Cembra is evolving

A leading player in consumer finance and cards

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Pascal Perritaz, CFO

Baader Swiss Equities Conference Bad Ragaz, 16 January 2020

History
IPO in 2013

1912 Foundation – “Banque commerciale et agricole E. Uldry & Cie” in Fribourg

1997 **GE acquired Bank Prokredit and Aufina**

2005 Rebranded GE Money Bank

2006 Launched Conforama credit cards partnership

2008 Launched TCS credit cards partnership

2010 Launched saving products for retail and institutions

2012 First public Auto ABS in CH

2013 **IPO at SIX Swiss Exchange**

2017 Rebranded Cembra Money Bank

2018 Launched FNAC cards partnership

2019 eny Finance transaction

Acquisitions of Swissbilling and EFL Autoleasing

Acquisition of cashgate

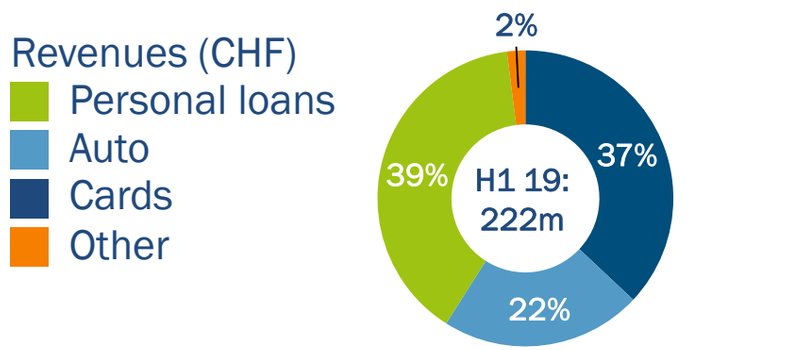
Cembra at a glance

A leading player in consumer finance and cards

Who we are

- Independent consumer finance specialist exclusively operating in Switzerland
- Serving around 1 million customers through diversified distribution, personalised service and digitised solutions
- Strong market positions in personal loans (45% market share), auto loans & leases (24%) and credit cards (13%)
- Acquisitions of auto financing specialist EFL in 2017 and of consumer finance provider cashgate in 2019
- Diverse workforce of ~1000 employees with 37 nationalities; ~48% female (~30% female in management positions)
- Standard & Poor's credit rating A–/A-2, negative outlook
- IPO in 2013, listed on Swiss Stock Exchange under US GAAP

Key figures[1]



- Total assets CHF 5.6 bn (~ CHF 7bn incl. cashgate)
- Competitive loss ratio (0.8%) and cost/income ratio (46.5%)
- Return on equity 17.1%
- Tier1 capital ratio 18.8%
- Market cap ~ CHF 3.0bn

1 H1 2019 excluding cashgate (transaction completed on 2 September 2019)

Track record

Delivered on all targets since the IPO

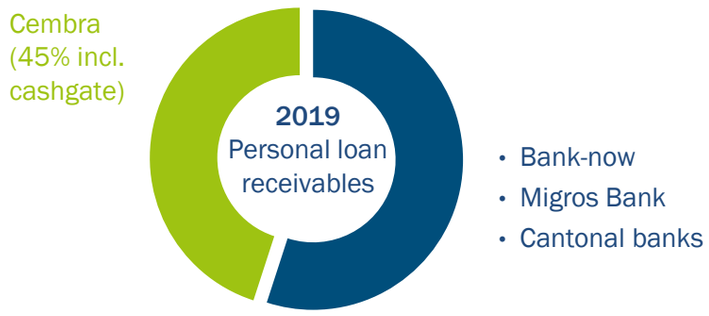
IPO targets (Oct. 2013)		2014	2015	2016	2017	2018	H1 2019
Asset growth	In line with Swiss GDP growth	2.1%	-0.3%	0.9%	12.0% Organic: 4.0%	5.4%	**4.5%**
Profitability	ROE target >15%	17.0%	17.7%	17.4%	16.7%	16.9%	**17.1%**
Capitalisation	Tier 1 capital > 18%[1]	20.6%	19.8%	20.0%	19.2%	19.2%	**18.8%**
Dividend pay-out	Pay-out ratio 60% - 70%	66%	66%	68%	69%	69%	-
Earnings per share (CHF)		4.67	5.04	5.10	5.13	5.47	**2.79**
Dividend per share (CHF)		3.10	3.35	4.45[2]	3.55	3.75	-
Dividend yield[3]		5.6%	5.2%	6.0%[2]	3.9%	4.8%	-

