Interim Report
2019

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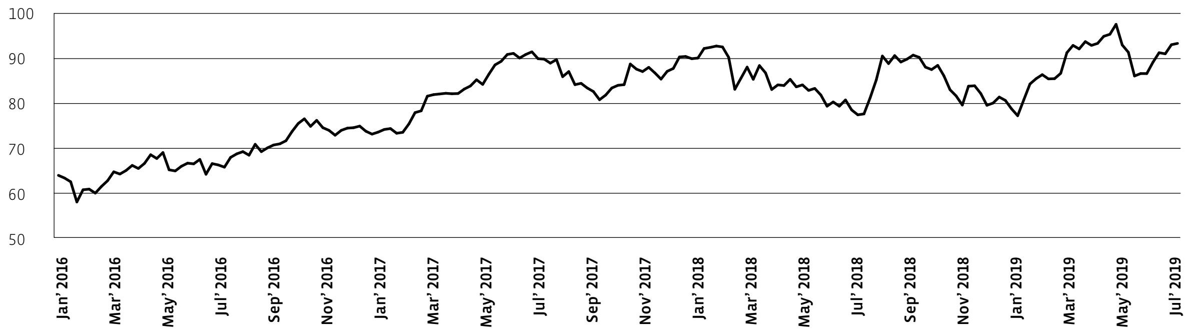
Key Facts and Figures

Key Figures

CHF in millions	**H1 2019**	H2 2018	H1 2018	H2 2017	H1 2017
Net interest income	**155.1**	157.1	152.1	145.0	138.6
Commission and fee income	**67.6**	68.7	60.9	58.9	53.8
Net revenues	**222.6**	225.8	213.0	204.0	192.3
Provision for losses	**–19.2**	–26.2	–23.9	–24.0	–21.1
Total operating expenses	**–103.6**	–102.4	–90.6	–84.6	–83.3
Net income	**78.6**	76.4	77.7	75.1	69.4
Total assets	**5,590**	5,440	5,312	5,099	4,907
Net financing receivables	**5,023**	4,807	4,742	4,562	4,171
Personal loans	**1,913**	1,885	1,856	1,782	1,738
Auto leases and loans	**2,062**	1,974	1,979	1,942	1,658
Credit cards	**1,036**	940	903	833	772
Other	**11**	8	4	5	3
Shareholders’ equity	**907**	933	864	885	794
Return on equity (in %, annualised)	**17.1**	17.1	17.8	17.9	16.9
Net interest margin (in %, annualised)	**6.2**	6.5	6.5	6.6	6.7
Cost / income ratio (in %)	**46.5**	45.3	42.6	41.5	43.3
Tier 1 capital ratio (in %)	**18.8**	19.2	18.9	19.2	20.2
Employees (full-time equivalent)	**812**	783	741	735	715
Credit rating (S&P)	**A–**	A–	A–	A–	A–
Basic earnings per share (in CHF)	**2.79**	2.71	2.76	2.66	2.46
Book value per share (in CHF)	**30.2**	31.1	28.8	29.5	26.5
Share price (in CHF)	**94.15**	77.85	78.05	90.85	90.70
Market capitalisation	**2,825**	2,336	2,342	2,726	2,721

Key Facts and Figures

Share Price Cembra Money Bank AG

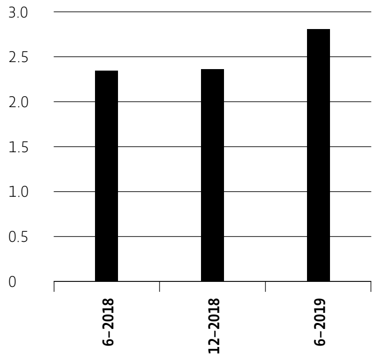


CHF

2,824,500,000

was the market capitalisation of Cembra Money Bank by the end of June 2019

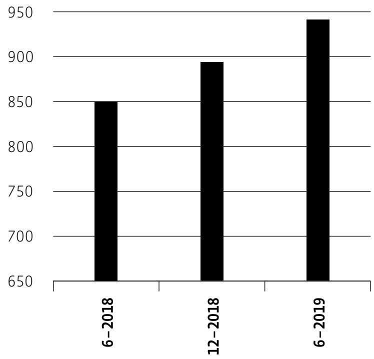
in billion CHF



946,000

number of issued Cembra credit cards

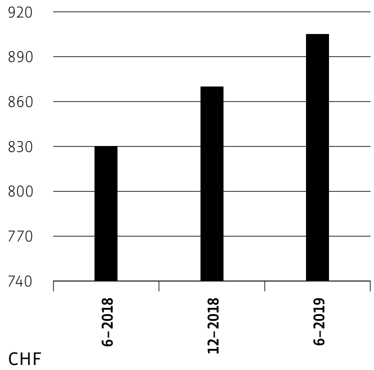
in 1,000



911,000

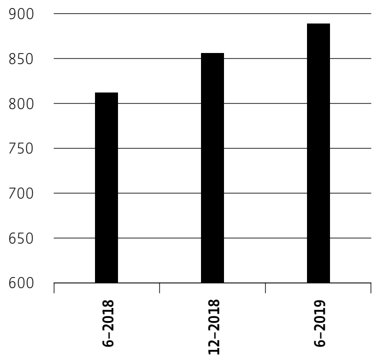
customers trust Cembra Money Bank as their preferred financing partner

in 1,000



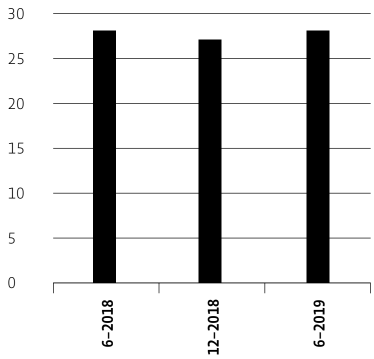
887

employees from 37 different nations work for Cembra Money Bank (812 FTE)



28

sales area managers and regional sales directors serve about 4,000 car dealers

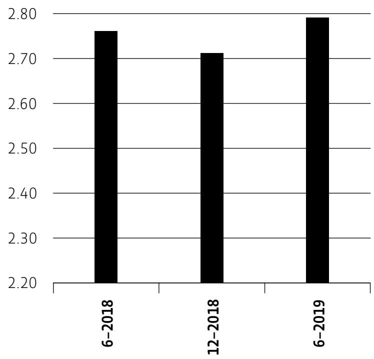


CHF

2.79

were the basic earnings per share (EPS) of Cembra Money Bank as of 30 June 2019

in CHF



Dear Shareholders

Net income of Cembra Money Bank in the first half of 2019 increased by 1% to CHF 78.6 million or CHF 2.79 per share. The good momentum in auto financing and the continued growth in credit cards contributed to a 5% growth in net revenues. This translated into a 17.1% return on equity coupled with a strong Tier 1 capital ratio of 18.8%.

Profitable growth across all products
The Group's net financing receivables rose by 4% to a record CHF 5,023 million, driven by organic growth across all products and a timing effect at the end of the reporting period (net financial receivables grew 2.1% by end of May 2019). In the personal loan business, receivables increased by 1% to CHF 1,913 million. Interest income in personal loans was stable at CHF 79.1 million, despite of the lower yield of the personal loan business which amounted to 8.2%.

Net financing receivables in auto leases and loans grew by 4% to CHF 2,062 million in the reporting period. Interest income was 1% higher at CHF 49.5 million with a yield of 4.9% for the auto financing business.

The performance of the credit card business was driven by a higher number of cards issued (up 11% year-on-year to 946,000) and a continued increase in volume (up 9% year-on-year). Net financing receivables recorded a 10% growth reaching CHF 1,036 million. Interest income in the cards business grew by 11% to CHF 38.3 million with a 7.7% yield.

Steady revenue increase
Net revenues rose by 5% to CHF 222.6 million. Net interest income grew by 2%, largely driven by higher credit card volumes. Interest expense was 6% higher at CHF 10.7 million, in line with the year-on-year receivables growth.

Commissions and fee income increased by 11% to CHF 67.6 million, mainly due to strong credit card fee income. 30% of net revenues were generated from commissions and fees compared to 29% in H1 2018.

Total operating expenses increased by 14% to CHF 103.6 million. Personnel expenses of CHF 56.9 million rose by 8% driven by 71 additional FTE (+10%) since June 2018. General and administrative expenses of CHF 46.7 million were 24% higher, mainly due to continued investments in technology and growth initiatives as well as pre-transaction costs relating to the acquisition of cashgate. These effects translated into a cost/income ratio of 46.5% (H1 2018: 42.6%).

Solid loss performance
Provision for losses of CHF 19.2 million was 20% lower, affected by the continued favourable macro environment and a one-off effect due to better synchronisation of write-off and collection procedures. This translated in a loss rate of 0.8% (FY 2018: 1.1%).

Balanced funding of cashgate acquisition
In the first six months of 2019, the Group further grew its funding portfolio to CHF 4,499 million with a stable funding mix. The average duration remained at 2.7 years and the period-end funding cost was 48 basis points (31. December 2018: 49 basis points).

Since the announcement of the acquisition of cashgate on 1 July 2019, Cembra successfully placed a balanced mix of deposits, senior debt, hybrid and equity instruments amounting to more than CHF 1.0 billion. With these transactions, about 70% of a committed bridge financing has been replaced.

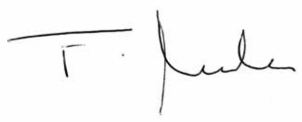
Cembra Money Bank remains very well capitalised with a strong Tier 1 capital ratio of 18.8% and a leverage ratio of 14.6% as per 30 June 2019.

Online financing for small enterprises
The Group plans to expand its product portfolio with an online financing product for small companies in Switzerland. Cembra has entered a co-operation with Berlin-based Spotcap Global Services GmbH to provide the technology platform for the planned offering. The launch is scheduled for the fourth quarter of 2019.

