

Cembra is evolving

A leading player in consumer finance and cards

Investor presentation, April 2019



Agenda

1. Cembra at a glance
2. FY 2018 results
3. Strategy and outlook

Appendix

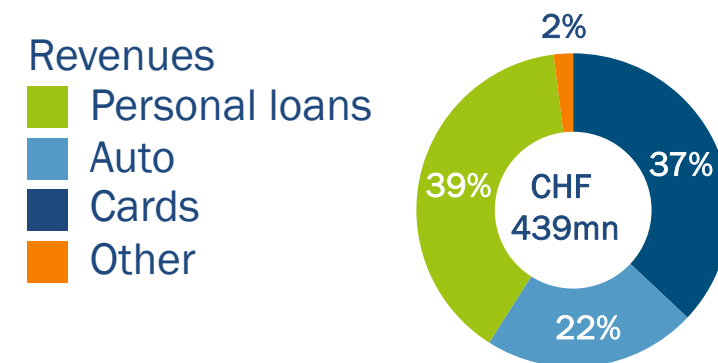
Cembra at a glance

A leading player in consumer finance and cards

Who we are

- Independent consumer finance specialist exclusively operating in Switzerland
- Strong market positions in personal loans (34% market share), auto loans & leases (17%) and credit cards (13%)
- Serving about 870,000 customers through diversified distribution, personalised service and digitised solutions
- Diverse workforce of 850 employees with 37 nationalities; 48% female (30% female in management positions)
- Standard & Poor's credit rating A-/A-2, stable outlook
- Listed on Swiss Stock Exchange since IPO in 2013 (CMBN.SW), US GAAP disclosure

Key figures (FY 2018)



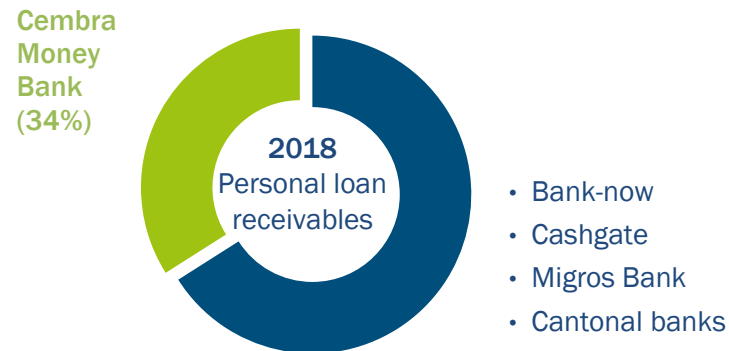
- Total assets CHF 5.4bn
- Competitive loss ratio (1.1%) and cost/Income ratio (44.0%)
- Return on equity 16.9%
- Tier1 capital ratio 19.2%
- Market cap ~ CHF 2.6bn¹

¹ Market cap as per April 2019, based on 94% free float

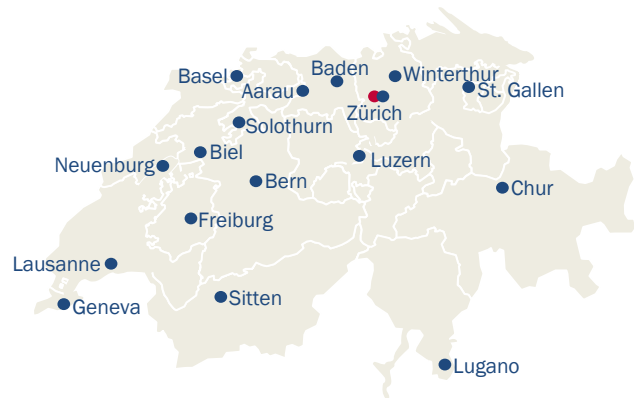
Strong market positions

870,000 customers (+8% in 2018)

Personal loans: 34% market share



18 branches all over Switzerland



- Market leader in personal loans segment
- Diversified distribution with 18 branches, 140 independent agents and an efficient internet channel
- Premium pricing supported by personalised superior service
- Strong brand presence

Auto business: 17% market share



Diversified distribution

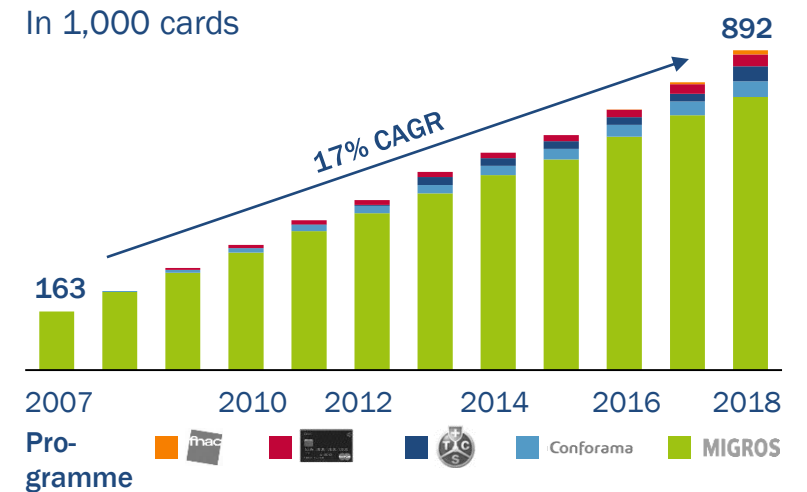


- Strong independent player – no brand concentration
- Mix of new (35%) and used cars (65%)
- Offering products through more than 3,900 dealers – dedicated field sales force combined with 3 service centres

Credit cards: 13% market share



A fast growing portfolio



- Launched offering in 2006 – growing the portfolio to 892k cards issued by 2018
- Track record of innovation with tailored “dual-card” and attractive loyalty programs
- Market share in contactless payments 19%
- Smart follower strategy for new technologies

Track record

Delivered on all targets since the IPO

IPO targets (Oct. 2013)		2014	2015	2016	2017	2018
Asset growth	Net customer loan growth to be moderate and in line with Swiss GDP growth	2.1%	(0.3)%	0.9%	12.0% Organic: 4.0%	5.4%
Profitability	ROE target of at least 15%	17.0%	17.7%	17.4%	16.7%	16.9%
Capitalisation	Target Tier 1 capital ratio of minimum 18%	20.6%	19.8%	20.0%	19.2%	19.2%
Dividend pay-out	Target pay-out ratio for ordinary dividend between 60% and 70% of net income	66%	66%	68%	69%	69%
Earnings per share (EPS)		4.67	5.04	5.10	5.13	5.47
Dividend per share		3.10	3.35	4.45 ¹	3.55	3.75
Dividend yield²		5.6%	5.2%	6.0% ¹	3.9%	4.8%

¹ Including extraordinary dividend of CHF 1.00 per share

² Based on year-end share price

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Excellent performance in 2018

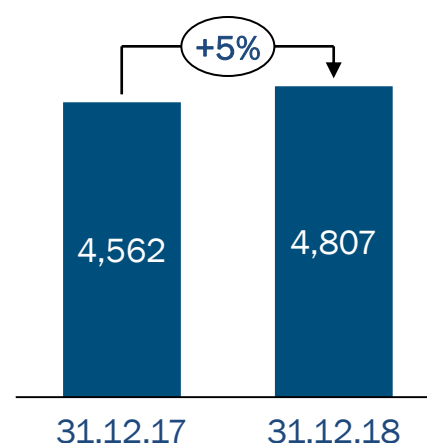
Delivery on all targets

Highlights

- +7% net income to CHF 154.1mn (EPS 5.47)
- +11% revenues, with stable loss ratio and competitive cost/income ratio
- +5% receivables, with growth across all product lines
- ROE and Tier 1 capital above targets
- +6% dividend increase¹ (+ CHF 0.20 to CHF 3.75)

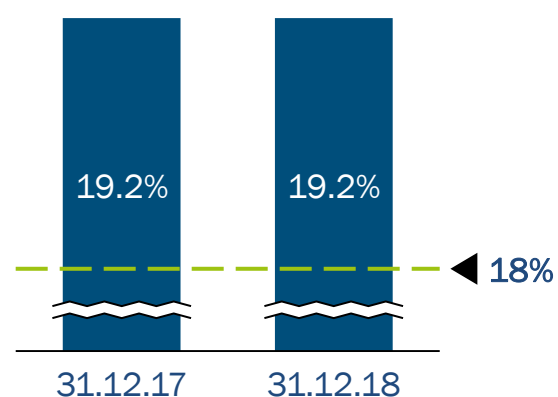
Net financing receivables

Target for assets growth: in line with Swiss GDP growth. In CHF mn



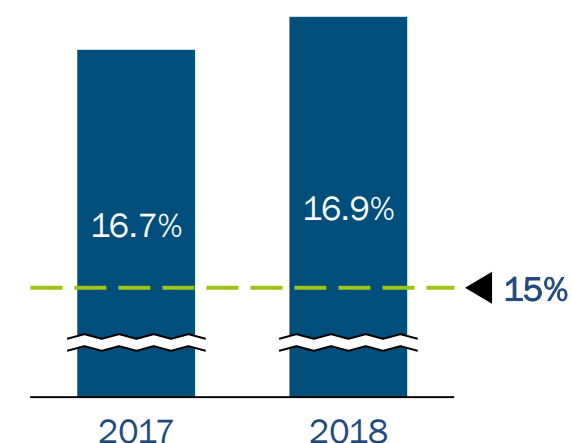
Capital adequacy (Tier 1)