See appendix for key figures since 2010
1 Mid-term Tier 1 target of >17% since July 2019
2 Including extraordinary dividend of CHF 1.00 per share
3 Based on year-end share price

Strong market positions

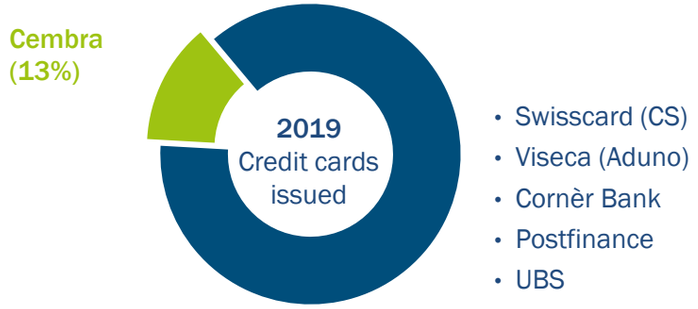
Serving ~ 1 million customers in Switzerland

Personal loans: 45% market share

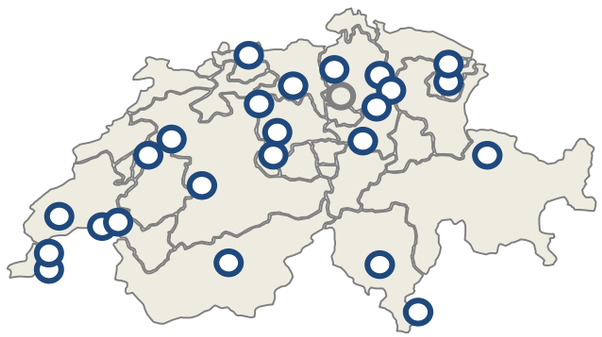


Auto business: 24% market share

Credit cards: 13% market share

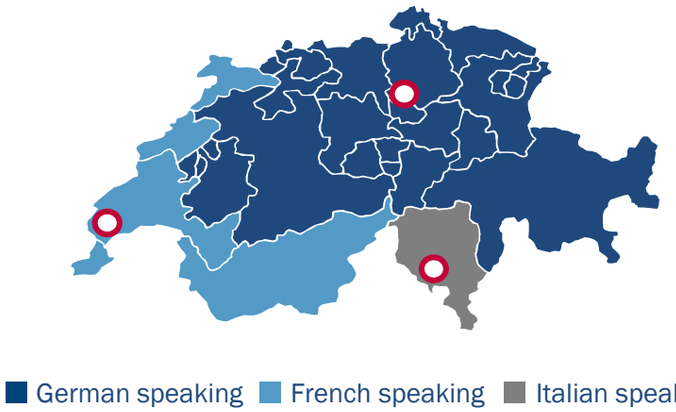


24 branches all over Switzerland



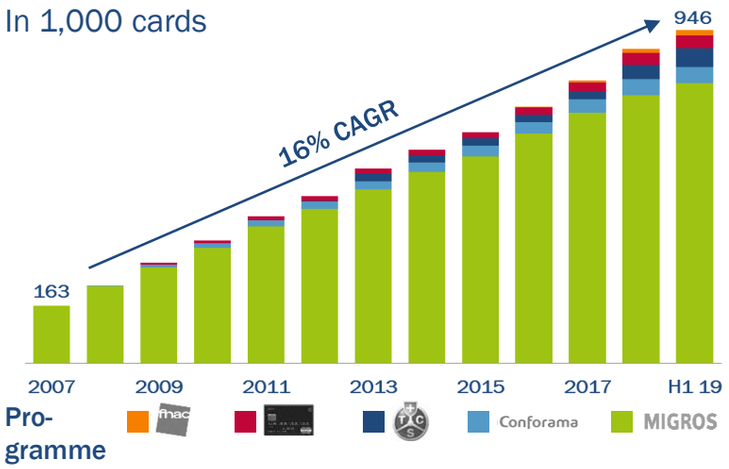
- Market leader in personal loans segment
- Diversified distribution with branches, independent agents and an efficient internet channel
- Premium pricing supported by personalised superior service
- Strong brand presence

