

Full-year results 2013

03.03.14



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Cembra Money Bank Highlights 2013

Environment

- Interest rates remain at historically low levels and foreseen to stay anchored through 2014
- Swiss economy grew around 2.0% ... Consumer loan market slightly down
- Stable competitive and regulatory environment

Financials

- Net income of CHF 132.9mn ... earnings per share of CHF 4.43
- Stable net financing receivables base ... Credit cards receivables increased by 19%
- Net interest margin at 7% ... Cost/Income at 50% including one-off IPO charges, 44% on adjusted basis
- Return on average equity of 14.1% ... 16.6% using December 2013 shareholder's equity level

Operational

- Rebranding campaign to Cembra Money Bank completed ... CHF 10.4mn spent in Q4 2013
- Further diversified funding sources with inaugural CHF 250mn 1.125% senior bond in November 2013
- Achieved historically low delinquencies 30+% at 1.8% and NPL% at 0.4% in December 2013

Capital allocation

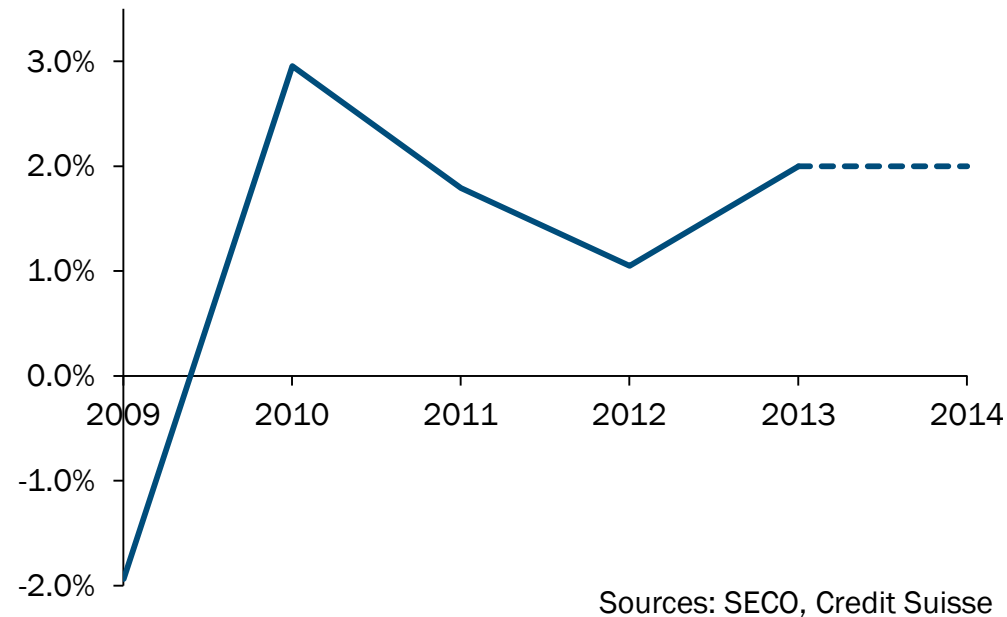
- Strong liquidity position with CHF 492mn cash and solid Tier 1 capital ratio¹ of 19.7% as of December 2013
- Proposed 2013 cash dividend of CHF 2.85 per share², to be paid out of reserves from capital contributions and free of Swiss withholding tax

¹ Includes full-year net income adjusted for expected dividend distribution

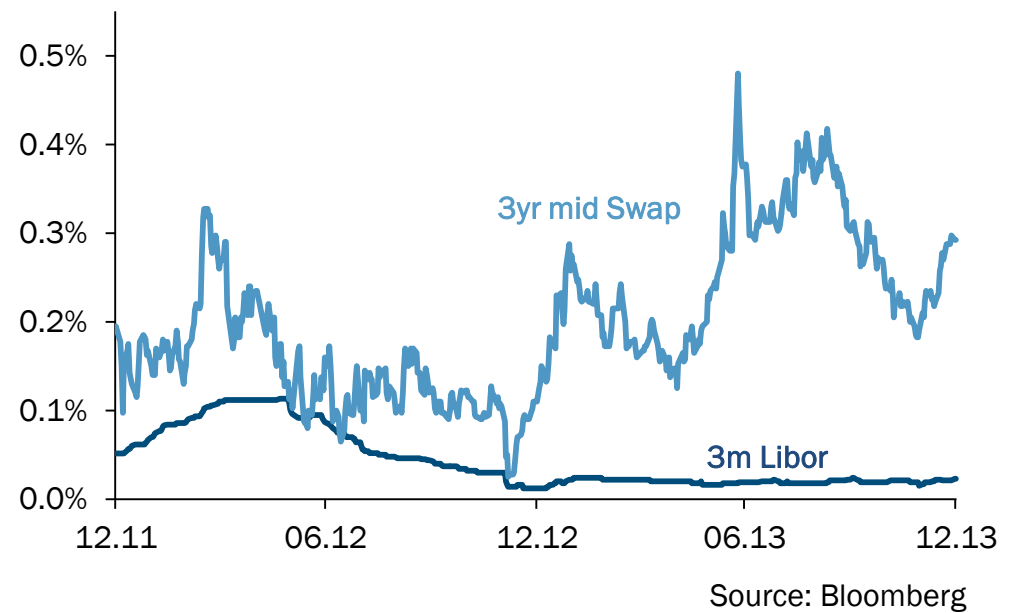
² Proposal of the Board of Directors to the Annual General Meeting on 13 May 2014