Target Tier 1 capital ratio: >18%



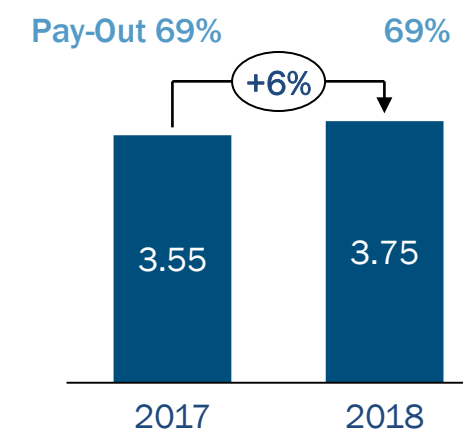
Return on equity

Target ROE: >15%



Dividend per share¹

Target pay-out: 60% – 70% (in CHF)



¹ proposed

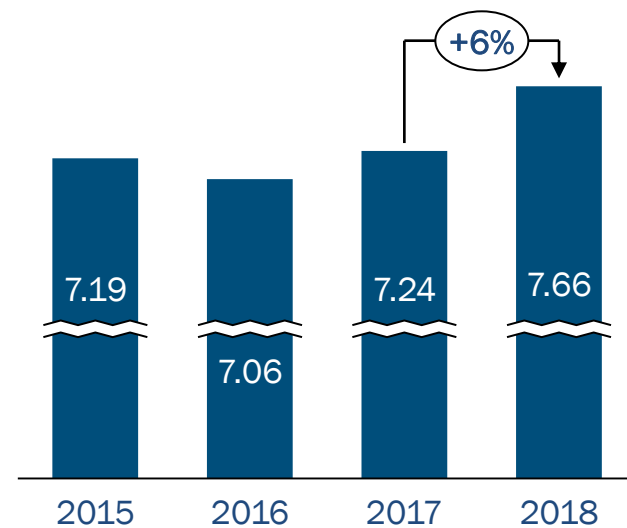
Products and markets

Personal loans & Auto in line, cards outperforming market

Market environment

Personal loans

Consumer loans market, CHF bn

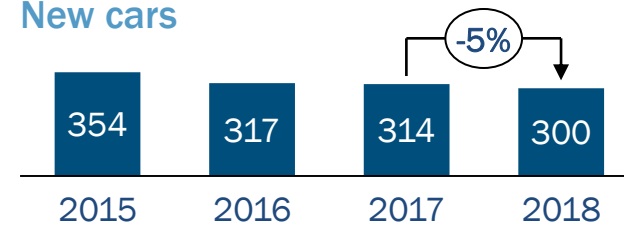


Source: ZEK

Auto loans and leases

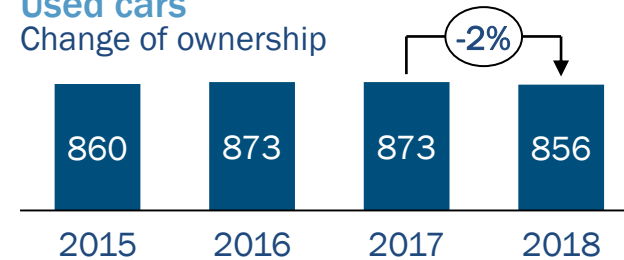
Car registrations, in 1,000 cars

New cars



Used cars

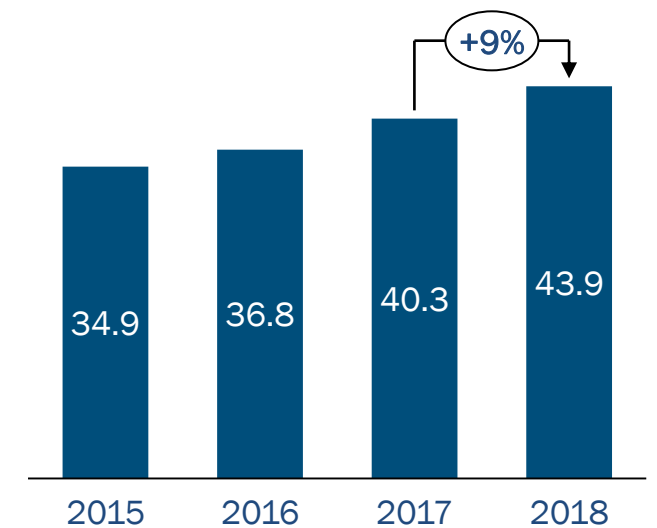
Change of ownership



Sources: Eurotax, auto-Schweiz

Credit cards

Transaction volumes, CHF bn



Source: SNB

Cembra 2018

- Net financing receivables +6% in line with market
- Market share stable despite aggressive competition
- Almost full book repriced, establishing new run rate in H2 2019

- Net financing receivables +2% in line with leasing market (+2%)
- Market share stable
- Partnerships performing well
- EFL Autoleasing AG successfully integrated

- Number of cards issued up 11% to about 892,000
- Outperforming market growth, Market share 13% in credit cards (2017: 12%)
- Strong presence in NFC transactions with 19% market share
- All partnerships performing well

P&L

Income statement		2018	2017	%
In CHF mn				
Interest income		330.0	308.3	7
Interest expense		-20.8	-24.7	-16
Net interest income	1	309.2	283.6	9
Insurance	2	20.5	23.0	-11
Credit cards	3	92.6	75.0	23
Loans and leases	4	13.4	11.8	14
Other		3.2	2.9	10
Commission and fee income		129.6	112.7	15
Net revenues		438.8	396.3	11
Provision for losses	5	-50.1	-45.1	11
Operating expense	6	-193.0	-167.9	15
Income before taxes		195.7	183.3	7
Taxes		-41.6	-38.8	7
Net income		154.1	144.5	7
Basic earnings per share (EPS)		5.47	5.13	7

Key ratios

Net interest income/ financing receivables	6.5%	6.5%
Cost/income	44.0%	42.4%
Effective tax rate	21.3%	21.2%
Return on average equity (ROE)	16.9%	16.7%
Return on average assets (ROA)	2.9%	2.9%

Comments

- 1 Higher interest income driven by EFL acquisition at the end of 2017, as well as credit cards asset growth and pricing change, partially offset by the repricing of the personal loan book
Lower interest expense primarily driven by lower debt financing costs
- 2 Driven by the termination of partnership with CSS
- 3 Credit cards performance driven by +14% originations growth and pricing initiatives
CHF 5.2mn reclassification from operating expenses (see note)
- 4 CHF 1.4mn reclassification from operating expenses (see note)
- 5 Loss rate of 1.1% reflecting the continued risk management discipline
- 6 Driven by an increase in FTE, increased business development activities and IT investments
CHF 6.6mn reclassification to commission and fee income (see note)

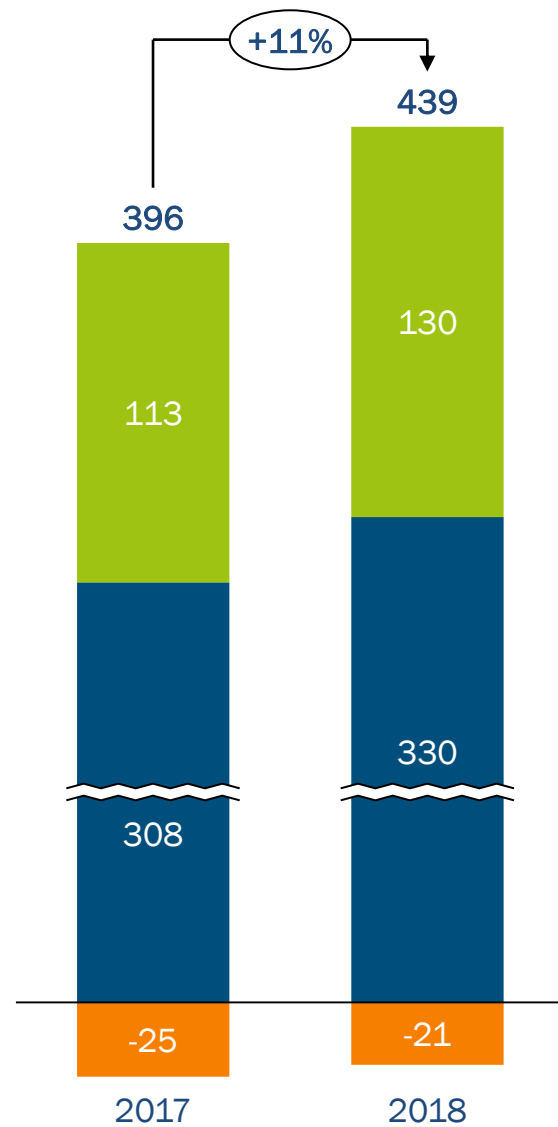
Note: With the adoption of ASC 606 (ASU 2014-09) revenue recognition standard as of 1 Jan 2018 regarding gross vs net presentation of fee income, 2018 commission & fee income includes CHF 6.6mn of revenues that would have previously been reported as operating expenses (thereof CHF 3.4mn marketing, CHF 3.2mn collection fees).