Diversified distribution



- Strong independent player – no brand concentration
- Mix of new (1/3) and used cars (2/3)
- Offering products through about 4,000 dealers – dedicated field sales force combined with 3 service centers

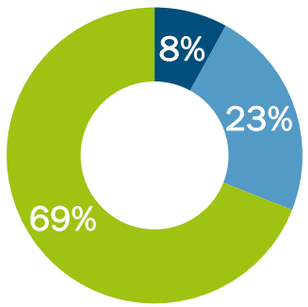
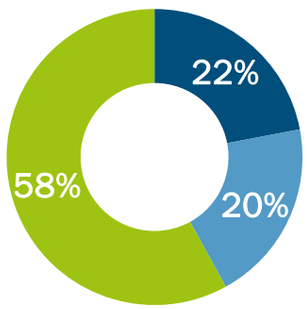
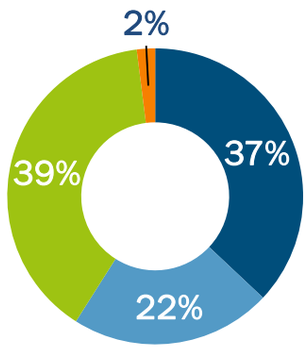
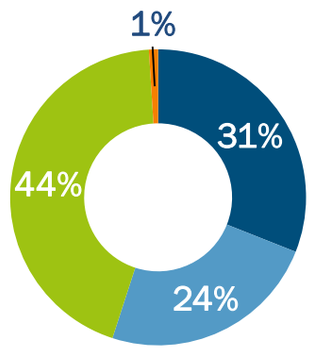
A fast growing portfolio



- 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

Cembra is evolving

Continued growth in cards and new businesses expected

	2010	2014	2018	2018 pro forma incl. cashgate	Aspiration
Business mix in % of net revenues Personal loans Auto Cards Other					
Fee income in % of total income	21%	21%	30%	28%	
Costs in % of total income	43%	43%	44%	46%	

- Continue to focus on Switzerland
- Enlarge the financing solutions-related offering
- Improve the digital journey

2019 highlights

Investing in growth, cashgate acquisition, SME financing

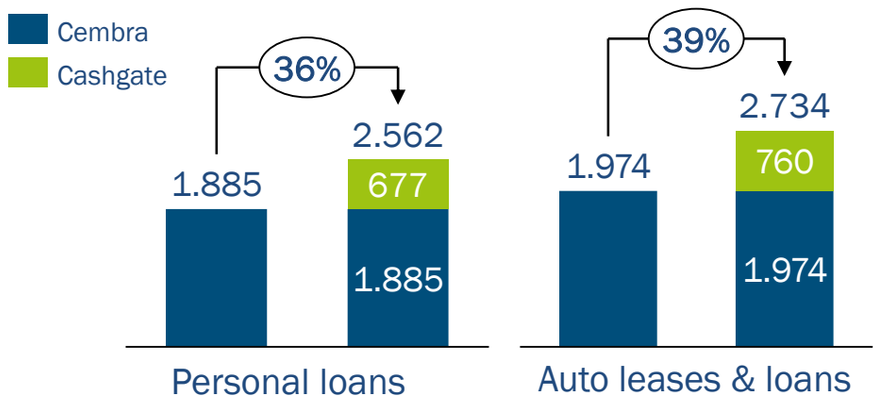
Investing in growth

- **Credit cards growth (+11% yoy by June 2019)**
  - Continuing growth with all partnerships performing well
  - New partnership with Migros Bank to develop new credit card by end of 2020
- **Swissbilling growth (+160% in H1 2019)**
  - Cooperation with Swisscom Directories effective from January 2020 on
- **Investing CHF 40m in digitisation and product development on track**
  - Ongoing simplification of customer journey and modernisation of customer service platforms
- **SME market entered in Q4 2019**
  - Online financing for small companies in Switzerland. Soft launch in Dec 2019
  - Technology platform provided by Berlin-based Spotcap

Acquisition of cashgate

- Expansion in Personal loans and Auto through acquisition of cashgate on 2 September 2019

Net financing receivables (pro forma 2018, CHF m)



- Top 5 player with 163 employees, operating 8 branches throughout Switzerland.
- Similar products and pricing of leases and personal loans
- Excellent strategic and cultural fit