Operating environment

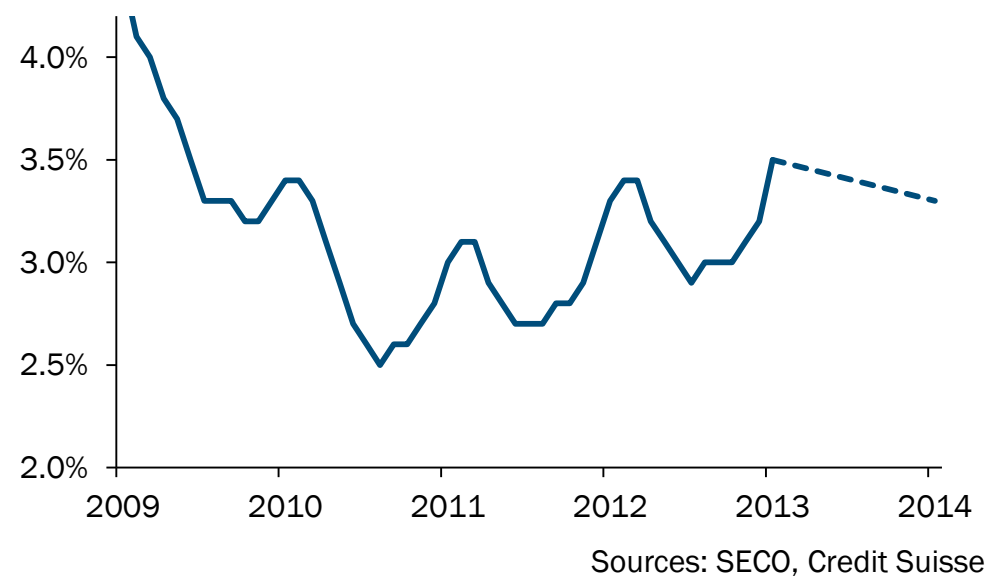
Swiss GDP growth (real)



Interest rates



Swiss unemployment rate



Comments

- Economy expected to grow at 1.8%-2.0% in 2014
- Continued low Swiss unemployment level
- Short term interest rates anchored by SNB
- Long term interest rates more volatile

Product line update

Personal Loans

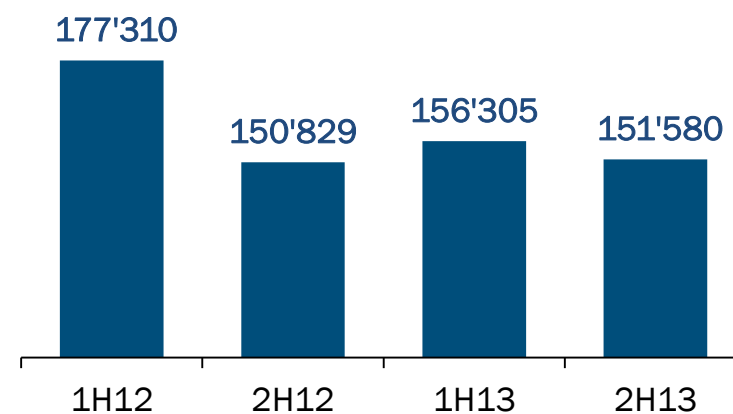
Cembra online presence



- Slightly decreasing personal loan market in Switzerland
- Online applications increased by more than 20% in 2013 vs 2012
- 25 branches performing well ... offering a personalized service

Auto

New car registration in Switzerland

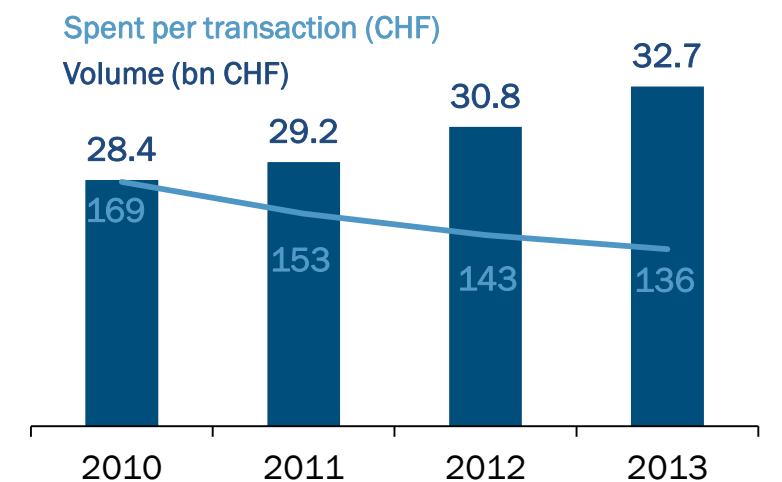


Source: auto-schweiz

- After a strong 2012 new car registrations decreased by 6.2% in 2013
- Auto captives continue low rate campaigns
- Cembra offering best in class service and holding market share

Credit Cards

Credit card transaction volume (Swiss cards)



Source: SNB

- Cembra's growth rate continuously outperforms market growth ... number of credit cards up 17% to 553'000
- Renewed Migros and Conforama agreements, first year TCS
- Launched Migros Cumulus-MasterCard with NFC-technology in September 2013 ... first major retailer using new technology

Rebranding update

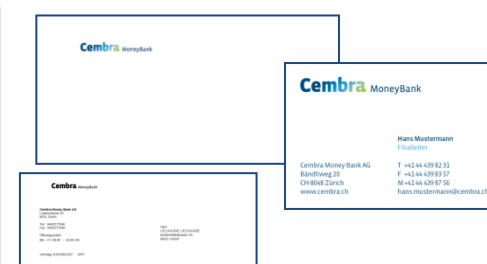
Brand Launch Campaign

TV, Billboards, Print, Online



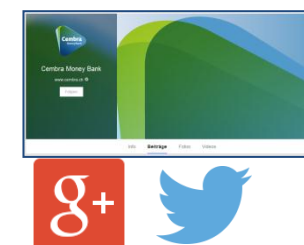
Marketing & Printed Material

Brochures, Letter, Business Cards ...