Net revenues by source

+11% growth

In CHF mn

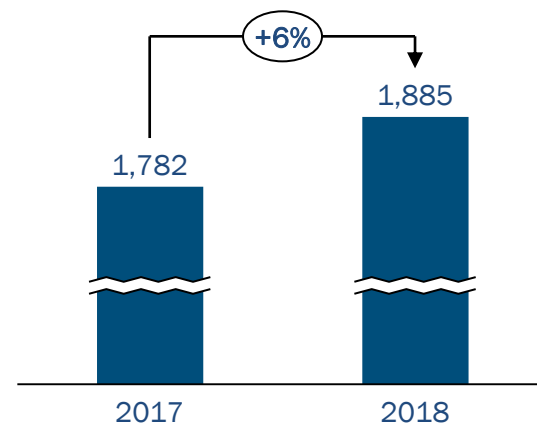
Revenues by source



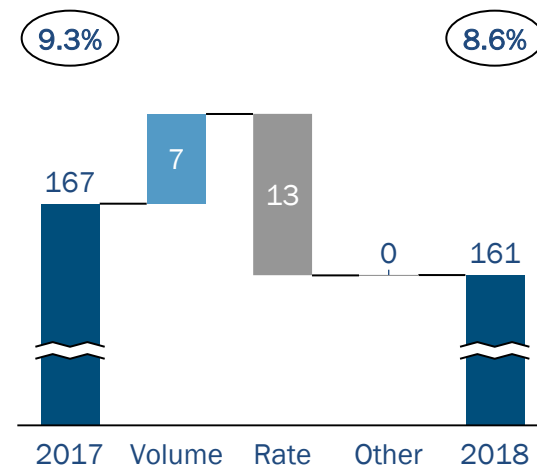
- Interest income
- Interest expense
- Commission and fee income

Personal loans

Net financing receivables

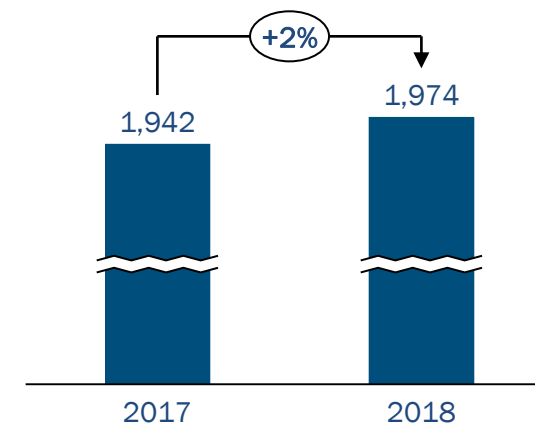


Yield (2pt avg) and Interest Income

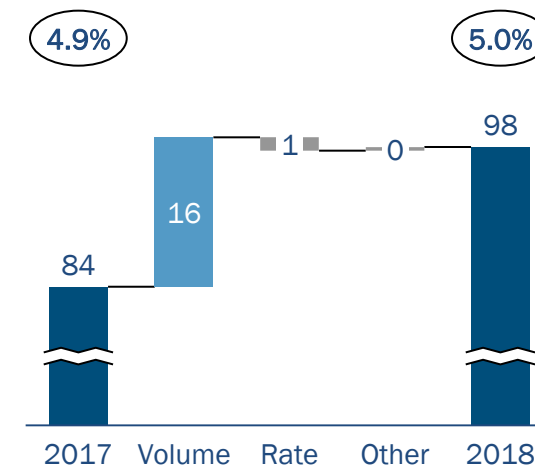


Auto lease and loans

Net financing receivables

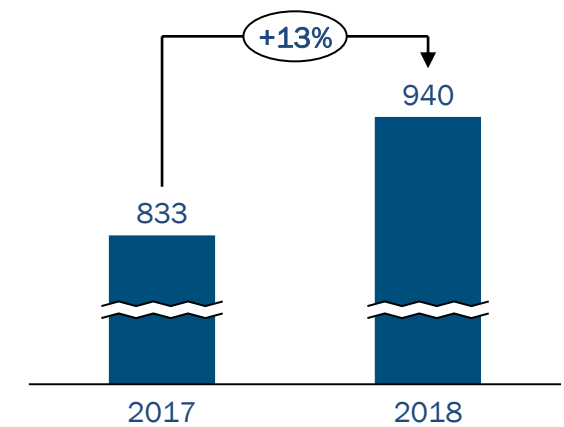


Yield (2pt avg) and Interest Income

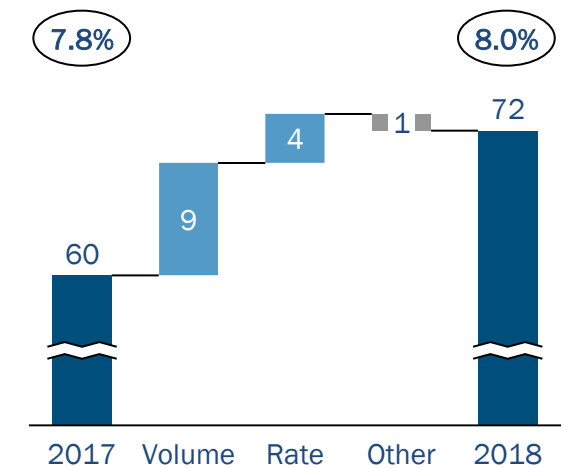


Credit cards

Net financing receivables



Yield (2pt avg) and Interest Income



Operating expenses

Income statement		2018	2017	%
In CHF mn				
Compensation and benefits	1	105.8	97.7 ¹	8
Professional services	2	18.6	11.4	63
Marketing	3	8.5	6.1	40
Collection fees	4	10.9	5.8	88
Postage and stationary		9.9	9.3	6
Rental expenses (under operating leases)		4.9	4.7	4
Information technology	5	24.9	23.6	6
Depreciation and amortisation	6	13.0	8.7	49
Other	7	-3.5	0.7 ¹	n/a
Total operating expenses		193.0	167.9	15
Cost / Income ratio		44.0%	42.4%	
Full-time equivalent employees	1	783	735	7
Cembra Money Bank		754	720	5
Swissbilling		29	15	93

Comments

- 1 Increase in FTE driven by the acquisition of EFL Autoleasing AG, Swissbilling growth and digital investments
- 2 Increase largely driven by strategic initiatives and technology investments
- 3 Driven by CHF 3.4mn reclassification to income due to ASC 606 (see note) offset by CHF 1.0mn reduction of various marketing activities
- 4 Driven by CHF 3.2mn reclassification to income due to ASC 606 (see note), CHF 1.2mn primarily due to increased activities with third party collection services
- 5 CHF 3.6mn reimbursement received for the cancellation of the data centre sourcing project partially offset by an expansion on IT services and other investments
- 6 Driven by CHF 1.4mn increase due to asset write-offs, and CHF 2.8mn increase due to investments in IT and Project releases
- 7 Primarily driven by CHF 1.7mn lower pension costs

Notes With the adoption of ASC 606 (ASU 2014-09) revenue recognition standard as of 1 Jan 2018 regarding gross vs net presentation of fee income, 2018 commission & fee income includes CHF 6.6mn of revenues that would have previously been reported as operating expenses (thereof CHF 3.4mn Marketing, CHF 3.2mn collection fees).

1 Full-year 2017 restatement of CHF 2.3mn due to adoption of ASC 715 «Compensation – Retirement Benefits: Improving the Presentation of Net Periodic Pension Costs and Net Periodic Postretirement Benefit Cost»

Balance sheet

Assets		31.12.18	31.12.17	%
In CHF mn				
Cash and equivalents	1	499	418	19
Net financing receivables	2	4,807	4,562	5
Personal loans		1,885	1,782	6
Auto leases and loans		1,974	1,942	2
Credit cards		940	833	13
Other (Swissbilling)		8	5	70
Other assets		134	119	12
Total assets		5,440	5,099	7

Liabilities

In CHF mn				
Funding	3	4,325	4,048	7
Deposits		2,827	2,627	8
Short- & long-term debt		1,498	1,421	5
Other liabilities		182	166	10
Total liabilities		4,507	4,214	7
Shareholders' equity	4	933	885	5
Total liabilities and equity		5,440	5,099	7