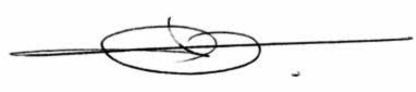
Outlook for 2019

For the existing business, Cembra confirms the earnings per share (EPS) range previously indicated for 2019. Including the acquisition of cashgate AG announced on 1 July 2019, Cembra expects a FY 2019 EPS (diluted, US GAAP) of CHF 5.20–5.50. For 2019, Cembra aims to pay a dividend at least at the level of the previous year (CHF 3.75 per share).

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 Group with their expertise, dedication and engagement.



Dr Felix Weber
Chairman



Robert Oudmayer
CEO

Management Discussion & Analysis

Significant Developments

On 17 April 2019, Cembra Money Bank AG held its sixth General Meeting of Shareholders as a SIX-listed company in Zurich. All agenda items were approved, including a dividend payment of CHF 3.75 per share. All members of the Board of Directors were re-elected for a further one year term of office.

On 30 June 2019, Cembra Money Bank AG signed an agreement with Aduno Holding AG for the acquisition of 100% of the shares of cashgate AG. With the acquisition of cashgate AG, Cembra will increase its financing portfolio in personal loans and auto leases and loans by around CHF 1.4 billion to a total of around CHF 6.2 billion. The transaction will lead to increased economies of scale and accelerate the digital transformation roadmap. The purchase price was CHF 277 million. The purchase price allocation is expected to be finalised with the closing of the transaction in the third quarter of 2019. The net asset value acquired is estimated to amount to approximately one third of the purchase price.

Macroeconomic Environment

The Group operates in Switzerland and its financial position and results of operations are strongly influenced by domestic macroeconomic factors, notably, gross domestic product, unemployment and interest rates. The Group has very limited exposure to foreign currencies.

Gross Domestic Product Switzerland

The development of the Swiss Gross Domestic Product (GDP) is a key indicator for the Group. Switzerland's GDP expanded 0.6% in the first quarter of 2019, and economists expect moderate GDP growth of 1.2% for the full-year 2019.

Interest Rates

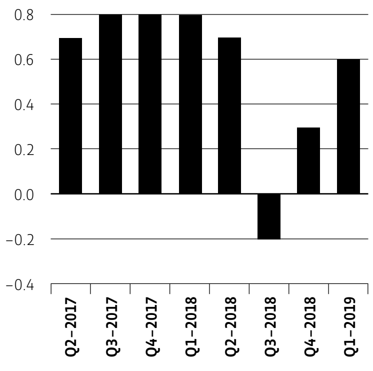
Interest rates can be seen as an important indicator for the Group's funding. In the first half of 2019, Swiss Franc interest rates continued their decline since the fourth quarter of 2018 driven by expectations of returning rate cuts by the US Federal Reserve and a slowing growth in Europe. The Swiss National Bank continued to maintain the interest rate on sight deposits at –0.75%.

Unemployment Rate

The unemployment rate serves as an important indicator for the credit risk profile of the Group's customers. The unemployment rate in Switzerland remained low at 2.1% in June 2019. This is lower than in December 2018 when the unemployment rate was 2.6%.

Quarterly Swiss GDP

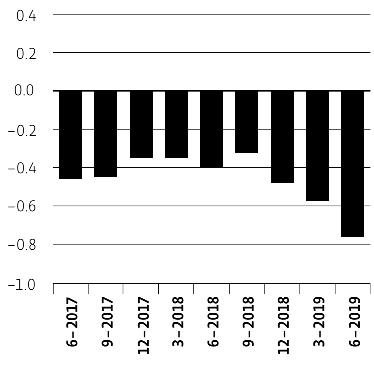
Change versus previous quarter (in %)



Source: SECO

CHF 3-years Swap Rate

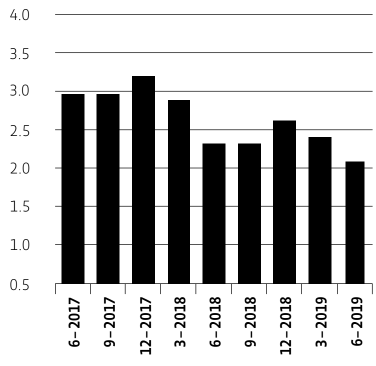
in %



Source: Bloomberg

Unemployment Rate in Switzerland

in %



Source: SECO

Product Markets

Consumer Loan Market

The Swiss consumer loan market continued to expand in the first half of 2019. According to the Swiss central credit information bureau (ZEK), the Swiss consumer loan market increased by 3% to CHF 7,913 million at 30 June 2019 from CHF 7,657 million at 31 December 2018. The Group was able to defend its market position in the consumer loan market in the reporting period despite a challenging environment.

Auto Market

The Swiss auto market was stable for the first six months of 2019. According to auto-schweiz statistics (association of official Swiss car importers), about 157,000 new cars were registered in the first six months of 2019, a slight decrease of 0.5% versus the first half-year of 2018. The Group's contracts for financing new cars, in relation to new and used cars, reached 34% out of total contracts (versus 31% prior year). The Group estimates its auto leasing market share to be stable at about 17% of total leasing volumes outstanding in the first six months of 2019.

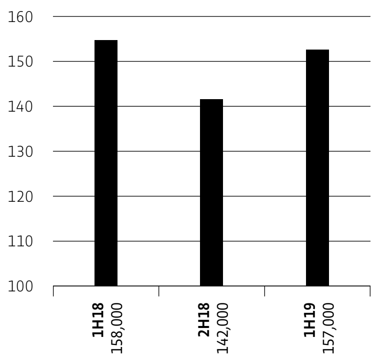
Credit Card Market

In 2019, the growth trend continued in the credit card market in Switzerland. Based on Swiss National Bank (SNB) statistics, the number of issued credit cards grew by 7% year-on-year to 7.1 million as of April 2019. Transaction volumes increased by 5% year-on-year for the first four months in 2019 to CHF 14.8 billion. The number of transactions conducted via Near Field Communication (NFC) increased by 39% year-on-year.

Cembra's credit card business continued to outgrow the market with the number of cards increasing by 96,000, or 11%, to 946,000 compared to the first half of 2018. The market share was 13% in April 2019.

New Car Registrations in Switzerland

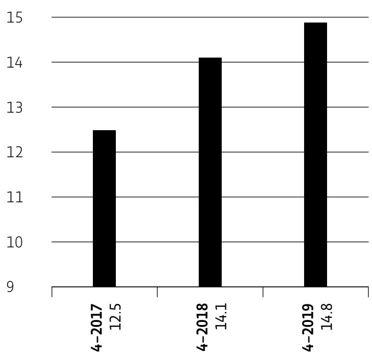
in 1,000



Source: auto-schweiz

Transaction Volume Swiss Credit Cards

CHF in billions



Source: SNB

Reporting

Balance Sheet Analysis

CHF in millions	**30 June 2019**	31 December 2018	Variance	in %
Assets				
Cash and cash equivalents	**414**	499	– 85	– 17
Net financing receivables	**5,023**	4,807	216	4
Personal loans	**1,913**	1,885	28	1
Auto leases and loans	**2,062**	1,974	88	4
Credit cards	**1,036**	940	96	10
Other	**11**	8	3	38
Financial investments	**10**	11	– 1	– 9
Other assets	**143**	124	19	15
Total assets	**5,590**	**5,440**	**150**	**3**
Liabilities and equity				
Deposits and debt	**4,499**	4,325	174	4
Deposits	**2,953**	2,827	126	4
Debt	**1,547**	1,498	49	3
Other liabilities	**184**	182	2	1
Total liabilities	**4,683**	**4,507**	**176**	**4**
Shareholders' equity	**907**	933	– 26	– 3
Total liabilities and shareholders' equity	**5,590**	**5,440**	**150**	**3**

Net Financing Receivables

Net financing receivables amounted to CHF 5,023 million as of 30 June 2019, an increase of 4% or CHF 216 million, compared to year end 2018. At the end of June 2019, the Group's personal loans accounted for 38%, auto leases and loans for 41% and credit cards for 21% of the net financing receivables.

As of 30 June 2019, net financing receivables from personal loans were 1% higher at CHF 1,913 million compared to year end 2018. Auto leases and loans grew by 4% to CHF 2,062 million compared to CHF 1,974 million at the end of 2018. Credit cards increased by 10% from CHF 940 million to CHF 1,036 million during the same period. Other net financing receivables of CHF 11 million included the Swissbilling business which was acquired in 2017.

Funding

The Group maintained its funding diversification in the first half-year of 2019. The deposits base grew from CHF 2,827 million at 31 December 2018 to CHF 2,953 million at 30 June 2019, primarily driven by a 11% higher retail deposit base. The Group's non-deposit debt increased by 3% from CHF 1,498 million as at 31 December 2018 to CHF 1,547 million. In March 2019, the Group issued additional AAA-rated asset backed securities amounting to CHF 250 million.

Equity

Total shareholders' equity declined by CHF 26 million from CHF 933 million to CHF 907 million at 30 June 2019. The decrease was mainly attributable to the dividend of CHF 105.7 million paid in April 2019 which was partially offset by the net income of CHF 78.6 million for the first six months of 2019.

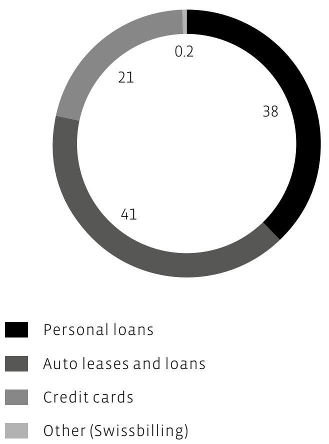
Capital Position

CHF in millions	**30 June 2019**	31 December 2018	Variance	in %
Risk-weighted assets	**4,536**	4,346	190	4
Tier 1 capital	**855**	834	21	3
Tier 1 ratio	**18.8 %**	19.2 %		

Risk-weighted assets increased by 4% to CHF 4,536 million as per 30 June 2019 compared to CHF 4,346 million as per 31 December 2018. This increase was roughly in line with the development of net financing receivables. The Tier 1 capital grew by CHF 21 million to CHF 855 million mainly as a result of the net income generated in the first six months of the year adjusted for expected future ordinary dividend payments. This resulted in a Tier 1 ratio of 18.8% as per 30 June 2019 which is significantly above the regulatory requirement of 11.2%.