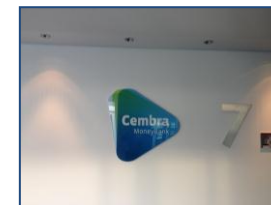
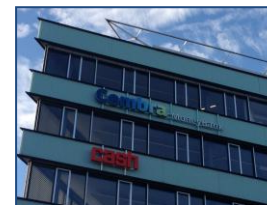
Online Media

Website, Social Media, Google, ...



Signage & Branches

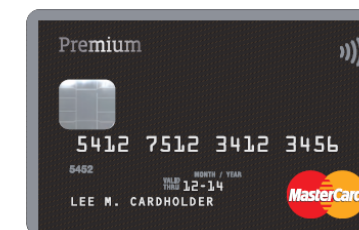
Rebranding ongoing until April '14!



On track!

Rebranding & New Bankcard

New Cembra Bankcard in April '14 / Partner Cards ongoing



On track!

Balance sheet

Assets - US GAAP (in CHF mn)	2013	2012
Cash and equivalents	¹ 492	368
Net financing receivables	² 3,993	4,011
Personal loans	1,861	1,902
Auto loans and leases	1,647	1,703
Credit cards	485	406
Other assets	105	60
Total Assets	4,590	4,439

Liabilities (in CHF mn)	2013	2012
3rd party funding	³ 2,960	1,680
Deposits	1,660	1,280
Long-term debt	1,300	400
Due to Affiliates - GE funding	700	1,504
Other liabilities	131	174
Total liabilities	3,790	3,358
Shareholders equity	⁴ 799	1,081
Total liabilities and equity	4,590	4,439

Risk-weighted assets **3,596** **3,618**

Ratio analysis

3rd party funding / total funding	81%	53%
Tier 1 capital ratio ¹	19.7%	26.6%

¹ Includes full-year net income adjusted for expected dividend distribution

Comments

¹ ■ Cash increase driven by year-end funding increase and seasonal loans repayments

² ■ Stable receivables portfolio. Personal loans affected by revolving product run-off & seasonal loans repayment. Continuous market pressure on Auto offset by strong growth in cards

³ ■ Significant growth in deposits driven by Institutional deposits up 53%

■ Bank loans, ABS & first issuance of CHF 250mn Senior Unsecured Bond driving Long Term debt offset by reduction in GE funding

⁴ ■ Equity down due to CHF (470)mn dividend pre IPO partially offset by current year net income (CHF 132.9mn), tax goodwill (CHF 36.2mn) and pension OCI impact (CHF 20.7mn)

Funding

Diversified, local funding sources

(in CHF mn)