Comments

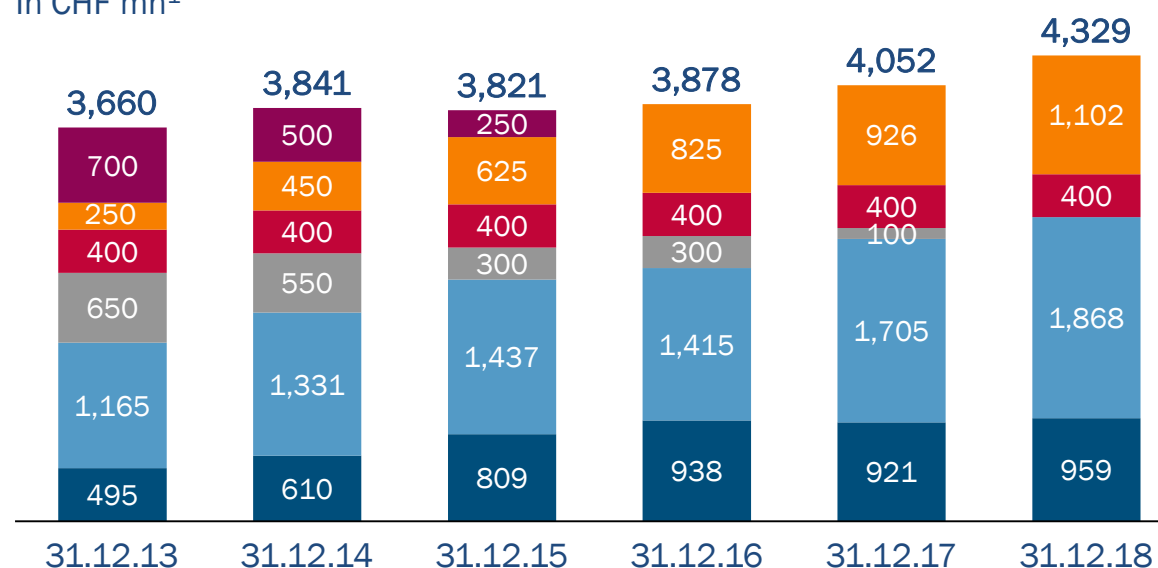
- 1 Higher cash in 2018 due to higher deposits and other pay-ins
- 2 Strong originations across all products in 2018 driving financing receivables growth
- 3 Increase in funding to support asset growth
- 4 Higher equity driven by current year net income, partially offset by CHF 100mn dividend paid in April 2018

Funding

Continuous diversified funding since IPO

Funding mix since IPO

In CHF mn¹



ALM key figures

	31.12.16	31.12.17	31.12.18
End of period funding cost	0.66%	0.52%	0.49%
WA ² remaining term (years)	2.7	2.9	2.7
LCR	1908%	916%	1210%
NSFR ³	118%	113%	112%
Leverage ratio	14.8%	14.8%	14.7%
Undrawn credit lines	350mn	350mn	350mn

¹ Excludes deferred debt issuance costs on long term and short-term debt (US GAAP)

² Weighted average

³ Based on the revised NSFR framework published by BCBS in January 2014

⁴ Additional charges apply related to fees and debt issuance costs

Funding programmes

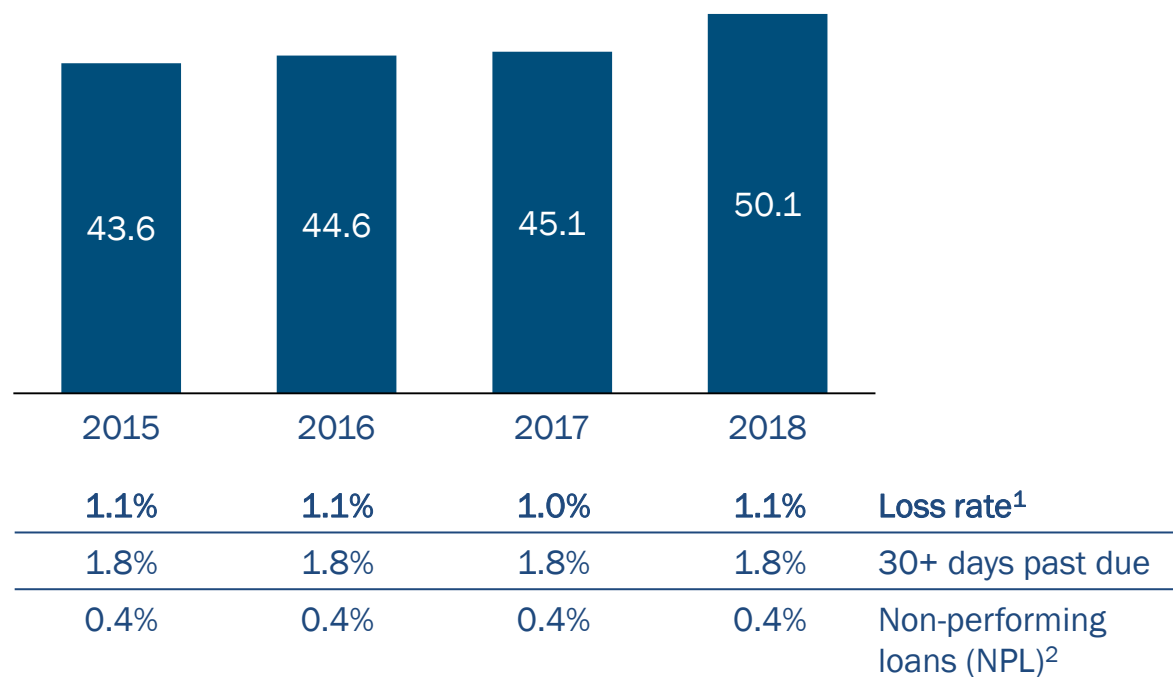
Non-Deposits – 35%	Senior unsecured	<ul style="list-style-type: none"> Eight issuances of between CHF 50mn to CHF 200mn each WA² remaining term of 4.5 yrs/avg. rate of 0.39%⁴
	ABS	<ul style="list-style-type: none"> Two AAA-rated issuances of CHF 200mn each WA remaining term of 0.7 yrs/avg. rate of 0.23%⁴
	Bank loans	<ul style="list-style-type: none"> Outstanding Term Loan paid back in 2018
Deposits – 65%	Institutional term deposits	<ul style="list-style-type: none"> Diversified portfolio across sectors and maturities Book of 100+ investors
	Retail term deposits and saving accounts	<ul style="list-style-type: none"> Circa 28,000 depositors Fixed term offerings 2 – 8 years Saving accounts are on-demand deposits
		WA rate of 0.45%/remaining term 2.3 yrs
Off-BS	Committed revolving credit lines	<ul style="list-style-type: none"> Four facilities of between CHF 50mn to CHF 100mn each WA remaining term of 1.8 years with WA rate of 0.24%⁴
GE	GE funding (until 2015)	

Provision for losses

Loss performance in line with prior years

Provision for losses

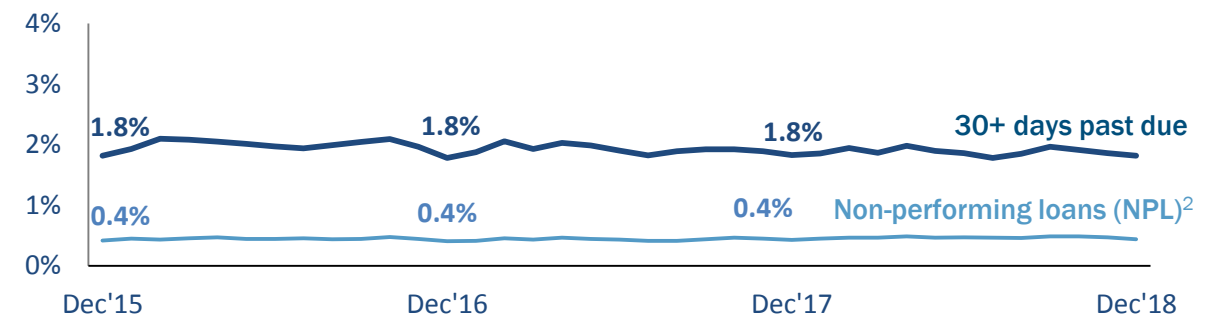
In CHF mn



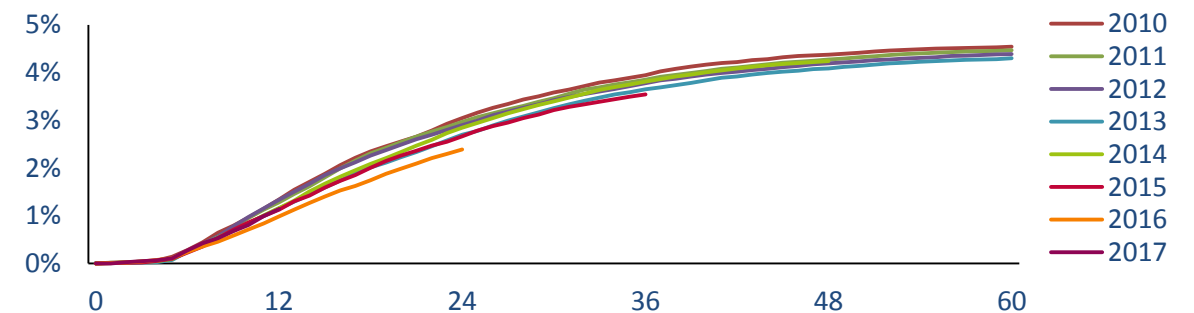
Comments

- Provision for losses driven by portfolio growth
- Overall loss performance in line with prior years
- Stable delinquencies reflecting robust underlying portfolio quality
- No significant change in loss performance expected for 2019

