

Full-year 2015 Financial Results

23 February 2016



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Cembra Money Bank Highlights 2015

Environment

- Interest rates at historically low levels ... SNB charging negative rates
- Growth of Swiss economy expected below 1% ... exports challenged but consumer spending holding well

Financials

- Best result in the Bank's history with net income of CHF 145.0mn or CHF 5.04 a share ... EPS up 8% vs 2014
- Financing receivables flat: strong Cards performance offset by decline in Personal Loans
- Continued rigorous cost management with improved cost/income ratio of 41.5% vs 42.5% in 2014
- Return on average equity of 17.7%, further improving with net income and adjusted equity post share buyback

Operational

- IT separation from GE successfully completed in Q4'15 – within two year time frame and budget
- Deposits grew CHF 305mn (or 16%) on very strong retail (up 33%) and institutional demand (up 8%)
- GE Capital term loan funding down to CHF 100mn in Jan '16 and full repayment expected by the end of 2016
- Continued good loss performance: delinquencies 30+ at 1.8% / NPL at 0.4% ... loss rate @ 1.06%

Capital

- Proposed cash dividend of CHF 3.35 per share (up 8% vs 2014), to be paid out of reserves from capital contributions and free of Swiss withholding tax
- Tier 1 capital ratio¹ of 19.8% ... resulting in excess capital of CHF 66mn as of December 2015

¹ Includes net income adjusted for expected dividend distribution

Product Line Update

Personal Loans

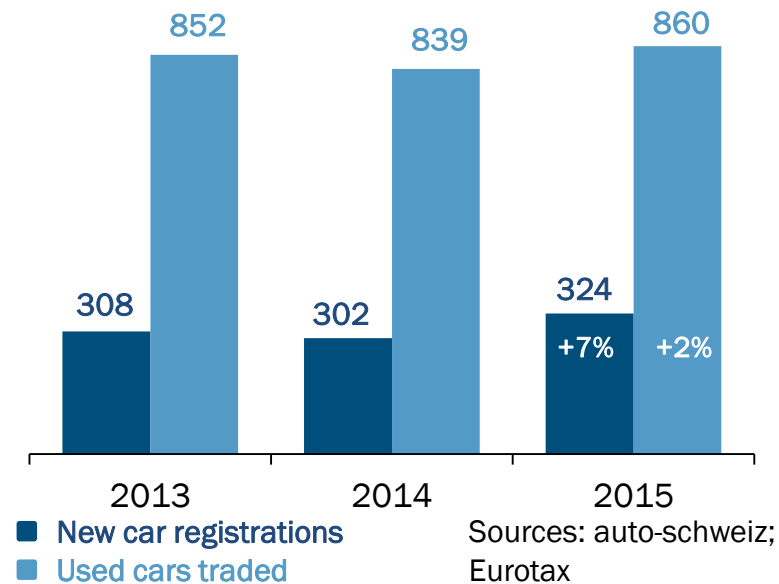
New brand ambassador



- Personal loan market continued to decrease slightly in 2015
- Cembra maintained strong pricing but lost some market share to competition
- New interest rate cap as of 1 July 2016 will impact business model
- Cembra continues to be leading player with diversified distribution and top-class service

Auto

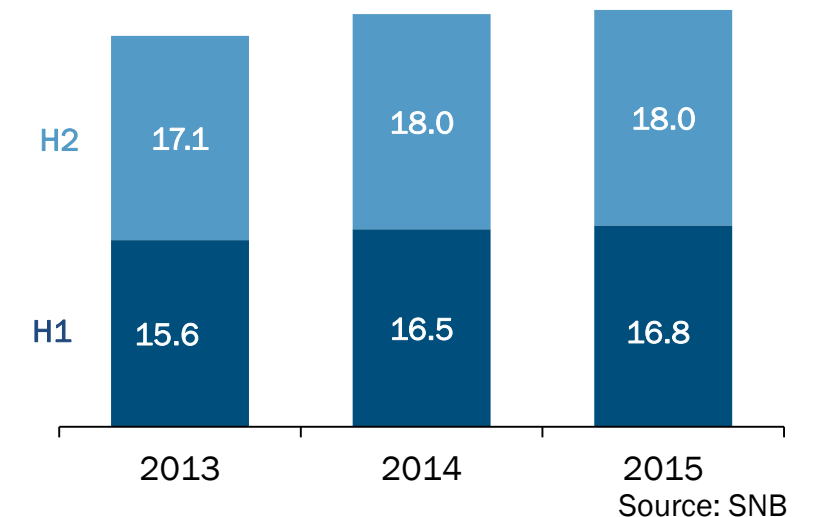
Swiss car market (in 1,000)