Standalone funding @ YE

53%

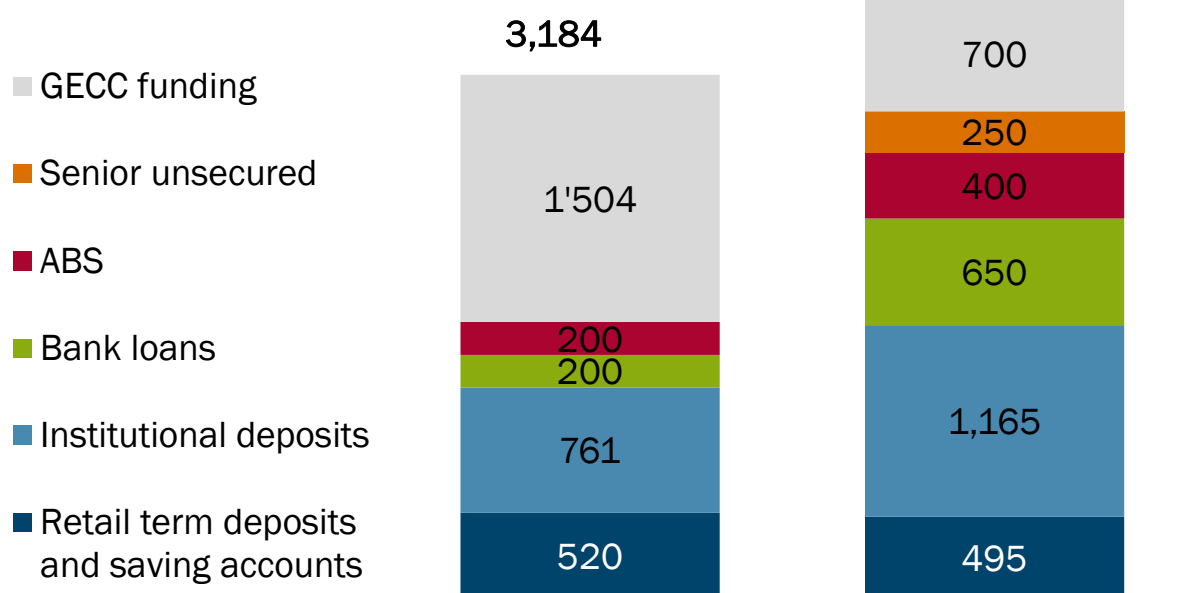
81%

Overall cost of funding

2.2%

1.7%

3,660



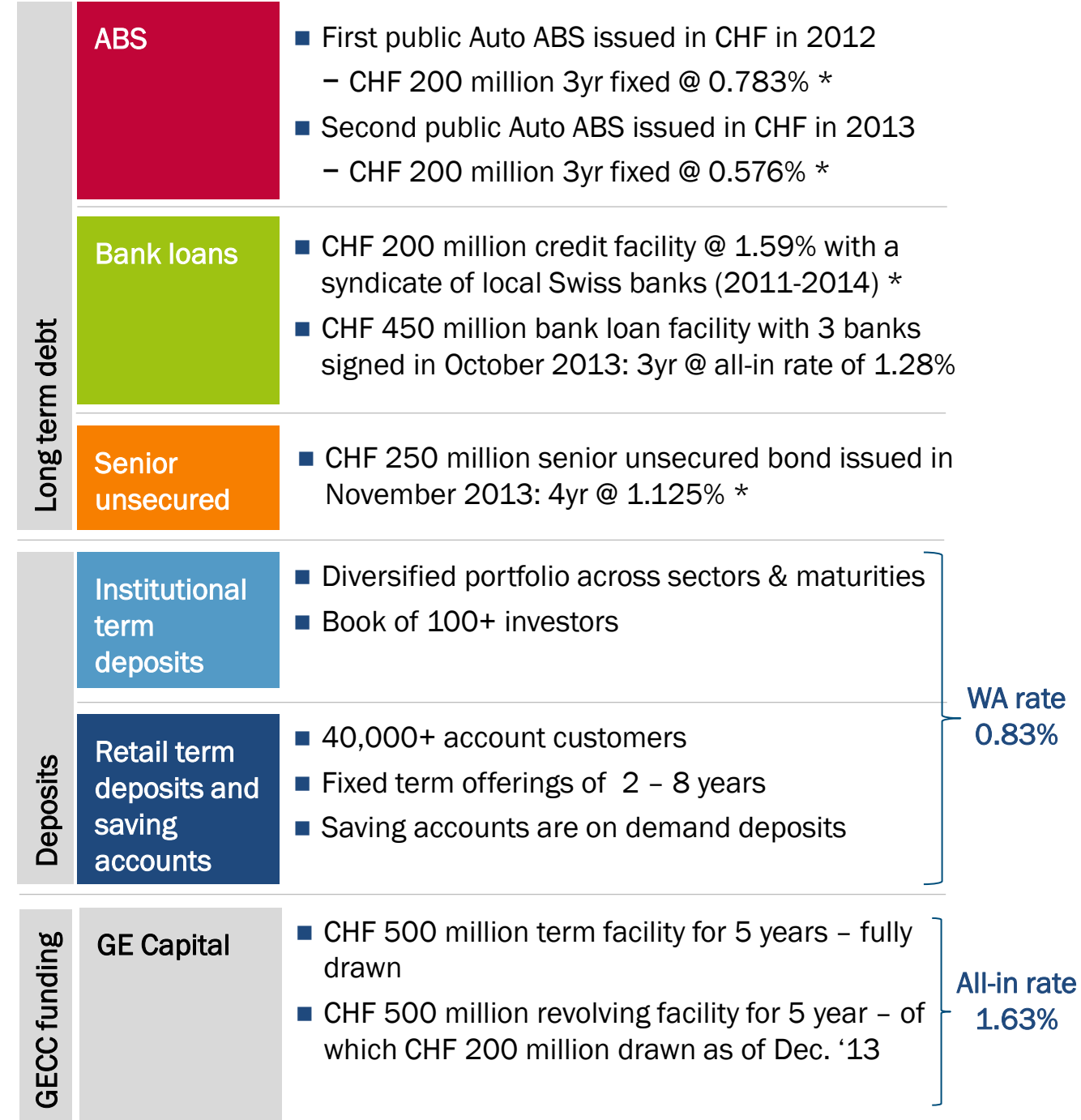
LCR 485% 2012, 985% 2013

NSFR¹ n/a 2012, >100% 2013

Undrawn credit lines 196mn 2012, 300mn 2013

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

Existing funding programs



* Additional charges apply related to fees and debt issuance costs

P&L

Income statement - US GAAP (in CHF mn)	2013	2012	
Interest income	343.7	352.3	
Interest expense	(61.1)	(70.0)	
Net interest income	1	282.6	282.3
Insurance	2	19.8	26.4
Credit card fees	38.9	32.0	
other	13.2	15.0	
Commission and fee income	71.9	73.4	
Total income	354.5	355.7	
Provisions for losses	3	(7.0)	(22.3)
Operating expense	4	(178.9)	(164.4)
Income before taxes	168.6	169.0	
Taxes	(35.7)	(35.9)	
Net income	132.9	133.1	
Basic earnings per share (EPS)	4.43	4.44	
Key ratios			
Net interest income / financing receivables	7.0%	6.9%	
Loss provision / financing receivables	0.2%	0.5%	
Cost/income	5	50%	46%
Effective tax rate	21.2%	21.2%	
Return on average equity (ROE)	6	14.1%	13.1%
Return on average assets (ROA)	2.9%	3.1%	