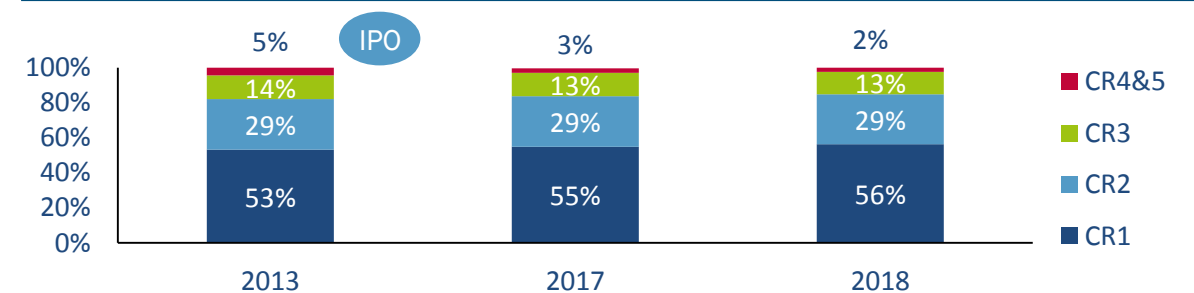
30+ days past due/NPL



Write-off performance³



Credit grades⁴



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

³ Based on Personal Loans and Auto Leases & Loans originated by the Bank

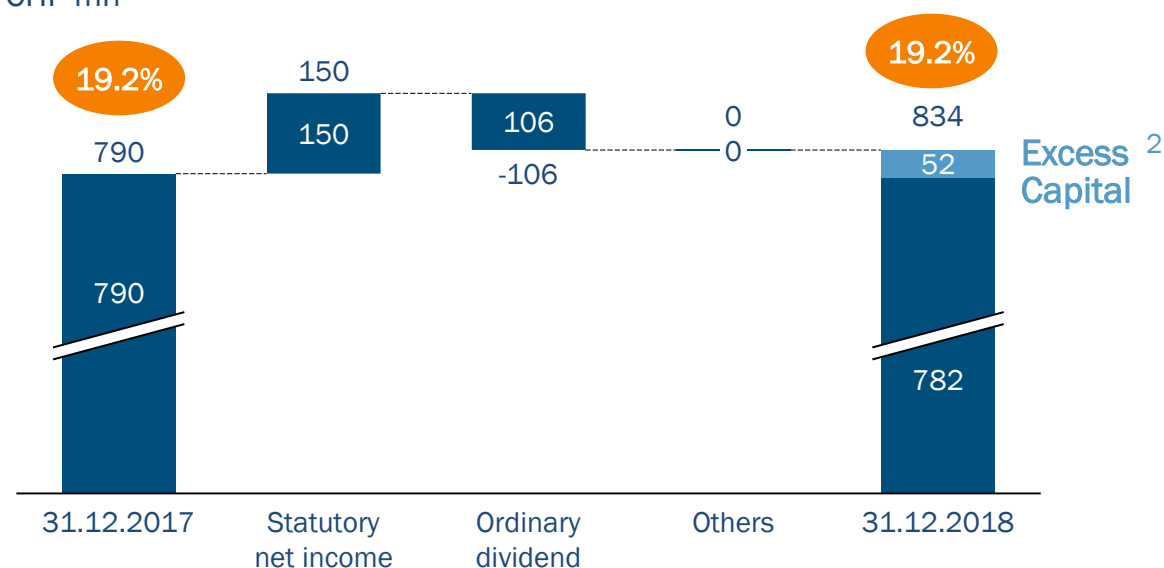
⁴ Consumer Ratings (CR) reflect associated probabilities of default the Bank only (CR1 with probability of default ranging between 0.00% – 1.20% to CR5 13.17% and greater)

Strong capital position

19.2% Tier 1 ratio

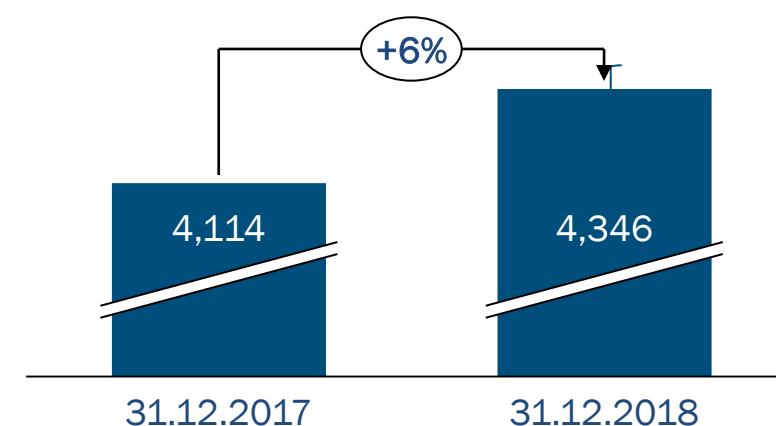
Tier 1 capital walk¹

In CHF mn



Risk-weighted assets

In CHF mn



Per share data

	2017	2018
Basic earnings per share (EPS) ³	5.13	5.47
Ordinary dividend per share	3.55	3.75 ⁴
Payout ratio	69%	69%
Number of shares	30,000,000	30,000,000
Treasury shares	1,814,170	1,813,249
Shares outstanding	28,185,830	28,186,751
Weighted-average number of shares outstanding	28,188,621	28,187,984

Comments

- RWA increased by 6% in line with net financing receivables growth
- Basic EPS CHF 5.47, and diluted EPS CHF 5.46
- Dividend for 2018 will be paid from retained earnings

1 Derived from the Bank's statutory consolidated financial statements which were prepared in accordance with FINMA Circular 2015/1 Accounting for Banks
 2 Includes net income adjusted for expected dividend distribution
 3 Based on net income as per US GAAP and weighted-average numbers of common shares outstanding
 4 Proposed

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2018 key focus areas

Partnerships

- eny finance partnership developing very well
- Lendico still in pilot phase
- Harley Davidson and Hyundai performing successfully



Swissbilling

- Increased staff to 29 FTE
- Opened Zurich office
- Signed major contract with Swisscom Directories AG (localsearch.ch)



Technology

- Launched Cembra mobile app for credit cards
- Samsung Pay and Swatch Pay introduced
- Investing in customer digital journey



SWATCH PAY!
THE COOLEST WAY TO

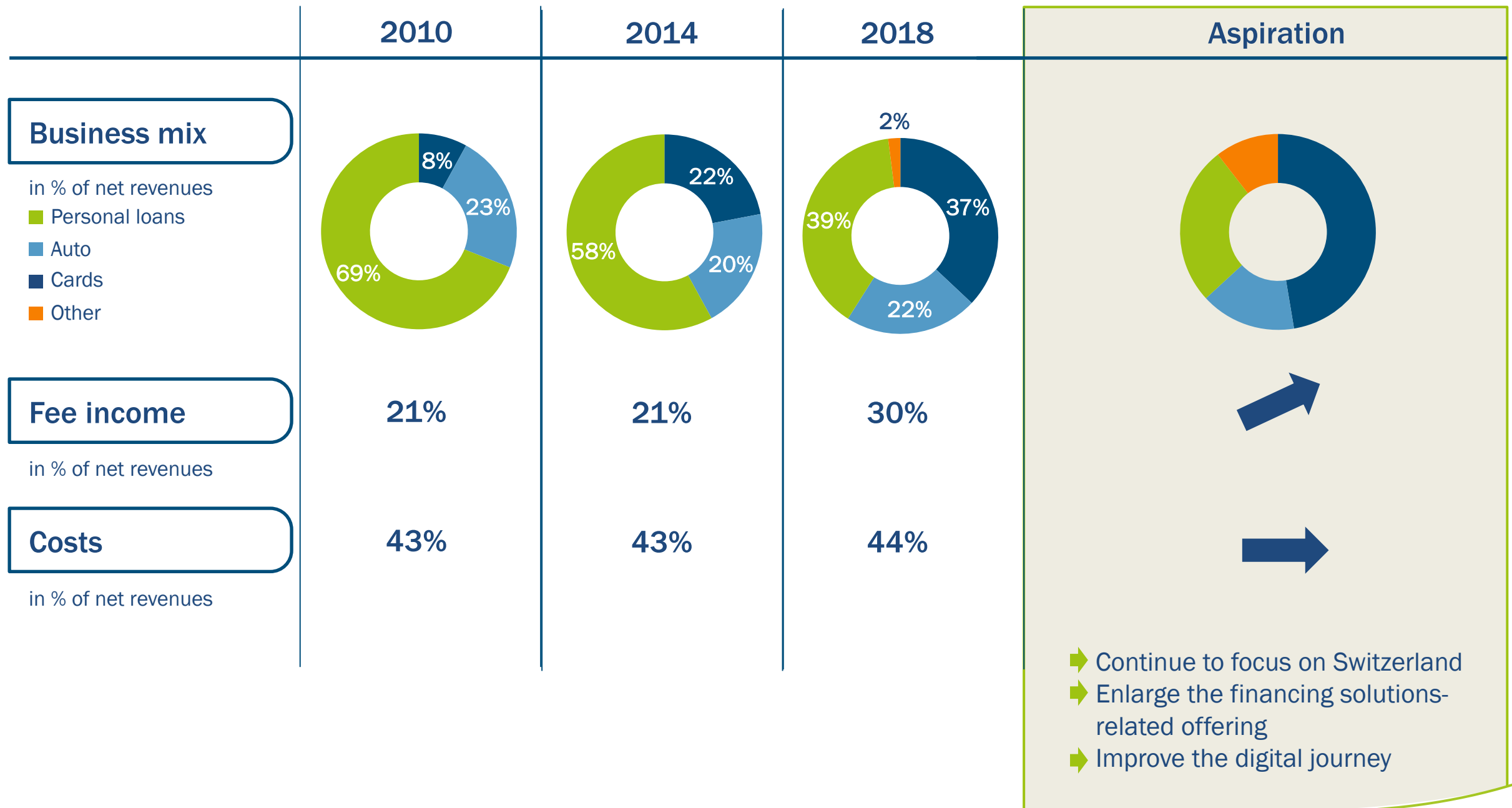


Organisation

- Realigned the organisation towards more customer focus
- Refocused management board responsibilities, with new heads B2B and B2C as well as COO



