

H1 2015 financial results

19 August 2015



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Cembra Money Bank highlights H1 2015

Environment

- Interest rates at historically low levels, SNB charging negative rates, Swiss Franc stabilising around 1.05 vs €
- Swiss economy contracted in first quarter by 0.2% ... exports challenged but consumer spending holding well

Financials

- Cembra performing well with net income of CHF 69.6mn or CHF 2.37 a share ... EPS up 10% vs H1'14
- Financing receivables grew 1% exceeding Swiss GDP growth, driven by strong Cards performance
- Continued rigorous cost management with cost/income ratio of 42.8% vs 44.5% in H1'14
- Return on average equity of 17.7%, further improving with net income & adjusted equity post share buyback

Operational

- Deposits grew CHF 221mn (or 11%) on very strong retail (up 21%) and institutional demand (up 7%)
- Continuing to optimise funding mix with complete repayment of IPO banks loan & CHF 200mn of GE in July '15
- IT transition under way with 82% TSA completed ... on schedule to be completed by year-end 2015
- Continued good loss performance: delinquencies 30+ at 2.0% / NPL at 0.5% ... loss rate @ 1% as guided

Capital

- Share buyback of CHF 100mn from GE executed on 7 May 2015 @ CHF 55.50 per share
- Tier 1 capital ratio¹ of 18.7% ... resulting in excess capital of CHF 27mn as of June 2015

¹ Includes net income adjusted for expected dividend distribution

Product line update

Personal Loans

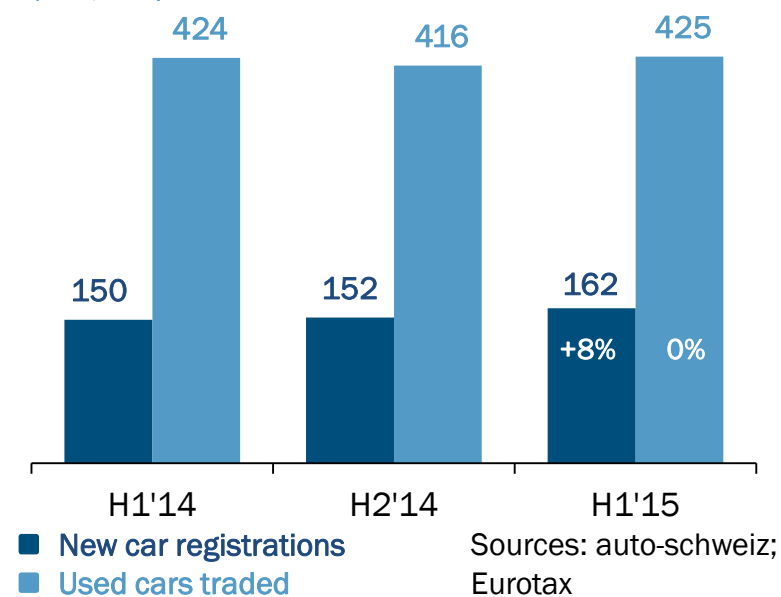
New brand ambassador



- Personal loan market slightly decreasing in H1'15
- Cembra holding market share and price in competitive environment
- Top of mind increasing with new brand ambassador Christa Rigozzi
- Ban of aggressive advertising will support Cembra's mid-term strategy

Auto

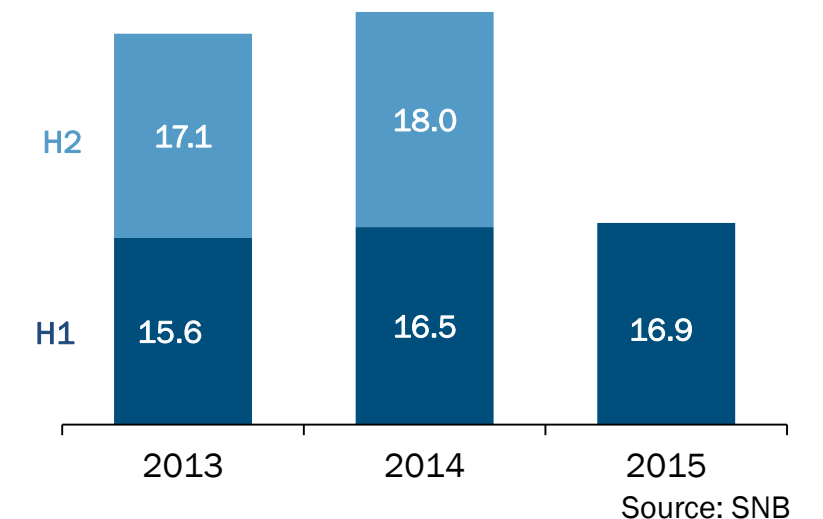
Swiss car market (in 1,000)