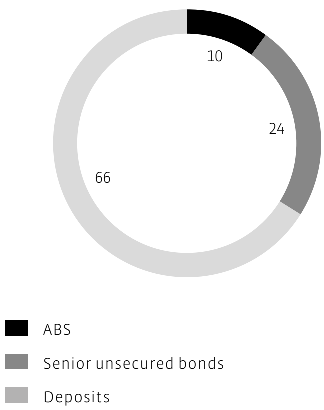
Net Financing Receivables

in %



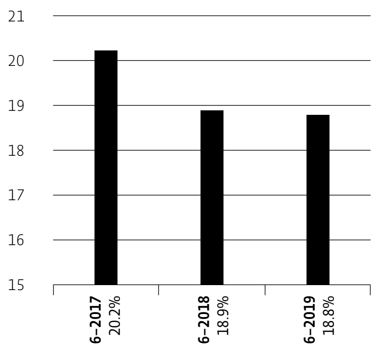
Funding Structure

in %



Tier 1 Capital Ratio

in %

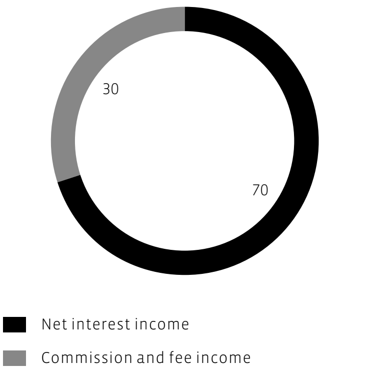


Profit and Loss Analysis

For the six months ended (CHF in millions)	**30 June 2019**	30 June 2018	Variance	in %
Interest income	**165.8**	162.2	3.6	2
Interest expense	**– 10.7**	– 10.1	0.6	6
Net interest income	**155.1**	**152.1**	**3.0**	**2**
Commission and fee income	**67.6**	60.9	6.7	11
Net revenues	**222.6**	**213.0**	**9.6**	**5**
Provision for losses on financing receivables	**– 19.2**	**– 23.9**	**– 4.7**	**– 20**
Compensation and benefits	**– 56.9**	– 52.8	4.1	8
General and administrative expenses	**– 46.7**	– 37.8	8.9	24
Total operating expenses	**– 103.6**	**– 90.6**	**13.0**	**14**
Income before income taxes	**99.8**	**98.5**	**1.3**	**1**
Income tax expense	**– 21.3**	– 20.8	0.5	2
Net income	**78.6**	**77.7**	**0.9**	**1**
Other comprehensive income / (loss)	**1.5**	1.1	0.4	36
Comprehensive income	**80.1**	**78.8**	**1.3**	**2**

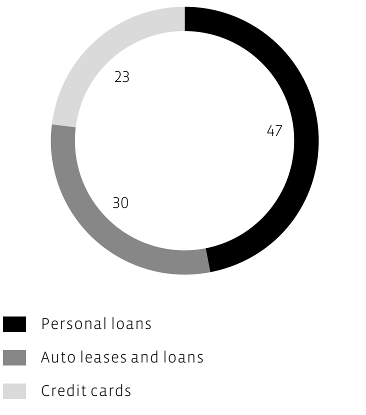
Net Revenues

in %



Interest Income

in % (excluding “other”)



Interest Income

For the six months ended (CHF in millions)	**30 June 2019**	30 June 2018	Variance	in %
Personal loans	**79.1**	79.3	– 0.2	– 0
Auto leases and loans	**49.5**	48.9	0.6	1
Credit cards	**38.3**	34.5	3.8	11
Other	**– 1.2**	– 0.5	– 0.7	140
Total	**165.8**	**162.2**	**3.6**	**2**

Overall, the contribution of personal loans to interest income (excluding other interest income) declined to 47% from 49% compared to the first six month of 2018. The relative weight of auto leases and loans remained stable at 30% whilst the weight of credit cards rose to 23% from 21% in the prior year's period. The net interest margin (net interest income/ financing receivables) in the first half of 2019 declined from 6.5% to 6.2% driven by the lower yields mainly in the personal loans business.

Interest income increased by 2%, or CHF 3.6 million, to CHF 165.8 million in the first half-year of 2019. Interest income from personal loans remained roughly stable at CHF 79.1 million, with the volume growth being offset by the remaining impact on pricing due to the interest rate cap introduced in mid-2016. Consequently, the yield reduced to 8.2%. Interest income from the Group's auto leases and loans increased by CHF 0.6 million, or 1%, from CHF 48.9 million to CHF 49.5 million in the first six months of 2019. The yield declined slightly to 4.9% from 5.0%. Interest income from credit cards increased by CHF 3.8 million, or 11%, to CHF 38.3 million. The increase was primarily due to higher levels of credit card receivables as a result of an increase in credit card volumes and an increase in the number of credit cards issued.

Cost of Funds

For the six months ended (CHF in millions)	**30 June 2019**	30 June 2018	Variance	in %
Interest expense on ABS	**0.9**	0.9	–	–
Interest expense on deposits	**6.5**	6.3	0.2	3
Interest expense on debt	**3.3**	3.0	0.3	10
Total	**10.7**	**10.1**	**0.6**	**6**

The Group's overall cost of funds increased by CHF 0.6 million, or 6%, from CHF 10.1 million in the first half-year 2018 to CHF 10.7 million in the reporting period. Interest expense on auto lease ABS remained flat at CHF 0.9 million. Interest expense on deposits increased by 3% to CHF 6.5 million as a result of a higher outstanding balance of retail deposits. The total interest expense on non-deposit debt increased by CHF 0.3 million, or 10%, to CHF 3.3 million in the first half of 2019 due to the issuance of a new unsecured bond in 2018.

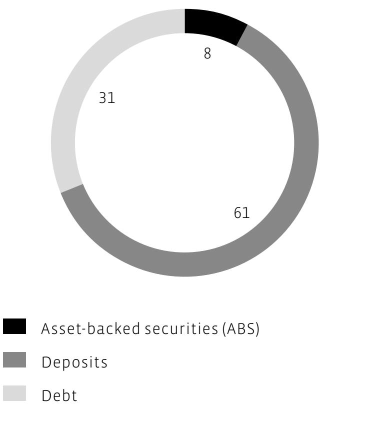
Commission and Fee Income

For the six months ended (CHF in millions)	**30 June 2019**	30 June 2018	Variance	in %
Insurance	**9.9**	9.8	0.1	1
Credit cards	**48.1**	43.2	4.9	11
Loans and leases	**6.5**	6.7	– 0.2	– 3
Other	**3.1**	1.2	1.9	158
Total	**67.6**	**60.9**	**6.7**	**11**

The Group's commission and fee income increased by CHF 6.7 million, or 11%, from CHF 60.9 million in the first half-year 2018 to CHF 67.6 million. The increase was mainly due to higher fee income on credit cards as well as growth from Swissbilling (included in "Other").

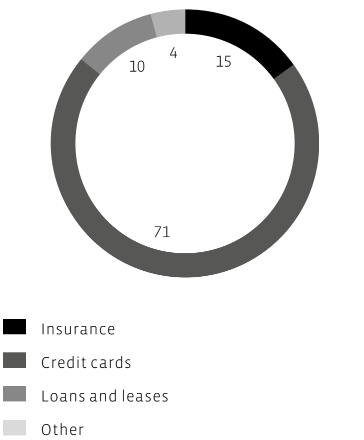
Cost of Funds

in %



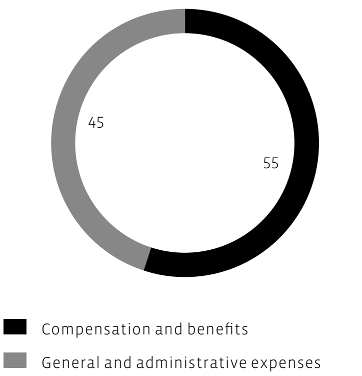
Commission and Fee Income

in %



Operating Expenses

in %



Provision for Losses on Financing Receivables

For the six months ended (CHF in millions)	**30 June 2019**	30 June 2018	Variance	in %
Provision for losses on personal loans	**10.8**	15.2	– 4.4	– 29
Provision for losses on auto leases and loans	**3.3**	4.8	– 1.5	– 31
Provision for losses on credit cards	**4.5**	3.5	1.0	29
Provision for losses on other	**0.6**	0.4	0.2	50
Total	**19.2**	**23.9**	**– 4.7**	**– 20**

The Group's provision for losses on financing receivables decreased by CHF 4.7 million to CHF 19.2 million in the first half-year 2019 compared to CHF 23.9 million in the same period in 2018. Provision for losses on personal loans decreased by CHF 4.4 million driven by a one-off effect related to synchronisation of write-off and collection procedures as well as the further optimisation of collections strategies in a favourable macro environment (see Interim Financial Report note 4). On auto leases and loans, the provision for losses decreased by CHF 1.5 million predominantly driven by higher recoveries. Provision for losses on credit cards increased by CHF 1.0 million along with the growth of the portfolio. The Group's loss rate for the first half-year 2019 was 0.8% of financing receivables. Adjusted for the above mentioned one-off effect, the loss rate of 0.9% was roughly in line with the previous years' level.

Compensation and Benefits

For the six months ended (CHF in millions)	30 June 2019	30 June 2018	Variance	in %
Compensation and benefits	**56.9**	**52.8**	**4.1**	**8**

The Group's compensation and benefits expenses in the first half-year 2019 increased by CHF 4.1 million, or 8%, to CHF 56.9 million. The increase in cost was due to the 10% increase in the number of employees since 30 June 2018, mainly related to the investments in digitisation and the development of new products. The number of employees (in full-time equivalent, FTE) was 812 compared to 741 in the corresponding prior-year period and 783 at year end.

