Full-year 2017 Financial Results

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Strong results above guidance

Environment

- Continued low interest rates – inflation turning positive
- Consumer confidence improving – consumer loan market recovering
- First 18 months with new interest rate caps: 10% for personal loans and 12% for credit cards
- Domestic interchange reduced from 70bps to 44bps as of 1 August 2017

Managing business

- Asset growth of 12% across all business lines – acquisitions (8%) and organic growth (4%)
- Successfully closed EFL Autoleasing acquisition – funding synergies locked-in
- New partnerships initiated in auto and cards
- Stable loss performance: 30+ DPD at 1.8% / NPL at 0.4% – loss rate @ 1.0%
- Maintaining excellent cost discipline with cost/income ratio of 42.4%

Strong results

- Net income of CHF 144.5mn or CHF 5.13 per share supported by strong H2'17 result
- Offsetting lower interest income in personal loans with growth in cards income
- Solid return on equity (ROE) of 16.7%
- Delivering on 2017 guidance and on all medium-term targets

Strongly capitalised

- Tier 1 capital ratio of 19.2%[1] within target range
- Ordinary dividend of CHF 3.55 per share proposed; up CHF 0.10 vs 2017

[1] Includes net income adjusted for expected dividend distribution

Consumer finance market update

Markets in 2017	Cembra's performance
Personal loan market turned positive in 2017 (+3%) – aggressive competition	▪ Defending market share despite aggressive competition ▪ Growing assets in line with the market ▪ Balancing online leads with excellent service levels ▪ Vast majority of the book repriced by end of 2017
Number of **credit cards** up 4% to 6.6mn and transaction volumes up 10% – NFC volume doubled[1]	▪ Number of credit cards up 10% to 803,000 – gaining market share (now 12%) ▪ Cembra volumes increased 17% and number of transactions increased 22% ▪ Credit card fees up 18% year-on-year
New **car** sales (314k; -1%) and used car (873k; 0%) market stable[2]	▪ Leading independent player – market share increased to approx. 15% ▪ Maintaining price despite captive pressure ▪ New partnerships to strengthen market position
Payment technology developing slowly: - Market entry of SamsungPay - ApplePay and TWINT have limited share	▪ Still too many players and no winners … Cembra sticks to "smart follower" strategy ▪ Leader on NFC with 20% NFC transactions[1] in 2017 with 12% of credit cards in circulation

[1] Source: SNB Monthly Banking Statistics
[2] Sources: auto-schweiz; Eurotax

Executing on the Strategy

Key strategic objectives

Defend the core business	Build the future	Gain size through external growth & diversify
▪ 4% organic asset growth ▪ Renewed Migros contract for 5 years ▪ New partnerships - Hyundai - Harley-Davidson - Interio	▪ Executing on digital agenda - CRM investment - Modernizing front-end ▪ Cards innovation - Samsung Pay - Garmin / Fitbit	▪ Swissbilling acquisition ▪ EFL acquisition ▪ Eny refinancing model: ➡ duplicable

Update on 2017 growth initiatives

Harley Davidson

- Finance partner (virtual captive) of Harley-Davidson since January 2018
- 3,000 new registrations p.a.

Hyundai

- Virtual captive since Q4 2017 through EFL acquisition
- 9,000 new registrations per year

Interio

- Furniture store belonging to Migros
- Launch credit card in Q2 2018
- Launch Swissbilling in Q3 2018

EFL acquisition

- Transaction successfully closed in Q4 2017
- Net receivables of CHF 278 million at year-end 2017
- Funding synergies locked-in – issued CHF 200mn bond in November @ 0.25% / 6.5 years
- Merger scheduled for H1'18 ... on track
- Operational synergies starting in 2018

Swissbilling

- Transaction closed in Q1 2017
- Net receivables CHF 5 million / Financed 383,000 invoices in 2017
- Staffing up and building the future
- Launch invoice finance at POS in Q2 2018 (offline product)
- Signed agreement with Interio, combining with cards
- Healthy pipeline for new customers

