

# Cembra H1 2019 results

Robert Oudmayer, CEO

Pascal Perritaz, CFO

Volker Gloe, CRO

23 July 2019



# Agenda

1. H1 2019 highlights

Robert Oudmayer

2. H1 2019 financial results

Pascal Perritaz  
Volker Gloe

3. Outlook

Robert Oudmayer

Appendix

# H1 2019 performance

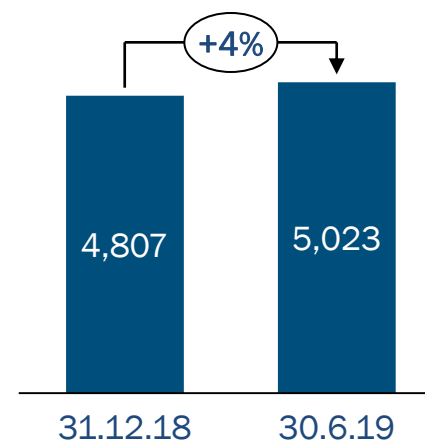
## Good momentum in auto and continued growth in cards

### Highlights

- Positive business performance with net income CHF 78.6mn
- +5% net revenues with good momentum in auto and continued growth in cards
- Strong 0.8% loss rate offsetting higher 46.5% cost/income ratio
- +4% receivables growth<sup>1</sup>
- ROE 17.1% and Tier 1 capital 18.8% above target levels<sup>2</sup>

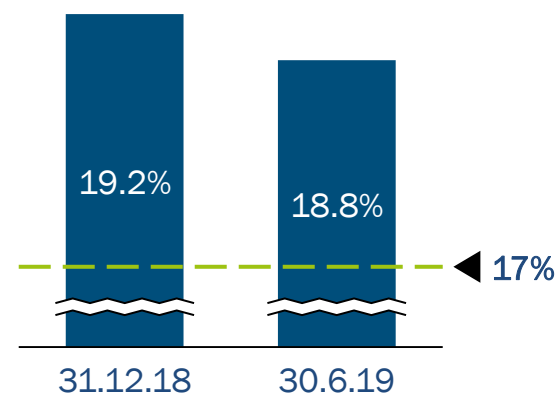
### Net financing receivables

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



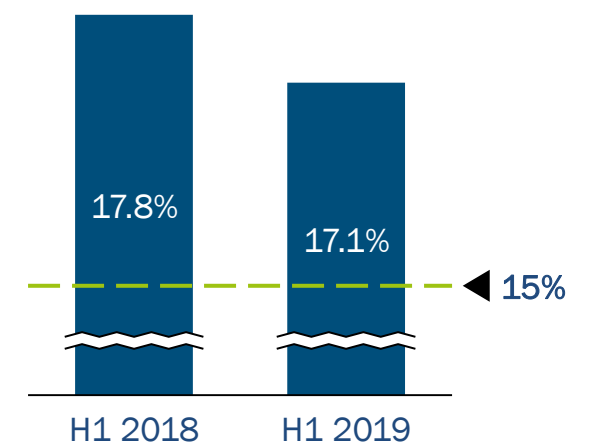
### Capital adequacy (Tier 1)

Target Tier 1 capital ratio: >17%<sup>2</sup>



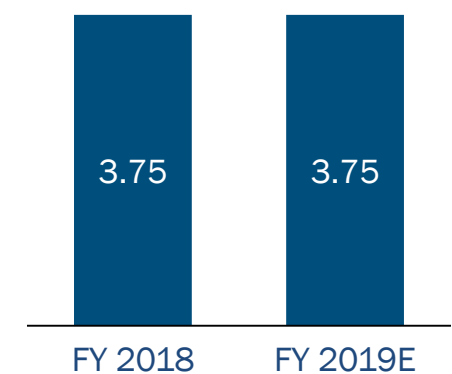
### Return on equity

Target ROE: >15%



### Dividend

Target at least CHF 3.75 for FY 2019



<sup>1</sup> Growth including timing effect at end of period (see page 11)

<sup>2</sup> Tier 1 capital target of 17% since July 2019 (previously 18%)

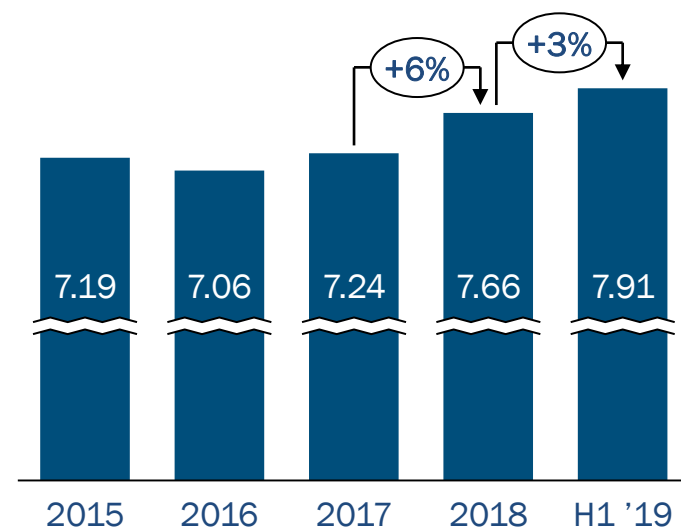
# H1 2019 products and markets

## Personal loans & auto in line with market, cards outperforming

Market environment

### Personal loans

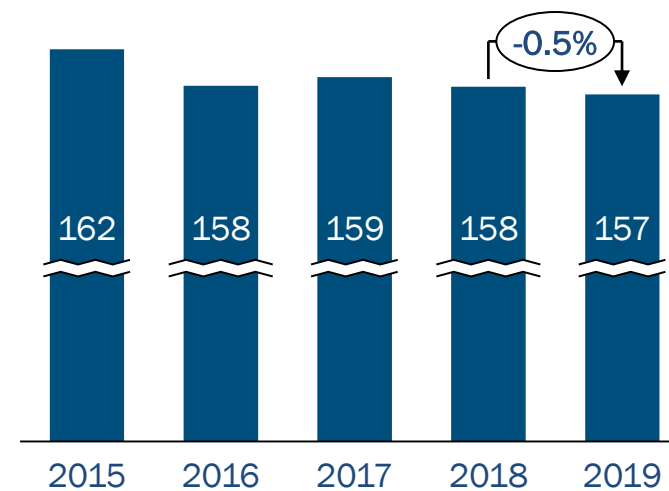
Consumer loans market, in CHF bn



Source: ZEK

### Auto loans and leases

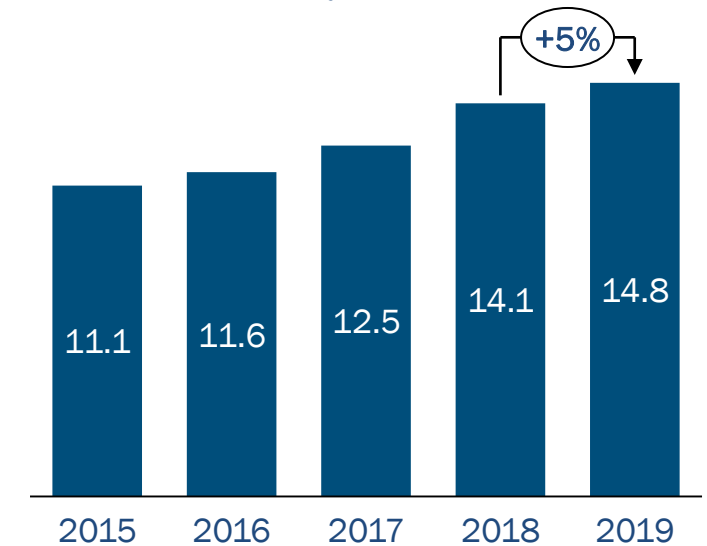
New car registrations, in 1,000 cars (first six months of year)