- New car sales up 7% supported by strong Swiss Franc
- Cembra lost some market share of new cars but gained on used cars due to strong performance in second half of 2015
- Car market expected to normalise in 2016 with Cembra a strong independent player

Credit Cards

Swiss credit cards transaction volume (in CHF bn)



- Cards market went up 3% ... Cembra outperforming market with cards up 8% to 655,000
- Assets up 11% ... Fees up 18%
- Strong NFC growth (33%) supported increased cards spending
- Cumulus MasterCard rated best-in-class in several peer analysis¹

¹ comparis.ch survey, July 2015;
moneyland.ch study, July 2015
K-Tipp comparison, January 2016

Business Update

Regulatory developments

- New interest rate cap:
 - 10% for personal loans
 - 12% for credit cards
 - Effective 1 July 2016 and for new contracts only
 - Set of measures planned to mitigate the financial consequences
 - Expected EPS impact of -10% when fully phased in over the next 36 months

- Changes effective 1 January 2016:
 - Cool-off period extended from 7 days to 14 days
 - Ban of aggressive advertising (self-regulation)

- Civil litigation:
Zurich Commercial Court fully rejected claim by former credit agent in December 2015 – appeal to Federal Supreme Court is possible

Cembra development

- Continuing GE separation:
 - GE sold remaining 31.5% share in May 2015
 - IT transformation successfully completed in Q4 2015
 - Reduced GE funding from CHF 500mn to CHF 100mn (January 2016)

- Renewed and upgraded majority of IT landscape

- Continued to lower cost of funds by repaying GE and benefiting from low rate environment

- Cost of risk very stable in volatile environment

Balance Sheet

Assets (in CHF mn; US GAAP)	31-12-15	31-12-14	V%
Cash and equivalents	1 572	622	(8)
Net financing receivables	2 4,063	4,074	0
Personal loans	1,784	1,855	(4)
Auto loans and leases	1,661	1,662	0
Credit cards	617	556	11
Other assets	113	116	(3)
Total Assets	4,749	4,812	(1)

Liabilities (in CHF mn)

3rd party funding	3 3,821	3,341	14
Deposits	2,246	1,941	16
Short- & long-term debt	1,575	1,400	13
Due to Affiliates	0	500	(100)
Other liabilities	128	129	0
Total liabilities	3,950	3,970	(1)
Shareholders' equity	4 799	842	(5)
Total liabilities and equity	4,749	4,812	(1)
Risk-weighted assets	3,703	3,689	0
Tier 1 capital ratio¹	19.8%	20.6%	

Comments

1 ■ Strong liquidity position at year-end enabled CHF 150mn prepayment of GE term loan in January 2016

2 ■ Financing receivables stable vs 2014: Continued strong growth in Cards (up 11%) was offset by decline in Personal loans in a challenging environment – Auto flat in a market driven by new car sales and captives