P&L

Income statement (in CHF mn)	2017	2016	V%
Interest income	308.3	324.3	*(5)*
Interest expense	(24.7)	(26.5)	*(7)*
Net interest income [1]	283.6	297.7	*(5)*
Insurance [2]	23.0	21.9	*5*
Credit card fees [3]	75.0	63.5	*18*
Loans and leases	11.8	10.6	*11*
Other	2.9	0.3	*nm*
Commission and fee income	112.7	96.3	*17*
Net revenues	**396.3**	**394.0**	*1*
Provision for losses [4]	(45.1)	(44.6)	*1*
Operating expense	(167.9)	(167.5)	*0*
Income before taxes	**183.3**	**181.9**	*1*
Taxes	(38.8)	(38.2)	*2*
Net income	**144.5**	**143.7**	*1*
Basic earnings per share (EPS)	**5.13**	**5.10**	*1*

Key ratios

Net interest income / financing receivables	6.5%	7.2%
Cost/income	42.4%	42.5%
Effective tax rate	21.2%	21.0%
Return on average equity (ROE)	16.7%	17.4%
Return on average assets (ROA)	2.9%	3.0%

Comments

1
- Lower interest income driven by the reduction in APR following the introduction of the rate caps – the vast majority of the lending book has now been repriced
- Higher APR on Cumulus Mastercard and lower interest expense due to favorable repricing of funding

2
- Increase in insurance revenue driven by a non-recurring one-off fee in 2017

3
- Credit cards fees performance driven by the increase in the number of cards (+10%) and by the increase in transaction volume (+17%)
- Interchange (after contributions for loyalty) accounted for c. 12% of credit card fee income

4
- Loss rate of 1.0% reflecting the continued risk management discipline

Operating expenses

Income statement (in CHF mn)		2017	2016	V%
Compensation and benefits	1	99.9	100.4	*0*
Professional services	2	11.4	9.0	*27*
Marketing	3	6.1	6.6	*(9)*
Collection fees		5.8	5.7	*1*
Postage and stationery	4	9.3	8.6	*8*
Rental expenses under operating leases	5	4.7	6.0	*(21)*
Information technology	6	23.6	24.1	*(2)*
Depreciation and amortisation	7	8.7	7.8	*11*
Other		(1.6)	(0.7)	*117*
Total operating expenses		**167.9**	**167.5**	**0**
Cost/income ratio		**42.4%**	**42.5%**	
Full-time equivalent employees	8	735	705	4
Cembra Money Bank		*696*	*705*	*(1)*
Swissbilling		*15*	*-*	
EFL Autoleasing		*24*	*-*	

Comments

1. Lower pension costs (CHF 1.5mn) offset by higher headcount following the EFL & Swissbilling acquisitions
2. Driven by business development and continued investment in simplification and regulatory requirements
3. Lower marketing cost following large-scale advertising campaign in 2016 to promote new rates in personal loans
4. Driven by growth in credit cards and invoice financing (Swissbilling)
5. Lower HQ rental costs and non-recurring costs following branch closures in 2016
6. Lower costs mainly driven by timing of IT investments
7. Increase in amortisation following IT investments and Swissbilling acquisition
8. Declining headcount in the Bank offset by the acquisitions of EFL Autoleasing and Swissbilling

Balance sheet

Assets (in CHF mn)		31-12-17	31-12-16	V%
Cash and equivalents	1	418	669	*(37)*
Net financing receivables	2	4,562	4,073	*12*
Personal loans		1,782	1,720	*4*
Auto leases and loans		1,942	1,641	*18*
Credit cards		833	711	*17*
Other (Swissbilling)		5	-	*nm*
Other assets		119	115	*3*
Total Assets		**5,099**	**4,857**	***5***

Liabilities (in CHF mn)				
Funding	3	4,048	3,874	*4*
Deposits		2,627	2,355	*12*
Short- & long-term debt		1,421	1,520	*(6)*
Other liabilities		166	135	*23*
Total liabilities		**4,213**	**4,009**	*5*
Shareholders' equity	4	885	848	*4*
Total liabilities and equity		**5,099**	**4,857**	*5*