General and Administrative Expenses

For the six months ended (CHF in millions)	30 June 2019	30 June 2018	Variance	in %
Professional services	**8.8**	7.4	1.4	19
Marketing	**4.7**	4.4	0.3	7
Collection fees	**5.2**	5.4	– 0.2	– 4
Postage and stationery	**4.9**	4.3	0.6	14
Rental expense under operating leases	**3.2**	2.3	0.9	39
Information technology	**14.4**	9.6	4.8	50
Depreciation and amortisation	**6.8**	6.6	0.2	3
Other	**– 1.3**	– 2.2	0.9	– 41
Total	**46.7**	**37.8**	**8.9**	**24**

The Group's general and administrative expenses increased by CHF 8.9 million, or 24%, from CHF 37.8 million to CHF 46.7 million in the first six months 2019. Costs from professional services of CHF 8.8 million increased by CHF 1.4 million driven by strategic initiatives and technology investments as well as some pre-transaction costs related to the acquisition of cashgate. Marketing expenses were 7% higher at CHF 4.7 million.

Collection fees declined by 4% to CHF 5.2 million. Costs for postage and stationery increased by 14% to CHF 4.9 million, driven by growth in the number of customer accounts. Rental expenses increased from CHF 2.3 million to CHF 3.2 million. These were mainly related to the closure of branches and additional space required for business expansion. Information technology costs of CHF 14.4 million increased by 50% due to investments in IT and projects. Depreciation and amortisation was 3% higher at CHF 6.8 million. "Other" costs increased to CHF –1.3 million primarily driven by CHF 0.7 million higher pension costs resulting from asset performance revaluation.

The cost/income ratio was 46.5% compared to 42.6% in the first half-year 2018.

Income Tax Expense

For the six months ended (CHF in millions)	30 June 2019	30 June 2018	Variance	in %
Income tax expense	**21.3**	**20.8**	**0.5**	**2**

The Group's effective tax rate was unchanged at approximately 21%, which was in line with the statutory tax rate resulting from the combination of federal, cantonal and communal corporation taxes in Switzerland. The Group's income tax expense increased by CHF 0.5 million, or 2%, to CHF 21.3 million, overall in line with the higher income before income taxes.

Outlook

Outlook and Guidance

Assuming no major change in the current economic environment, Cembra confirms the earnings per share (EPS) range for the existing business previously indicated for 2019. Including the acquisition of cashgate AG announced on 1 July 2019, Cembra expects a post-transaction EPS (diluted, US GAAP) of CHF 5.20–5.50 for full-year 2019 and a positive impact on EPS from 2020 onwards. For 2019, Cembra aims to pay a dividend at least at the level of the previous year (CHF 3.75 per share). Loss performance is expected to be in line with prior years.

Financial Targets

The Group's financial mid-term targets are as follows:

- Average return on shareholders' equity (ROE) of at least 15%;
- Consolidated Tier 1 capital ratio of minimum 17% (since July 2019, previously 18%); and
- Ordinary dividend payout ratio between 60% and 70% of net income.

Interim Financial Report 2019

Interim Condensed Consolidated Financial Statements (Unaudited)

Interim Condensed Consolidated Statements of Income (Unaudited)

For the six months ended (CHF in thousands)	Notes	**30 June 2019**	30 June 2018
Interest income	21	**165,751**	162,225
Interest expense	22	**– 10,666**	– 10,138
Net interest income		**155,085**	**152,087**
Commission and fee income	23	**67,561**	60,882
Net revenues		**222,646**	**212,969**
Provision for losses on financing receivables	**4**	**– 19,183**	**– 23,888**
Compensation and benefits		**– 56,937**	– 52,827
General and administrative expenses	24	**– 46,677**	– 37,792
Total operating expenses		**– 103,614**	**– 90,619**
Income before income taxes		**99,849**	**98,462**
Income tax expense	16	**– 21,253**	– 20,793
Net income		**78,595**	**77,669**
Earnings per share			
Basic	14	**2.79**	2.76
Diluted	14	**2.79**	2.75

See accompanying Notes to the Consolidated Financial Statements

Interim Condensed Consolidated Statements of Comprehensive Income (Unaudited)

For the six months ended (CHF in thousands)	**30 June 2019**	30 June 2018
Net income	**78,595**	77,669
Net prior service cost, net of tax	**– 591**	– 584
Actuarial gain / (loss), net of tax	**2,102**	1,714
Unrealised gains / (losses) on investment securities, net of tax	**14**	17
Total other comprehensive gain / (loss), net of tax	**1,525**	1,148
Comprehensive income	**80,120**	**78,817**

See accompanying Notes to the Consolidated Financial Statements

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

CHF in thousands	Notes	30 June 2019	31 December 2018
Assets			
Cash and cash equivalents		**413,589**	499,323
Financing receivables, net	4	**5,023,119**	4,806,759
Investment securities	5	**10,475**	10,558
Property, plant and equipment, net	6	**24,851**	7,413
Thereof operating lease - right-of-use assets	6	**17,100**	n / a
Intangible assets, net	7	**33,756**	33,152
Goodwill	8	**15,877**	15,877
Other assets	9	**64,571**	62,586
Deferred income taxes	16	**3,688**	4,564
Total assets [1]		**5,589,926**	**5,440,231**
Liabilities and equity			
Deposits	10	**2,952,716**	2,827,254
Accrued expenses and other payables		**144,285**	156,566
Short-term debt	11	**350,194**	300,015
Long-term debt	11	**1,196,436**	1,197,749
Other liabilities		**39,313**	25,197
Thereof operating lease - lease liability	6	**17,202**	n / a
Total liabilities [1]		**4,682,944**	**4,506,780**
Common shares		**30,000**	30,000
Additional paid in capital (APIC)		**209,685**	209,590
Treasury shares		**– 101,920**	– 100,972
Retained earnings		**788,928**	816,069
Accumulated other comprehensive loss (AOCI)		**– 19,710**	– 21,235
Total shareholders' equity		**906,982**	**933,451**
Total liabilities and shareholders' equity		**5,589,926**	**5,440,231**

[1] The Group's consolidated assets as at 30 June 2019 and 31 December 2018 include total assets of TCHF 646,184 and TCHF 609,644, 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 2019 and 31 December 2018 include liabilities of the VIEs of TCHF 455,863 and TCHF 403,814, respectively, for which the VIE creditors do not have recourse to Cembra Money Bank AG

See accompanying Notes to the Consolidated Financial Statements

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

CHF in thousands	Common shares	Treasury shares	APIC	Retained earnings	AOCI	**Total equity**
Balance at 1 January 2018	**30,000**	**– 101,004**	**294,544**	**677,451**	**– 15,530**	**885,460**
Net income	–	–	–	77,669	–	77,669
Dividends paid	–	–	– 84,589	– 15,508	–	– 100,097
Change due to share-based compensation	–	854	– 196	–	–	659
Treasury shares	–	– 847	–	–	–	– 847
Reclassifications from accumulated other comprehensive loss net of deferred tax of -300 [1]	–	–	–	–	1,129	1,129
Unrealised gains / (losses) on available for sale debt securities, net of deferred tax of -5	–	–	–	–	19	19
Balance at 30 June 2018	**30,000**	**– 100,997**	**209,759**	**739,611**	**– 14,384**	**863,990**
Balance at 1 January 2019	**30,000**	**– 100,972**	**209,590**	**816,069**	**– 21,235**	**933,451**
Net income	–	–	–	78,595	–	78,595
Dividends paid	–	–	–	– 105,734	–	– 105,734
Change in APIC due to share-based compensation	–	– 1,704	95	–	–	– 1,609
Treasury shares	–	757	–	–	–	757
Reclassifications from accumulated other comprehensive loss net of deferred tax of –397 [1]	–	–	–	–	1,511	1,511
Unrealised gains / (losses) on available for sale debt securities, net of deferred tax of –4	–	–	–	–	14	14
Other	–	–	–	– 3	–	– 3
Balance at 30 June 2019	**30,000**	**– 101,920**	**209,685**	**788,928**	**– 19,710**	**906,982**

1 Reclassifications from accumulated other comprehensive loss related to the Group's benefit plan obligation are classified in the income statement under compensation and benefits

See accompanying Notes to the Consolidated Financial Statements

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

For the six months ended (CHF in thousands)	Notes	30 June 2019	30 June 2018
Cash flows from operating activities			
Net income		**78,595**	77,669
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		**19,183**	23,888
Deferred income taxes		**475**	137
Depreciation		**1,082**	1,882
Amortisation of intangible assets		**5,720**	4,686
Decrease (–) / Increase in accrued expenses		**– 12,281**	– 11,391
Decrease / Increase (–) in tax receivables		**– 13,163**	– 9,972
Decrease / Increase (–) in other receivables		**8,129**	988
All other operating activities		**– 3,066**	– 4,194
Net cash provided by operating activities		**84,675**	**83,693**
Cash flows from investing activities			
Net change in financing receivables	25	**– 235,543**	– 206,313
Proceeds from sale of loss certificates		**–**	1,680
Additions to property, plant and equipment		**– 1,421**	– 1,807
Additions to intangible assets		**– 6,296**	– 5,094
All other investing activities		**54**	1,005
Net cash used in investing activities		**– 243,206**	**– 210,529**
Cash flows from financing activities			
Net change in deposits		**125,463**	122,838
Issuance of non-recourse long-term borrowings		**250,000**	–
Issuance of long-term debt		**–**	175,704
Repayments of non-recourse borrowings		**– 200,000**	–
Repayments of short-term and long-term debt		**–**	– 50,000
Dividends paid		**– 105,734**	– 100,097
Purchase of treasury shares		**– 1,704**	– 847
All other financing activities		**– 284**	806
Net cash used in financing activities		**67,741**	**148,404**
Net increase / decrease (–) in cash and cash equivalents		**– 90,791**	**21,567**
Cash and cash equivalents, including restricted cash classified in "Other assets"			
Beginning of the period		**528,113**	446,634
thereof restricted cash		**28,790**	28,213
End of period		**437,322**	**468,201**
thereof restricted cash		**23,733**	28,246
Supplemental disclosure			
Interest paid		**– 10,821**	– 11,407
Income taxes paid		**– 40,294**	– 38,674

See accompanying Notes to the 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 2013-1 GmbH in liquidation, Swiss Auto Lease 2015-1 GmbH, Swiss Auto Lease 2016-1 GmbH, Swiss Auto Lease 2019-1 GmbH, Swissbilling SA, eny Credit GmbH and Swiss SME Loans 2018-1 GmbH (collectively "the Group"). The Group is a leading provider of financial services in Switzerland. The main products comprise loans, leasing, credit cards and saving products. The services are rendered at the Group's headquarters in Zurich as well as through 16 branches and an operating subsidiary in Switzerland.