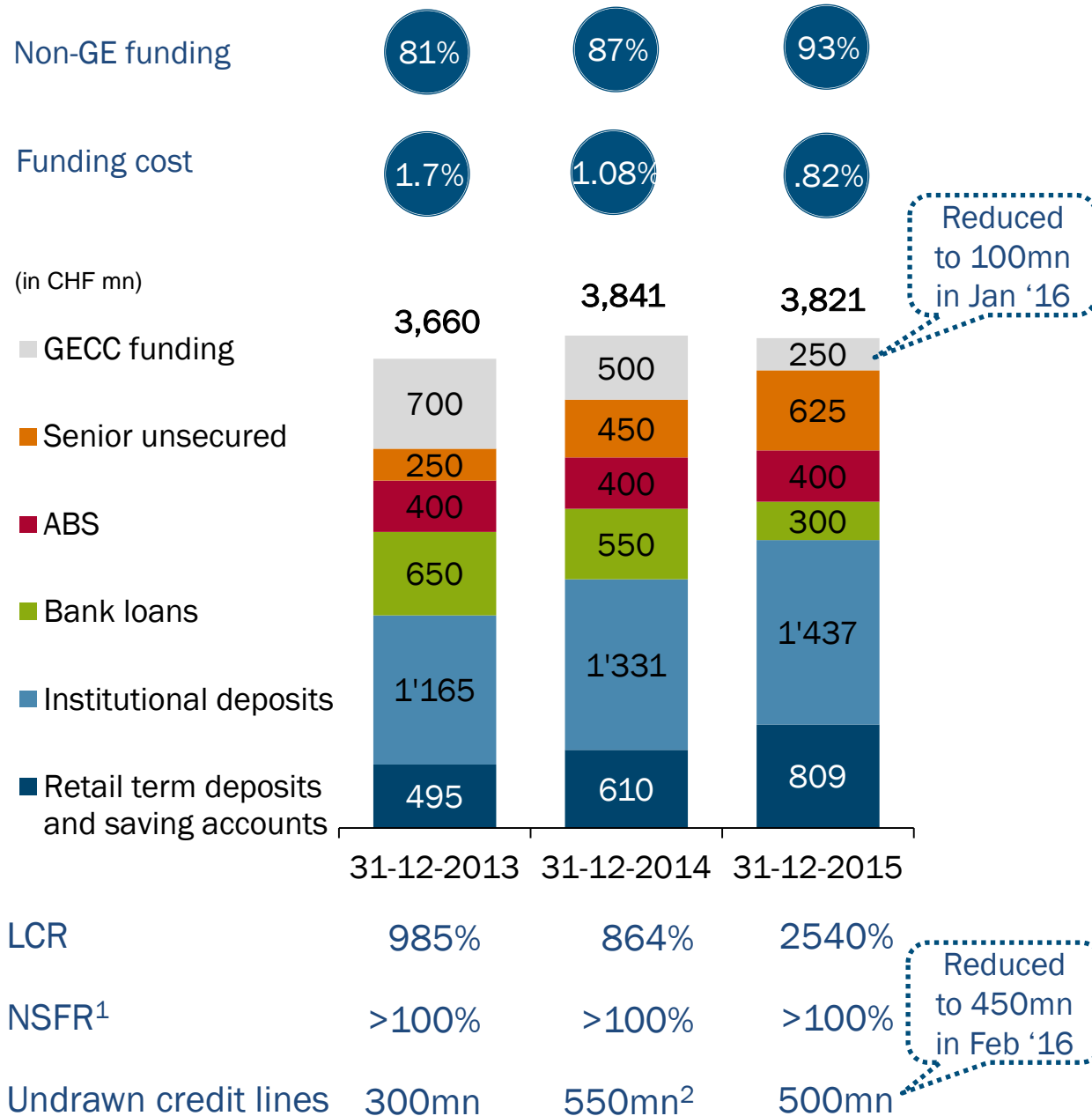
3 ■ Continued growth in deposits, reaching 59% of total funding, driven by very strong retail, up 33% and institutional up 8%
 ■ GE funding (shifted from “due to affiliates“ to “short- & long-term debt“) further reduced to CHF 100mn as of January 2016

4 ■ Equity down as a result of dividend payment (CHF 93mn), share buyback (CHF 100mn) and OCI movement driven by pension (CHF 10mn) partially offset by net income (CHF 145mn) and nominal tax benefit (CHF 16mn)

¹ Includes net income adjusted for expected dividend distribution

Funding

Diversified, local funding sources



Existing funding programs

Long-term debt	ABS	<ul style="list-style-type: none"> Auto ABS 2013/2016: CHF 200mn 3yr fixed @ 0.576%* Auto ABS 2015/2019: CHF 200mn 4yr fixed @ 0.23%* 	WA all-in rate 0.81%
	Bank loans & committed revolving credit lines	<p>Bank Loans</p> <ul style="list-style-type: none"> 2014/2017: CHF 150mn from Swiss bank syndicate 2015/2018: CHF 150mn facility from intl. bank <p>Revolving Credit Facilities (RCF)</p> <ul style="list-style-type: none"> 2013/2017: CHF 100mn from Swiss bank 2015/2018: CHF 100mn from Swiss bank New 2016/2019: CHF 100mn from International bank New 2016/2018: CHF 50mn from Swiss bank 	
	Senior unsecured	<ul style="list-style-type: none"> 2013/2017: CHF 250mn 4yr @ 1.125%* 2014/2019: CHF 100mn 5yr @ 0.75%* 2014/2022: CHF 100mn 8yr @ 1.25%* New 2015/2021: CHF 175mn 6yr @ 0.50%* 	
Deposits	Institutional term deposits	<ul style="list-style-type: none"> Diversified portfolio across sectors & maturities Book of 100+ investors 	WA rate 0.68%
	Retail term deposits and saving accounts	<ul style="list-style-type: none"> Circa 33,000 active depositors Fixed term offerings of 3 - 8 years Saving accounts are on demand deposits 	
GECC funding	GE Capital	<ul style="list-style-type: none"> 2013/2018: CHF 250mn term facility (<i>reduced to CHF 100mn in Jan 16</i>) 2013/2018: CHF 300mn revolving facility of which CHF 0mn drawn as of Dec 15 (<i>reduced to CHF 100mn in Feb 16</i>) All-in rate @ 1.88% of the drawn balance as of Dec '15 	