- Strong Swiss franc supported strong new car sales in H1'15 ... captives benefit more with aggressive rates
- Pressure on used card market ... volume and prices
- Car market expecting to normalize in H2'15
- Cembra holding market position with strategic focus on service and profitability vs growth at low prices

Credit Cards

Swiss credit cards transaction volume (in CHF bn)



- Continued successful organic growth with cards up 8% to 626,000 (vs H1'14) ... market share 10%
- Spend by card increasing supported by strong growth in NFC ... Cembra 22% of all NFC transactions in H1'15
- Assets up 11% (vs H1'14) ... increasing revolving rates
- Cumulus MasterCard rated best-in-class in several peer analysis¹

General business update

Regulatory

- Domestic interchange fee:
 - Reduced to 70bp as of 1 August 2015
 - Does not apply to Migros in-store transactions
- Potential new interest rate cap:
 - Consultation period ended March 2015
 - Federal council ordered independent study on economic impact (expected October)
 - Continuing discussions on rate cap ... outcome and timing still open
- Cool-off period:
 - Extended from 7 days to 14 days
- Aggressive advertising:
 - Self-regulation starts presumably Jan 2016

GE business transition

- Full IT separation from GE in 2-year period on track ... expected to be completed by Q4'15
- Renewing and upgrading majority of IT landscape
- Simplifying our world outside GE
- GE funding reduced and shifting from «due to affiliates» to «long-term debt»
- Positioning the Bank for further growth in 2016 and beyond

Balance sheet

Assets (in CHF mn; US GAAP)	30-06-15	31-12-14	V%
Cash and equivalents	1 534	622	(14)
Net financing receivables	2 4,102	4,074	1
Personal loans	1,840	1,855	(1)
Auto loans and leases	1,668	1,662	0
Credit cards	595	556	7
Other assets	136	116	17
Total Assets	4,772	4,812	(1)

Liabilities (in CHF mn)

3rd party funding	3 3,912	3,341	17
Deposits	2,163	1,941	11
Short- & long-term debt	1,750	1,400	25
Due to Affiliates	0	500	(100)
Other liabilities	124	129	(4)
Total liabilities	4,036	3,970	2
Shareholders' equity	4 736	842	(13)
Total liabilities and equity	4,772	4,812	(1)
Risk-weighted assets	3,730	3,689	1
Tier 1 capital ratio¹	18.7%	20.6%	

Comments

1 ■ CHF 350mn prepayments in July (IPO syndicate loan CHF 150mn & GE term loan CHF 200mn)

2 ■ Financing receivables growing 1% driven by continuous development in Cards (up 7%). Personal loans down in line with market & Auto flat in a market driven by captives