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 US (US GAAP) and are stated in Swiss francs (CHF).

Certain financial information, which is shown in the 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 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 2018 and 2017.

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 2019 and beyond actual conditions could alter, 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. The numbers published in the notes are rounded in thousands of Swiss francs, therefore rounding differences can occur.

2. Accounting Changes

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 in their statement of financial position. 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 recognise lease-related revenue and expense. The standard is effective for annual periods beginning after 15 December 2018, and interim periods within those years.

On 18 July 2018, the FASB issued ASU 2018-10 "Codification Improvements to Topic 842, Leases", which affects certain aspects of the guidance issued in the amendments in the ASU 2016-02 related to transition. The effective date and transition requirements issued in this update will be the same as the effective date and transition requirements in Topic 842 (ASU 2016-02).

On 30 July 2018, the FASB issued ASU 2018-11 "Leases (Topic 842): Targeted Improvements", where the FASB provided another transition method in addition to the existing transition method by allowing entities to initially apply the new leases standard at the adoption date (such as 1 January 2019, for calendar year end public business entities) and recognise a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, if elected an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard would continue to be in accordance with previous GAAP (Topic 840, Leases). An entity that elects this additional transition method must provide the required Topic 842 disclosures for all periods that continue to be in accordance with Topic 840. The amendments do not change the existing disclosure requirements in Topic 842. The Group has elected to apply this transition method in applying Topic 842 Leases at 1 January 2019.

In addition, this ASU provides the lessor with a practical expedient, by class of underlying asset, to not separate nonlease components from the associated lease component, similar to the expedient provided for lessees and, instead, to account for those components as a single component if the nonlease components otherwise would be accounted for under the new revenue guidance (Topic 606). This practical expedient is not relevant for the Group in applying Topic 842 Leases.

On 5 March 2019, the FASB issued ASU 2019-01 "Leases (Topic 842) Codification Improvements", where the FASB provided clarification on various topics, including lessor accounting for lessors who are not manufacturers or dealers, cash flow presentation for lessors (sales-type and financing leases), and transition disclosures related to accounting changes (Topic 250). Topic 842 allows an exemption from the transition requirements in ASC 250-10-50-1(b)(2) regarding the effect of the change on income from continuing operations, net income, any other affected item, or any affected per share amounts. ASU 2019-01 clarified that this exemption also applied to ASC 250-10-50-3, relating the same disclosures during interim reporting as well.

The overall impact of the adoption of ASC 842 (including the impact of the subsequent ASUs) is the recognition of a right-of-use asset and offsetting right-of-use liability of TCHF 20,206 as at 1 January 2019, which have been reflected in the statement of financial position.

Recently Issued Accounting Standards to be Effective in Future Periods

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 recognises 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 evaluating the effect of adoption of the new standard on its financial statements.

On 25 April 2019, the FASB issued ASU 2019-04 "Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and hedging, and Topic 825, Financial Instruments", which affects certain aspects of the guidance issued in the amendments in the ASU 2016-13 related to clarification and updates to a variety of topics. The effective date and transition requirements issued in this update will be the same as the effective date and transition requirements in Topic 326 (ASU 2016-13).

On 15 May 2019, the FASB issued ASU 2019-05 "Financial Instruments – Credit Losses (Topic 326) – Targeted Transition Relief", which allows for an irrevocable election of the fair value option for certain financial assets previously measured on an amortised cost basis. This is intended to increase comparability of financial statement information where similar financial instruments would otherwise have misaligned measurement methodologies. The effective date and transition requirements issued in this update will be the same as the effective date and transition requirements in Topic 326 (ASU 2016-13). The Group is evaluating the effect of adoption of the new standard on its financial statements.

On 26 January 2017, the FASB issued ASU 2017-4 "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment", which amends goodwill impairment test by eliminating step two that measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Instead, under the amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The guidance is effective for fiscal years beginning after 15 December 2020, including interim periods therein. The Group does not expect there to be a material impact from the adoption of the new standard on its financial statements.

On 28 August 2018, the FASB issued ASU 2018-13 “Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement”, which simplifies required fair value disclosures. Under the new guidance, the disclosure requirements on fair value measurements are modified. Certain disclosure requirements regarding transfers between Level 1 and 2, as well as the valuation processes for Level 3 measurements, are removed. Other modifications relate to the Level 3 disclosures or specific disclosures on investments in assets using net asset values. New disclosures will also be required for unrealised gains or losses and unobservable inputs related to Level 3 assets. The guidance is effective for fiscal years beginning after 15 December 2019, including interim periods therein. The Group does not expect there to be a material impact from the adoption of the new standard on its financial statements.

On 29 August 2018, the FASB issued ASU 2018-15 “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract”, that aligns the requirements for capitalising implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalising implementation costs incurred to develop or obtain internal-use software. Accordingly, the amendments in this update require an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalise as an asset related to the service contract and which costs to expense. The amendments in this update are effective for public business entities for fiscal years beginning after 15 December 2019, and interim periods within those fiscal years. Early adoption of the amendments in this update is permitted, including adoption in any interim period, for all entities. The amendments in this update should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Group is evaluating the impact of this ASU on its financial statements.

3. Business Developments

On 6 March 2019, the Group launched its fifth auto lease asset-backed security (ABS) transaction and issued fixed-rate senior notes of TCHF 250,000 on the Swiss capital market with a legal maturity of ten years and an optional redemption date of three years from the date of issuance. Most of the proceeds from this issuance were used to refinance the third ABS issued in 2015. On 23 March 2019, the TCHF 200,000 outstanding senior notes issued in 2015 were fully repaid with no further amounts due to noteholders.

With effect from 31 May 2019, the Group closed two branches in Baden and Biel reducing the number of branches to 16.

On 30 June 2019, the Group signed an agreement with Aduno Holding AG for the acquisition of 100% of the shares of cashgate AG, for a purchase price of CHF 277 million. With the acquisition of cashgate AG, the Group will increase its financing portfolio in personal loans and auto leases and loans by around CHF 1.4 billion to a total of around CHF 6.2 billion. The transaction will lead to increased economies of scale and accelerate the digital transformation roadmap. The acquisition is expected to close in the third quarter of 2019.

4. Financing Receivables and Allowance for Losses

Recently, the Group introduced a change in accounting estimates related to the write-offs (for the definition see note 1 of the Consolidated Financial Statements in the Annual Report 2018). As a response to the market demand, the Bank offers personal loans with a contractual duration up to 84 months. In order to allow for all reasonable and effective collection efforts, in light of the Federal Law on Consumer Credit requirements, the Bank started to write off contracts after reaching 180 days contractually past due on the growing segment of loans with term duration of 60 months or greater. This process facilitates an appropriate time frame for collection activities to effectively deal with delinquent closed-end loans given their duration. The change in estimate led to a decrease of write-off in an amount of approximately CHF 5.0 million in June 2019. As a consequence of not writing-off, there is a new delinquency bucket introduced – 120 days delinquent personal loans – leading to an increase of the receivables 30 days as well as 90 days past due in the same amount. A build-up of allowance for losses in an amount of approximately CHF 2.2 million was accounted for this new delinquency bucket.

As at 30 June 2019, the Group's financing receivables included lending to private customers, vehicle lease financing and credit card financing as follows:

CHF in thousands	30 June 2019	31 December 2018
Loans [1]	3,260,622	3,130,931
Deferred costs, net	36,457	33,424
Total loans, including deferred costs, net [1]	**3,297,079**	**3,164,354**
Investment in financing leases, net of deferred income	1,770,601	1,686,124
Other [2]	12,340	8,294
Financing receivables before allowance for losses [1]	**5,080,021**	**4,858,772**
Less allowance for losses [3]	– 56,902	– 52,013
Financing receivables, net [4]	**5,023,119**	**4,806,759**

1 Impact of the non-recurring item at TCHF 4,980 as at 30 June 2019
2 Other include Swissbilling SA
3 Impact of the non-recurring item at TCHF -2,234 as at 30 June 2019
4 Impact of the non-recurring item at TCHF 2,746 as at 30 June 2019

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 2019	31 December 2018
Total minimum lease payments receivable	1,918,762	1,826,088
Deferred income [1]	– 148,161	– 139,964
Investment in direct financing leases	**1,770,601**	**1,686,124**
Less allowance for losses	– 6,857	– 7,365
Net investment in direct financing leases	**1,763,744**	**1,678,759**

1 Included TCHF 19,065 and TCHF 16,881 of initial direct costs on direct financing leases as at 30 June 2019 and 31 December 2018, respectively

The subsidiaries held TCHF 622,450 and TCHF 580,854 of net financing receivables as at 30 June 2019 and 31 December 2018, respectively, as collateral to secure third-party debt in securitisations. See note 19 for further details of securitisations.