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

² Excludes undrawn committed term facilities

* Additional charges apply related to fees and debt issuance costs

P&L

Income statement (in CHF mn; US GAAP)	2015	2014	V%
Interest income	338.3	342.7	(1)
Interest expense	(36.4)	(41.7)	(13)
Net interest income	1 301.9	301.0	0
Insurance	20.7	21.4	(4)
Credit card fees	2 55.5	46.9	18
other	10.6	10.1	5
Commission and fee income	86.7	78.4	11
Total income	388.7	379.4	2
Provision for losses	3 (43.6)	(40.9)	7
Operating expense	4 (161.5)	(161.4)	0
Income before taxes	183.6	177.2	4
Taxes	(38.5)	(37.3)	3
Net income	145.0	139.9	4
Basic earnings per share (EPS)	5 5.04	4.67	8

Key ratios

Net interest income / financing receivables	7.3%	7.4%
Cost/income	41.5%	42.5%
Effective tax rate	21.0%	21.1%
Return on average equity (ROE)	17.7%	17.0%
Return on average assets (ROA)	3.0%	3.0%

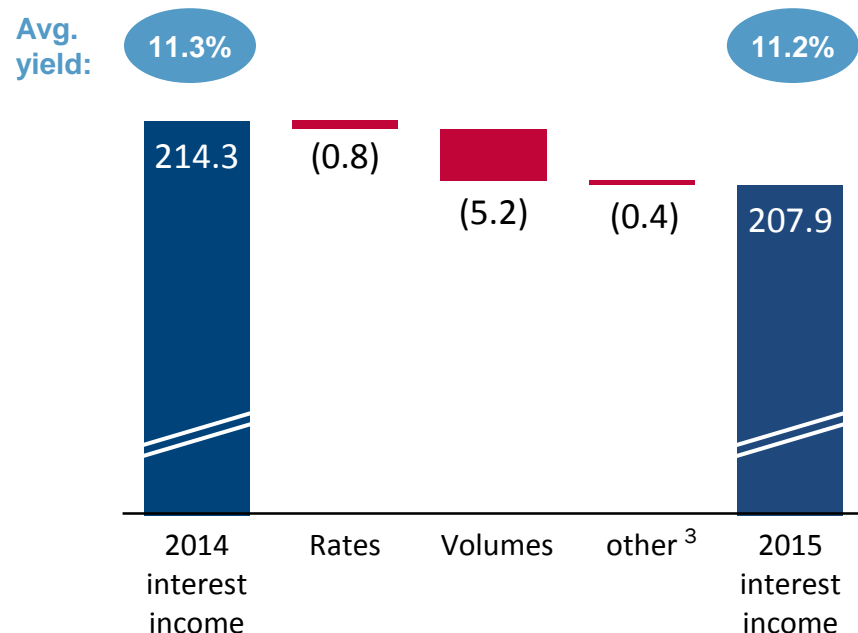
Comments

- 1** ■ Interest income includes CHF 2.0mn charges from SNB on cash held and CHF 1.5mn interest benefit on tax refund
■ Funding mix and re-pricing driving interest expense down
- 2** ■ Strong growth in Credit Cards with fees up 18% despite lower domestic interchange since 1 August 2015
- 3** ■ Losses at 1.06% slightly above guidance due to lower assets at year-end
- 4** ■ Operating expense flat compared to 2014 as increased C&B were offset by lower TSA and professional services costs
- 5** ■ EPS up 8% supported by share buyback