Source: auto-Schweiz

### Credit cards

Transaction volumes, in CHF bn (first four months of year)



Source: SNB April 2019

Cembra H1 2019

- Net financing receivables +1%
- Market share at 33% despite aggressive competition
- 95% of loan book repriced, establishing a new run rate

- Net financing receivables +4% in line with leasing market (+4%)
- Market share stable at 17%
- Partnerships performing well; with E-vehicles growing

- Cards issued +11% year-on-year to 946,000
- Outperforming market growth with market share of 13%
- Strong presence in NFC transactions with 20% market share
- All partnerships performing well

# H1 operational highlights

## Key investments and projects on track

### ► Maintain momentum

- **Maintain positioning in auto business**
  - Execution on partnerships ongoing
  - 4'000 car dealers (+100 since Dec 2018)
  - Low risk profile
- **Credit cards growth**
  - Continuing growth with all partnerships performing well
  - Renewed contract with FNAC
- **Swissbilling growth**
  - Revenues more than doubled in H1
  - Contract with Swisscom Directories expected to take effect from January 2020 on



### ► Invest in the future

- **Investing in digitisation on track**
  - Implemented CRM platform as basis for cross-selling and up-selling
  - Ongoing simplification of customer journey and modernisation of customer service platforms
  - Potential to accelerate digitisation with cashgate
- **SME market entry planned for Q4 2019**
  - Online financing for small companies in Switzerland
  - Partnership signed with Berlin-based Spotcap to provide the technology platform for the new service
  - Launch planned for Q4 2019
- **Acquisition of cashgate, closing expected at 31 August/30 September 2019**



# Agenda

1. H1 2019 highlights

Robert Oudmayer

2. H1 2019 financial results

**Pascal Perritaz**  
**Volker Gloe**

3. Outlook

Robert Oudmayer

Appendix

# P&L

Income statement	H1 2019	H1 2018	%	
In CHF mn				
Interest income	165.8	162.2	2	
Interest expense	-10.7	-10.1	6	
Net interest income	1	155.1	152.1	2
Insurance income	9.9	9.8	1	
Credit cards	2	48.1	43.2	11
Loans & leases	6.5	6.7	-3	
Other	3.1	1.2	158	
Commission and fee income	67.6	60.9	11	
<b>Net revenues</b>	<b>222.6</b>	<b>213.0</b>	<b>5</b>	
Provision for losses	3	-19.2	-23.9	-20
Operating expense	4	-103.6	-90.6	14
<b>Income before taxes</b>	<b>99.8</b>	<b>98.5</b>	<b>1</b>	
Taxes	-21.3	-20.8	2	
<b>Net income</b>	<b>78.6</b>	<b>77.7</b>	<b>1</b>	
<b>Basic earnings per share (EPS)</b>	<b>2.79</b>	<b>2.76</b>	<b>1</b>	

## Key ratios

Net interest margin	1	6.2%	6.5%
Share of fee income/total		30%	29%
Loss rate	3	0.8%	1.0%
Cost/income ratio	4	46.5%	42.6%
ROE (annualised)		17.1%	17.8%
ROA (annualised)		2.9%	3.0%

## Comments

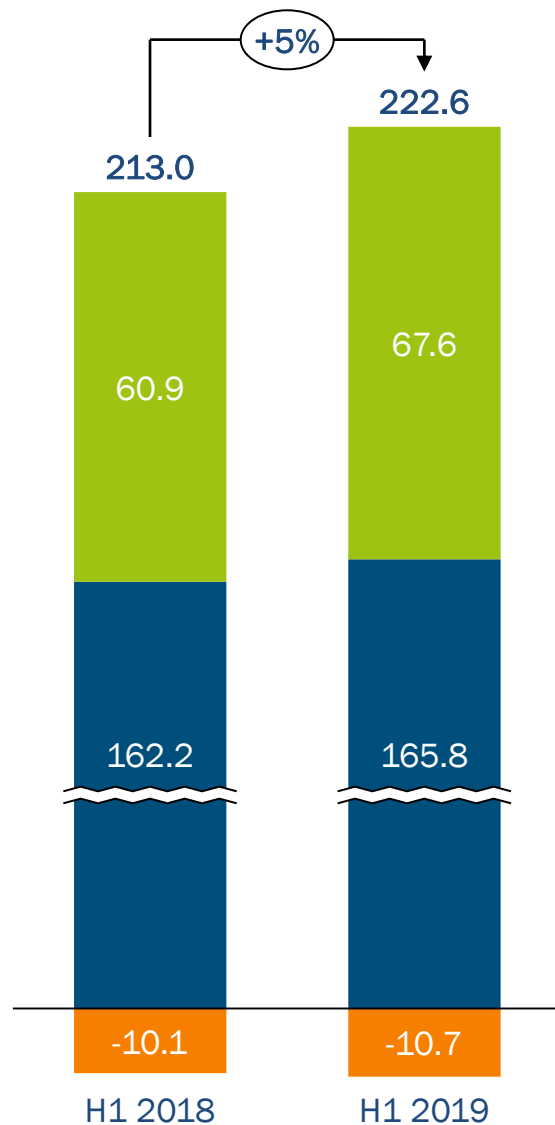
- 1 Higher interest income is in line with growth of financing receivables; higher income in credit cards, partly offset by repricing of the personal loan book  
Higher interest expenses are related to increased debt (including higher retail deposits) and wider credit spreads  
Lower net interest margin mainly driven by decreased yield in personal loans, due to remaining effect of interest rate cap until H1 2019
- 2 Credit card fees driven by a 9% volume growth, resulting from a YoY increase of 11% in number of cards and from a YoY increase of 16% in number of credit card transactions
- 3 Loss rate of 0.8% affected by one-off related to synchronisation of write-off and collection procedures. Core loss performance improved due to further optimisation of collections strategies in a favourable macro environment
- 4 Increase largely related to strategic and digital investments, combined with core business growth. Some pre-transaction costs related to the cashgate AG acquisition are included in H1 2019