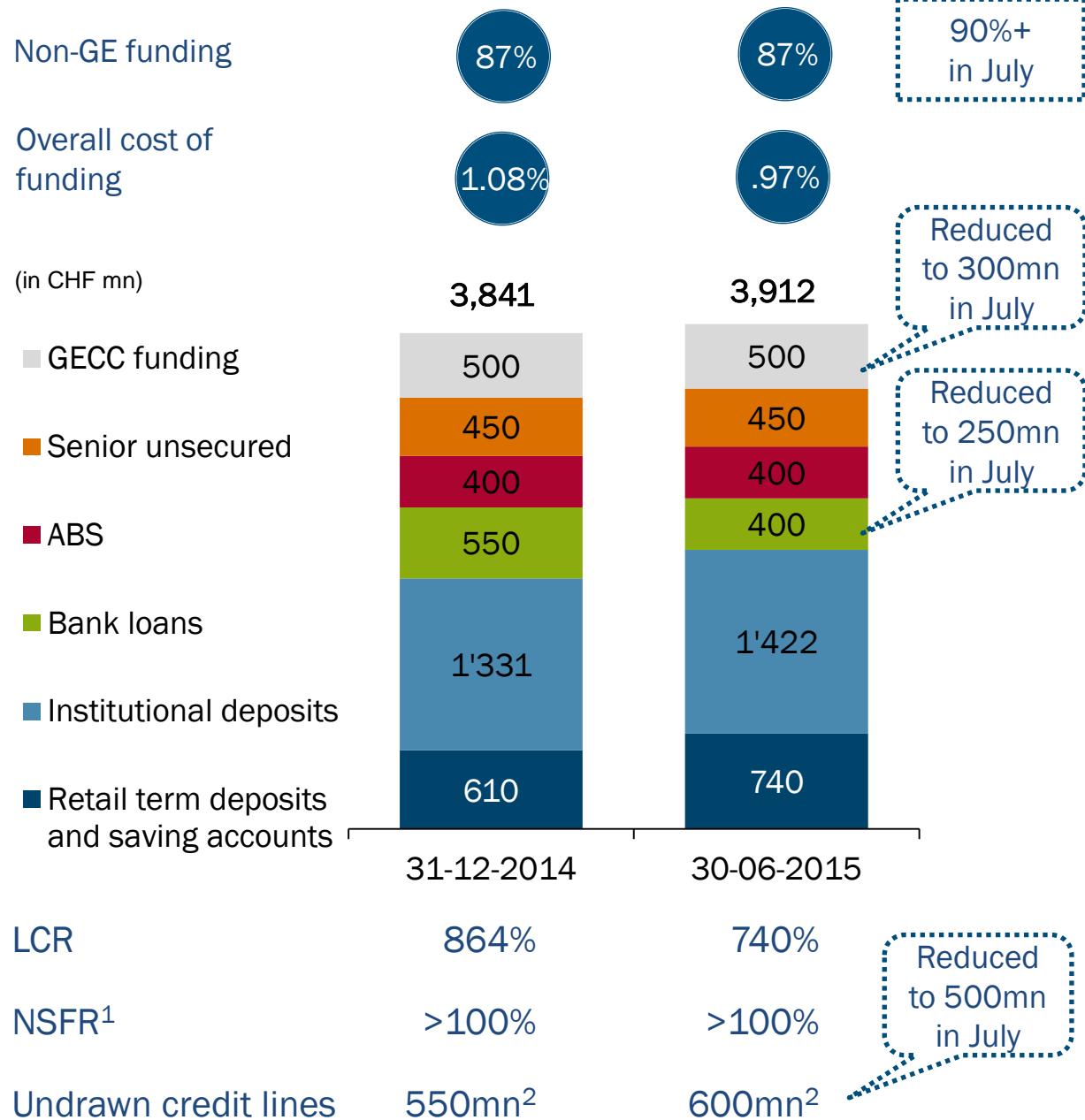
3 ■ Continued growth in deposits, reaching now 55% of total funding, driven by Institutional up 7% and retail up 21%
 ■ GE funding shifted from “due to affiliates” to “long-term debt” after GE has sold all remaining shares
 ■ IPO syndicate loan & GE term loan reduction as a subsequent event in July 2015

4 ■ Equity down as a result of dividend payment (CHF 93mn) and share buyback (CHF 100mn) partially offset by net income (CHF 70mn) and nominal tax benefit (CHF 16mn)

¹ Includes net income adjusted for expected dividend distribution

Funding

Diversified, local funding sources



¹ Based on the revised NSFR framework published by the Basel Committee on Banking Supervision in January 2014

² Excludes undrawn committed term facilities

Existing funding programs

Long term debt	ABS	<ul style="list-style-type: none"> Auto ABS 2013/2016: CHF 200mn 3yr fixed @ 0.576%* New Auto ABS 2015/2019: CHF 200mn 4yr fixed @ 0.23%* 	
	Bank loans & committed credit lines	<ul style="list-style-type: none"> CHF 150mn term loan from syndicate of Swiss banks due 2017 CHF 100mn revolving facility from Swiss bank due 2017 (CHF 0mn drawn as of June 2015) CHF 150mn facility from international bank due 2018 (CHF 100mn all-in rate of 0.59%) CHF 150mn outstanding IPO loan (prepaid CHF 150mn in H1'15) @ all-in rate of 1.79% (fully repaid in July) New CHF 100mn revolving facility from Swiss Bank due 2018 (back-up line) 	WA all-in rate 1.19%
Deposits	Senior unsecured	<ul style="list-style-type: none"> Nov. 2013-2017: CHF 250mn 4yr @ 1.125%* Oct. 2014-2019: CHF 100mn 5yr @ 0.75%* Oct. 2014-2022: CHF 100mn 8yr @ 1.25%* 	
	Institutional term deposits	<ul style="list-style-type: none"> Diversified portfolio across sectors & maturities Book of 100+ investors 	WA rate 0.75%
Retail term deposits and saving accounts	<ul style="list-style-type: none"> Circa 33,000 active depositors Fixed term offerings of 3 – 8 years Saving accounts are on demand deposits 		
GECC funding	GE Capital	<ul style="list-style-type: none"> CHF 500mn term facility 2013/2018 (reduced to CHF 300mn in July) CHF 500mn revolving facility for 5 years o/w CHF 0mn drawn as of June 2015 (reduced to CHF 300mn in July) All-in rate @ 1.75% of the drawn balance as of June 2015 	Cembra Money Bank

