5,551	–	6,735
Credit cards	5,591	3,495	– 6,231	3,087	–	5,941
Total	**45,159**	**21,698**	**– 53,254**	**31,347**	**–**	**44,950**
As a % of total financing receivables, net						1.1 %

CHF in thousands	Balance at 1 January 2015	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2015
Personal loans	35,216	13,283	– 37,254	23,485	–	34,730
Auto leases and loans	7,358	2,523	– 8,816	6,137	–	7,202
Credit cards	3,435	4,947	– 6,040	2,588	849	5,780
Total	**46,009**	**20,753**	**– 52,109**	**32,210**	**849**	**47,712**
As a % of total financing receivables, net						1.2 %

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. Definitions of these categories are provided in note 1 in the Consolidated Financial Statements as of and for the years ended 31 December 2015 and 2014.

Past Due Financing Receivables

The following table displays payment performance of the financing receivables as a percentage of loans and investment in direct financing leases:

	30 June 2016		31 December 2015	
	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 %	2.9 %	0.6 %
Auto leases and loans	0.9 %	0.1 %	0.8 %	0.2 %
Credit cards	1.2 %	0.5 %	1.2 %	0.5 %
Total	**2.0 %**	**0.4 %**	**1.8 %**	**0.4 %**

Nonaccrual Financing Receivables

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

CHF in thousands	30 June 2016	31 December 2015
Personal loans	12,636	11,283
Auto leases and loans	2,346	2,583
Credit cards	3,204	3,133
Total	**18,186**	**16,999**
Nonperforming loan coverage [1]	247.2 %	265.7 %

[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 (OR) 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 2016				
CHF in thousands	*CR1*	*CR2*	*CR3*	*CR4*	*CR5*
Personal loans	802,673	544,585	357,919	80,934	2,302
Auto leases and loans	947,701	508,886	179,986	30,992	9,385
Credit cards	522,629	121,214	33,501	2,019	24
Total	**2,273,003**	**1,174,685**	**571,406**	**113,945**	**11,711**
As a % of total financing receivables before allowance for losses	54.9 %	28.3 %	13.8 %	2.7 %	0.3 %

	31 December 2015				
CHF in thousands	*CR1*	*CR2*	*CR3*	*CR4*	*CR5*
Personal loans	761,311	574,921	387,896	89,951	2,818
Auto leases and loans	948,314	535,702	135,709	34,560	14,141
Credit cards	479,578	111,521	30,240	1,714	34
Total	**2,189,203**	**1,222,144**	**553,845**	**126,225**	**16,993**
As a % of total financing receivables before allowance for losses	53.3 %	29.7 %	13.5 %	3.1 %	0.4 %

4. Property, Plant and Equipment

CHF in thousands	Estimated useful lives (years)	30 June 2016	31 December 2015
ORIGINAL COST			
Buildings and improvements	(5 – 40)	8,276	8,488
Office equipment	(3 – 10)	7,156	7,095
Total		**15,432**	**15,583**
ACCUMULATED DEPRECIATION			
Buildings and improvements		– 5,521	– 5,542
Office equipment		– 5,101	– 4,707
Total		**– 10,622**	**– 10,249**
NET CARRYING VALUE			
Buildings and improvements		2,755	2,946
Office equipment		2,055	2,388
Total		**4,810**	**5,334**

Depreciation expense was TCHF 734 and TCHF 737 for the periods ended 30 June 2016 and 30 June 2015, respectively. The Group did not recognise any impairment losses in these periods.

5. Intangible Assets

CHF in thousands	30 June 2016	31 December 2015
Original cost	32,938	31,674
Accumulated amortisation	– 8,498	– 5,304
Net carrying value	**24,440**	**26,370**

Capitalised software is amortised over a useful life of one to five years. The weighted average amortisation period of intangible assets is five years as of 30 June 2016.

Amortisation expense related to intangible assets was TCHF 3,194 and TCHF 1,034 for the periods ended 30 June 2016 and 30 June 2015, respectively. The increase is related to the amortisation of capitalised software related to IT projects that were completed in 2015.