Cembra is evolving



Cembra 2019-2021

Key strategic investments

► Maintain momentum

- Maintain market position in personal loans, develop partnerships and online
- Maintain positioning in Auto business, keep low risk profile and execute on partnerships
- Continue cards growth: sign on 1 or 2 new partnerships
- Grow & expand Swissbilling acquisition: Profitable revenue and lead generation

► Invest in the future

- Investing ~ CHF 20 million in digitisation
 - CRM to improve cross-sell and up-sell
 - Simplify customer journey and gain efficiency
 - Modernise platforms to manage cost
- Allocating ~ CHF 20 million in product development
 - Innovation team of 8 FTE in place
 - Exploring SME entrance, cards innovation and other products
 - Investing in Swissbilling to drive growth
- Open to set up new partnerships and M&A opportunities

Investing ~ CHF 40 million in digitisation and product development in 2019-2021

Outlook and guidance

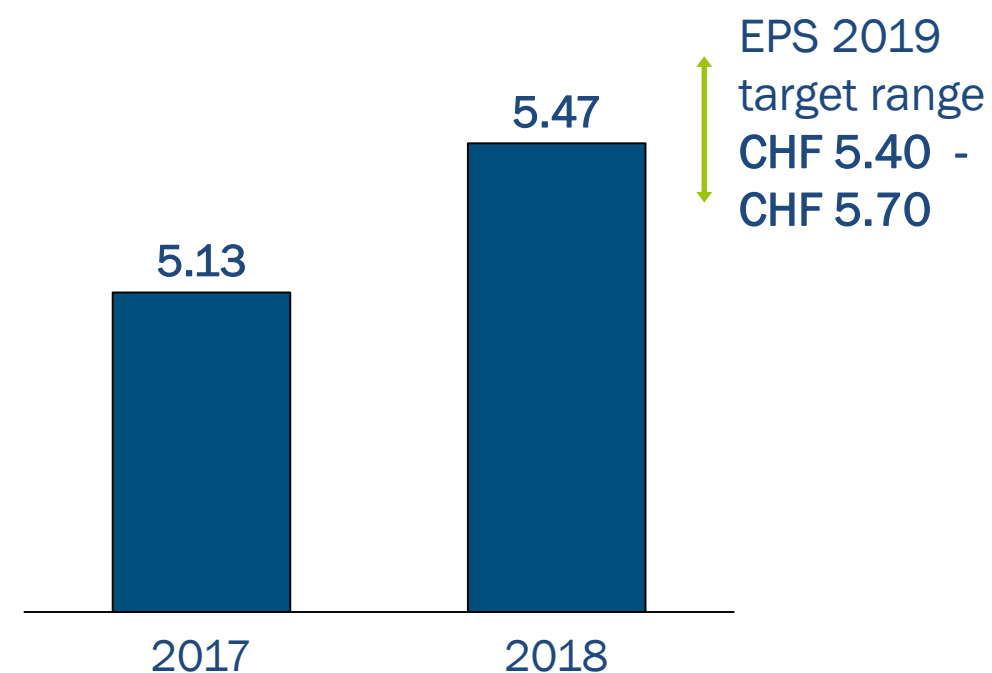
2019

Outlook

- **Moderate revenue growth**
 - + Credit card growth
 - Remaining rate cap effect
- **Stable loss performance**
 - + in line with prior years' performance
- **Continued cost discipline**
 - + Efficiency gains
 - Investments in digitisation and product development
- **Attractive ROE**
 - + Above 15%
- **Strong capital position**
 - + Tier 1 capital ratio > 18%
- **Attractive dividend**
 - + maintain rule based dividend policy¹

2019 EPS Guidance

In CHF



¹ Cembra Money Bank aims at distributing 60-70% of net income to shareholders in the form of ordinary dividends. Furthermore, Cembra Money Bank intends to return excess Tier 1 capital above circa 20% to shareholders either via extraordinary dividends or share buybacks unless there is a more efficient allocation of capital.

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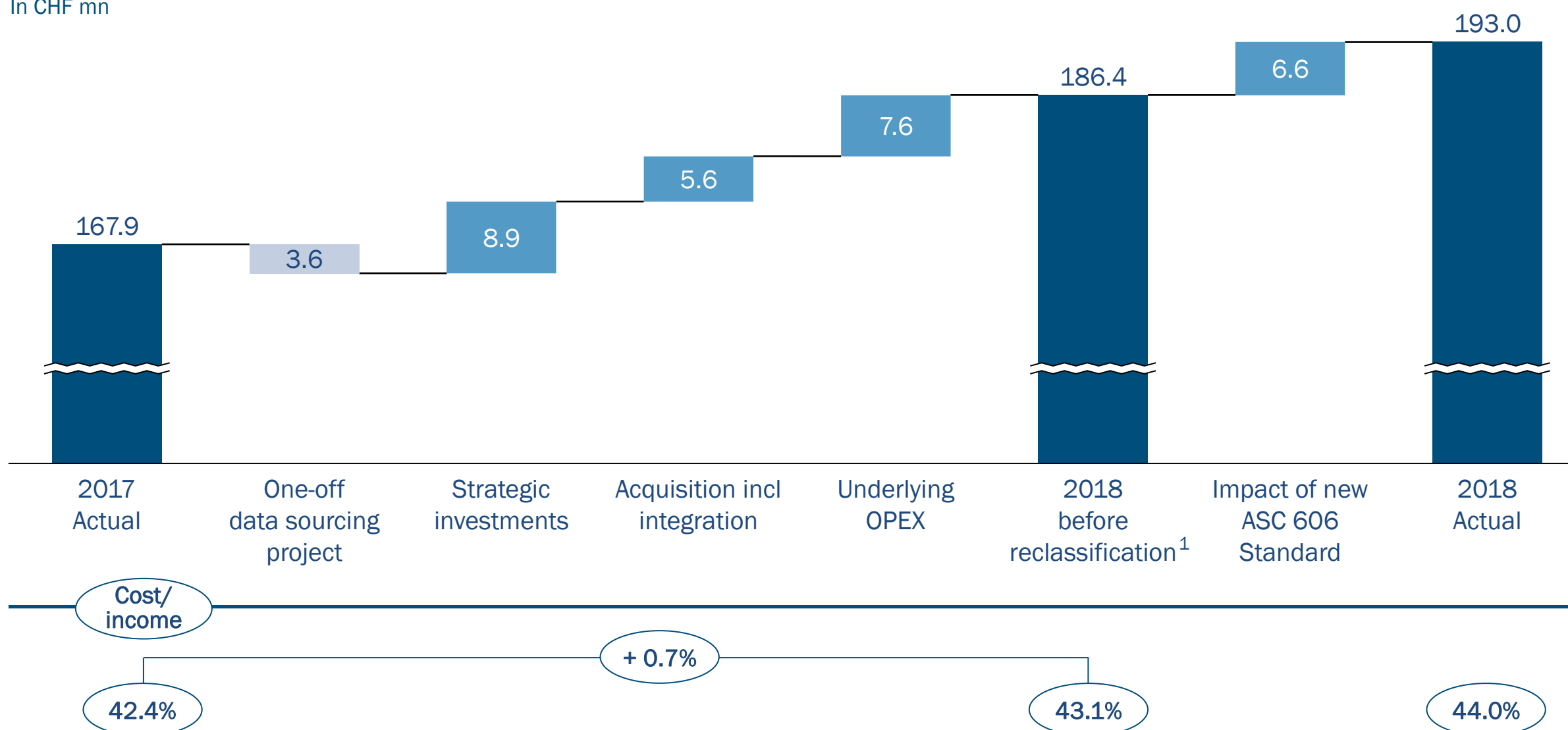
Appendix