* Additional charges apply related to fees and debt issuance costs

P&L

Income statement (in CHF mn; US GAAP)	H1 '15	H1 '14	V%
Interest income	167.1	168.9	(1)
Interest expense	(19.8)	(20.5)	(3)
Net interest income	147.3	148.4	(1)
Insurance	10.7	10.7	1
Credit card fees	27.0	21.5	26
other	5.3	5.4	(2)
Commission and fee income	43.0	37.5	15
Total income	190.3	185.9	2
Provision for losses	(20.8)	(21.0)	(1)
Operating expense	(81.4)	(82.6)	(2)
Income before taxes	88.1	82.3	7
Taxes	(18.5)	(17.6)	5
Net income	69.6	64.7	8
Basic earnings per share (EPS)	2.37	2.16	10

Key ratios

Net interest income / financing receivables	7.1%	7.2%
Cost/income	42.8%	44.5%
Effective tax rate	21.0%	21.4%
Return on average equity (ROE)	17.7%	16.4%
Return on average assets (ROA)	2.9%	2.8%

Comments H1'15

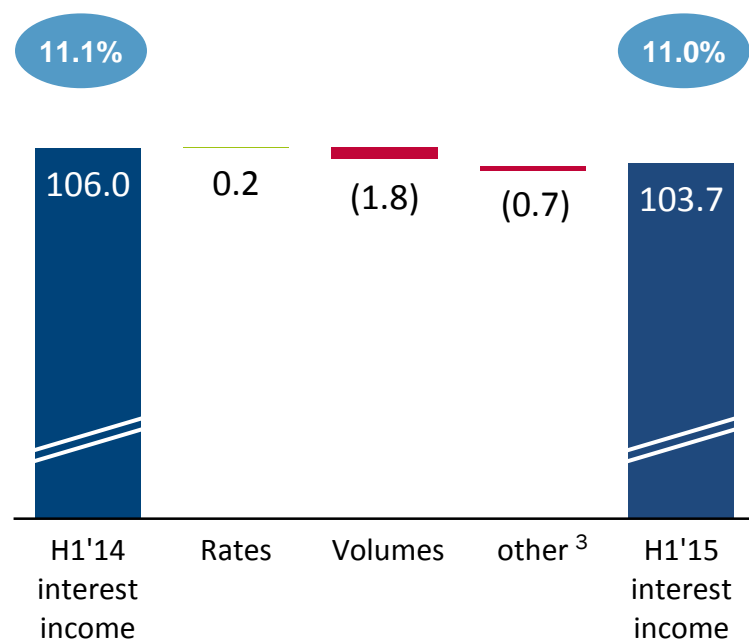
- 1** ■ Net interest income down driven by CHF 1.5mn charges from SNB on cash held
■ Continuing improvement on funding mix and re-pricing driving interest expense down. Further reduction in H2'15.
- 2** ■ Very strong growth in Credit Cards with fees up 26%
- 3** ■ Losses at 1% as guided; driven by recoveries flow impact from June 2013 debt sale
- 4** ■ H1'15 operating expenses lower driven by timing of IT spend and overall productivity
■ Includes CHF 3.4mn share issuance tax in H1'15 and CHF 3.0mn FINMA related provision in H1'14
- 5** ■ EPS up 10% supported by share buyback

