Cembra MoneyBank

Media Release
22 February 2018

Cembra Money Bank reports a net income of CHF 144.5 million for 2017

- **Net financing receivables increased by 12 % to a record CHF 4.6 billion**
- **Strong growth in cards income (+18 %) offsetting lower net interest income (–5 %)**
- **16.7 % return on equity (ROE) with a solid CET 1 ratio of 19.2 %**
- **Proposal for an ordinary dividend per share of CHF 3.55 vs. CHF 3.45 last year**

Zurich – Net income of Cembra Money Bank (Ticker: CMBN) in 2017 was CHF 144.5 million resulting in earnings per share of CHF 5.13. This translated into a 16.7 % return on shareholders' equity coupled with a solid CET 1 capital ratio of 19.2 %. Net financing receivables increased by 12 % to CHF 4.6 billion driven by both acquisitions (8 %) and organic growth (4 %). An ordinary dividend per share of CHF 3.55 will be presented to the Annual General Meeting on 18 April 2018 in Zurich.

Robert Oudmayer, Chief Executive Officer, commented: "We are very satisfied with our 2017 financial result, delivering on all our targets. We recorded growth across all our products. We successfully managed to offset the pressure from the interest rate reduction and the lower domestic interchange fee. With the recent acquisitions and new partnerships we act in line with the Group's strategy and we are well positioned for the future."

Strong fee and commission income in cards offsetting lower interest income
Overall, net revenues increased by 1 % to CHF 396.3 million. Net interest income, which accounted for 72 % of net revenues, declined 5 % to CHF 283.6 million following the implementation of the interest rate cap in July 2016. Interest expense reduced by 7 % as the Group continued to take advantage of the continued low-negative interest environment to refinance upcoming maturities and acquisitions. Commission and fee income, which contributed 28 % of net revenues, grew 17 % to CHF 112.7 million, mainly driven by strong credit cards fee income (up 18 %). Provision for losses on financing receivables were CHF 45.1 million translating into a loss rate of 1.0 % which was in-line with the performance in prior years. Asset quality remained robust with a 0.4% non-performing loan ratio which was in-line with last year.

Total operating expenses were CHF 167.9 million. Personnel expenses of CHF 99.9 million marginally reduced as a result of lower pension costs, despite an increase in headcount following the two acquisitions. General and administrative expenses of CHF 68.0 million were 1 % higher mainly due to the on-going investment in the digitalisation of the business and increasing regulatory requirements. The cost/income ratio of 42.4 % was in-line with last year. Income before taxes increased by 1 % to CHF 183.3 million resulting in net income of CHF 144.5 million after tax or CHF 5.13 per share.

Financing receivables growth across all products
The Group's net financing receivables increased by 12 %, or CHF 489 million, to a record CHF 4,562 million with growth across all products. Acquisitions accounted for CHF 327 million (or 8 %) and organic growth accounted for CHF 162 million (or 4 %).

Net financing receivables in the personal loan business increased by 4% to CHF 1,782 million. Interest income of CHF 167.1 million was 13% lower due to the implementation of the rate cap translating into a 9.3% yield. By the end of 2017 the vast majority of the personal loans portfolio had been re-priced.

The Swiss auto market was stable in 2017 with a flat used car market and a 1% reduction in new car registration. The Group's net financing receivables of the auto leases and loans business increased by 18% (or 1% excluding the EFL acquisition) to CHF 1,942 million. The acquisition of EFL Autoleasing (the deal was closed on 30 November 2017 with only one month impact) added CHF 278 million of net financing receivables. Overall, interest income increased marginally to CHF 83.8 million generating a 4.9% yield.

Net financing receivables in the credit cards business recorded a strong growth of 17% reaching CHF 833 million at year-end 2017. The increase was driven by the increase in the number of cards issued, by higher average customer spending and by the increase in the number of transactions per card. Consequently interest income grew by 17% to CHF 60.5 million with a 7.8% yield. The number of credit cards issued increased by 10%, or 76,000, to circa 803,000.

Balance sheet reached the CHF 5 billion mark

The Group reached a new milestone with CHF 5,099 million in total assets, breaking the CHF 5 billion mark for the first time since the IPO. The funding portfolio increased to CHF 4,048 million (from CHF 3,874 million) and the funding mix shifted to 65% deposits and 35% non-deposits to finance both acquisitions and organic growth. The Bank raised a total of CHF 350 million via the issuance of two senior unsecured bonds of CHF 150 million and CHF 200 million in June and November 2017 respectively. Overall, the average remaining maturity increased from 2.7 years to 2.9 years and the average remaining funding cost was reduced from 66 basis points to 52 basis points.