FY 2018: operating expenses walk

Increase largely driven by strategic initiatives

Operating expenses walk

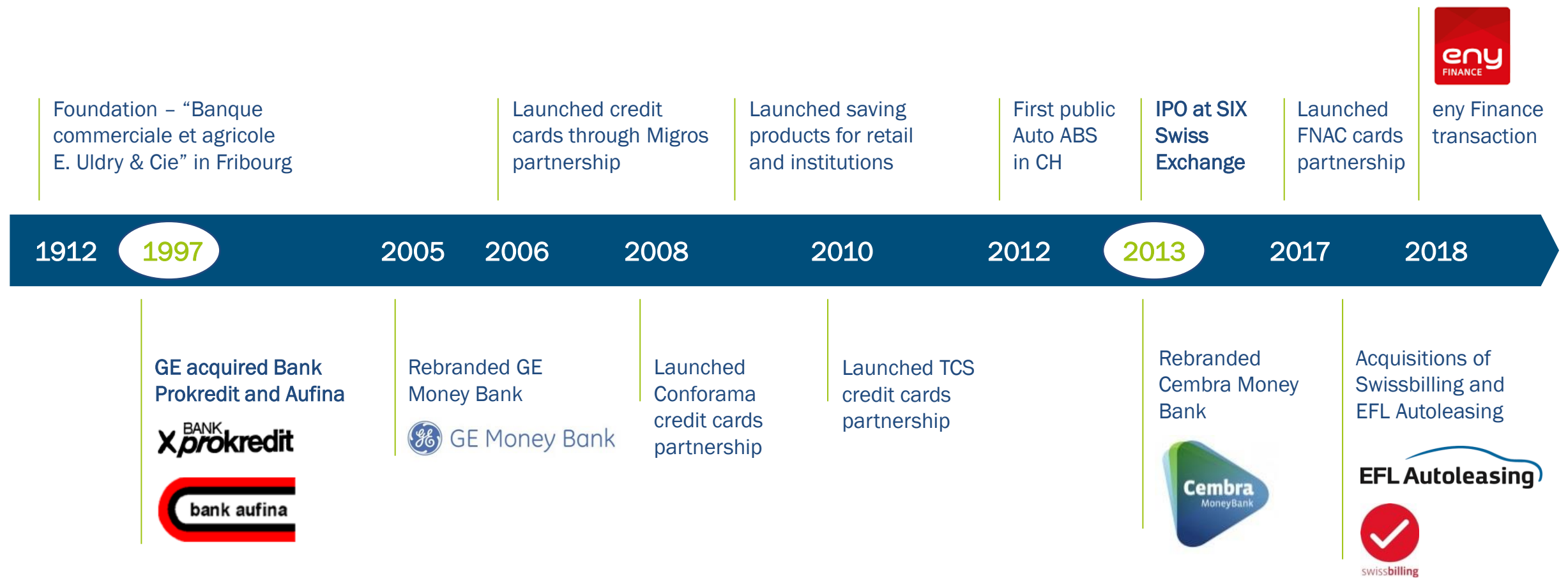
In CHF mn



¹ With the adoption of ASC 606 (ASU 2014-09) revenue recognition standard as of 1 Jan 2018 regarding gross vs net presentation of fee income, 2018 commission & fee income includes CHF 6.6mn of revenues that would have previously been reported as operating expenses (thereof CHF 3.4mn marketing, CHF 3.2mn collection fees).