H1 2019 performance

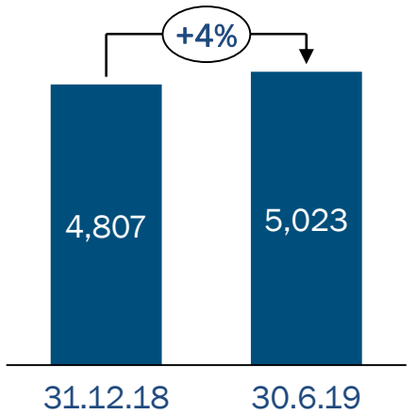
Good momentum in auto and continued growth in cards

Highlights

- Positive business performance with net income CHF 78.6m
- +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[1]
- ROE 17.1% and Tier 1 capital 18.8% above target levels[2]

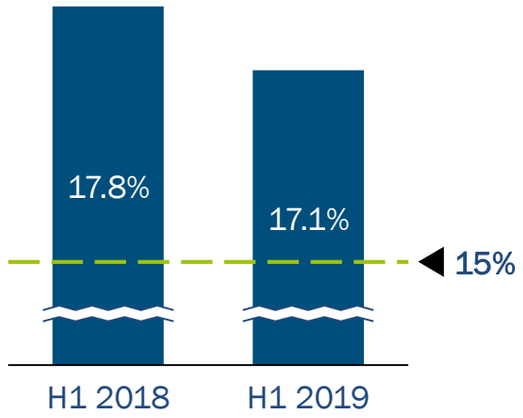
Net financing receivables

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



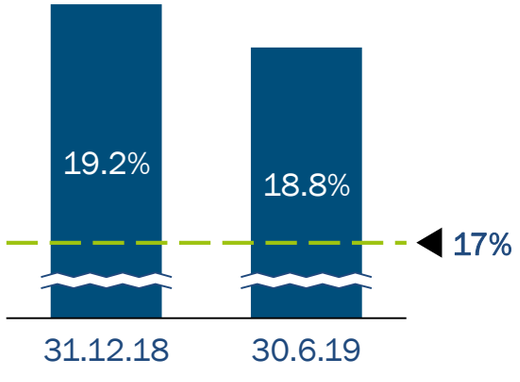
Return on equity

Target ROE: >15%



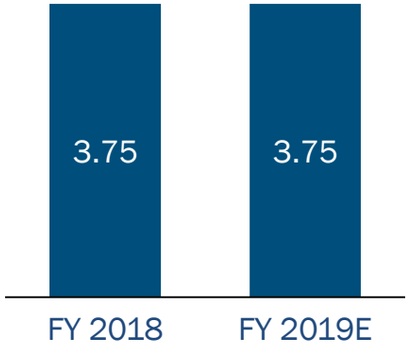
Capital adequacy (Tier 1)

Target Tier 1 capital ratio: >17%[2]



Dividend

Target at least CHF 3.75 for FY 2019



1 Growth including timing effect at end of period (see page 11)
2 Tier 1 capital target of 17% since July 2019 (previously 18%)

Cembra & cashgate

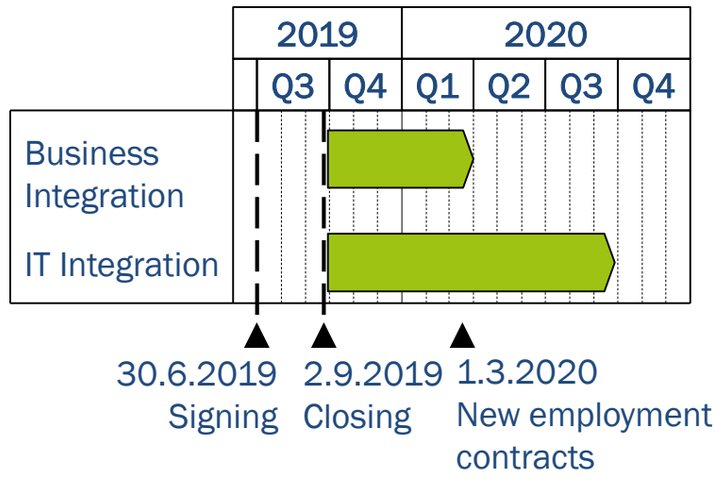
Fast integration using cashgate's skills and systems