Comments

1

- Interest income down due to Loans volume & Auto lease prices, partially offset by Cards growth
- Change in funding mix driving Interest expense

2

- Lower insurance profit share vs 2012
- Consistent growth in Credit Cards with fees up 21%
- Revolving loan product run-off impacting other fees

3

- Portfolio of loss certificates sold (CHF 33.1mn pre-tax gain) in H1 '13, partially offset by lower recoveries (CHF 12.0mn pre-tax) in H2 '13

4

2013 One-offs items in operating expense:

- CHF 7.3mn share issuance tax
- CHF 5.6mn transaction related costs
- CHF 10.4mn rebranding campaign

5

- Cost/income ratio driven by one-off costs, would have been 44% on an adjusted basis

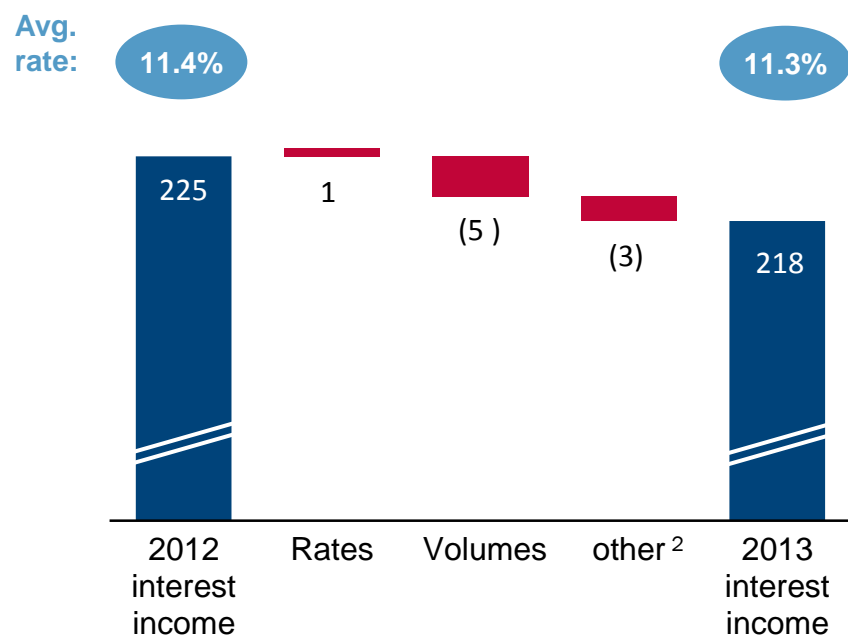
6

- Return on average equity impacted by equity reduction following 470mn dividend paid in 2013 ... 16.6% RoE based on December 2013 equity

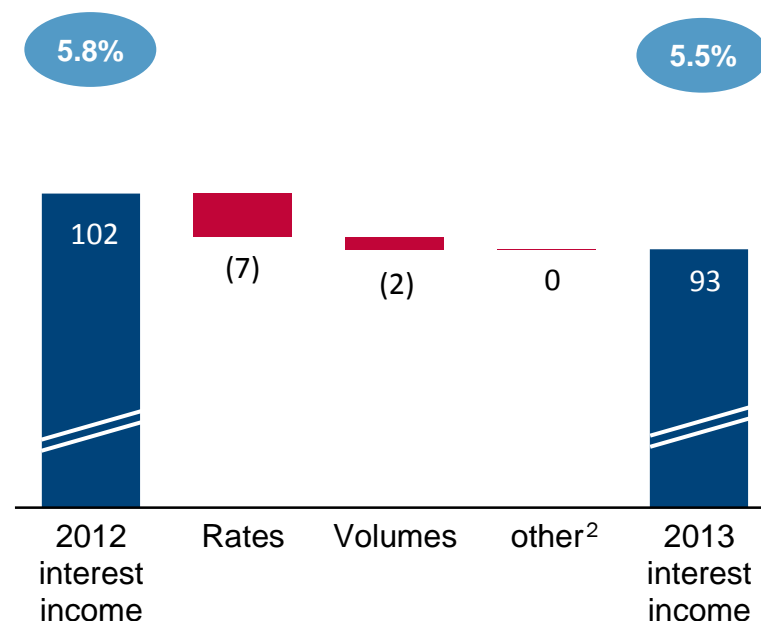
Interest income by product lines

Average financing receivables ¹ (in CHF mn)	2013	2012	Interest income (in CHF mn)	2013	2012
Personal loans	1,929	1,966	Personal loans	218.5	225.1
Auto loans and leasing	1,684	1,740	Auto loans and leasing	92.9	101.6
Credit cards	458	369	Credit cards	32.3	25.6
Total financing receivables	4,071	4,075	Total interest income	343.7	352.3