Comments

1
- Growth in receivables partly financed via cash
- Fewer upcoming debt maturities in 2018

2
- Financing receivables growth across all products – organic growth added CHF 162mn (4%) and acquisitions contributed CHF 327mn (8%):
  - EFL: CHF 278mn
  - eny: CHF 44mn
  - Swissbilling: CHF 5mn

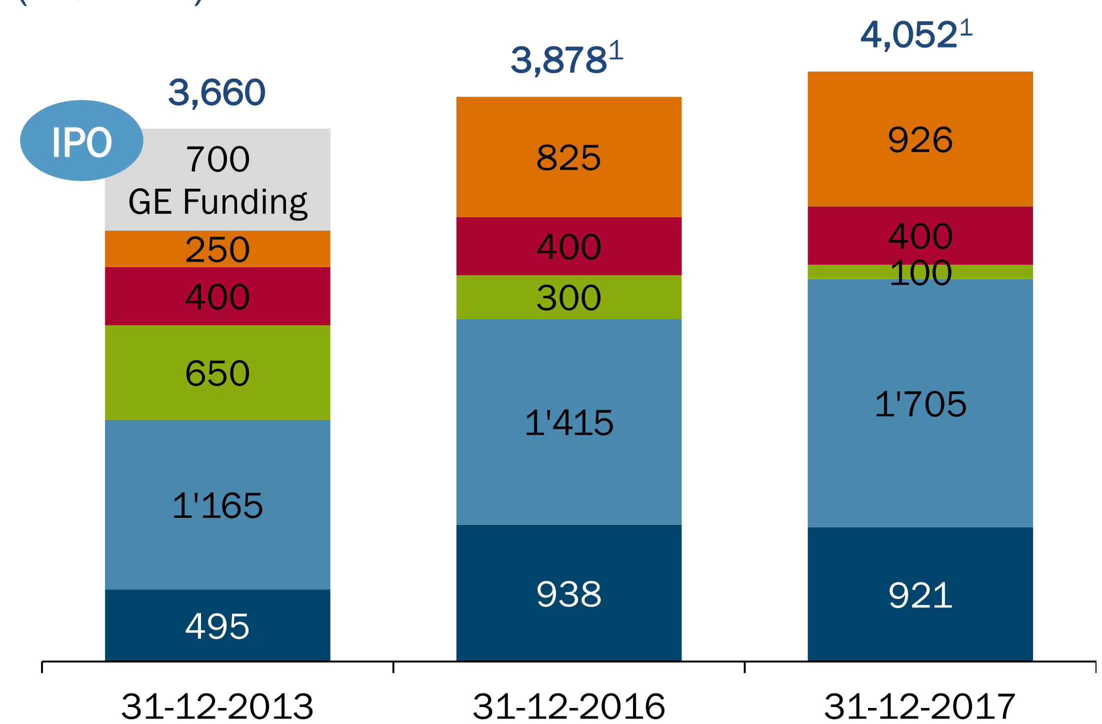
3
- Increase in funding driven by EFL acquisition
- Deposits increased to 65% of total funding driven by institutional

4
- Equity was up as a result of 2017 net income (CHF 144.5mn) and OCI (CHF 18.0mn) partially offset by the dividend payment (CHF 125.5mn) in April 2017

Diversified funding

Diversified, local funding sources

(in CHF mn)



	31-12-2013	31-12-2016	31-12-2017
End of period funding cost	1.70%	0.66%	0.52%
Avg. remaining term (yrs)	2.0	2.7	2.9
LCR	985%	1908%	916%
NSFR[2]	>100%	>100%	>100%
Leverage ratio	-	15.4%	15.4%
Undrawn credit lines	300mn	350mn	350mn

Funding programs

Non-Deposits – 35%

Senior unsecured
- Six issuances of between 100mn to 200mn each
- Avg. remaining term of 5.3 yrs / avg. rate of 0.46%*

ABS
- Two AAA-rated issuances of CHF 200mn each
- Avg. remaining term of 1.8 yrs / avg. rate of 0.23%*