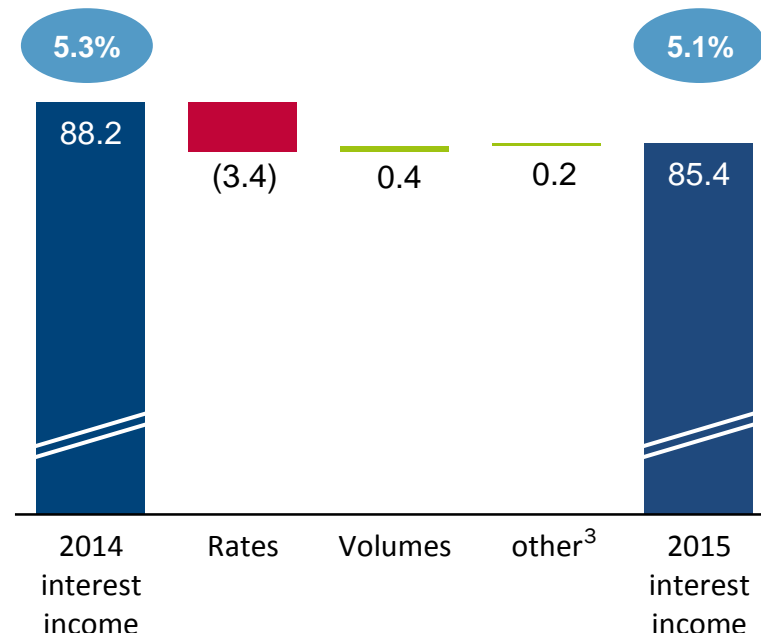
Interest Income by Product Lines

Average financing receivables ¹ (in CHF mn)	2015	2014	Interest income (in CHF mn)	2015	2014
Personal loans	1,853	1,895	Personal loans	207.9	214.3
Auto loans and leasing	1,669	1,673	Auto loans and leasing	85.4	88.2
Credit cards	591	529	Credit cards	45.7	39.7
Total financing receivables	4,113	4,097	Total interest income²	339.0	342.1

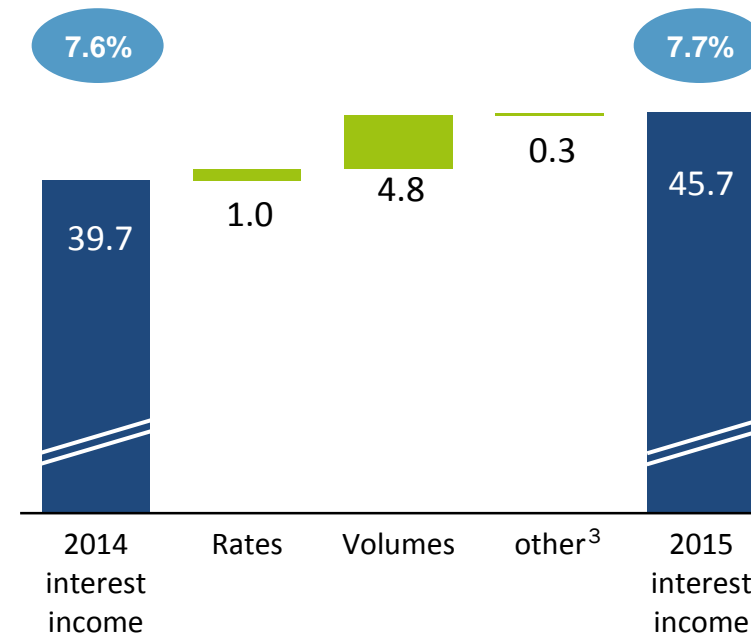
Change in personal loans interest income