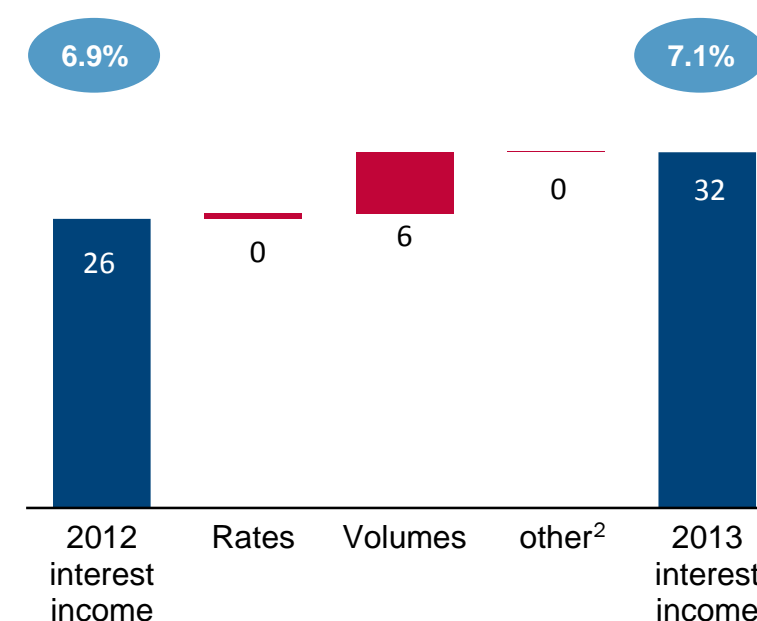
Change in personal loans interest income



Change in auto loan/leasing interest income



Change in credit cards interest income

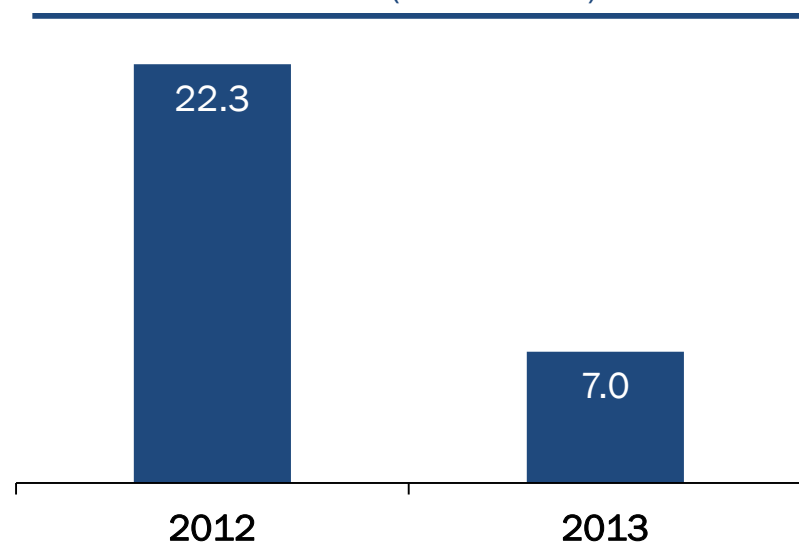


¹ Average receivables calculated on a quarterly basis

² 'Other' includes deferred income and other interest

Provisions for losses

Provision for losses (in CHF mn)



	2012	2013
Loss rate ¹	0.5%	0.2%
Adjusted loss rate ²	0.7%	0.7%
30+ days past due	2.0%	1.8%
Non-performing loans (NPL) ³	0.5%	0.4%

Comments

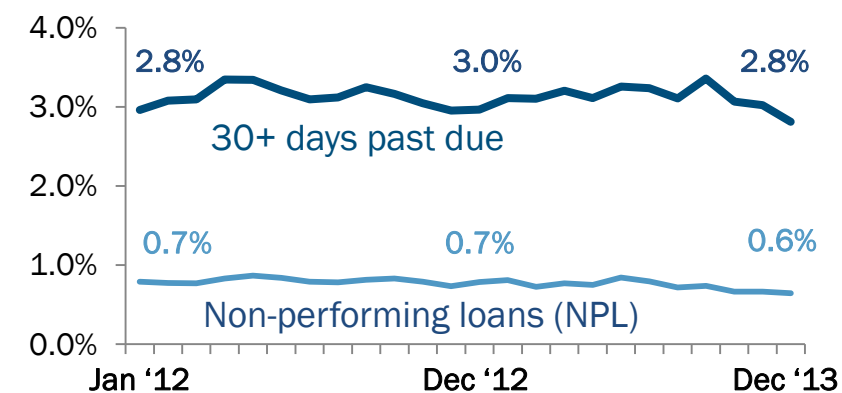
- Overall stable loss performance y-o-y at 0.7% on an adjusted basis
- Sale of loss certificates in '13 will affect recovery flow going forward
- Stable portfolio quality paired with diligent Collections processes drive strong delinquency performance in 2013

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

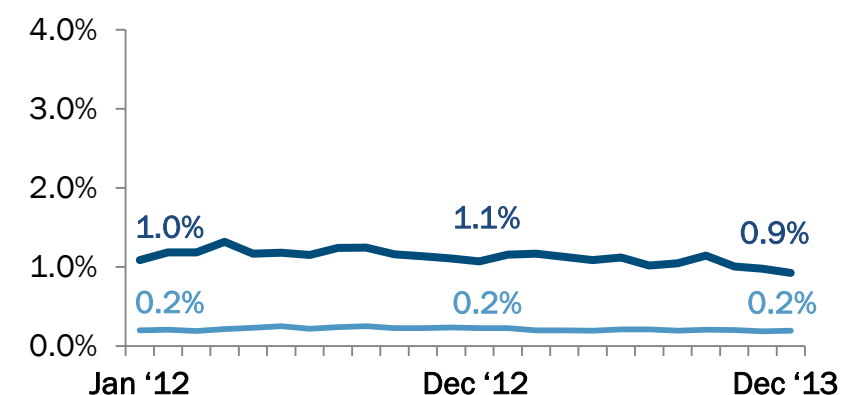
² Adjusted for CHF 21.1mn recoveries because of debt sale (CHF 33.1mn pre-tax gain in H1 '13, CHF 12.0mn estimated recovery impact in H2 '13) and CHF 4.7mn change of reserve methodology in 2012