6. Other Assets

CHF in thousands	**30 June 2016**	**31 December 2015**
Restricted cash	24,128	41,200
Tax receivables	40,405	18,407
Other receivables	3,819	4,767
Deferred expenses	2,400	4,348
Other	1,249	1,435
Total other assets	**72,001**	**70,156**

Restricted cash is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 24,128 and TCHF 41,200 of restricted cash related to the consolidated VIEs (see note 15) as at 30 June 2016 and 31 December 2015, respectively.

The tax receivables as per 30 June 2016 consist of VAT input tax and income tax receivables. The increase in tax receivables was due to income tax advance payments.

7. Deposits

The following table presents the maturities of the Group's customers' deposits, term deposits and prepaid cards as at 30 June 2016 and 31 December 2015, respectively:

CHF in thousands	**30 June 2016**	**31 December 2015**
On demand	192,440	192,614
Less than 3 months	218,839	164,586
3 to less than 6 months	336,327	268,282
6 to less than 12 months	508,672	535,166
12 months plus, thereof	1,067,493	1,085,599
due in 2017	179,540	453,292
due in 2018	260,848	165,958
due in 2019	131,842	119,935
due in 2020	117,260	82,842
due in 2021	67,474	33,686
due in 2022 and later	310,529	229,886
Total	**2,323,770**	**2,246,247**

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 0.65 % and 0.68 % as at 30 June 2016 and 31 December 2015, respectively.

8. Short-term and Long-term Debt

Short-term and long-term debt is shown below:

		30 June 2016		31 December 2015	
CHF in thousands	*Maturity*	*Amount*	*Contractual interest rate*	*Amount*	*Contractual interest rate*
External debt (short-term)[1]	2016	100,000	1.39 %	250,000	1.39 %
External debt (bank loan)	2017	150,000	0.89 %	150,000	0.89 %
thereof short-term portion	2017	50,000			
External debt (bank loan)	2018	150,000	0.42 %	150,000	0.42 %
External debt (unsecured bond)	2017	249,836	1.13 %	249,778	1.13 %
External debt (unsecured bond)	2019	100,064	0.75 %	100,074	0.75 %
External debt (unsecured bond)	2021	175,000	0.50 %	175,000	0.50 %
External debt (unsecured bond)	2022	99,955	1.25 %	99,952	1.25 %
Non-recourse borrowings (Auto ABS)[2]	2016	–		200,000	0.58 %
Non-recourse borrowings (Auto ABS)[2]	2019	200,000	0.23 %	200,000	0.23 %
Non-recourse borrowings (Auto ABS)[2]	2020	200,000	0.22 %		
Less unamortised debt issuance costs[3]		– 5,045		– 4,089	
Total short-term and long-term debt		**1,419,810**		**1,570,715**	

1 *Facility from the General Electric Group was reclassified to external debt after the sale of the interest in the Group.*
2 *Related to consolidated VIEs.*
3 *Debt issuance costs are presented within debt instead of other assets due to a new accounting standard. See note 2 for details.*

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 2016, the Group has carried only fixed rate funding on its balance sheet.

The Group defers the debt issuance costs and amortises them over the expected life-time of the relevant debt instrument. Due to a new accounting policy as described in note 2, debt issuance costs are presented within debt instead of other assets. As per 30 June 2016 and 31 December 2015 unamortised debt issuance costs amounted to TCHF 5,045 and TCHF 4,089, respectively. This resulted in a correponding decrease in debt and other assets in the prior year period.

On 4 January 2016, the Group signed a new revolving credit facility with a Swiss bank with a committed term until the end of 2018. The new facility consists of a TCHF 50,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.20 % p.a.

On 8 January 2016, the Group made a partial repayment of TCHF 150,000 on the term loan granted by the General Electric Group. Additionally, the Group reduced the revolving credit facility granted by the General Electric Group by TCHF 200,000.

On 3 February 2016, the Group signed a new revolving credit facility with an international bank with a committed term 3 years after signing. The new facility consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25 % p.a.

On 8 June 2016, the Group launched its fourth auto lease asset backed security (ABS) transaction and issued fixed-rate senior notes of TCHF 200,000 on the Swiss capital market with a legal maturity of ten years and an optional redemption date of 3³/₄ years from the date of issuance. The proceeds from this issuance were used to refinance the second ABS issued in 2013. On 23 June 2016, the TCHF 200,000 outstanding senior notes issued in 2013 were fully repaid with no further amounts due to noteholders.