Bank loans
- Term Loan of 100mn from one Bank
- Avg. remaining term of 0.5 yrs / avg. rate of 0.22%

Deposits – 65%

Institutional term deposits
- Diversified portfolio across sectors and maturities
- Book of circa 120 investors

Retail term deposits and saving accounts
- Circa 29,000 depositors
- Fixed term offerings of 3–8 years
- Saving accounts are on-demand deposits

Avg. rate of 0.48% / Avg. remaining term of 2.3 yrs

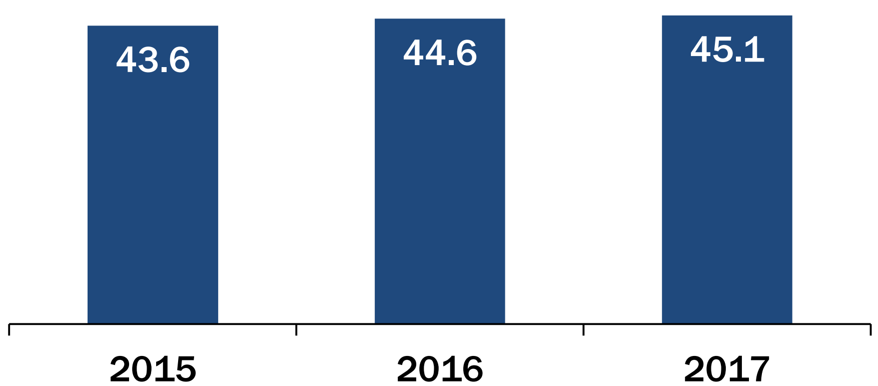
Off-BS

Committed revolving credit lines
- Four facilities between CHF 50mn to 100mn each
- Avg. remaining term of 1.5 yrs / avg. rate of 0.24%*

[1] CHF 3,874mn and CHF 4,048mn including deferred debt issuance costs on long- & short-term debt (US GAAP)
[2] Based on the revised NSFR framework published by the Basel Committee on Banking Supervision in January 2014
* Additional charges apply related to fees and debt issuance costs

Stable loss performance

Provision for losses (in CHF mn)

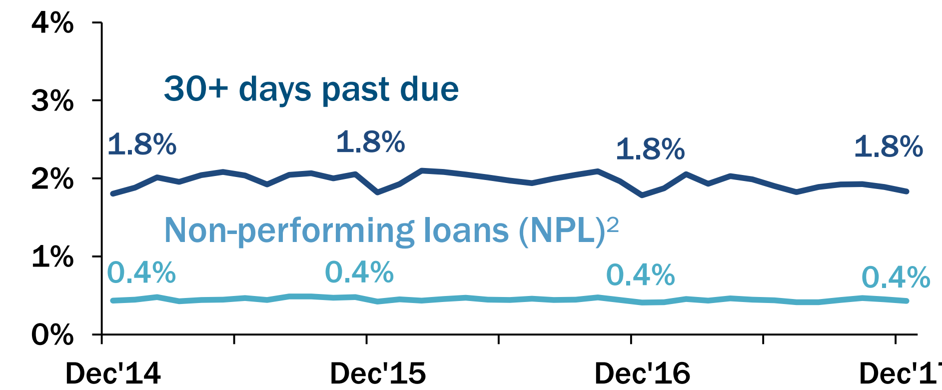


2015	2016	2017	
1.1%	**1.1%**	**1.0%**	**Loss rate[1]**
1.8%	1.8%	1.8%	30+ days past due
0.4%	0.4%	0.4%	Non-performing loans (NPL)[2]