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

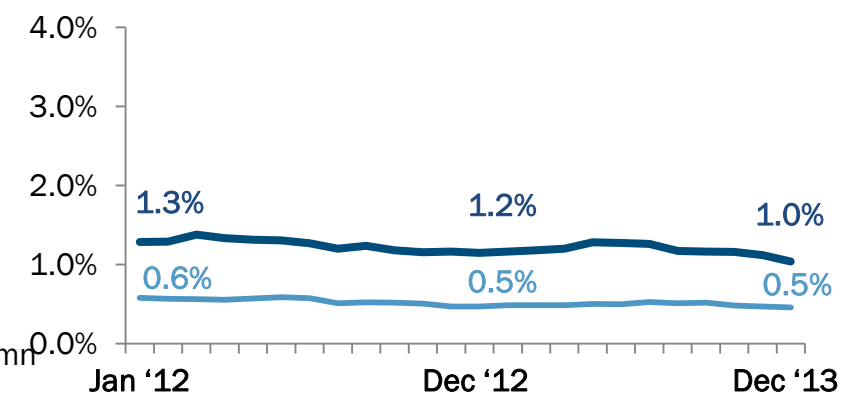
Personal loans



Auto



Cards



Operating expense

Income statement (in million CHF)	2013	2012
Compensation and benefits	100.3	102.7
GE Capital assessments / TSA ¹	8.9	17.3
Professional services	15.2	8.9
Marketing	13.3	7.6
Collection fees	7.2	7.4
Postage and stationery	10.1	7.3
Rental expenses under operating leases	6.0	5.5
Depreciations and amortization	3.2	3.1
Other	14.7	4.5
Total operating expenses	178.9	164.4
Cost/income ratio	50%	46%
Cost/income ratio adjusted for one-off's²	44%	46%
Full-time equivalent employees (FTE)	700	710

Comments

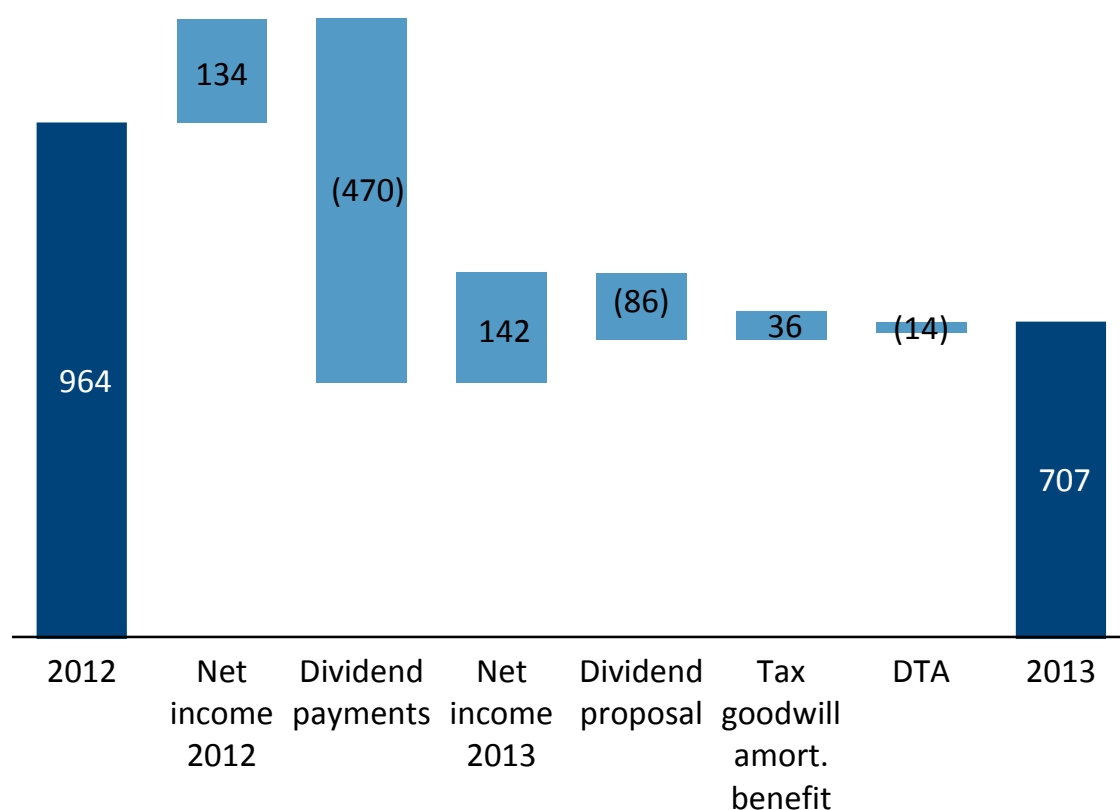
- 1 ■ C&B lower due to lower workforce and non repeat of CHF 1.3mn restructuring charge in Nov '12 partially offset by inflation
- 2 ■ GE Capital assessment & royalties reduced to CHF 7.8mn in 2013. TSA costs CHF 1.1mn for 2013
- 3 ■ Professional services included CHF 4.1mn of transaction related costs and CHF 0.4mn rebranding costs
- 4 ■ Marketing included CHF 7.6mn of rebranding costs
- 5 ■ Postage & Stationery included CHF 2.4mn of rebranding costs for terms & conditions, brochures, and other items
- 6 ■ Other included one-off share issuance costs of CHF 7.3mn and CHF 1.5mn of transaction related costs