The Group maintains a regular presence on the Swiss Capital market with a total outstanding of TCHF 625,000 of senior unsecured bonds issued as at 30 June 2016. These bonds have been issued in 2013 (maturing in 2017), 2014 (maturing in 2019 and 2022) and 2015 (maturing in 2021).

The facility from the General Electric Group consists of a TCHF 100,000 term loan and a TCHF 100,000 revolving credit facility and has been committed for three years from the date of signing (October 2013), with the option for the Group to extend by two additional years (until 2018). The term loan portion of the facility has a fixed rate for the initial three years and a floating CHF LIBOR plus margin if the facility is extended. The all-in-rate over the lifetime of the full facility amounts to 1.85 %, assuming an undrawn portion of the revolving facility of TCHF 100,000. Available unused credit facilities were TCHF 100,000 and TCHF 250,000 at 30 June 2016 and 31 December 2015 respectively, with an applicable commitment fee of 0.25 %. The balance of accrued interest and commitment fee for this facility was TCHF 314 as at 30 June 2016 and TCHF 821 as at 31 December 2015.

Commitment fees are recognised as incurred over commitment period. As at 30 June 2016 the Group maintains TCHF 450,000 of undrawn committed facilities from five different counterparties all of which remain undrawn. The weighted average contractual commitment fee for all facilities is 0.24 %.

9. Pension Plan

The cost of the pension plan is presented below:

For the six months ended (CHF in thousands)	**30 June 2016**	**30 June 2015**
Service cost for benefits earned	3,681	3,464
Prior service credit amortisation	– 213	– 322
Expected return on plan assets	– 2,593	– 3,006
Interest cost on benefit obligations	826	1,017
Net actuarial loss amortisation	3,399	2,454
Pension plan cost	**5,100**	**3,607**

10. Capital Adequacy

The Group is subject to regulation by FINMA. The capital levels of the Group are subject to qualitative judgements by regulators, including FINMA, about the components of capital, risk weightings and other factors.

As of 30 June 2016, 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 Bank for International Settlements.

CHF in thousands	**30 June 2016**	**31 December 2015**
ELIGIBLE REGULATORY CAPITAL		
Tier 1 capital	754,080	732,556
of which CET1 capital	754,080	732,556
Tier 2 capital	–	800
Total eligible capital	**754,080**	**733,356**
RISK-WEIGHTED ASSETS		
Credit risk	3,163,920	3,115,068
Non counterparty risk	29,482	31,948
Market risk	4,907	2,901
Operational risk	557,073	553,043
Total risk-weighted assets	**3,755,382**	**3,702,961**
CAPITAL RATIOS		
CET1 ratio	20.1 %	19.8 %
Tier 1 ratio	20.1 %	19.8 %
Total capital ratio	20.1 %	19.8 %

11. Earnings Per Share

For the six months ended	30 June 2016	30 June 2015
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	71,846	69,638
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	71,846	69,638
Weighted-average number of common shares		
Weighted-average number of common shares issued	30,000,000	30,000,000
Less weighted-average number of treasury shares	1,803,660	574,100
Weighted-average numbers of common shares outstanding for basic earnings per share	**28,196,340**	**29,425,900**
Dilution effect number of shares	19,968	33,685
Weighted-average numbers of common shares outstanding for diluted earnings per share	**28,216,308**	**29,459,585**
Basic earnings per share (in CHF)	**2.55**	**2.37**
Diluted earnings per share (in CHF)	**2.55**	**2.36**

The amount of common shares outstanding has changed as follows:

	30 June 2016	31 December 2015
Common shares issued		
Balance at beginning of period	**30,000,000**	**30,000,000**
Issuance of common shares	–	–
Balance at end of period	**30,000,000**	**30,000,000**
Treasury shares		
Balance at beginning of period	**1,803,627**	**38,277**
Share based compensation	– 5,980	– 36,451
Purchase [1]	5,980	1,801,801
Balance at end of period	**1,803,627**	**1,803,627**
Common shares outstanding	**28,196,373**	**28,196,373**