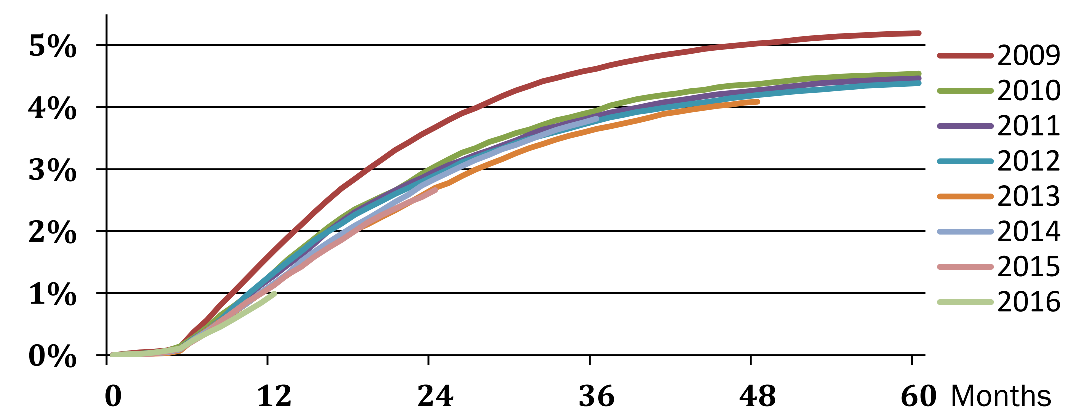
Comments

- Slight improvement of loss rate to 1.0%
- Delinquencies continue prior years' trend, reflecting robust asset quality and stable processes
- Loss performance in 2018 expected to be in line with prior years

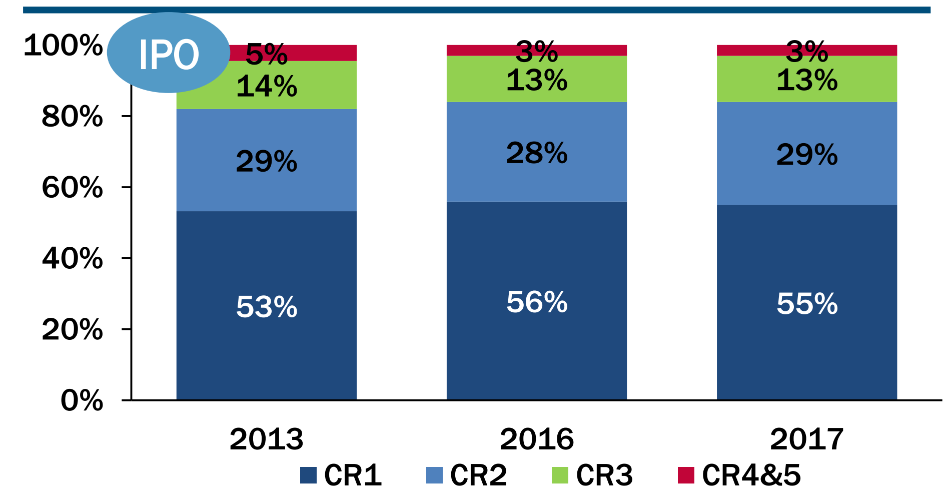
30+ days past due / NPL



Write-off performance[3]