# Net revenues by source

## +5% growth in H1 2019

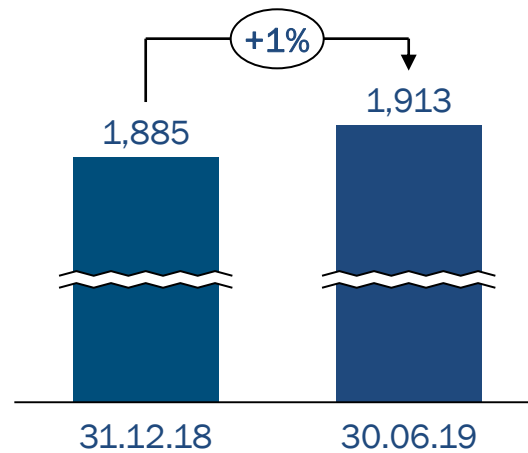
In CHF mn

### Revenue by source



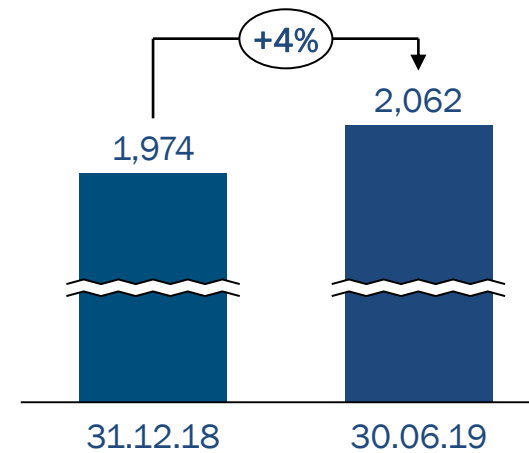
### Personal loans

Net financing receivables



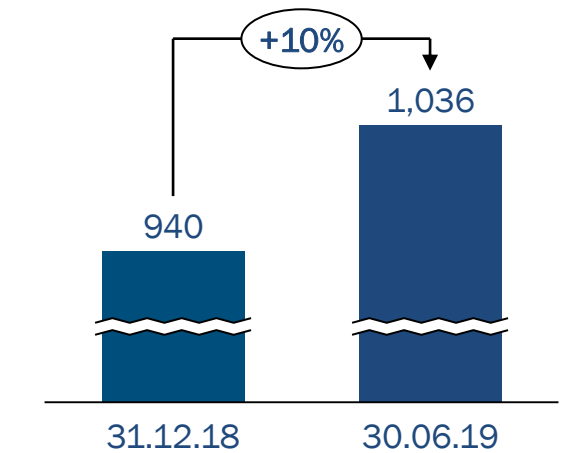
### Auto lease and loans

Net financing receivables

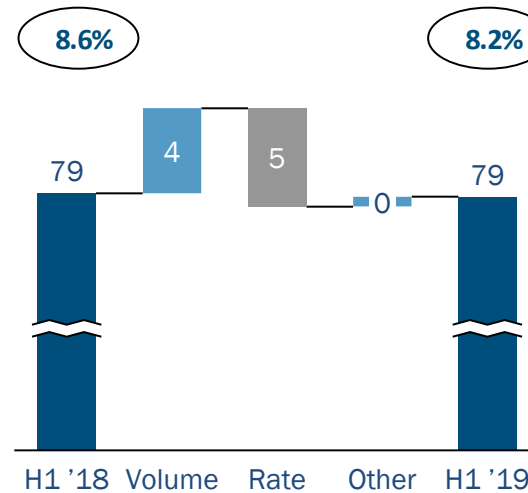


### Credit cards

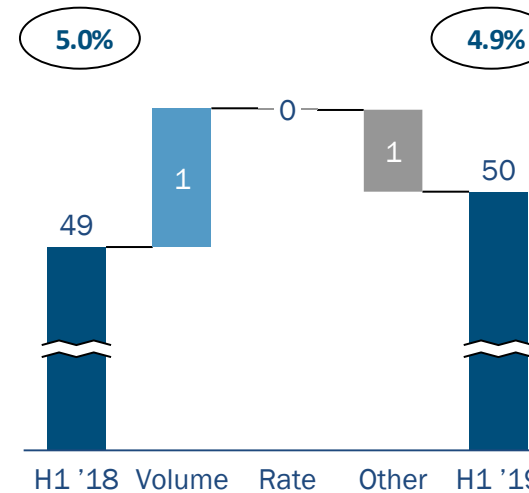
Net financing receivables



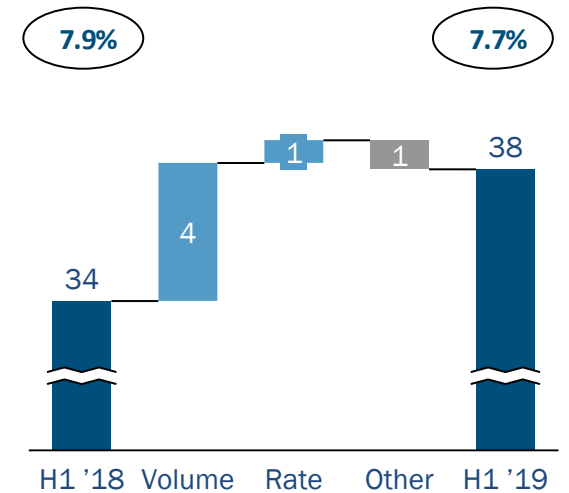
### Yield (2pt avg) and interest income



### Yield (2pt avg) and interest income



### Yield (2pt avg) and interest income



Interest income    Commission and fees  
Interest expense



# Operating expenses

Income statement		H1 2019	H1 2018	%
In CHF mn				
Compensation and benefits	1	56.9	52.8	8
Professional services	2	8.8	7.4	19
Marketing	3	4.7	4.4	7
Collection fees		5.2	5.4	-4
Postage and stationary	4	4.9	4.3	14
Rental expenses (under operating leases)	5	3.2	2.3	39
Information technology	6	14.4	9.6	50
Depreciation and amortisation		6.8	6.6	3
Other	7	-1.3	-2.2	-41
<b>Total operating expenses</b>		<b>103.6</b>	<b>90.6</b>	<b>14</b>
<b>Cost / Income ratio</b>		<b>46.5%</b>	<b>42.6%</b>	
<b>Full-time equivalent employees<sup>1</sup></b>	<b>1</b>	<b>812</b>	<b>741</b>	<b>10</b>
Cembra Money Bank		782	721	8
Swissbilling		30	20	50

## Comments

- 1 10% year-on-year increase in FTE for organic growth and business expansion
- 2 Driven by strategic initiatives and technology investments as well as pre-transaction costs related to the cashgate acquisition
- 3 Driven by non-recurring 2018 benefits
- 4 Driven by growth in the number of accounts
- 5 Increase related to one-off costs for closure of branches and additional space required for business expansion
- 6 Driven by CHF 3.6mn reimbursement for the cancellation of the data centre sourcing project in 2018, and increase due to investments in IT and project releases
- 7 Primarily driven by CHF 0.7mn higher pension costs resulting from asset performance revaluation

<sup>1</sup> End of period

# Balance sheet

<b>Assets</b>		<b>30.06.19</b>	<b>31.12.18</b>	<b>%</b>
In CHF mn				
Cash and equivalents	1	414	499	-17
Net financing receivables	2	5,023	4,807	4
Personal loans		1,913	1,885	1
Auto leases and loans		2,062	1,974	4
Credit cards		1,036	940	10
Other (Swissbilling)		11	8	38
Other assets		153	134	14
<b>Total assets</b>		<b>5,590</b>	<b>5,440</b>	<b>3</b>
<b>Liabilities</b>				
In CHF mn				
Funding	3	4,499	4,325	4
Deposits		2,953	2,827	4
Short- & long-term debt		1,547	1,498	3
Other liabilities		184	182	1
<b>Total liabilities</b>		<b>4,683</b>	<b>4,507</b>	<b>4</b>
Shareholders' equity	4	907	933	-3
<b>Total liabilities and equity</b>		<b>5,590</b>	<b>5,440</b>	<b>3</b>