Consolidate branch network

- 16 Cembra branches
- 8 cashgate AG branches
- 3 Cembra Auto service centres

- Integration of branches by H1 2020
- Combine offices in Zürich and in Lausanne
- Leverage Cembra's Auto service centres

Integrate businesses by 2020



- Integration plan in place with TSA's
- New contracts for cashgate employees from March 2020 on
- Obtain synergies through significant scale benefits
- Combine systems; one single origination system, and one back-end
- One-off integration costs of around CHF 25m until 2020 expected

Commercial consolidation

Auto loans & leases

Cembra MoneyBank

Personal loans

Cembra MoneyBank

Online brand: cashgate.–

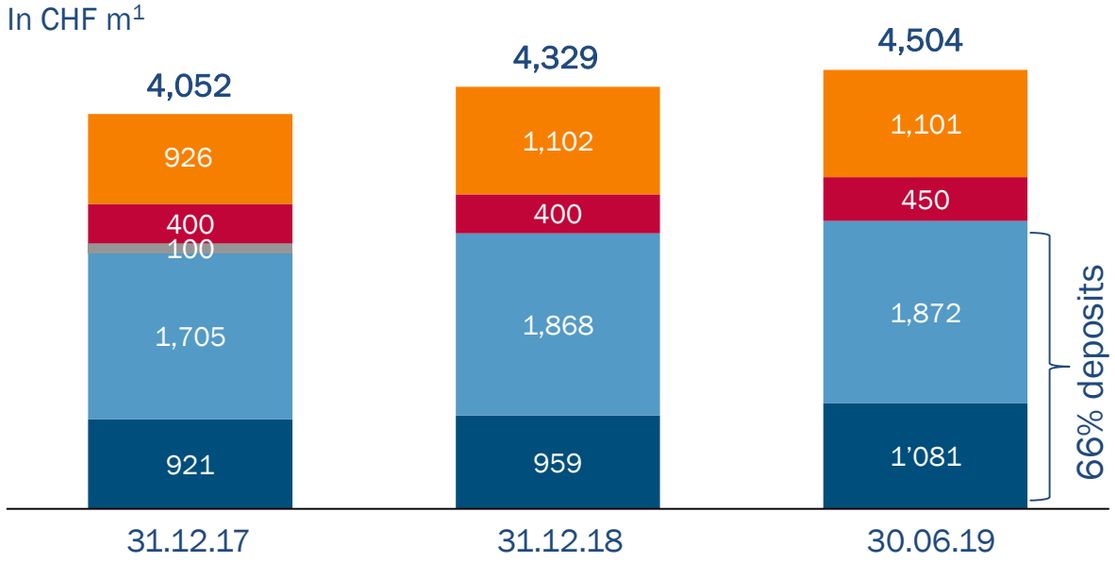
- Combine cashgate Auto and Cembra Auto into one single lease organisation
- All brokers originate through Cembra system
- Maintain cashgate as online brand
- Improve customer experience by accelerating digital transformation

Funding

Diversified funding. Successful refinancing of cashgate.

Funding mix (30 June 2019)

In CHF m[1]