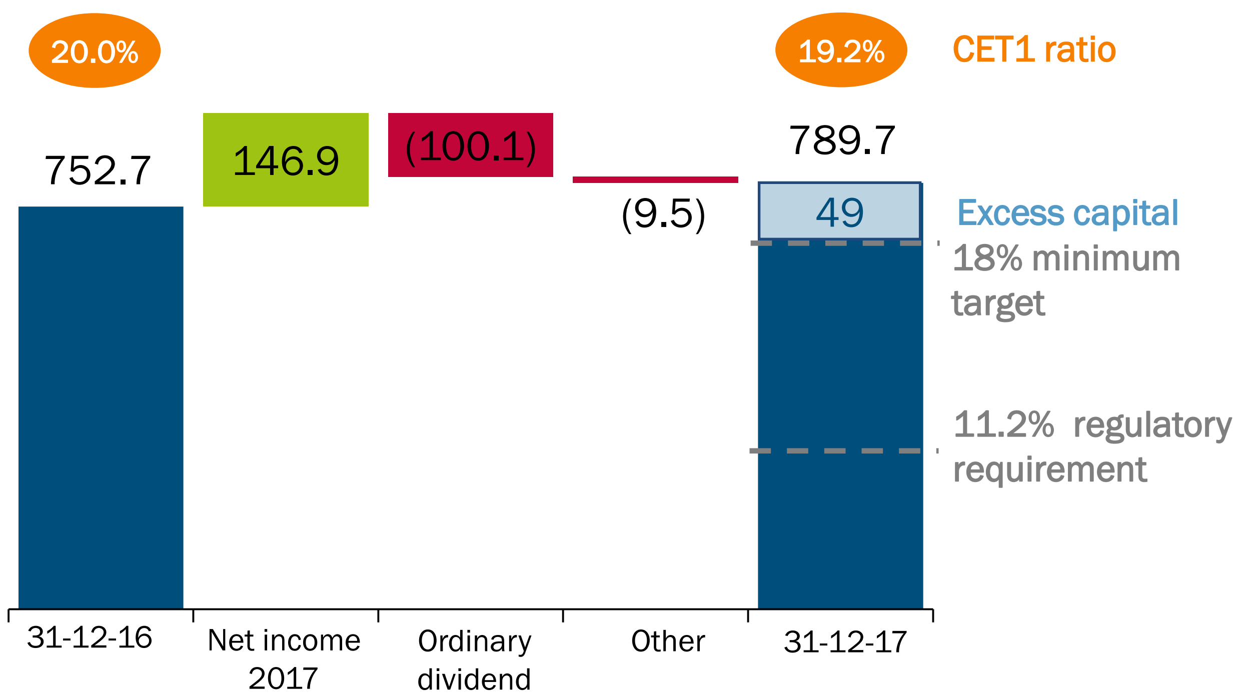
Credit grades[4]



[1] Loss rate is defined as the ratio of provisions for losses on financing receivables to average financing receivables (net of deferred income and before allowance for losses)
[2] Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by the financing receivables
[3] Based on Personal Loans and Auto Leases & Loans of the Bank
[4] Consumer Ratings (CR) reflect associated probabilities of default for material portfolios of the Bank

Strong capital position

CET 1 capital walk (in CHF mn)[1]



Comments

- Excess capital stood at CHF 49mn as of 31 December 2017
- RWA increased by 9% in-line with financing receivables development
- Dividend of CHF 3.55 proposed to AGM:
  - CHF 3.00 paid from remaining capital contribution reserves
  - CHF 0.55 from retained earnings
- There will be no more reserves from capital contributions left, after payment of dividend in April 2018

RWA and capital (in CHF mn)	31-12-16	31-12-17
Risk-weighted assets (RWA)	3,757.6	4,114.0
Tier 1 capital[2]	752.7	789.7
Tier 1 capital ratio	20.0%	19.2%

Per share data	2016	2017
Basic earnings per share (EPS)[3]	5.10	5.13
Ordinary dividend per share[4]	3.45	3.55
Payout ratio	68%	69%
Extraordinary dividend per share	1.00	-
Number of shares	30,000,000	30,000,000
Treasury shares	1,807,627	1,814,170
Shares outstanding	28,192,373	28,185,830
Weighted-average numbers of shares outstanding	28,196,182	28,188,621

[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 18 April 2018

Stable outlook and guidance for 2018

Medium-term targets		2017	
Asset growth	Net customer loan growth to be moderate and in line with Swiss GDP growth	12.0% *Organic: 4.0%*	✓
Profitability	RoE target of at least 15%	16.7%	✓
Capitalisation	Target Tier 1 capital ratio of minimum 18%	19.2%	✓
Dividend payout	Target payout ratio for ordinary dividend between 60% and 70% of net income	69%[1]	✓

Outlook for 2018

Revenues

- Additional revenues from credit cards growth and acquisitions expected to be offset by lower interest income from personal loans following the implementation of the rate cap in July 2016

Provision for losses

- Loss performance expected to be in-line with prior years' performance

Operating expenses

- Increase in cost following increase in headcount and following investments in digitalization resulting in a healthy but slightly higher cost/income ratio

Guidance for full-year 2018

Earnings per share

- EPS anticipated to be in the range between CHF 4.80 – 5.10

[1] Proposal to the Annual General Meeting of Shareholders on 18 April 2018