Interest income by product lines

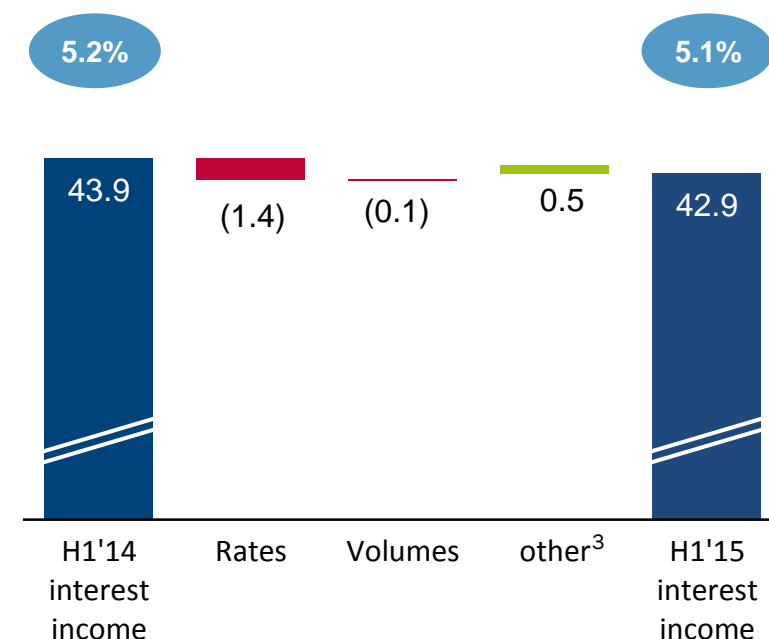
Average financing receivables ¹ (in CHF mn)	H1 '15	H1 '14	Interest income (in CHF mn)	H1 '15	H1 '14
Personal loans	1,883	1,912	Personal loans	103.7	106.0
Auto loans and leasing	1,672	1,675	Auto loans and leasing	42.9	43.9
Credit cards	580	514	Credit cards	21.8	18.7
Total financing receivables	4,135	4,101	Total interest income²	168.5	168.6

Change in personal loans interest income

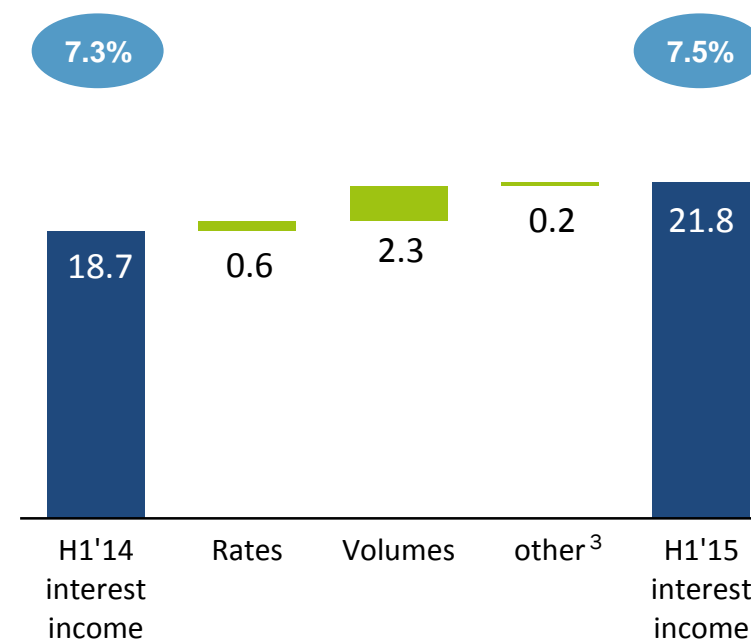
Avg. yield:



Change in auto loan/leasing interest income



Change in credit cards interest income



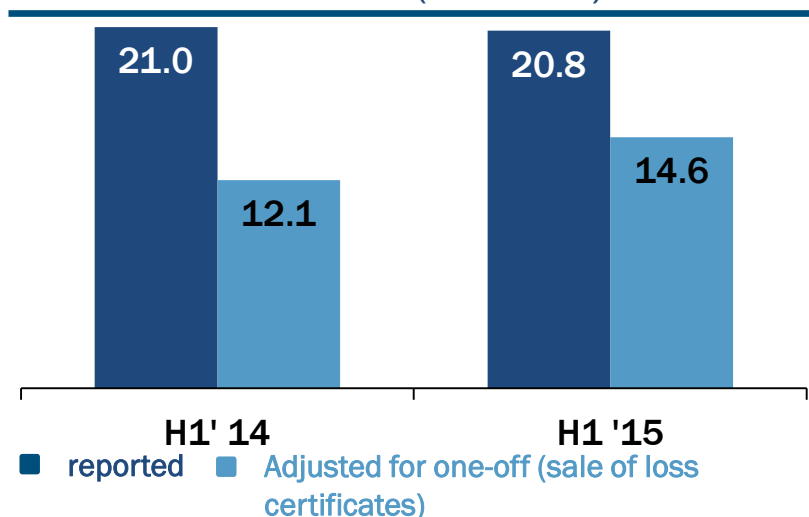
¹ Average receivables calculated on a half-yearly basis (2-point average)