The following table provides further information about financing receivables:

CHF in thousands	30 June 2019	31 December 2018
Personal loans [1]	1,952,674	1,918,898
Auto leases and loans	2,071,590	1,984,277
Credit cards	1,043,416	947,303
Other [2]	12,340	8,294
Financing receivables, before allowance for losses [1]	**5,080,021**	**4,858,772**
Allowance for losses [3]	– 56,902	– 52,013
Financing receivables, net [4]	**5,023,119**	**4,806,759**

1 Impact of the non-recurring item at TCHF 4,980 as at 30 June 2019
2 Other include Swissbilling SA
3 Impact of the non-recurring item at TCHF -2,234 as at 30 June 2019
4 Impact of the non-recurring item at TCHF 2,746 as at 30 June 2019

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

CHF in thousands	Balance at 1 January 2019	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2019
Personal loans [1]	**33,779**	**10,783**	**– 26,001**	**20,659**	**–**	**39,220**
Auto leases and loans	**10,262**	**3,281**	**– 11,884**	**7,805**	**–**	**9,464**
Credit cards	**7,342**	**4,529**	**– 9,659**	**5,079**	**–**	**7,291**
Other [2]	**629**	**590**	**– 293**	**–**	**–**	**926**
Total [3]	**52,013**	**19,183**	**– 47,837**	**33,543**	**–**	**56,902**
As a % of total financing receivables, net						**1.1 %**

1 Excluding the non-recurring impact personal loans provision for losses at TCHF 13,529 and amounts written off at TCHF -30,981, ending in personal loan balance as at 30 June 2019 at TCHF 36,986
2 Other include Swissbilling SA
3 Excluding the non-recurring impact total provision for losses at TCHF 21,929 and amounts written off at TCHF -52,817, ending in total balance as at 30 June 2019 at TCHF 54,667

CHF in thousands	Balance at 1 January 2018	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2018
Personal loans	32,822	15,242	– 34,825	21,183	–	34,422
Auto leases and loans	9,888	4,751	– 10,347	5,600	–	9,892
Credit cards	6,665	3,541	– 7,979	5,260	–	7,486
Other [1]	302	354	– 307	13	–	362
Total	**49,676**	**23,888**	**– 53,458**	**32,056**	**–**	**52,162**
As a % of total financing receivables, net						1.1 %

1 Other include Swissbilling SA

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 of the Consolidated Financial Statements as of and for the years ended 31 December 2018 and 2017.

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 2019		31 December 2018	
	Over 30 days past due	**Over 90 days past due**	Over 30 days past due	Over 90 days past due
Personal loans [1]	**3.6 %**	**1.2 %**	2.8 %	0.7 %
Auto leases and loans	**0.9 %**	**0.1 %**	1.2 %	0.2 %
Credit cards	**1.2 %**	**0.5 %**	1.2 %	0.5 %
Total [2, 3]	**2.0 %**	**0.6 %**	**1.8 %**	**0.4 %**

1 Excluding the non-recurring impact personal loans 30+% and 90+% at 3.3 % and 0.9 %, respectively, as at 30 June 2019
2 Does not include Swissbilling SA. There is no material impact on the Group's past due financing receivables
3 Excluding the non-recurring impact total 30+% and 90+% at 1.9 % and 0.5 %, respectively, as at 30 June 2019

Nonaccrual Financing Receivables

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

CHF in thousands	30 June 2019	31 December 2018
Personal loans [1]	**22,503**	12,971
Auto leases and loans	**2,558**	3,354
Credit cards	**4,725**	4,447
Total [2, 3]	**29,786**	**20,772**
Nonperforming loan coverage [4, 5]	**191.0 %**	250.4 %

1 Excluding the non-recurring impact personal loans nonaccrual receivables at TCHF 17,523 as at 30 June 2019
2 Does not include Swissbilling SA. There is no material impact on the Group's nonaccrual financing receivables
3 Excluding the non-recurring impact total nonaccrual receivables at TCHF 24,806 as at 30 June 2019
4 Calculated as allowance for losses divided by nonaccrual financing receivables
5 Excluding the non-recurring impact nonperforming coverage % at 220.4 % as at 30 June 2019

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 2019				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	941,740	545,731	292,938	42,988	3,897
Auto leases and loans	1,079,140	667,180	268,217	44,387	12,665
Credit cards	769,365	197,793	69,044	7,172	43
Total [1]	**2,790,245**	**1,410,704**	**630,199**	**94,546**	**16,605**
As a % of total financing receivables before allowance for losses [1]	56.5%	28.5%	12.8%	1.9%	0.3%

[1] Does not include eny Credit GmbH, Swissbilling SA and Swiss SME Loans 2018-1 GmbH. There is no material impact on the Group's consumer ratings

	31 December 2018				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	916,726	529,832	292,926	47,424	5,520
Auto leases and loans	1,024,359	649,064	254,591	42,530	13,733
Credit cards	703,049	178,358	59,999	5,857	40
Total [1]	**2,644,134**	**1,357,254**	**607,516**	**95,812**	**19,293**
As a % of total financing receivables before allowance for losses [1]	56.0%	28.7%	12.9%	2.0%	0.4%

[1] Does not include eny Credit GmbH, Swissbilling SA and Swiss SME Loans 2018-1 GmbH. There is no material impact on the Group's consumer ratings

5. Investment Securities

Investment securities are comprised of debt securities available for sale.

CHF in thousands	**30 June 2019**	31 December 2018
Debt securities available for sale	**10,475**	10,558
Total investment securities	**10,475**	**10,558**

The following table summarises amortised cost, fair value and unrealised gains and losses of debt securities available for sale by category.

	30 June 2019				31 December 2018			
CHF in thousands	**Amortised cost**	**Gross unrealised gains**	**Gross unrealised losses**	**Fair value**	Amortised cost	Gross unrealised gains	Gross unrealised losses	Fair value
Debt securities issued by Swiss cantons	**2,007**	**25**	**– 22**	**2,010**	2,016	24	– 21	2,018
Debt securities issued by Swiss municipal authorities	**–**	**–**	**–**	**–**	–	4	– 4	–
Debt securities issued by Swiss mortgage institutions	**8,441**	**170**	**– 146**	**8,466**	8,533	145	– 138	8,540
Debt securities available for sale	**10,449**	**195**	**– 168**	**10,475**	**10,549**	**173**	**– 164**	**10,558**

The maturity of debt securities available for sale is presented in the table below:

	Amortised cost	Fair value
CHF in thousands	**30 June 2019**	**30 June 2019**
Within 1 year	**7,378**	**7,393**
From 1 to 5 years	**3,071**	**3,082**
From 5 to 10 years	**–**	**–**
After 10 years	**–**	**–**
Total debt securities	**10,449**	**10,475**

6. Property, Plant and Equipment

CHF in thousands	Estimated useful lives (years)	**30 June 2019**	31 December 2018
Original cost			
Buildings and improvements	(5-40)	**8,274**	7,878
Office equipment	(3-10)	**12,113**	11,097
Total		**20,387**	**18,975**
Accumulated depreciation			
Buildings and improvements		**– 4,389**	– 4,044
Office equipment		**– 8,246**	– 7,518
Total		**– 12,635**	**– 11,562**
Net carrying value			
Buildings and improvements		**3,885**	3,834
Office equipment		**3,867**	3,579
Total		**7,752**	**7,413**

Depreciation expense was TCHF 1,082 and TCHF 1,882 for the periods ended 30 June 2019 and 30 June 2018, respectively. The Group did not recognise any impairment losses in both periods.

Operating lease right-of-use assets and lease liabilities

CHF in thousands	30 June 2019	31 December 2018
Components of the lease liability		
Operating lease - right-of-use assets	**17,100**	20,206
Operating lease - lease liability	**17,202**	20,206
Short-term classification	**6,278**	n/a
Long-term classification	**10,925**	n/a
Supplemental information		
ROU assets obtained for new lease liabilities	**–**	n/a
Weighted average remaining lease term (in years)	**3.38**	
Weighted average discount rate	**0.64%**	

For the six months ended (CHF in thousands)	30 June 2019	30 June 2018
Components of the lease expense		
Operating lease expense	**3,172**	n/a
Supplemental information		
Operating cash flows paid for operating leases	**3,069**	n/a

CHF in thousands	30 June 2019
Maturities table	
2019 (excluding 6 months ended 30 June 2019)	**3,144**
2020	**6,058**
2021	**5,164**
2022	**1,247**
2023	**581**
Thereafter	**1,127**
Total lease payments	**17,321**
Less: imputed interest	**118**
Total	**17,202**

7. Intangible Assets

CHF in thousands	**30 June 2019**	31 December 2018
Original cost	**68,721**	62,425
Accumulated amortisation	**– 34,965**	– 29,273
Net carrying value	**33,756**	**33,152**

Capitalised software is amortised over a useful life from one to five years. Amortisation expense related to intangible assets was TCHF 5,720 and TCHF 4,686 for the periods ended 30 June 2019 and 30 June 2018. The weighted average amortisation period of intangible assets was five years as of 30 June 2019. The intangible assets comprise mainly of internally developed and capitalised software.

8. Goodwill

On 16 February 2017, the Group acquired 100% of shares of Swissbilling SA, a Swiss invoice financing company with operations mainly in the French-speaking region of Switzerland. On 30 November 2017, the Group acquired 100% of outstanding shares of EFL Autoleasing AG, a Swiss auto leasing company which was domiciled in Winterthur. Goodwill related to these acquisitions is presented below:

CHF in thousands	**Balance at 1 January 2019**	**Goodwill acquired during the period**	**Other**	**Balance at 30 June 2019**
Gross amount of goodwill	**15,877**	–	–	**15,877**
Accumulated impairment	–	–	–	–
Net book value	**15,877**	–	–	**15,877**

The Group continually assesses whether or not there has been a triggering event requiring a review of goodwill. In estimating the fair value of the reporting units, the Group applied the income approach. This approach is based on a discount rate which reflects the relevant risks and projected cash flows determined from the Group's updated five-year strategic business plan that included significant management assumptions and estimates based on its view of current and future economic conditions.

Based on its goodwill impairment analysis performed as of 30 June 2019, the Group concluded that there was no triggering event in the period ended 30 June 2019. There are no deferred taxes booked related to goodwill.