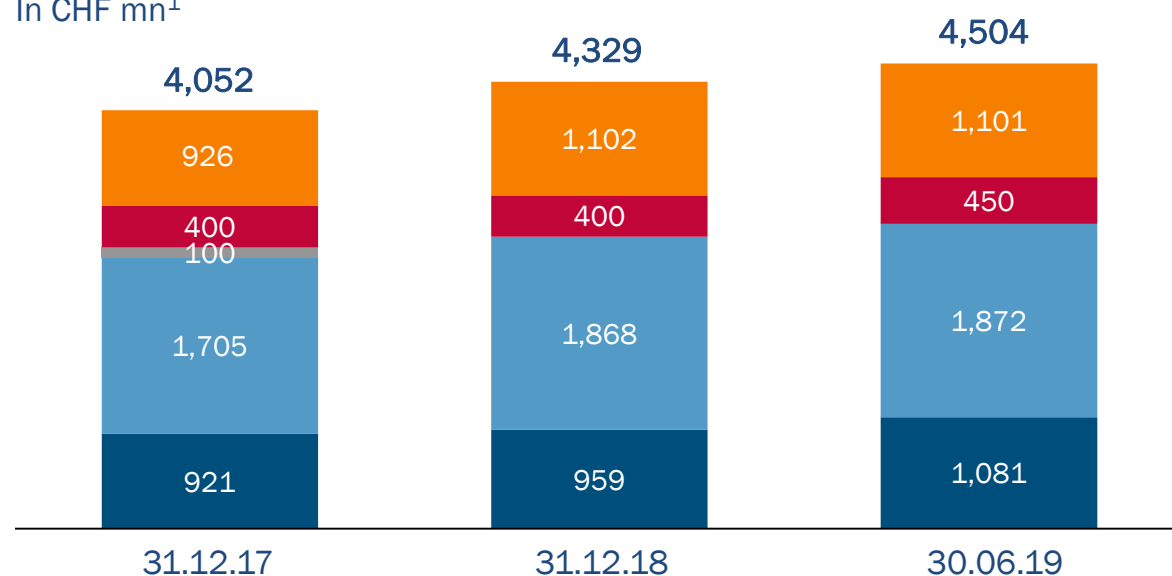
## Comments

- 1 Cash decreased due to business growth and dividend payment in April 2019
- 2 Net financing receivables were up due to growth across all products related to strong originations as well as lower repayments  
Timing effect of incoming payables lead to growth of net financing receivables at end of period (growth by end of May 2019 was 2.1%)
- 3 Increase in funding to support asset growth
- 4 Equity lower due to dividend payment in April 2019, partly compensated by H1 2019 net income

# Funding

## Continuous diversified funding

### Funding mix

In CHF mn<sup>1</sup>

### ALM key figures

	31.12.17	31.12.18	30.06.19
End of period funding cost	0.52%	0.49%	0.48%
WA <sup>2</sup> remaining term (years)	2.9	2.7	2.7
LCR <sup>3</sup>	317%	852%	682%
NSFR	113%	112%	112%
Leverage ratio	14.8%	14.7%	14.6%
Undrawn revolving credit lines	350mn	350mn	350mn <sup>5</sup>

### Funding programmes

Non-Deposits – 34%	<b>Senior unsecured</b>	<ul style="list-style-type: none"> <li>Eight issuances of between CHF 50mn to CHF 200mn each</li> <li>WA<sup>2</sup> remaining term of 4.0 yrs/avg. rate of 0.49%<sup>4</sup></li> </ul>
	<b>ABS</b>	<ul style="list-style-type: none"> <li>Two AAA-rated issuances of CHF 200mn and CHF 250mn</li> <li>WA remaining term of 1.9 yrs/avg. rate of 0.18%<sup>4</sup></li> </ul>
	<b>Bank loans</b>	<ul style="list-style-type: none"> <li>No outstanding bank loans</li> </ul>
Deposits – 66%	<b>Institutional term deposits</b>	<ul style="list-style-type: none"> <li>Diversified portfolio across sectors and maturities</li> <li>Book of 100+ investors</li> </ul>
	<b>Retail term deposits and saving accounts</b>	<ul style="list-style-type: none"> <li>Circa 28,000 depositors</li> <li>Fixed term offerings 2 – 8 years</li> <li>Saving accounts are on-demand deposits</li> </ul>
		WA rate of 0.45%/remaining term 2.3 yrs
Off-BS	<b>Committed revolving credit lines</b>	<ul style="list-style-type: none"> <li>Four facilities of between CHF 50mn to CHF 100mn each</li> <li>WA remaining term of 2.2 years with WA rate of 0.24%<sup>4</sup></li> </ul>

<sup>1</sup> Excluding deferred debt issuance costs (US GAAP) <sup>2</sup> Weighted average <sup>3</sup> Average of last quarter in reporting period <sup>4</sup> Additional charges apply related to fees and debt issuance costs

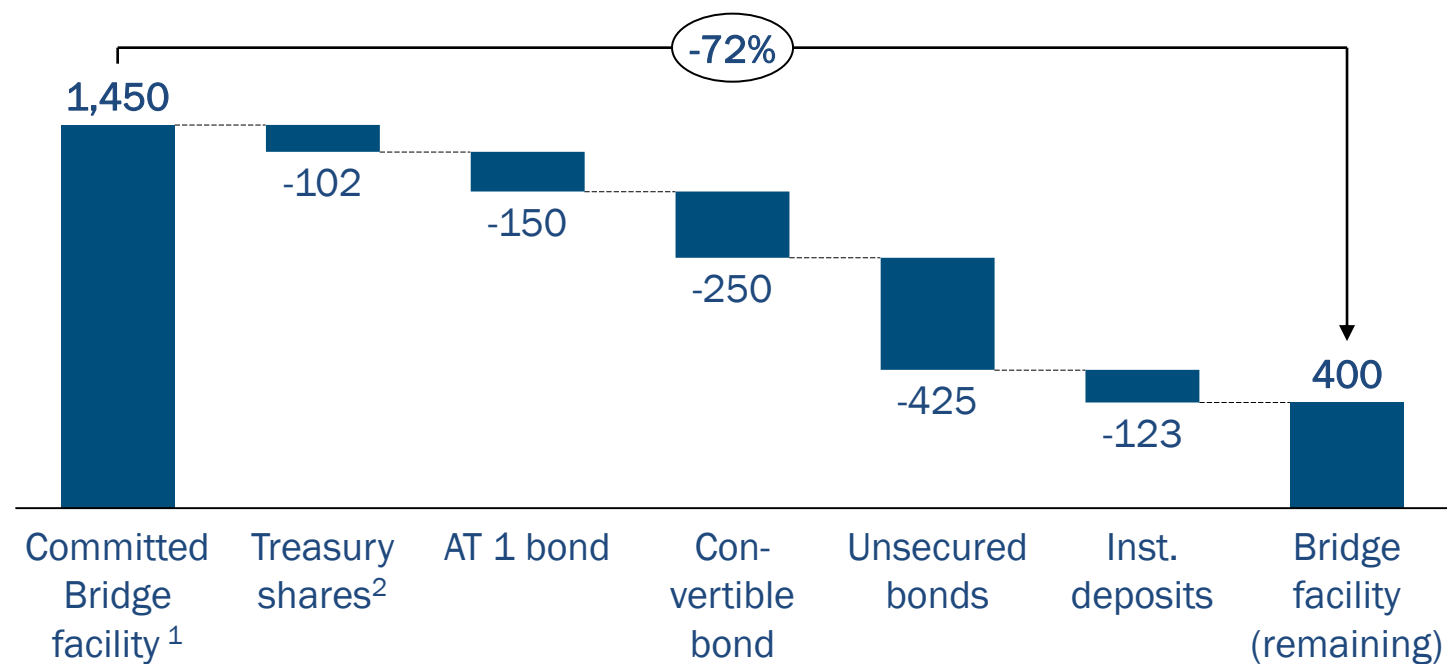
<sup>5</sup> Excluding a committed bridge facility and mid-term loan signed with a bank consortium relating to the acquisition of cashgate on 30 June 2019, for a total amount of CHF 1.6 billion