² Excludes interest income from 'Other' of CHF 0.2mn for H1'14 and CHF (1.5)mn for H1'15

³ 'Other' includes deferred income and other interest

Provision for losses

Provision for losses (in CHF mn)



	H1 '14	H1 '15
Loss rate ¹	1.0%	1.0%
Adjusted loss rate ²	0.6%	0.7%
30+ days past due	2.0%	2.0%
Non-performing loans (NPL) ³	0.5%	0.5%

Comments

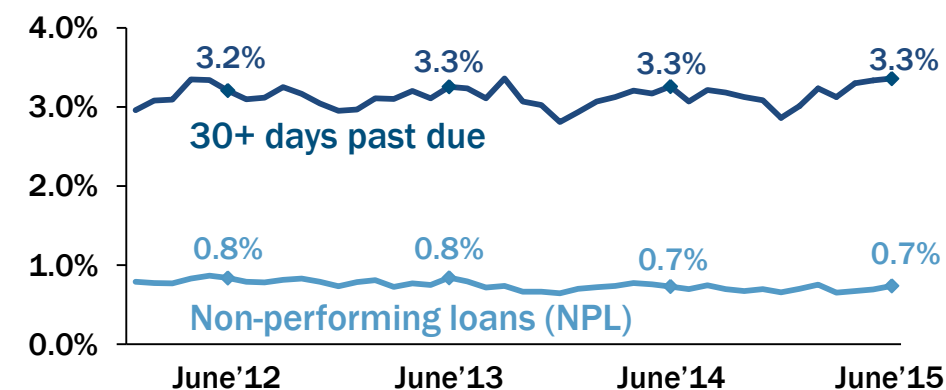
- Loss performance in line with guidance of 1%
- Sale of loss certificates in June 2013 still affecting recovery flow
- Stable delinquencies on all products and in line with prior year trends
- H1'15 loss provision now includes credit card transaction fraud losses

¹ Loss rate is defined as the ratio of provisions for losses on financing receivables to average financing receivables (net of deferred income and before allowance for losses)

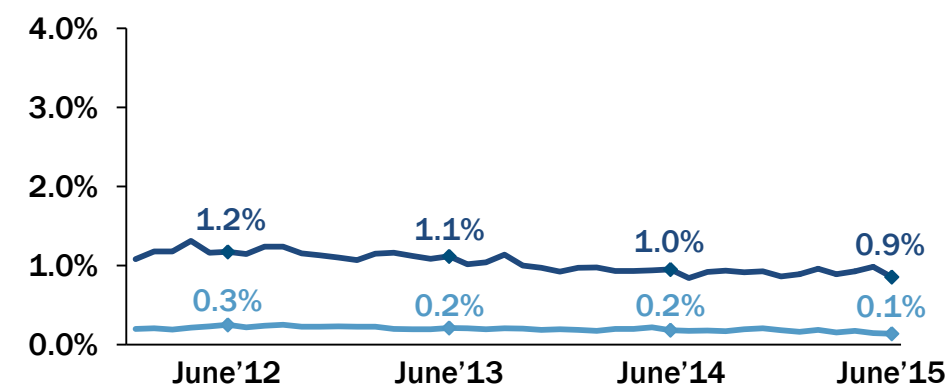
² Adjusted for CHF 8.9mn lower recoveries in H1'14 and CHF 6.2mn in H1'15 because of June 2013 debt sale

³ Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by the interest bearing assets