9. Other Assets

CHF in thousands	30 June 2019	31 December 2018
Restricted cash	**23,733**	28,790
Tax receivables	**32,358**	19,195
Other receivables	**3,062**	11,190
Deferred expenses	**3,772**	1,471
Other	**1,646**	1,940
Total other assets	**64,571**	**62,586**

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 23,733 and TCHF 28,790 of restricted cash related to the consolidated VIEs (see note 19) as at 30 June 2019 and 31 December 2018, respectively.

The tax receivables as per 30 June 2019 consisted of VAT input tax and income tax receivables. The increase in tax receivables was due to income tax advance payments.

10. Deposits

The following table shows the maturities of the Group's customers' saving deposits, term deposits and prepaid cards as at 30 June 2019 and 31 December 2018, respectively:

CHF in thousands	30 June 2019	31 December 2018
On demand	**187,512**	194,503
Less than 3 months	**228,668**	225,085
3 to less than 6 months	**351,769**	316,471
6 to less than 12 months	**575,182**	570,452
12 months plus, thereof	**1,609,586**	1,520,743
due in 2020	**296,636**	508,403
due in 2021	**386,766**	282,357
due in 2022	**279,457**	220,247
due in 2023	**263,599**	224,456
due in 2024	**190,276**	140,475
due in 2025 and later	**192,852**	144,805
Total	**2,952,716**	**2,827,254**

There is no term maturity for on-demand saving deposits. All deposits are denominated in CHF. The weighted average interest rate on all deposits remained unchanged at approximately 0.45%.

11. Short-Term and Long-Term Debt

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

		30 June 2019		31 December 2018	
CHF in thousands	Maturity	**Amount**	**Contractual interest rate**	Amount	Contractual interest rate
Short-term portion					
Non-recourse borrowings (Auto ABS) [1]	2019	**–**	**0.00 %**	200,000	0.23 %
External debt (unsecured bond)	2019	**100,005**	**0.75 %**	100,015	0.75 %
Non-recourse borrowings (Auto ABS) [1]	2020	**200,000**	**0.22 %**	–	–
External debt (floating rate note)	2020	**50,189**	**0.00 %**	–	–
Long-term portion					
Non-recourse borrowings (Auto ABS) [1]	2020	**–**	**0.00 %**	200,000	0.22 %
External debt (floating rate note)	2020	**–**	**0.00 %**	50,316	0.00 %
External debt (unsecured bond)	2021	**175,000**	**0.50 %**	175,000	0.50 %
Non-recourse borrowings (Auto ABS) [1]	2022	**250,000**	**0.15 %**	–	–
External debt (unsecured bond)	2022	**99,977**	**1.25 %**	99,973	1.25 %
External debt (unsecured bond)	2023	**200,000**	**0.18 %**	200,000	0.18 %
External debt (unsecured bond)	2024	**200,195**	**0.25 %**	200,215	0.25 %
External debt (unsecured bond)	2025	**150,711**	**0.38 %**	150,770	0.38 %
External debt (unsecured bond)	2026	**125,229**	**0.88 %**	125,246	0.88 %
Debt issuance costs		**– 4,676**		– 3,771	
Total short-term and long-term debt		**1,546,630**		**1,497,764**	

[1] Related to consolidated VIEs, refer to note 19 for further details

The contractual rate represents the interest due on the relevant debt at the reporting date, whereas the effective interest (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. Except for one floating rate note of TCHF 50,000 which was issued in February 2018, the Group has only fixed rate funding.

The Group defers the debt issuance costs and amortises them over the expected life-time of the relevant debt instrument. As per 30 June 2019 and 31 December 2018, unamortised debt issuance costs amounted to TCHF 4,676 and TCHF 3,771, respectively. Commitment fees are recognised as incurred over the commitment period.

On 23 January 2019, the Group signed a revolving credit facility with an international bank with a committed term until 2021. The facility consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

On 22 November 2018, the Group signed a revolving credit facility with a Swiss bank with a committed term until 2022. The facility consists of a TCHF 50,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.20% per annum.

In July 2018, the Group signed a revolving credit facility with a Swiss bank for a three-year term. The facility matures in 2021 and consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

On 4 December 2017, the Group signed a revolving credit facility with a Swiss bank with a committed term until end of 2020. The facility consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

On 6 March 2019, the Group launched its fifth auto lease asset-backed security (ABS) transaction and issued fixed-rate senior notes of TCHF 250,000 with an optional redemption date of three years (and a legal maturity of ten years) from the date of issuance. Most of the proceeds from this issuance were used to refinance the securitisation structured through Swiss Auto Lease 2015-1 GmbH.

On 23 March 2019, the TCHF 200,000 outstanding senior notes issued in 2015 were fully repaid with no further amounts due to noteholders.

On 22 May 2018, the Group issued a TCHF 125,000 senior unsecured bond at 100.212% with maturity of eight years and a coupon of 0.875%.

On 28 February 2018, the Group issued a TCHF 50,000 floating rate note at 101.01% with a maturity of two years and a quarterly coupon of 0.0% floored, respectively 0.05% capped for the entire period depending on the Libor fixings.

The Group has a total outstanding of TCHF 1,550,000 of senior unsecured bonds (including ABS) issued as at 30 June 2019. These bonds have been issued in 2014 (maturing in 2019 and 2022), 2015 (maturing in 2021), 2016 (maturing in 2020 and 2023), 2017 (maturing in 2024 and 2025) and 2018 (maturing in 2020 and 2026) and 2019 (maturing 2022). All debt instruments are repayable at full at maturity or at the earliest possible redemption date.

As at 30 June 2019 and 31 December 2018, the Group maintained TCHF 350,000 of undrawn committed facilities. The weighted average contractual commitment fee for all facilities was 0.24% at 30 June 2019 and 31 December 2018, respectively. In order to finance the announced cashgate acquisition, the Group signed a committed bridge facility and mid-term loan with a bank consortium for a total amount of CHF 1.6 billion on 30 June 2019. The acquisition is only expected to close in the third quarter of 2019, consequently both facilities were undrawn as at 30 June 2019.

12. Pension Plans

The cost of the pension plans is presented below:

For the six months ended (CHF in thousands)	Consolidated Statements of Income line item	**30 June 2019**	30 June 2018
Service cost for benefits earned	Compensation and benefits	**3,189**	3,143
Prior service credit amortisation	General and administrative expenses	**– 750**	– 739
Expected return on plan assets	General and administrative expenses	**– 2,935**	– 2,895
Interest cost on benefit obligations	General and administrative expenses	**950**	616
Net actuarial loss amortisation	General and administrative expenses	**2,658**	2,168
Pension plan cost		**3,111**	**2,294**

13. Capital Adequacy

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

The Group is applying the definite Basel III rules effective since 1 January 2013. Under Basel III, a variety of basic approaches are available to banks for the calculation of capital adequacy requirements for credit, market and operational risks. The Group uses the International standard approach (“SA-BIS” approach) to calculate the minimum requirement for covering credit risk. It is entitled to use a standardised approach to calculate the capital charge for market risk. The Group also applies a standardised approach to calculate the capital charge for operational risk management. Thus it fulfils the qualitative and quantitative requirements of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO, SR 952.03).

The total eligible regulatory capital of the Group comprises Tier 1, Common Equity Tier 1 (CET1), and consists of shareholders' equity including net income for the current year. Deductions from Tier 1 include, among other items, anticipated but non-declared dividends, own shares, goodwill and deferred tax assets. Risk-weighted assets include consolidated balance sheet assets, off-balance sheet transactions converted into credit equivalents, non-counterparty risk, market risk and operational risk from processes, people, systems and external events.

As of 30 June 2019, the Group adheres to the applicable regulatory requirements for a category 4 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.

Further information on capital adequacy is contained in the separate document "Capital Adequacy and Liquidity Disclosures 2018" published on the Cembra website (www.cembra.ch/en/investor → Reports and Presentations → Financial Reports).

CHF in thousands	**30 June 2019**	31 December 2018
Eligible regulatory capital		
Tier 1 capital	**854,932**	833,830
of which CET1 capital	**854,932**	833,830
Total eligible capital	**854,932**	**833,830**
Risk-weighted assets		
Credit risk	**3,888,284**	3,702,608
Non counterparty risk	**38,785**	37,835
Market risk	**6,603**	7,409
Operational risk	**602,238**	598,263
Total risk-weighted assets	**4,535,910**	**4,346,114**
Capital ratios		
CET1 ratio	**18.8%**	19.2%
Tier 1 ratio	**18.8%**	19.2%
Total capital ratio	**18.8%**	19.2%

14. Earnings Per Share and Additional Share Information

For the six months ended (CHF in thousands)	30 June 2019	30 June 2018
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	**78,595**	77,669
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	**78,595**	77,669
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	**1,813,838**	1,810,618
Weighted-average numbers of common shares outstanding for basic earnings per share	**28,186,162**	**28,189,382**
Dilution effect number of shares	**22,393**	19,107
Weighted-average numbers of common shares outstanding for diluted earnings per share	**28,208,555**	**28,208,490**
Basic earnings per share (in CHF)	**2.79**	**2.76**
Diluted earnings per share (in CHF)	**2.79**	**2.75**

The amount of common shares outstanding has changed as follows:

	30 June 2019	31 December 2018
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	**1,813,249**	**1,814,170**
Share-based compensation	**– 8,907**	– 10,921
Purchase	**18,000**	10,000
Balance at end of period	**1,822,342**	**1,813,249**
Common shares outstanding	**28,177,658**	**28,186,751**

15. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Group from a customer, are excluded from revenue. The Group recognises revenue when it satisfies a contractual performance obligation.

These performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. The contracts generally do not include variable consideration, therefore there is no significant judgement required in this respect.

Nature of services

The Group provides finance solutions to its customers. The main revenue streams of the Group arise from personal loans, leases and credit cards as well as from insurance products. Certain credit card related fees and insurance commissions are in the scope of ASC 606.