Change in auto loan/leasing interest income



Change in credit cards interest income



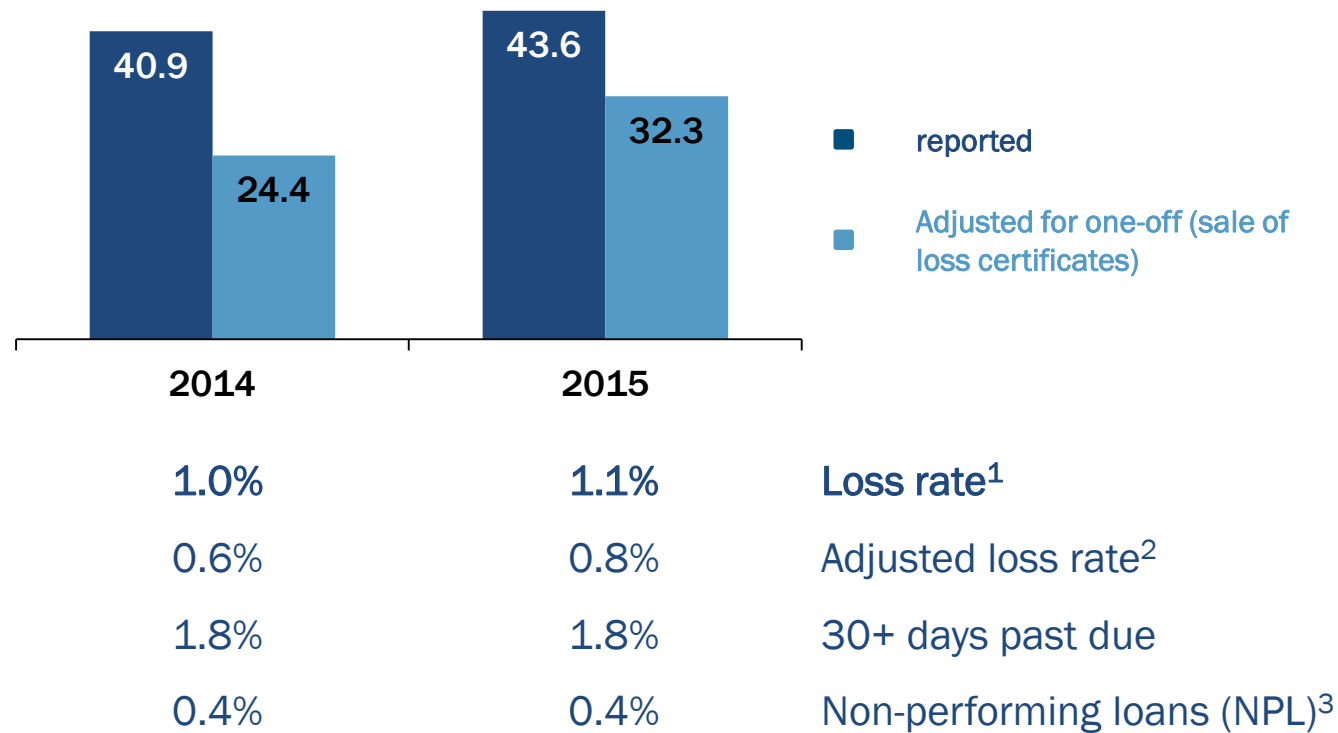
¹ Average receivables calculated on a yearly basis (2-point average)

² Excludes interest income from 'Other' of CHF 0.6mn in 2014 and CHF (0.7)mn in 2015

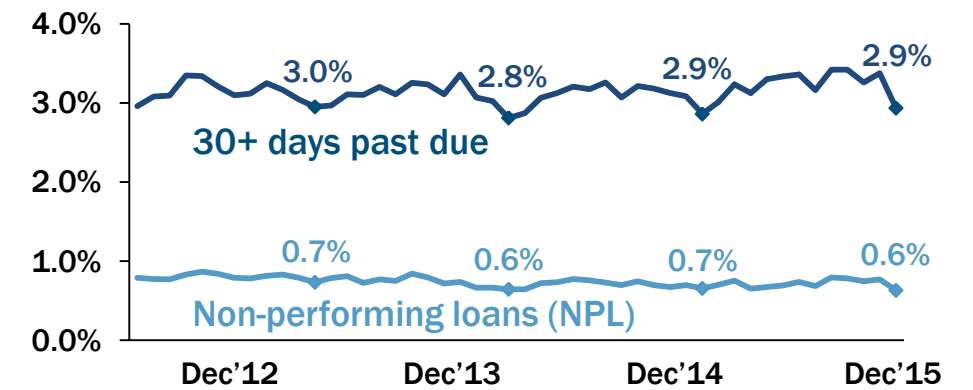
³ 'Other' includes deferred income and excess recoveries

Provision for Losses

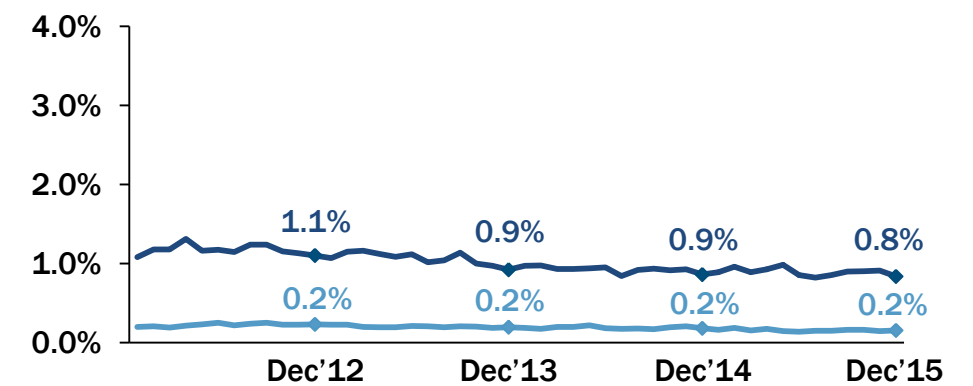
Provision for losses (in CHF mn)