# Funding of cashgate

~70% of bridge facility already re-financed in July 2019

## Capital market transactions since 1 July 2019

CHF mn



Issue	Type	Instrument	Maturity	Volume
2 July 2019	Equity	4% share capital at CHF 94	-	102
2 July 2019	Hybrid debt	Convertible bond	2024	250
4 July 2019	Hybrid debt	AT 1 bond at 2.5%	perpetual <sup>3</sup>	150
8 July 2019	Sen. debt	Bonds at 0%/0.285%	2023/27	425
July 2019	Deposits	Institutional deposits	2020-21	123
				<b>&gt; 1.0 bn</b>

<sup>1</sup> Excluding CHF 150mn mid term loan to be repaid with 36 months

<sup>2</sup> After tax

<sup>3</sup> Call 2024

## Funding post transaction

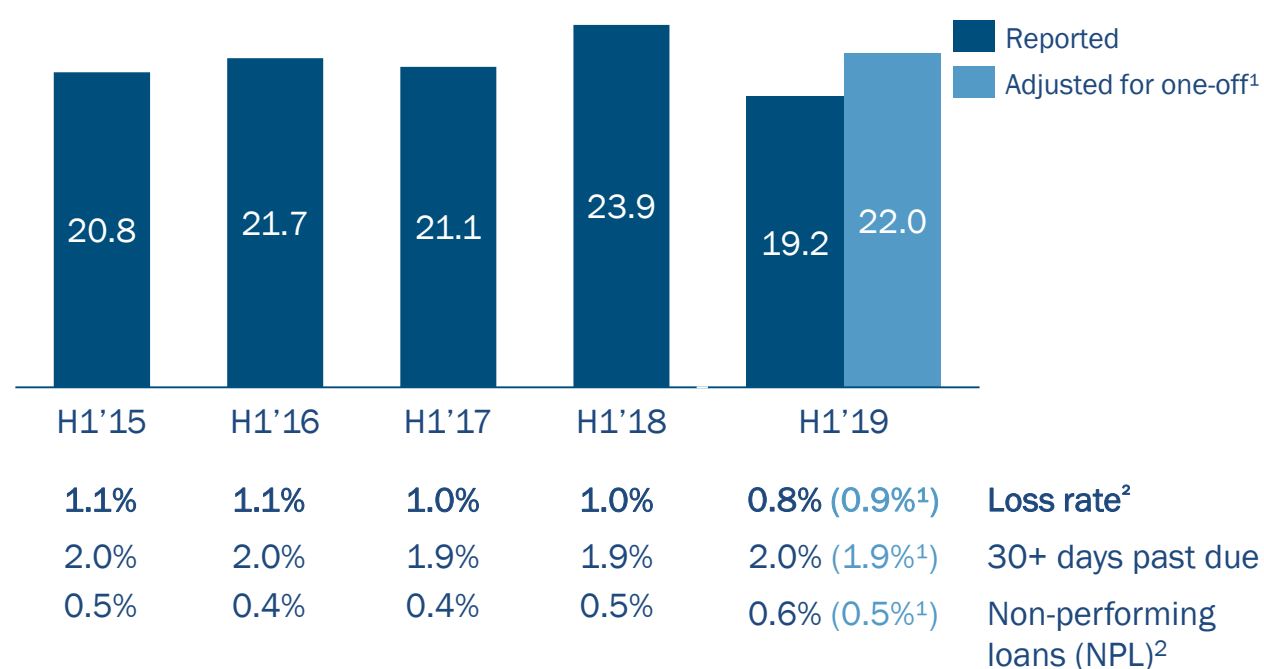
- S&P A- rating maintained, outlook changed to negative from stable
- Repayment of remaining bridge facility within 24 months
- Increased diversification of funding from new investors
- Continued balanced funding using multiple instruments