Shareholders' equity increased by 4% to CHF 885 million with the payment of 2016 dividend of CHF 125.5 million in May 2017 which was more than compensated by the net income. CET 1 capital ratio was 19.2% with a 15.4% leverage ratio and the excess capital above the Group's minimum CET 1 target of 18% amounted to CHF 49 million.

Increasing ordinary dividend

In-line with the financial performance, the Board of Directors will propose a CHF 3.55 ordinary dividend per share (a 69% pay-out ratio) at the next General Meeting on 18 April 2018 translating into a 3%, or CHF 0.10, increase compared to last year. The dividend will be split in two components: CHF 3.00 will be paid out of reserves from capital contributions and, therefore, will not be subject to Swiss withholding tax. The remaining CHF 0.55 will be paid from retained earnings as the reserves from capital contributions will be depleted.

New partnerships in auto leasing and credit cards

The Group recently signed a number of new partnerships. In the auto leases and loans business, Cembra signed a financing cooperation with Tesla in Switzerland. Following the acquisition of EFL Autoleasing, the Bank is now the captive finance partner for Hyundai and since 1 January 2018 Cembra is the captive finance partner for Harley-Davidson motorcycles. Beginning February 2018, the Group introduced Samsung Pay as a mobile payment solution for four of its credit card programmes. Furthermore, and starting in April this year, the Group will launch a cooperation with the furniture store Interio, which belongs to the Migros group. An Interio branded credit card will be launched (based on Cumulus Mastercard) and a point of sales invoice solution will be developed in the second half of 2018.

Outlook for 2018

Assuming no major change in the current economic environment, the Group is expecting earnings per share between CHF 4.80 and CHF 5.10 for the financial year of 2018. Additional revenues from the recent acquisitions and the ongoing growth of the credit cards business are expected to offset the impact of the rate cap on interest income in the personal loans business. Operating expenses are expected to increase driven by higher headcount and further investment in the digitalisation of the business, translating into a healthy but slightly higher cost/income ratio. Loss performance is expected to be in line with prior years.

All documents (investor presentation and the media release) are available at www.cembra.ch/en/investor.

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Key dates

16 March 2018	Publication of the Annual Report 2017
18 April 2018	Annual General Meeting 2018
20 April 2018	Ex-Dividend date
23 April 2018	Dividend record date
24 April 2018	Dividend payment date
24 July 2018	Publication of half-year 2018 results

Audio webcast and telephone conference for investors/analysts (in English)

Date and time:	22 February 2018 at 09.00 a.m. CET
Speakers:	Robert Oudmayer (CEO), Rémy Schimmel (CFO) and Volker Gloe (CRO)
Audio webcast:	www.cembra.ch/en/investor
Telephone:	Europe: +41 (0)58 310 5000
	UK: +44 (0)207 107 0613
	US: +1 (1)631 570 5613
Q&A session:	Following the presentation participants will have the opportunity to ask questions via the telephone conference.

Please dial in 10–15 minutes before the start of the presentation and ask for “Cembra’s full-year 2017 results”.

About Cembra Money Bank

Cembra Money Bank is the leading Swiss provider of consumer finance products and services. Its product range includes personal loans, auto leases and loans, credit cards and insurance sold with these products as well as invoice financing, deposit and savings products.

Headquartered in Zurich-Altstetten, the Group has operations across Switzerland via a network of 18 branches as well as alternative sales channels such as the Internet, credit card partners, independent agents and more than 3,600 car dealers.

Cembra Money Bank is an independent Swiss bank and has been listed on the SIX Swiss Exchange since October 2013. It has over 800 employees from 38 nations and about 809,000 customers.

Consolidated Statements of Income (unaudited)