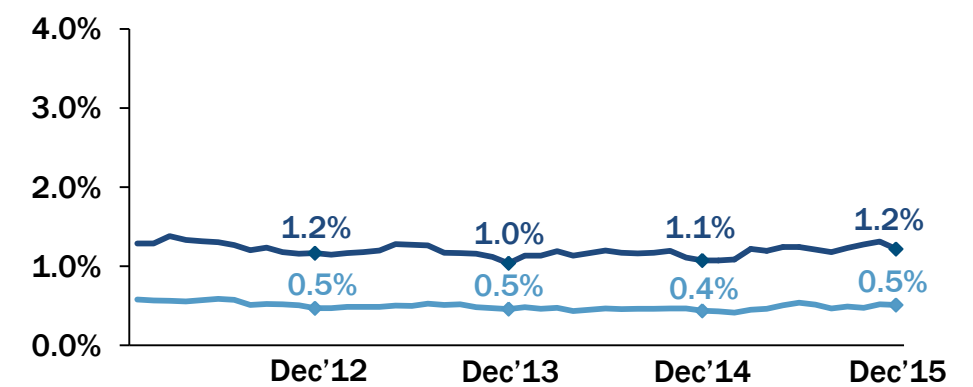
Personal loans



Auto loans and leasing



Credit cards



Comments

- Loss performance shows slight increase in 2015 (loss rate +6bps)
- 2015 loss provision includes credit card transaction fraud losses
- Stable delinquencies on all products and in line with prior year trends
- Sale of loss certificates in June 2013 still affecting recovery flow

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 16.5mn lower recoveries in 2014 and CHF 11.3mn in 2015 because of June 2013 debt sale

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

Operating Expense

Income statement (in CHF mn)	2015	2014	V%
Compensation and benefits	99.8	95.9	4
GE Capital TSA ¹	2.2	6.1	(64)
Professional services	10.9	14.5	(25)
Marketing	7.7	6.8	14
Collection fees	6.7	6.5	3
Postage and stationery	7.7	8.7	(12)
Rental expenses under operating leases	5.6	5.9	(6)
Information technology	14.6	12.7	16
Depreciation and amortization	4.5	2.5	81
Other	1.8	1.8	(3)
Total operating expenses	161.5	161.4	0
Cost/income ratio (reported)	41.5%	42.5%	
Full-time equivalent employees	715	702	2