# Provision for losses

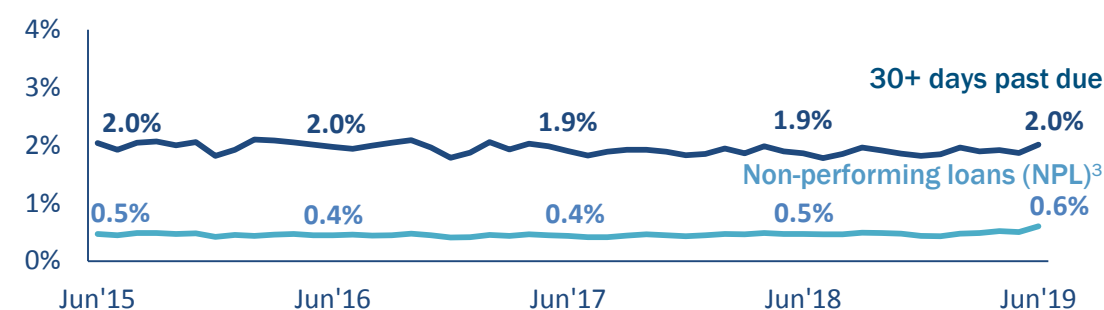
## Stable loss performance

### Provision for losses

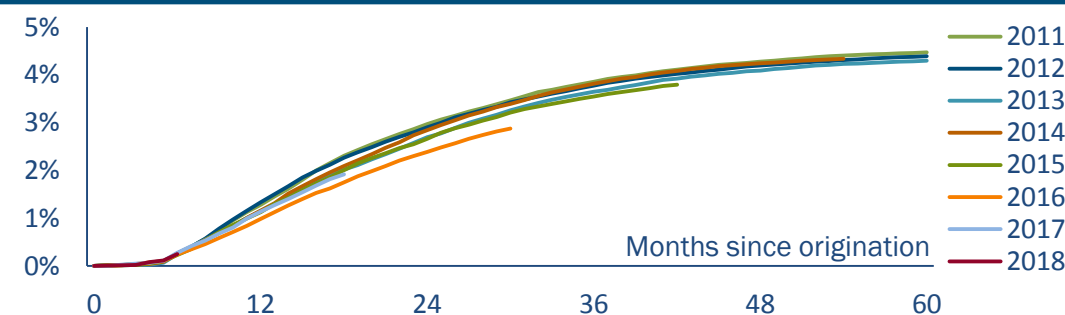
In CHF mn



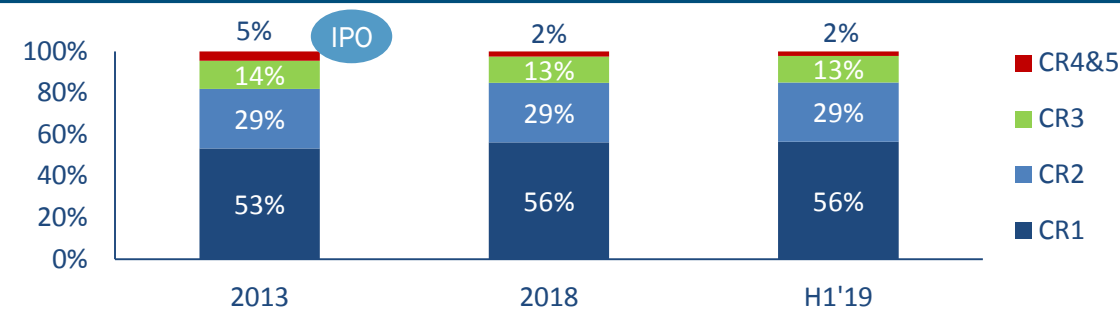
### 30+ days past due/NPL



### Write-off performance<sup>4</sup>



### Credit grades<sup>5</sup>



### Comments

- Slight loss rate improvement driven by further optimisation of loss mitigation strategies in a favourable macro environment
- One-off impact on losses due to better synchronisation of write-off and collections procedures
- Stability in portfolio quality and solid delinquency metrics
- Loss performance for 2019 expected to be in line with prior years

<sup>1</sup> Excluding the one-off impact related to synchronisation of write-off and collection procedures

<sup>2</sup> 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)

<sup>3</sup> Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by the financing receivables

<sup>4</sup> Based on Personal Loans and Auto Leases & Loans originated by the Bank

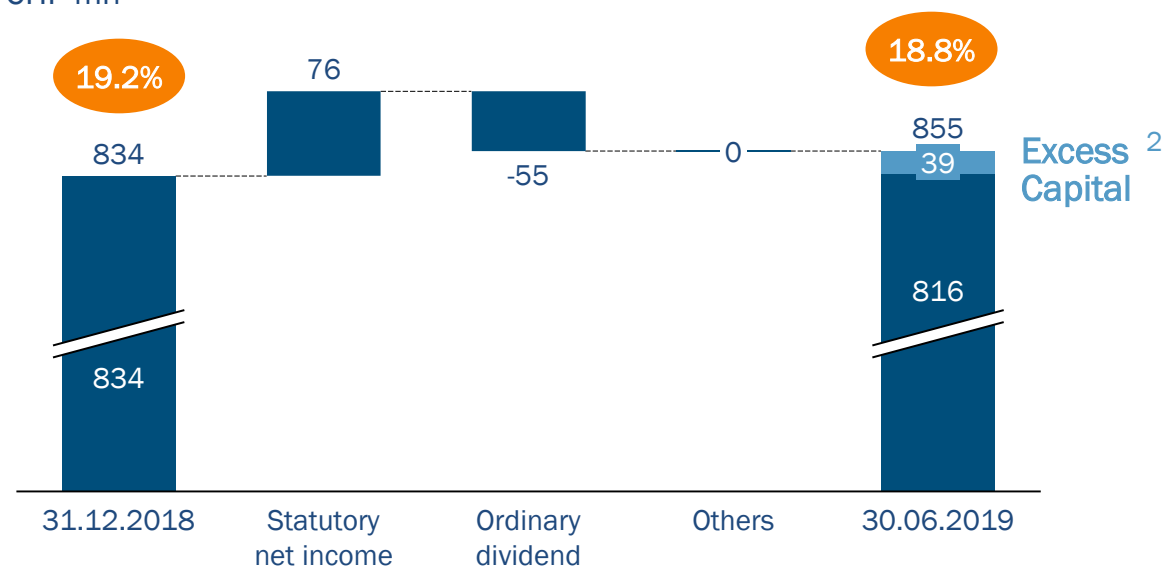
<sup>5</sup> Consumer Ratings (CR) reflect associated probabilities of default for material portfolios originated by the Bank

# Strong capital position

## 18.8% Tier 1 ratio

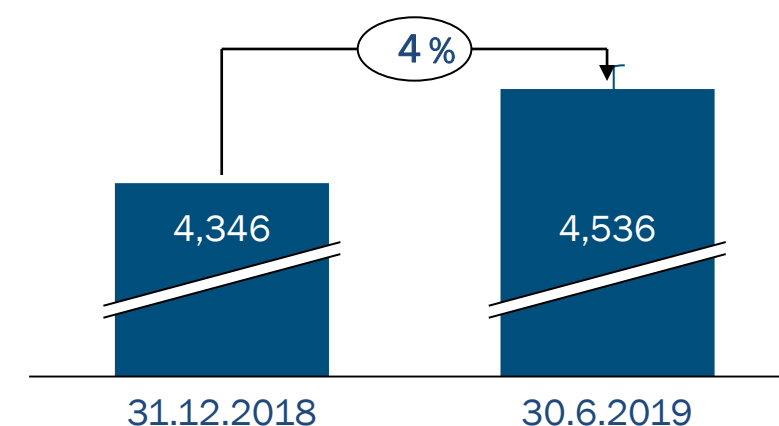
### Tier 1 capital walk<sup>1</sup>

In CHF mn



### Risk-weighted assets

In CHF mn



### Per share data

H1 2018

H1 2019

Basic earnings per share (EPS) <sup>3</sup>	2.76	2.79
Number of shares	30,000,000	30,000,000
Treasury shares	1,813,531	1,822,342
Shares outstanding	28,186,469	28,177,658
Weighted-average number of shares outstanding	28,189,382	28,186,162

### Comments

- RWA increased in line with net financing receivables growth
- US GAAP net asset value of cashgate at closing is expected to be about one third of the purchase price of CHF 277mn
- Tier 1 capital ratio expected at 16-17% by year-end 2019, thereof around 14% CET 1

<sup>1</sup> Derived from the Bank's statutory consolidated financial statements

<sup>2</sup> Based on previous 18% target as per 30 June 2019. Includes net income adjusted for expected dividend distribution

<sup>3</sup> Based on net income as per US GAAP and weighted-average numbers of common shares outstanding