[1] *In May 2015 General Electric Group sold all its remaining shares of Cembra Money Bank, equivalent to 31.5 % of share capital. In an accelerated book-building process the shares were placed with various institutional investors at a price of CHF 55.50 per share. In this process Cembra Money Bank bought back 1.8 million of its own shares for a total consideration of CHF 100.0 million. The shares will be held as treasury shares for the time being.*

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 2016**	**30 June 2015**
Current tax expense	19,090	13,438
Deferred tax expense from temporary differences	9	5,073
Income tax expense	**19,099**	**18,511**

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 periods ended 30 June 2016 and 30 June 2015 was approximately 21 %.

Net deferred tax assets amounted to TCHF 6,824 as of 30 June 2016 and TCHF 7,501 as of 31 December 2015, respectively.

The management believes that the realisation of the recognised deferred tax assets 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 these 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 is 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 Consolidated Financial Statements for the year ended 31 December 2014) and caused by the sale of 68.3 % of all outstanding shares of the Bank by the General Electric Group 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 was 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 amounted to 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 2014 was CHF 22.7 million and CHF 7.1 million, respectively. The remaining benefit for the tax year of 2015 was CHF 6.4 million.

In May 2015 the General Electric Group sold all of its remaining shares, therefore the Group was permitted to retroactively recognise additional amortisable tax goodwill of CHF 77.7 million, resulting in an additional nominal tax benefit of CHF 15.5 million (which is recognised as an adjustment to shareholders' equity in the Group's US GAAP financial statements). The tax goodwill was amortised for tax purposes over a period of five years, commencing retroactively on 1 December 2010 and ending on 30 November 2015. Correspondingly, the Group has paid additional Swiss issuance stamp tax of CHF 3.4 million before income tax (CHF 2.7 million after income tax) and capital tax of CHF 0.3 million before income tax.

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 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 6,374 as at 30 June 2016. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 30 June 2016, 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.

The lending commitments in the ordinary course of business have increased due to longer cool-off period for personal loans in force as of 1 January 2016.

CHF in thousands	**30 June 2016**	**31 December 2015**
Ordinary course of business lending commitments	74,550	37,956
Unused revolving loan facilities	49,575	50,719
Unused credit card facilities	2,645,710	2,479,213

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.

CHF in thousands		**30 June 2016**		**31 December 2015**
	Carrying amount net	*Estimated fair value*	*Carrying amount net*	*Estimated fair value*
ASSETS				
Loans	2,681,002	2,794,279	2,646,010	2,692,642
LIABILITIES				
Deposits	– 2,323,770	– 2,366,334	– 2,246,247	– 2,287,679
Borrowings	– 1,419,810	– 1,445,605	– 1,570,715	– 1,592,643

Fair values are estimated as follows:

Loans
Based on a discounted future cash flow 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 flow methodology, using current effective interest rate data or current market interest rate data that is available to the Group for similar financial instruments.

Pension Fund
Refer to note 9 of the Consolidated Financial Statements as of and for the years ended 31 December 2015 and 2014 for further details on pension fund.

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.

15. Variable Interest Entities

The Group uses variable interest entities 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 four securitisations, all 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. This issuance was fully repaid on 23 March 2015. The second securitisation was completed 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. This issuance was fully repaid on 23 June 2016.

In March 2015, the Group launched its third securitisation transaction and issued fixed-rate senior notes of TCHF 200,000 with a coupon of 0.23 % per annum and an optional redemption date of four years from the date of issuance. The proceeds from this issuance were used to refinance the first securitisation.

In June 2016, the Group launched its fourth securitisation transaction and issued fixed-rate senior notes of TCHF 200,000 with a coupon of 0.22 % per annum and an optional redemption date of 3³/₄ years from the date of issuance. The proceeds from this issuance were used to refinance the second securitisation.

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 2016**	**31 December 2015**
ASSETS		
Financing receivables, net	466,462	486,011
Other assets	24,160	41,200
Total assets	**490,622**	**527,211**
LIABILITIES		
Accrued expenses and other payables	2,537	3,705
Non-recourse borrowings	398,428	398,935
Total liabilities	**400,965**	**402,640**

Revenues from the consolidated VIEs amounted to TCHF 14,162 and TCHF 14,622 for the periods ended 30 June 2016 and 30 June 2015, respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,167 and TCHF 123 and interest expense of TCHF 1,111 and TCHF 1,441 for the periods ended 30 June 2016 and 30 June 2015, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between the Bank and the VIEs, which are eliminated for consolidation purposes.