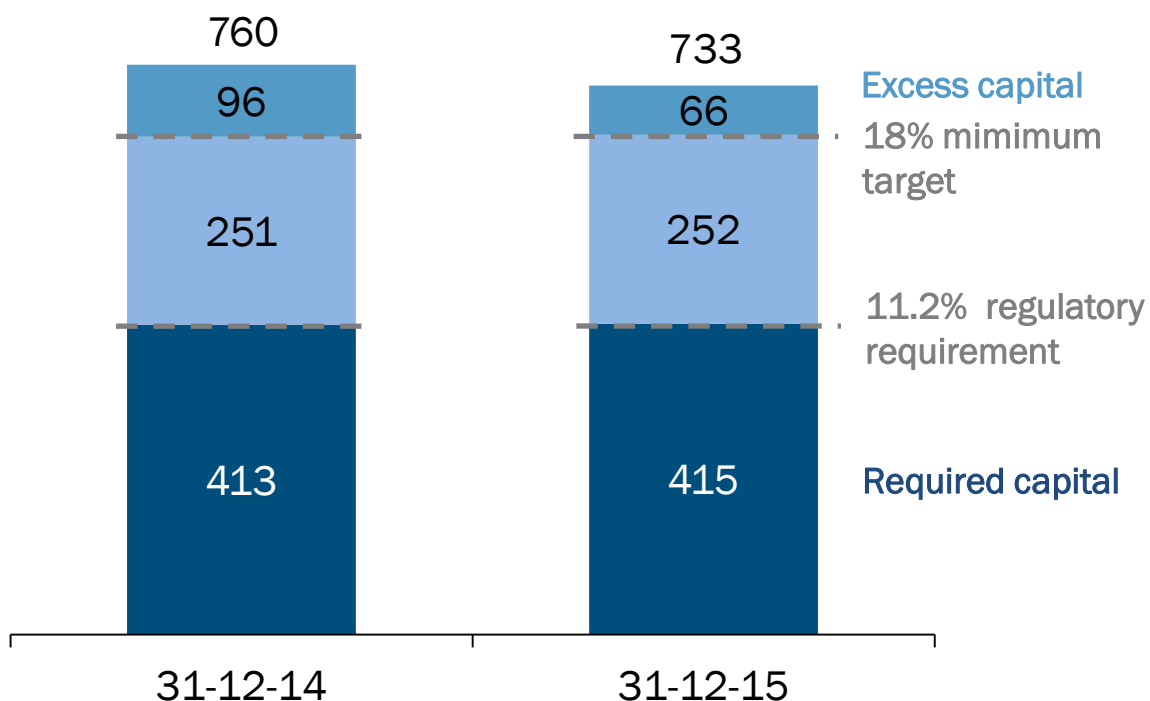
Comments

- 1 ■ Increase in pension expense (CHF 1.7mn), higher incentives & employee benefits (CHF 1.3mn) and slightly higher headcount due to IT transition
- 2 ■ Lower TSA costs driven by completed migration to Cembra standalone IT
- 3 ■ Lower legal & consulting costs due to go live of IT independent infrastructure
- 4 ■ Higher spend in 2015 driven by lower 2014 marketing base following Q4'13 IPO rebranding
- 5 ■ Penetration of eService driving lower run-rate
- 6 ■ Growth driven by IT contractors, offsetting lower TSA
- 7 ■ Progressive go live of fully independent Cembra IT infrastructure in 2014 and throughout 2015

¹ Transitional Service Agreement (TSA) from November 2013

Capital and EPS

Required and excess capital (in CHF mn)¹



Share buyback and use of excess capital

- Share buyback of CHF 100mn executed on 7 May 2015 @ CHF 55.50 per share
- Positive impact of CHF 15.5mn on shareholders' equity from share buyback (nominal tax benefit)
- Reserves from capital contributions of CHF 276.5mn³ (Dec. 2015) designated for future dividend payments (Swiss withholding tax exempt)
- Still contemplating opportunistic M&A in Swiss consumer finance space and bolt-on acquisition of portfolios

RWA and capital (in CHF mn)	31-12-14	31-12-15
Risk-weighted assets (RWA)	3,689	3,703
Tier 1 capital ²	760	733
Tier 1 capital ratio	20.6%	19.8%

Per share data	2014	2015
Basic earnings per share (EPS) ⁴	4.67	5.04
Dividend per shares (DPS) ^{5/6}	3.10	3.35
Payout ratio	66%	66%
Number of shares	30,000,000	30,000,000
Treasury shares	38,277	1,803,627
Shares outstanding	29,961,723	28,196,373
Weighted-average numbers of shares outstanding	29,960,812	28,795,227

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 Including CHF 94.5mn contemplated 2016 dividend

⁴ Based on weighted-average numbers of common shares outstanding

⁵ Proposal of the Board of Directors to the AGM on 27 April 2016

⁶ 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

2015

(0.3)%



Profitability

- RoE target of at least 15%

17.7%



Capitalisation

- Target consolidated Tier 1 capital ratio of minimum 18%

19.8%



Dividend payout

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

66%



Outlook for 2016

Funding

- Continue to optimise strategy and reach 100% stand-alone funding

Regulatory changes

- Continuously adapt business to changes in regulatory environment

Cost

- Expected continuous pension headwind and higher IT run-rate partially offset by digitisation

Guidance for 2016

Earnings per share

- EPS in the range of CHF 4.80 – 5.10

Provision for losses

- In line with prior years' performance

¹ Proposal to the Annual General Meeting of Shareholders on 27 April 2016

Appendix

Cost of Funding Drivers

Funding balance at period end (in CHF mn; US GAAP)	31-12-15	31-12-14
Deposits	2,246	1,941
Bank loans	300	550
ABS	400	400
Senior unsecured	625	450
GE funding	250	500
Total funding	3,841	3,821
Interest expense (in CHF mn)	2015	2014
Deposits	16.3	14.7
Bank loans	5.0	9.3
ABS	3.0	4.5
Senior unsecured	5.7	3.7
GE funding	6.4	9.5
Total interest expense	36.4	41.7