# Agenda

1. H1 2019 Highlights

Robert Oudmayer

2. H1 2019 financial results

Pascal Perritaz  
Volker Gloe

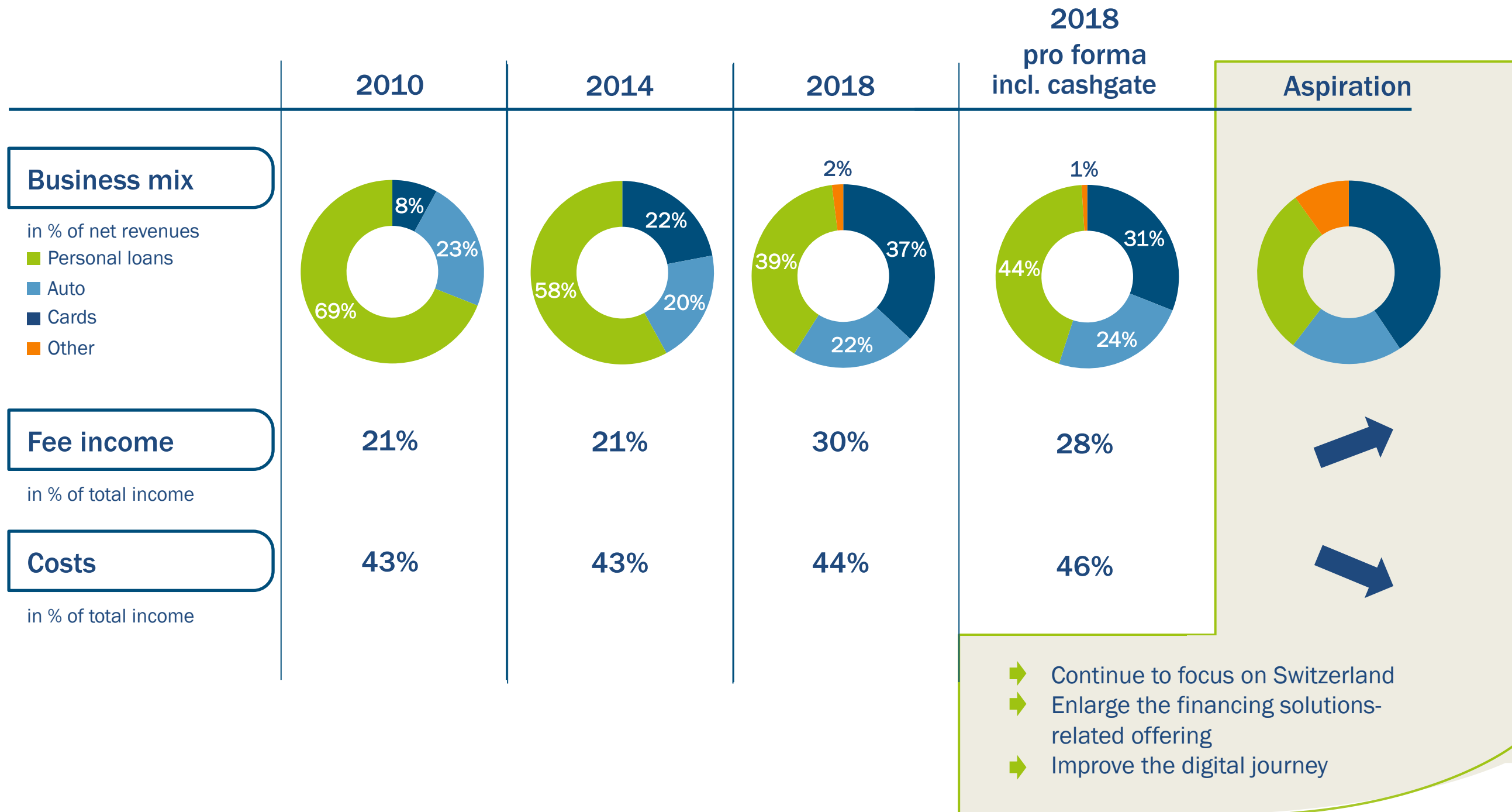
3. Outlook

Robert Oudmayer

Appendix

# Cembra is evolving

## Continued growth in cards and new businesses expected





# Outlook and guidance

## 2019 outlook and mid-term aspiration confirmed

### 2019 Outlook

---

- **Cembra pre-transaction on track to deliver on previous guidance for 2019**
  - Moderate revenue growth
  - Stable loss performance
  - Continued cost discipline
  - Pre-transaction 2019 EPS between CHF 5.40 and CHF 5.70 confirmed
- **Transaction expected to lead to new 2019 EPS<sup>1</sup> between CHF 5.20 and CHF 5.50**
  - Integration costs around CHF 25mn until 2020
  - Dilution effect (US GAAP, weighted average)
- **Target dividend for 2019 at least at the level of previous year (CHF 3.75 per share)**
  - Around 70% of net profit

### Aspiration 2020 and beyond<sup>2</sup>

---

- 1 **ROE target > 15%**  
(no change)
- 2 **Tier 1 capital ratio target of 17%**  
(previously 18%)
- 3 **60-70% dividend pay-out ratio target**  
(and return excess capital >19% capital<sup>3</sup>)
- 4 **Moderate EPS<sup>1</sup> accretion in 2020 vs. pre-transaction consensus. Then accelerating from 2021, with annual incremental net income of CHF 25 –30mn<sup>2</sup>**
- 5 **Stable loss performance**
- 6 **Cost/income ratio below 44% from 2021 on**

<sup>1</sup> Diluted EPS (US GAAP, based on weighted average of shares outstanding)

<sup>2</sup> Assuming no major change in the current economic environment

<sup>3</sup> Cembra Money Bank aims at distributing 60-70% of net income to shareholders in the form of ordinary dividends. Furthermore, Cembra intends to return excess Tier 1 capital above circa 19% (previously 20%) to shareholders either via extraordinary dividends or share buybacks unless there is a more efficient allocation of capital

# Agenda

1. H1 2019 Highlights

Robert Oudmayer

2. H1 2019 financial results

Pascal Perritaz  
Volker Gloe

3. Outlook

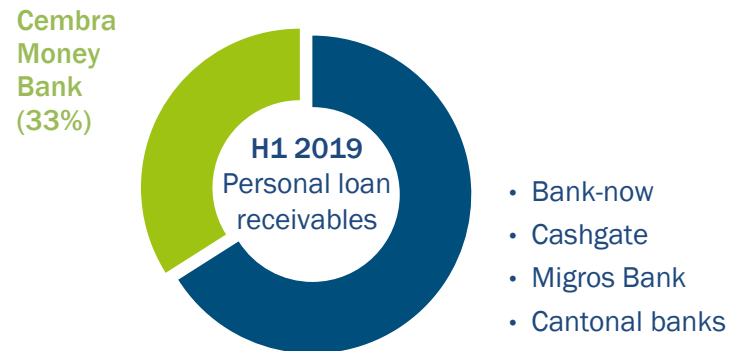
Robert Oudmayer

## Appendix

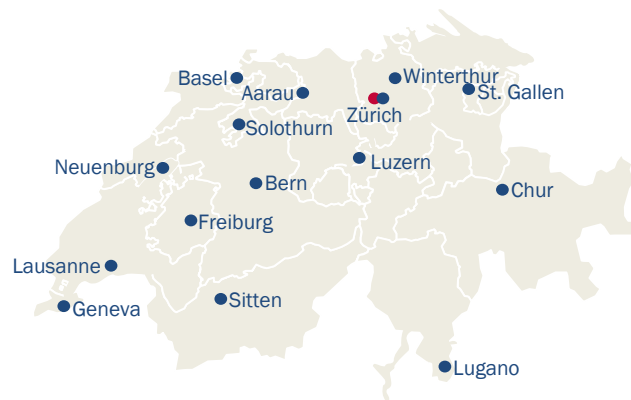
# Strong market positions

## 911,000 customers in Switzerland (+5% in H1 2019)

### Personal loans: 33% market share



### 16 branches all over Switzerland

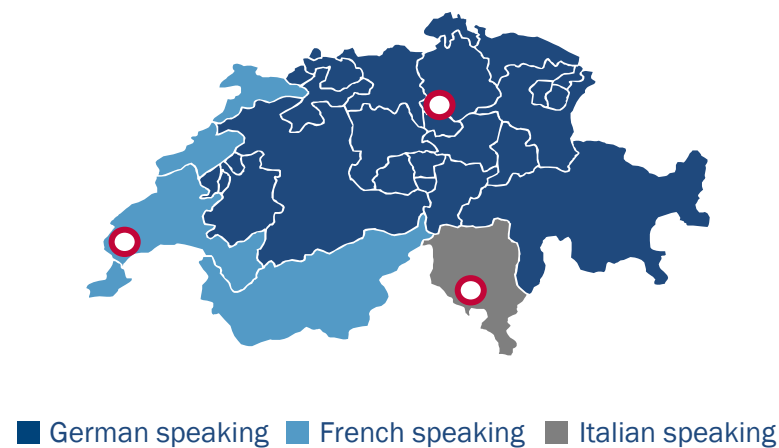


- Market leader in personal loans segment
- Diversified distribution with 16 branches, 130 independent agents and an efficient internet channel
- Premium pricing supported by personalised superior service
- Strong brand presence