16. Related Party Transactions

In May 2015, General Electric Group, the former sole shareholder of the Group, has sold its remaining investment in the Group. From then, General Electric Group is treated as an external party.

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. Following the IPO, the Group entered into the Transitional Service Agreement ("TSA"). Under this agreement, GECC and the Group agreed to provide to each other certain transitional services. In particular, GECC provided 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 were necessary for the Group to run as a standalone business for a transitional period during which the Group was establishing its own information technology systems. The Group also provided certain limited reverse services to GECC. The TSA expired at 30 October 2015.

17. Interest Income

The details of interest income are shown below:

For the six months ended (CHF in thousands)	**30 June 2016**	**30 June 2015**
Personal loans	98,678	103,719
Auto leases and loans	41,843	42,940
Credit cards	24,953	21,846
Other	– 987	– 1,455
Total	**164,488**	**167,050**

18. Interest Expense

The details of interest expense are shown below:

For the six months ended (CHF in thousands)	**30 June 2016**	**30 June 2015**
Interest expense on ABS	1,287	1,732
Interest expense on deposits	7,591	8,404
Interest expense on debt	5,355	9,651
Total	**14,233**	**19,787**

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 2016**	**30 June 2015**
Insurance	11,956	10,743
Credit cards	29,688	26,994
Personal loans and other	5,498	5,264
Total	**47,142**	**43,001**

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 2016**	**30 June 2015**
GECC assessment / TSA[1]	–	1,218
Professional services	3,884	5,298
Marketing[2]	5,022	4,607
Collection fees	3,100	3,308
Postage and stationery	4,183	3,910
Rental expense under operating leases	3,090	2,785
Depreciation and amortisation	3,928	1,770
Information technology	11,514	6,724
Other	147	2,926
Total	**34,868**	**32,548**

1 *GECC assessment was replaced by a TSA from 1 November 2013 until 30 October 2015.*
2 *Marketing includes advertising costs, which are expensed as incurred.*

21. Supplemental Cash Flow Information

Certain supplemental information related to cash flows is shown below:

For the six months ended (CHF in thousands)	**30 June 2016**	**30 June 2015**
Increase in loans to customers	– 829,940	– 852,071
Principal collections from customers – loans	834,902	841,563
Investment in equipment for financing leases	– 393,881	– 359,802
Principal collections from customers – financing leases	390,142	363,995
Net change in credit card receivables	– 59,470	– 43,278
Net increase in financing receivables	**– 58,247**	**– 49,593**

22. Subsequent Events

The Group has evaluated subsequent events from the financial position date through 17 August 2016, the date at which the financial statements were available to be issued.

The Group made a final repayment of TCHF 100,000 on the term loan from the General Electric Group resulting in the loan being fully repaid on 8 July 2016. The Group also terminated the TCHF 100,000 revolving credit facility. There is no remaining commitment under the revolving credit facility as at 8 July 2016.

Information for Shareholders

Cembra Money Bank AG Registered Shares

Stock exchange listing	SIX Swiss Exchange
ISIN	CH0225173167
Security number	22517316
Par value	CHF 1.00
Number of shares	30,000,000

Credit Ratings

Credit Suisse	Mid A
Standard & Poor’s	A– (long-term)
Standard & Poor’s	A–2 (short-term)
Bank Vontobel	A–
Zürcher Kantonalbank	A–

Ticker Symbols

Bloomberg	CMBN SW
Reuters	CMBN.S

Financial Calendar

Publication of full-year 2016 results	23 February 2017
Publication of Annual Report 2016	23 March 2017
Annual General Meeting 2017	26 April 2017

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Publisher: Cembra Money Bank AG, Zurich
Design & Concept: Cembra Money Bank AG, Zurich
Photography: Foto Frank Schwarzbach AG, Zurich
Production: Neidhart + Schoen AG, Zurich

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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