Commission and fee income related to credit cards include certain transaction-based and service fees. Those fees are recognised as the services are rendered, which is when the transaction happens and is processed. In case of credit cards, the Group additionally earns interchange fees calculated as a percentage of total credit card transaction volume. Those fees are recognised when the transactions are processed.

The Group also offers insurance products to its customers. Those products are complementary to the Group's lending products and the Group acts as an agent to insurance companies. For arranging between the customer and the insurer, the Group is entitled to keep a part of the insurance premium as its commission, which is recognised on a net basis as the services are rendered.

Disaggregation of revenues

For the six months ended (CHF in thousands)	**30 June 2019**	**30 June 2018**
Insurance	**9,884**	9,760
Credit cards	**48,070**	43,192
Total	**57,954**	**52,952**

The table above differs from note 23 – Commissions and Fee Income as it includes only contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

16. Income Tax Expense

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

For the six months ended (CHF in thousands)	**30 June 2019**	30 June 2018
Current tax expense	**20,778**	20,655
Deferred tax expense / benefit (-) from temporary differences	**475**	137
Income tax expense	**21,253**	**20,793**

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 rates for the both periods ended 30 June 2019 and 2018 were approximately 21%.

Net deferred tax assets amounted to TCHF 3,688 as of 30 June 2019 and TCHF 4,564 as of 31 December 2018, respectively.

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 the 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, it 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.

17. 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 6,884 as at 30 June 2019. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 30 June 2019, 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.

For the six months ended (CHF in thousands)	**30 June 2019**	31 December 2018
Ordinary course of business lending commitments	**83,939**	59,449
Unused revolving loan facilities	**65,789**	67,349
Unused credit card facilities	**3,337,102**	3,141,538

18. Financial Instruments

The following table provides information about the assets and liabilities not carried at fair value in the 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 (for the definition see note 1 of the Consolidated Financial Statements in the Annual Report 2018).

	30 June 2019		31 December 2018	
CHF in thousands	**Carrying amount net**	**Estimated fair value**	Carrying amount net	Estimated fair value
Assets				
Loans	**3,247,961**	**3,313,529**	3,120,336	3,187,017
Liabilities				
Deposits	**– 2,952,716**	**– 2,989,740**	– 2,827,254	– 2,864,107
Borrowings	**– 1,546,630**	**– 1,573,986**	– 1,497,763	– 1,506,002

Fair values are estimated as follows:

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

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

Assets 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, investment securities, other assets, accrued expenses and other liabilities.

Pension Fund
Refer to note 12 in the Consolidated Financial Statements in the Annual Report 2018 for further details on pension fund.

19. Variable Interest Entities

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

The Group has undertaken five securitisations in the past years, all through consolidated VIEs, to obtain funding backed by its auto lease receivables.

In June 2016, the Group launched its fourth securitisation transaction (structured through Swiss Auto Lease 2016-1 GmbH) and issued fixed-rate senior notes of TCHF 200,000 with a coupon of 0.22% per annum and an optional redemption date of 3¾ years from the date of issuance. The proceeds from this issuance were used to refinance the securitisation structured through Swiss Auto Lease 2013-1 GmbH.

In March 2019, the Group launched its fifth securitisation transaction (structured through Swiss Auto Lease 2019-1 GmbH) and issued fixed-rate senior notes of TCHF 250,000 with a coupon of 0.15% per annum and an optional redemption date of three years from the date of issuance. Most of the proceeds from this issuance were used to refinance the securitisation structured through Swiss Auto Lease 2015-1 GmbH).

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 is considered primary beneficiary of the VIEs as it has both the power to direct the activities that most significantly impact the VIEs' economic performance and an obligation to absorb losses, or a right to receive benefits from the VIEs. Hence, the VIEs are being consolidated.

In July 2017, the Group signed an agreement to refinance a CHF 42 million personal loan portfolio from eny Finance AG, a Swiss online personal loan provider. The Group has also agreed to partially refinance future personal loan volume from this provider. The deal was structured through a VIE, eny Credit GmbH, that is fully owned, controlled and consolidated by the Group. The Bank is the co-servicer of the VIE and holds the subordinated interests issued by the VIE that were used to refinance the loan portfolio from eny Finance AG. The Bank is considered the primary beneficiary of the VIE as it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the VIE.

In March 2018, the Group signed an agreement with Lendico Schweiz AG (Lendico) to finance loans to Swiss small and medium enterprises (SME) originated through Lendico online platform. Lendico is a company domiciled in Zurich and operates a SME loans online platform since the end of 2016. The transaction was structured through a special purpose vehicle, Swiss SME Loans 2018-1 GmbH, which is fully owned, controlled and consolidated by the Group. The Bank is the servicer of the VIE and holds the subordinated interests issued by the VIE that were used to finance the loans from Lendico. The Bank is considered the primary beneficiary of the VIE as it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the VIE.

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

CHF in thousands	**30 June 2019**	31 December 2018
Assets		
Financing receivables, net	**622,450**	580,854
Financing leases	**503,836**	459,364
Loans	**118,615**	121,489
Other assets	**23,733**	28,790
Total assets	**646,184**	**609,644**
Liabilities		
Accrued expenses and other payables	**7,245**	4,320
Non-recourse borrowings	**448,617**	399,494
Total liabilities	**455,863**	**403,814**

Revenues from the consolidated VIEs amounted to TCHF 14,220 and TCHF 13,576 for the periods ended 30 June 2019 and 30 June 2018, respectively. Related expenses consisted primarily of provisions for losses of TCHF 2,459 and TCHF 2,044 and interest expense of TCHF 781 and TCHF 764 for the periods ended 30 June 2019 and TCHF 30 June 2018, 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.

20. Related-Party Transactions

The Group had no related-party transactions in the first half-year of 2019.

21. Interest Income

The details of interest income are shown below:

For the six months ended (CHF in thousands)	**30 June 2019**	30 June 2018
Personal loans	**79,096**	79,275
Auto leases and loans	**49,521**	48,926
Credit cards	**38,297**	34,479
Other	**– 1,163**	– 456
Total	**165,751**	**162,225**

22. Interest Expense

The details of interest expense are shown below:

For the six months ended (CHF in thousands)	**30 June 2019**	30 June 2018
Interest expense on ABS	**868**	904
Interest expense on deposits	**6,477**	6,259
Interest expense on debt	**3,321**	2,975
Total	**10,666**	**10,138**

23. Commission and Fee Income

The details of commission and fee income are shown below:

For the six months ended (CHF in thousands)	**30 June 2019**	30 June 2018
Insurance	**9,884**	9,760
Credit cards	**48,070**	43,192
Loans and leases	**6,523**	6,705
Other	**3,084**	1,225
Total	**67,561**	**60,882**

24. General and Administrative Expenses

The details of general and administrative expenses are shown below:

For the six months ended (CHF in thousands)	30 June 2019	30 June 2018
Professional services	**8,821**	7,441
Marketing [1]	**4,714**	4,437
Collection fees	**5,185**	5,367
Postage and stationery	**4,890**	4,277
Rental expense under operating leases	**3,172**	2,323
Information technology	**14,406**	9,609
Depreciation and amortisation	**6,802**	6,568
Other	**– 1,313**	– 2,231
Total	**46,677**	**37,792**

1 Marketing includes advertising costs, which are expensed as incurred

25. Supplemental Cash Flow Information

Certain supplemental information related to cash flows is shown below:

For the six months ended (CHF in thousands)	30 June 2019	30 June 2018
Increase in loans to customers	**– 836,266**	– 939,573
Principal collections from customers – loans	**792,527**	842,107
Investment in equipment for financing leases	**– 546,796**	– 506,288
Principal collections from customers – financing leases	**460,026**	473,016
Net change in credit card receivables and other	**– 105,033**	– 75,575
Net change in financing receivables	**– 235,543**	**– 206,313**

26. Subsequent Events

The Group has evaluated subsequent events from the financial position date through 23 July 2019, the date at which the financial statements were available to be issued.

On 2 July 2019, the Group sold 1.2 million treasury shares, corresponding to 4.0% of its share capital, at a price of CHF 94 per share. The treasury shares were offered to investors in Switzerland and to qualified investors outside of Switzerland and the United States.

On 2 July 2019, the Group placed CHF 250 million convertible bonds through a private placement. The senior unsecured bonds have a maturity of seven years, don't bear any interest and have an initial conversion price of CHF 122.20, representing a conversion premium of 30% to the clearing price of the share placement and an issue price of 100.88%. Unless previously converted or repurchased and cancelled, the bonds will be redeemed at 100% of their principal amount of CHF 200,000 per bond. The bonds are rated A- by S&P, in line with the Issuer's rating.

On 4 July 2019, the Group issued a CHF 150 million Additional Tier-1 perpetual Bond (AT1 Bond) at par with a coupon of 2.5%. The bond has a BB rating by S&P and is traded on the SIX Swiss Exchange.

On 8 July 2019, the Group raised CHF 425 million through a dual-tranche unsecured bond issue. The shorter tranche was issued with a principal amount of CHF 250 million and a duration of 3.75 years at a zero coupon. The longer tranche was issued with a principal amount of CHF 175 million and a duration of eight years at a 0.285% coupon. Both bonds were issued at par and are expected to settle on 19 August 2019.

In response to the acquisition of cashgate AG, the above financing transations have been executed in July 2019.

Besides that, there were no other subsequent events at that date.

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
Selected indices	SPI®, Swiss All Share Index, STOXX® Europe 600, SPI Select Dividend 20

Ticker Symbols

Bloomberg	CMBN SW
Reuters	CMBN.S

Credit Ratings

Standard & Poor's	A– (long-term)
Standard & Poor's	A–2 (short-term)
Bank Vontobel	A–
Zürcher Kantonalbank	A–

Financial Calendar

Publication of full-year 2019 results	21 February 2020
Publication of Annual Report 2019	18 March 2020
Annual General Meeting 2020	16 April 2020

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