### Auto business: 17% market share

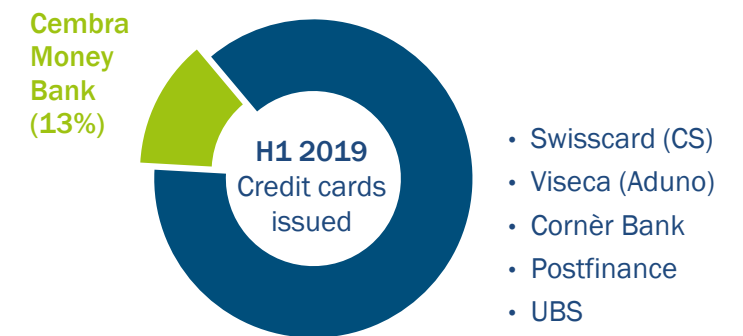


### Diversified distribution

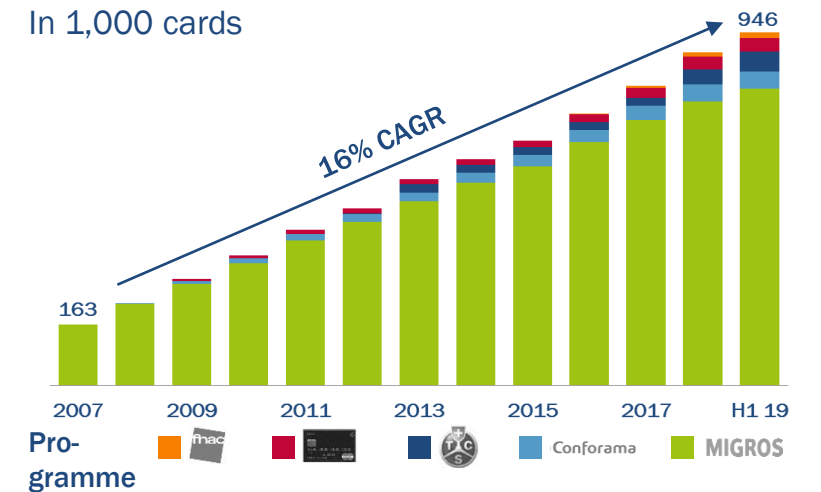


- Strong independent player – no brand concentration
- Mix of new (34%) and used cars (66%)
- Offering products through 4'000 dealers – dedicated field sales force combined with 3 service centers

### Credit cards: 13% market share



### A fast growing portfolio



- Launched offering in 2006 – growing the portfolio to 946k cards issued by H1 2019
- Track record of innovation with tailored “dual-card” and attractive loyalty programs
- Market share in contactless payments 20%
- Smart follower strategy for new technologies

# Key figures since 2010

US-GAAP	2010	2011	2012	IPO 2013	2014	2015	2016	2017	2018	H1 2019
Net revenues (CHF mn)	349	338	356	355	379	389	394	396	439	223
Net income (CHF mn)	129	131	133	133	140	145	144	145	154	79
Cost/income ratio (%)	47.0 <sup>1</sup>	46.3	46.2	50.5	42.5	41.5	42.5	42.4	44.0	46.5
Net fin receivables (bn)	4.1	4.0	4.0	4.0	4.1	4.1	4.1	4.6	4.8	5.0
Equity (CHF mn)	831	952	1,081	799	842	799	848	885	933	907
Return on equity (%)	13.2	14.7	13.1	14.1	17.0	17.7	17.4	16.7	16.9	17.1
Tier 1 capital (%)	18.9	19.3	26.6	19.7	20.6	19.8	20.0	19.2	19.2	18.8
Employees (FTE)	708	700	710	700	702	715	705	735	783	812
Credit rating (S&P)				A-	A-	A-	A-	A-	A-	A-
Earnings per share (CHF)				4.43	4.67	5.04	5.10	5.13	5.47	2.79
Dividend per share (CHF)				2.85	3.10	3.35	4.45 <sup>2</sup>	3.55	3.75	n/a
Share price (CHF, end of period)				58.55	55.00	64.40	74.20	90.85	77.85	94.15
Market cap (CHF bn) <sup>3</sup>				1.8	1.7	1.9	2.2	2.7	2.3	2.8

<sup>1</sup> Swiss GAAP: 42.6%

<sup>2</sup> Thereof extraordinary dividend CHF 1.00

<sup>3</sup> Based on total shares

# Cautionary statement regarding forward-looking statements

This presentation by Cembra Money Bank AG (“the Group”) includes forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve matters that are not historical facts. The Group has tried to identify those forward-looking statements by using the words “may”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “believe”, “seek”, “plan”, “predict”, “continue” and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Group believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Group’s actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions; legislative, fiscal and regulatory developments; general economic conditions in Switzerland, the European Union and elsewhere; and the Group’s ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Group, its directors, officers and employees expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this presentation and these materials and any change in the Groups’ expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable laws or regulations.

This presentation contains unaudited financial information. While the published numbers are rounded, they have been calculated based on effective values. All figures are derived from US GAAP financial information unless otherwise stated. This information is presented for illustrative purposes only and, because of its nature, may not give a true picture of the financial position or results of operations of the Group. Furthermore, it is not indicative of the financial position or results of operations of the Group for any future date or period. By attending this presentation or by accepting any copy of the materials presented, you agree to be bound by the foregoing limitations.

# Calendar and further information

Visit us on [www.cembra.ch/investors](http://www.cembra.ch/investors)

## Calendar

---

### Corporate events

21 February 2020 FY 2019 results  
16 April 2020 Annual General Meeting 2020

### Roadshows and conferences

26 August 2019 Roadshow Zürich  
29 August 2019 Vontobel Best of Banking Conference, Zürich  
9 September 2019 Roadshow Frankfurt  
10 September 2019 JP Morgan Pan-European Conference, London  
11 September 2019 Roadshow Geneva  
23 September 2019 Baader European Equities Conference, Munich  
25 September 2019 BAML CEO Conference, London  
28-29 October 2019 Roadshow Nordics  
6 November 2019 ZKB Swiss Equities Conference, Zürich  
14 November 2019 Credit Suisse Mid Cap Conference, Zürich

## Further information

---

### Visit our website

Financial reports  
Subscribe to our news

Investor presentations  
CSR Report 2018

### Contact us

Marcus Händel  
Head Investor Relations  
+41 44 439 8572  
[investor.relations@cembra.ch](mailto:investor.relations@cembra.ch)