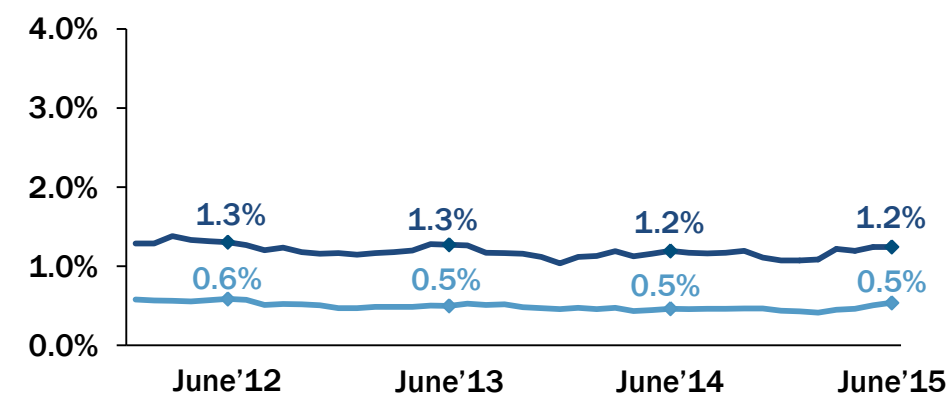
Personal loans



Auto



Cards



Operating expense

Income statement (in CHF mn)	H1 '15	H1 '14	V%	Comments
Compensation and benefits	1 48.8	47.9	2	1 ■ Pension expense CHF 0.9mn increase. Salaries inflation offset by productivity.
GE Capital assessments / TSA ¹	2 1.2	3.4	(64)	2 ■ Lower TSA costs driven by progress on migration to Cembra standalone IT infrastructure, partially offset in newly separated information technology line
Professional services	3 5.3	6.8	(2)	3 ■ Lower consulting costs by CHF 1.5mn
Marketing	4 4.6	2.9	(60)	4 ■ Higher H1'15 spend driven by campaigns timing and lower H1'14 marketing base following Q4'13 IPO rebranding
Collection fees	3.3	3.1	7	
Postage and stationery	5 3.9	4.3	(9)	5 ■ Penetration of eService driving lower run rate, partially offset by credit cards core growth
Rental expenses under operating leases	2.8	2.9	(4)	
Information technology ²	6.7	5.6	21	
Depreciation and amortization	6 1.8	1.1	57	6 ■ Investments in IT transition began amortising in Q4'14
Other	7 2.9	4.7	(38)	7 ■ Includes CHF 3.4mn one-off share issuance costs in H1'15 ■ Includes CHF 3.0mn for FINMA-related provision in H1'14
Total operating expenses	81.4	82.6	(2)	
Adjusted operating expenses ³	78.0	79.6	(2)	
Cost/income ratio (reported)	42.8%	44.5%		
Cost/income ratio (adjusted) ³	41.0%	42.8%		
Full-time equivalent employees (FTE)	708	703	1	

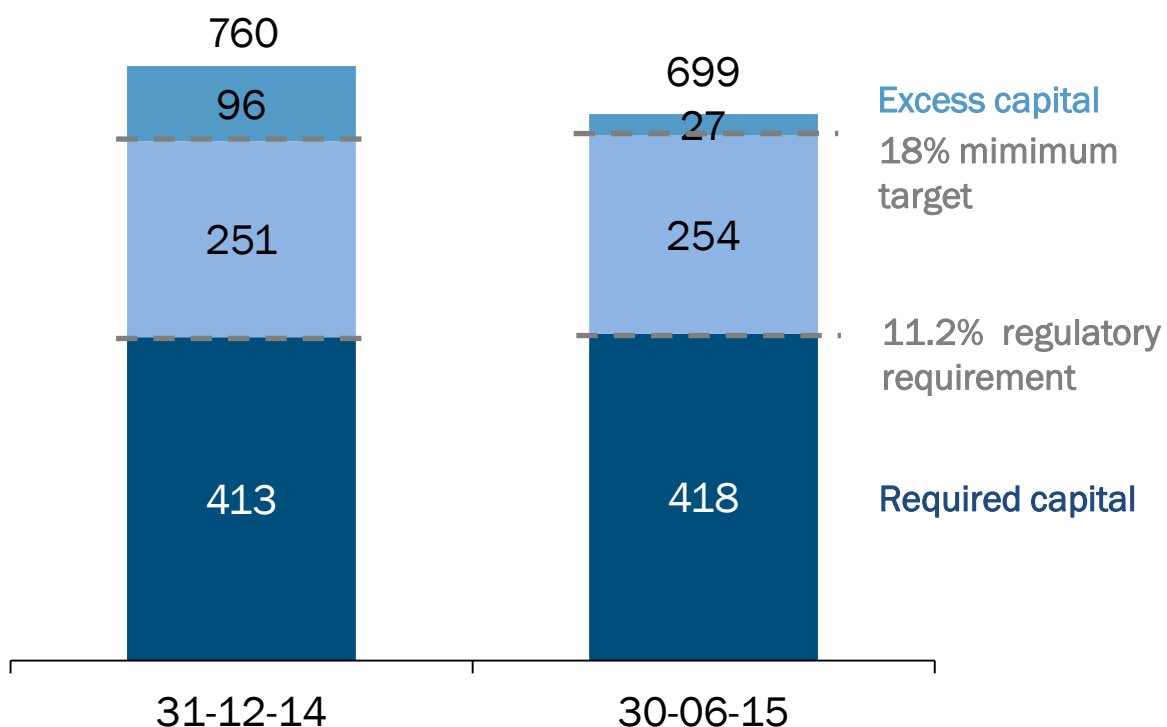
¹ Transitional Service Agreement (TSA) from November 2013