For the years ended 31 December (CHF in millions)	2017	2016	Change in %
Interest income	308.3	324.3	– 5 %
Personal loans	167.1	191.3	– 13 %
Auto leases and loans	83.8	83.5	0 %
Credit cards	60.5	51.6	17 %
Other	– 3.1	– 2.3	38 %
Interest expense	– 24.7	– 26.5	– 7 %
Net interest income	**283.6**	**297.7**	**– 5 %**
Commission and fee income	**112.7**	**96.3**	**17 %**
Insurance	23.0	21.9	5 %
Credit cards	75.0	63.5	18 %
Loans and leases	11.8	10.6	11 %
Other	2.9	0.3	–
Net revenues	**396.3**	**394.0**	**1 %**
Provision for losses on financing receivables	**– 45.1**	**– 44.6**	**1 %**
Compensation and benefits	– 99.9	– 100.4	0 %
General and administrative expenses	– 68.0	– 67.1	1 %
Professional services	– 11.4	– 9.0	27 %
Marketing	– 6.1	– 6.6	– 9 %
Collection fees	– 5.8	– 5.7	1 %
Postage and stationery	– 9.3	– 8.6	8 %
Rental expense under operating leases	– 4.7	– 6.0	– 21 %
Information technology	– 23.6	– 24.1	– 2 %
Depreciation and amortisation	– 8.7	– 7.8	11 %
Other	1.6	0.7	117 %
Total operating expenses	**– 167.9**	**– 167.5**	**0 %**
Income before income taxes	**183.3**	**181.9**	**1 %**
Income tax expense	– 38.8	– 38.2	2 %
Net income	**144.5**	**143.7**	**1 %**

For the years ended 31 December (CHF)	2017	2016	Change in %
Earnings per share			
Basic	5.13	5.10	1 %
Diluted	5.12	5.09	1 %

Consolidated Statements of Financial Position (unaudited)

At 31 December (CHF in millions)	**2017**	**2016**	**Change in %**
ASSETS			
Cash and cash equivalents	418	669	– 37 %
Financing receivables, net	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	5	–	–
Investment securities	12	12	– 2 %
Property, plant and equipment, net	6	5	18 %
Intangible assets, net	26	23	13 %
Goodwill	15	–	–
Other assets	58	67	– 14 %
Deferred income taxes	3	8	– 61 %
Total assets	**5,099**	**4,857**	**5 %**
LIABILITIES AND EQUITY			
Deposits	2,627	2,355	12 %
Accrued expenses and other payables	144	92	57 %
Short-term debt	100	450	– 78 %
Long-term debt	1,321	1,070	24 %
Other liabilities	21	43	– 50 %
Total liabilities	**4,214**	**4,009**	**5 %**
Common shares	30	30	0 %
Additional paid in capital (APIC)	295	391	– 25 %
Treasury shares	– 101	– 100	1 %
Retained earnings	677	561	21 %
Accumulated other comprehensive loss (AOCI)	– 16	– 34	– 54 %
Total shareholders' equity	**885**	**848**	**4 %**
Total liabilities and shareholders' equity	**5,099**	**4,857**	**5 %**

Key Figures (unaudited)

For the years ended 31 December	**2017**	**2016**
Earnings per Share		
Net income attributable to shareholders (CHF in millions)	144.5	143.7
Weighted-average numbers of common shares outstanding for basic earnings per share	28,188,621	28,196,182
Weighted-average numbers of common shares outstanding for basic earnings per share	28,208,320	28,213,066
Basic earnings per share (in CHF)	5.13	5.10
Diluted earnings per share (in CHF)	5.12	5.09
Ratios		
Return on average shareholders' equity (ROE in %)	16.7 %	17.4 %
Return on average assets (ROA in %)	2.9 %	3.0 %
Cost / income ratio (in %)	42.4 %	42.5 %
Net interest margin (in %)	6.5 %	7.2 %
Loss rate (in %)	1.0 %	1.1 %

As at	**31 December 2017**	**31 December 2016**
Capital Adequacy		
Risk-weighted assets (CHF in millions)	4,114	3,758
CET1 capital [2] (CHF in millions)	790	753
CET1 capital ratio (in %)	19.2 %	20.0 %
Share and Dividend		
Share price (in CHF)	90.85	74.20
Market capitalisation (CHF in millions)	2,726	2,226
Ordinary dividend per share [1] (in CHF)	3.55	3.45
Extraordinary dividend per share (in CHF)	–	1.00
Ordinary dividend payout ratio (in %)	69 %	68 %
Headcount and Credit Rating		
Employees (full-time equivalent)	735	705
Credit rating (S&P)	A–	A–

[1] *Proposal to the Annual General Meeting of Shareholders*

[2] *Includes net income adjusted for expected dividend distribution*

Disclaimer regarding forward-looking statements

This media release by Cembra Money Bank ("the Bank") includes forward-looking statements that reflect the Bank's intentions, beliefs or current expectations and projections about the Bank'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 Bank 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 Bank 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 Bank'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 Bank'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 Bank, its directors, officers and employees expressly disclaim any obligation or undertaking to release any update of or revisions to any forwards-looking statements in this media release and any change in the Bank's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

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