History

IPO in 2013

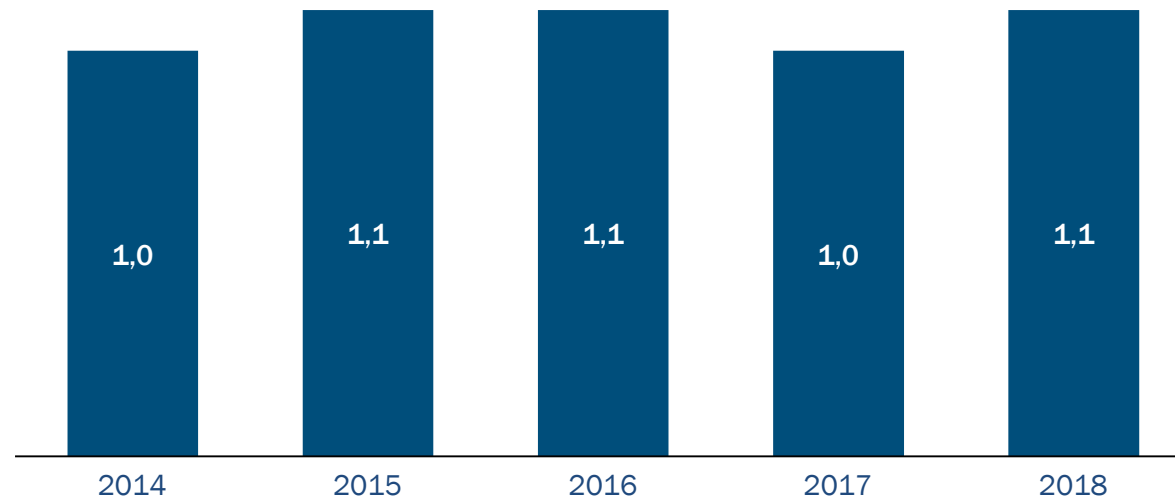


eny Finance transaction

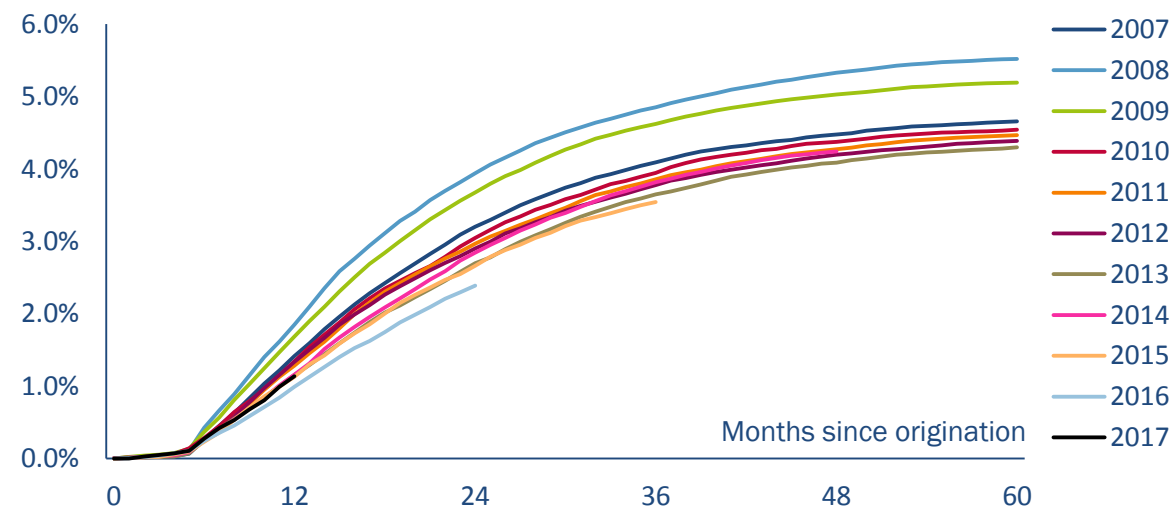


Asset quality history

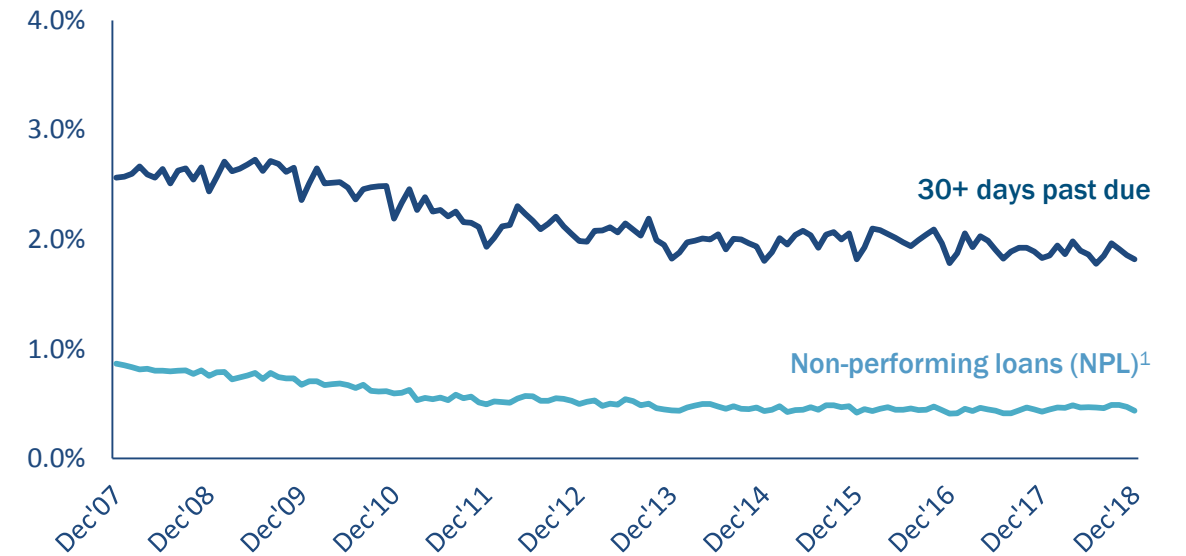
Loss rate



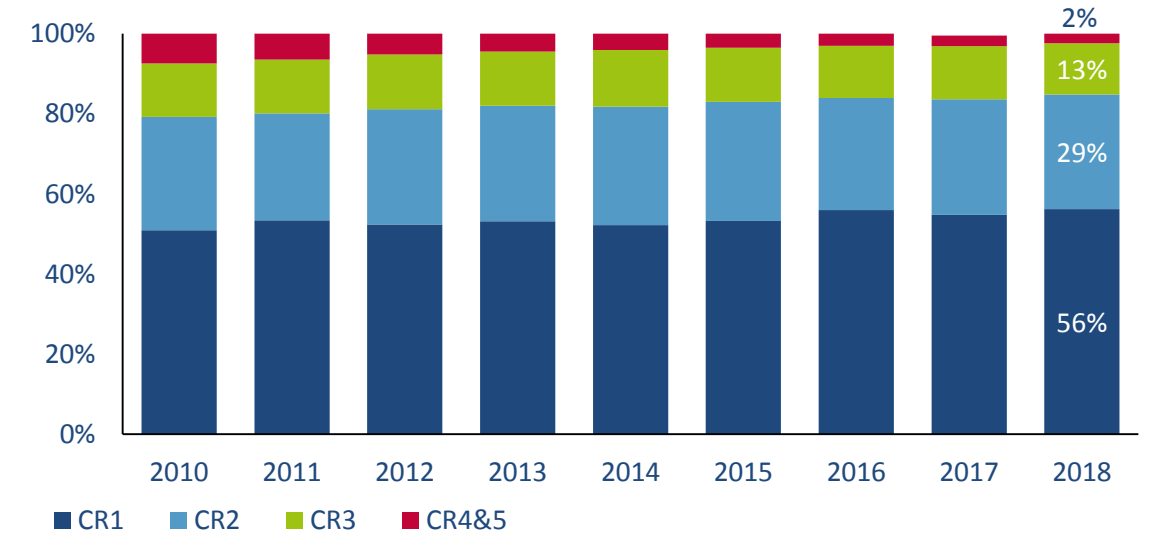
Write-off performance by year of origination²



Delinquencies



Credit grades³



¹ Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by the financing receivables;

² Based on Personal Loans and Auto Leases & Loans originated by the Bank

³ Consumer Ratings (CR) reflect associated probabilities of default the Bank only (CR1 with probability of default ranging between 0.00% – 1.20% to CR5 13.17% and greater)

Key figures since 2010

US-GAAP	2010	2011	2012	IPO 2013	2014	2015	2016	2017	2018
Net revenues (CHF mn)	349	338	356	355	379	389	394	396	439
Net income (CHF mn)	129	131	133	133	140	145	144	145	154
Cost/income ratio (%)	47.0	46.3	46.2	50.5	42.5	41.5	42.5	42.4	44.0
Net fin receivables (CHF bn)	4.1	4.0	4.0	4.0	4.1	4.1	4.1	4.6	4.8
Equity (CHF mn)	831	952	1,081	799	842	799	848	885	933
Return on equity (%)	13.2	14.7	13.1	14.1	17.0	17.7	17.4	16.7	16.9
Tier 1 capital (%)	18.9	19.3	26.6	19.7	20.6	19.8	20.0	19.2	19.2
Employees (FTE)	708	700	710	700	702	715	705	735	783
Credit rating (S&P)				A-	A-	A-	A-	A-	A-
Earnings per share (CHF)				4.43	4.67	5.04	5.10	5.13	5.47
Dividend per share (CHF)				2.85	3.10	3.35	4.45 ¹	3.55	3.75 ²
Share price (CHF, year-end)				58.55	55.00	64.40	74.20	90.85	77.85
Market cap (CHF bn) ³				1.8	1.7	1.9	2.2	2.7	2.3

¹ Extraordinary dividend CHF 1.00

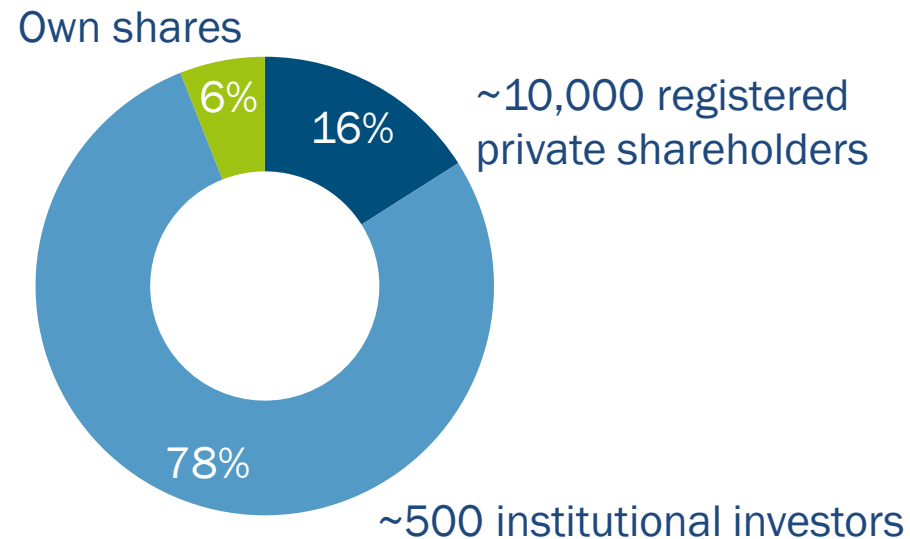
² Proposed

³ Based on total shares

The Cembra share

Shareholder structure: 94% free float

Based on nominal share capital of CHF 30mn, in %



Main investors & indices

Holdings >5% of share capital

- UBS Fund Management (Switzerland)

Holdings > 3% of share capital

- Pictet Asset Management (Switzerland)
- Credit Suisse Funds AG
- BlackRock Inc.

Selected indices:

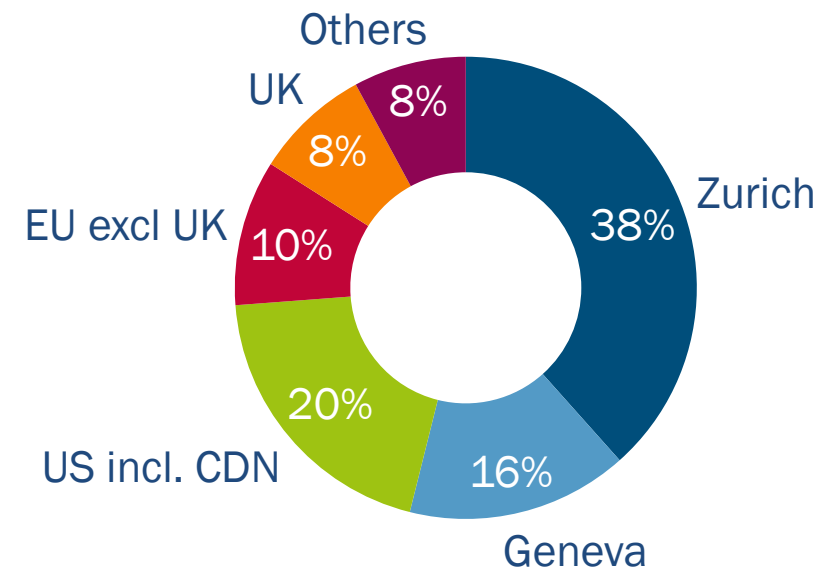
- SPI®, SPI Select Dividend 20, Stoxx® Euro 600

¹ estimate

As per April 2019

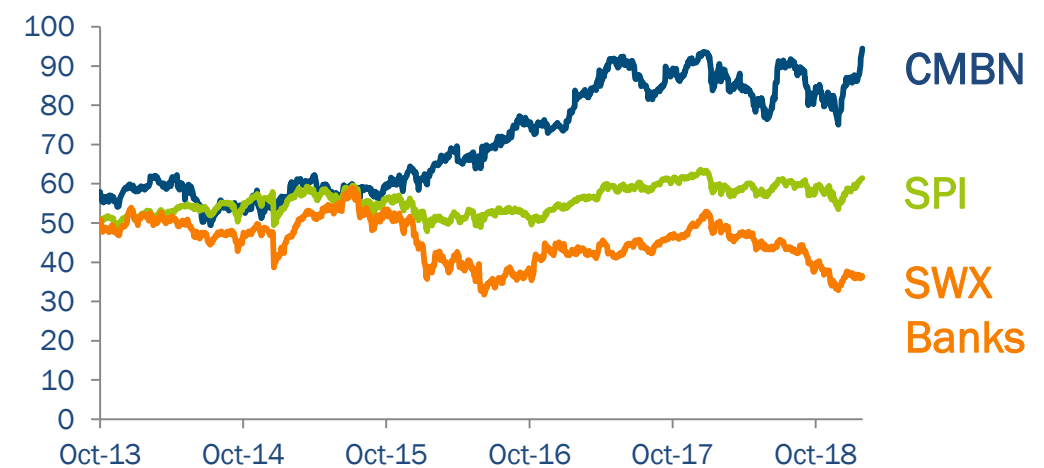
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Institutional owners by domicile¹



Share price since IPO

CHF, indices rebased to initial pricing in October 2013



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Calendar and further information

Visit us on www.cembra.ch/investors



Calendar

Corporate events

17 April 2019	Annual General Meeting, Zürich
22 April 2019	Ex-Dividend date
23 July 2019	H1 2019 results

Roadshows and conferences

6-8 May 2019	Roadshow Boston, Montreal, Toronto
14 May 2019	Kepler Cheuvreux Conference, Paris
15 May 2019	UBS mid-cap Conference, London
28-29 May 2019	Deutsche Bank Conference New York, Roadshow New York
5 June 2019	Vontobel Conference, Interlaken
7 June 2019	Deutsche Bank dbaccess Conference, Berlin

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