¹ Transational Service Agreement (TSA) from November 2013

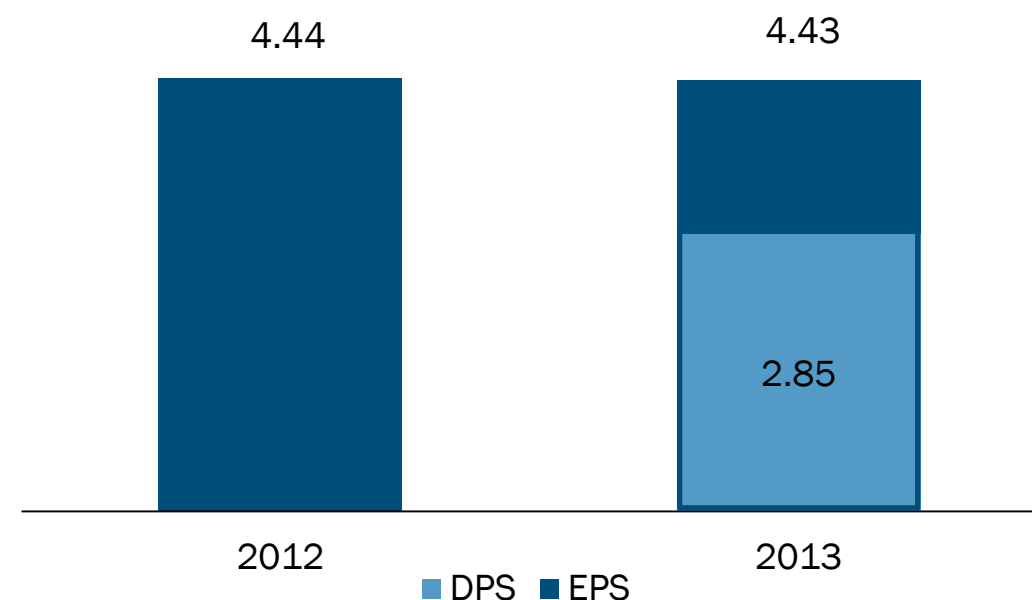
² Adjusted for CHF 23.3mn IPO-related costs in Opex in 2013 and CHF 1.3mn restructuring charge in November 2012

Capital adequacy / Dividend

Tier 1 capital walk¹



Earnings per share and dividend proposal



Capital (in CHF mn)	2012	2013
Risk-weighted assets (RWA)	3,618	3,596
Tier 1 capital ²	964	707
Tier 1 capital ratio	26.6%	19.7%

Per share data	2012	2013
Basic earnings per share (EPS) ³	4.44	4.43
Dividend per share (DPS) ^{4/5}	-	2.85
Payout ratio	-	64%
Number of shares	30,000,000	
Treasury shares	39,215	
Shares outstanding	29,960,785	
Weighted-average numbers of shares outstanding	29,993,464	

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

² Includes full-year net income adjusted for expected dividend distribution

³ Based on weighted-average numbers of common shares outstanding

⁴ Proposal of the Board of Directors to the AGM on 13 May 2014

⁵ To be paid out of reserves from capital contributions of the Head Office

Outlook / Guidance

Medium-term targets

Asset growth

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

Profitability

- RoE target of at least 15%

Capitalisation

- Target consolidated Tier 1 capital ratio of minimum 18%

Dividend payout

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

2013

flat

14.1%¹

19.7%

64%

Comments / Outlook

Interest income

- Low interest rate environment expected to continue to impact interest income

IT transition

- Project launched and on track to be executed over the next 24 months

Loan losses

- Losses expected around 1.0% of financing receivables due to sale of loss certificates in 2013 as guided previously



Guidance 2014

Earnings per share

- EPS in the range of CHF 4.40 – 4.60

¹ 16.6% based on year-end '13 equity

Appendix

Full balance sheet details

Assets (in CHF mn) - US GAAP	2013	2012
Cash and cash equivalents	491.7	367.8
Net financing receivables, net	3,992.9	4,010.5
Property, plant and equipment, net	4.1	3.8
Intangible assets, net	2.3	2.8
Other assets	82.0	45.8
Deferred income taxes	16.5	8.4
Total Assets	4,589.6	4,439.3

Liabilities and Equity (in CHF mn)		
Deposits	1,660.0	1,280.3
Accrued expenses and other payables	119.4	138.9
Due to affiliates	700.0	1,504.0
Long-term debt	1,299.5	400.0
Other liabilities	11.2	34.8
Total liabilities	3,790.2	3,358.0
Common shares	30.0	30.0
Additional paid in capital	647.9	811.6
Treasury shares	(2.0)	-
Retained earnings	133.8	270.7
Accumulated other comprehensive loss	(10.3)	(31.0)
Total shareholders equity	799.3	1,081.3
Total liabilities and shareholder's equity	4,589.6	4,439.3

Cost of funding drivers

Funding balance at year-end (in CHF mn) - US GAAP	2013	2012
Deposits	1,660	1,281
Bank loans	650	200
ABS	400	200
Senior unsecured	250	-
GE funding	700	1,504
Interest expense (in CHF mn)		
Deposits	14.3	16.1
Bank loans	3.9	2.3
ABS	3.7	2.1
Senior unsecured	0.3	-
GE funding	38.9	49.5

Equity walk

Shareholder's equity - US GAAP