² In 2014 «Information technology» was part of «Other» and «Professional Services»; see appendix for 2014 reclassification

³ Adjusted for CHF 3.0mn FINMA-related provision in H1'14 and CHF 3.4mn share issuance tax in H1'15

Capital and EPS

Required and excess capital (in CHF mn)¹



Share buyback and use of excess capital

- Share buyback of CHF 100.0mn executed on 7 May @ CHF 55.50 per share
- Positive impact of CHF 15.5mn on shareholders' equity from share buyback (nominal tax benefit)
- Reserves from capital contribution of CHF 276.5mn (June 2015) designated for future dividend payments (Swiss withholding tax exempt)
- Excess capital stands at CHF 27mn as of 30 June 2015
- Still contemplating opportunistic M&A in Swiss consumer finance space and bolt-on acquisition of portfolios

RWA and capital (in CHF mn)	31-12-14	30-06-15
Risk-weighted assets (RWA)	3,689	3,730
Tier 1 capital ²	760	699
Tier 1 capital ratio	20.6%	18.7%

Per share data	H1'14	H1'15
Basic earnings per share (EPS) ³	2.16	2.37
Number of shares	30,000,000	30,000,000
Treasury shares	39,181	1,836,579
Shares outstanding	29,960,819	28,163,421
Weighted-average numbers of shares outstanding	29,960,795	29,425,900

¹ Derived from the Bank's statutory consolidated financial statements which were prepared in accordance with Swiss GAAP

² Includes half-year net income adjusted for assumed dividend distribution (70%)

³ Based on weighted-average numbers of common shares outstanding

Outlook / Guidance

Medium-term targets

H1'15

Asset growth

- Net customer loan growth to be moderate and in line with Swiss GDP growth

+0.7%



Profitability

- RoE target of at least 15%

17.7%¹



Capitalisation

- Target consolidated Tier 1 capital ratio of minimum 18%

18.7%



Dividend payout

- Target payout ratio between 60% and 70% of consolidated net income

70%²



Outlook for full-year 2015

Business transition

- Optimize funding strategy and complete IT transition

Regulatory changes

- Continuously adapt business to changes in regulatory environment

Cost

- Drive digitisation and organisation simplification

Increasing guidance for full-year 2015

Earnings per share³

- EPS in the range of CHF 4.70 – 4.90

Provision for losses

- Expected at 1%

¹ Annualised

² Assumed distribution to determine Tier 1 capital; to be revisited at year-end 2015

³ Based on an estimated weighted-average numbers of shares outstanding of about 28,800,000 for 2015

Appendix

Cost of funding drivers

Funding balance at period end (in CHF mn; US GAAP)	30-06-15	30-06-14
Deposits	2,162	1,898
Bank loans	400	675
ABS	400	400
Senior unsecured	450	250
GE funding	500	500
Total funding	3,912	3,723
Interest expense (in CHF mn)	H1'15	H1'14
Deposits	8.4	7.1
Bank loans	3.2	4.9
ABS	1.7	2.2
Senior unsecured	2.7	1.6
GE funding	3.8	4.7
Total interest expense	19.8	20.5

Operating expense reclassification

Income statement (in CHF mn)	H1'14	FY'14	H1'15
Compensation and benefits	47.9	95.9	48.8
GE Capital assessments / TSA	3.4	6.1	1.2
Professional services	6.8	14.5	5.3
Marketing	2.9	6.8	4.6
Collection fees	3.1	6.5	3.3
Postage and stationery	4.3	8.7	3.9
Rental expenses under operating leases	2.9	5.9	2.8
Information technology	5.6	12.7	6.7
Depreciation and amortization	1.1	2.5	1.8
Other	4.7	1.8	2.9
Total operating expenses	82.6	161.4	81.4