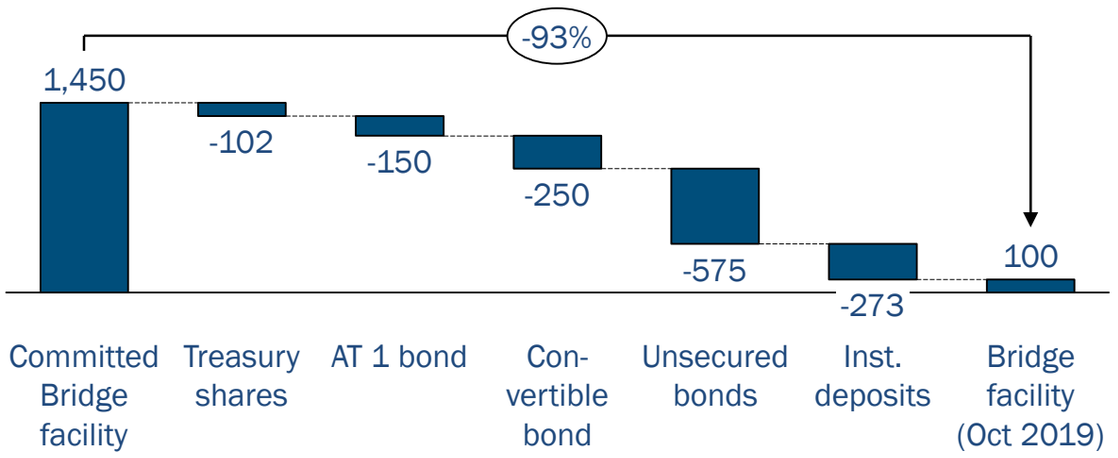


Senior unsecured	• Eight issuances (CHF 50 – 200m) • WA[2] remaining term 4.0 yrs/avg. rate 0.49%[4]
ABS	• Two AAA-rated issuances CHF 200 and 250m • WA remaining term 1.9 yrs/avg. rate 0.18%[4]
Institutional term deposits	• Diversified portfolio across sectors and maturities • Book of 100+ investors
Retail term deposits and saving accounts	• About 28,000 depositors • Fixed term offerings 2 – 8 years • Saving accounts are on-demand deposits

ALM key figures (30 June 2019)

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

Cashgate: CHF 1.4bn (>90%) refinanced since 1 July



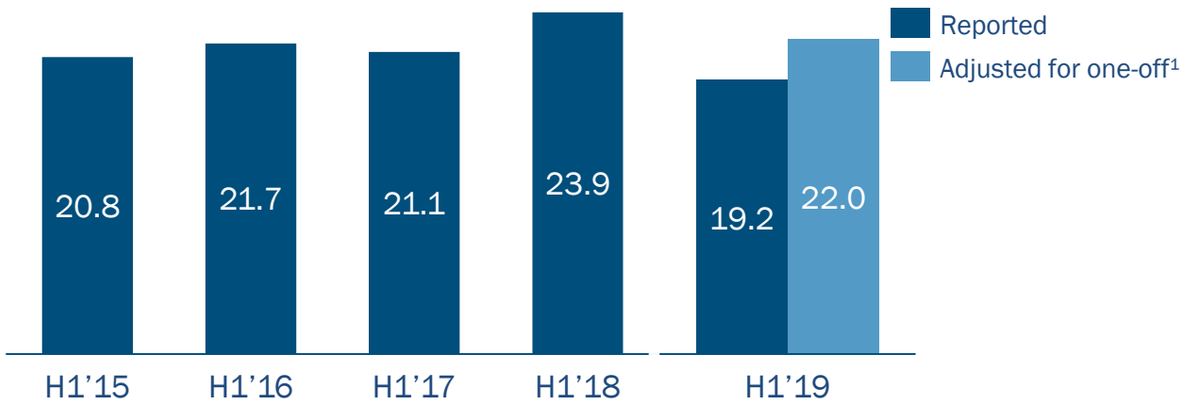
1 Excluding deferred debt issuance costs (US GAAP) 2 Weighted average 3 Average of last quarter in reporting period 4 Additional charges apply related to fees and debt issuance costs
5 Four facilities CHF 50 – 100 m each. Excluding a committed bridge facility and loan relating to the acquisition of cashgate on 30 June 2019, for a total amount of CHF 1.6 billion

Provision for losses

Stable loss performance

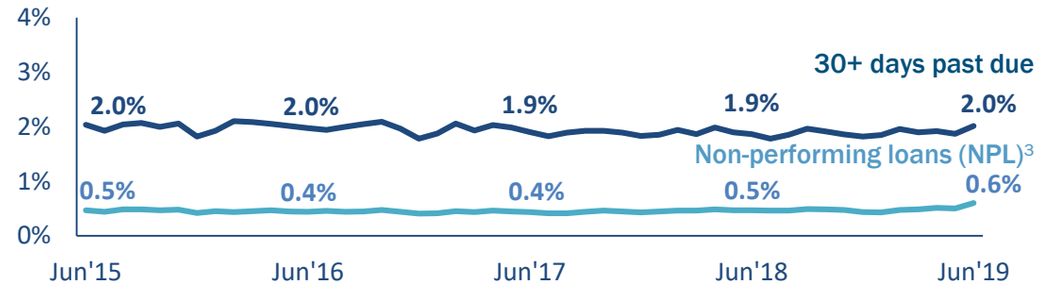
Provision for losses

In CHF m

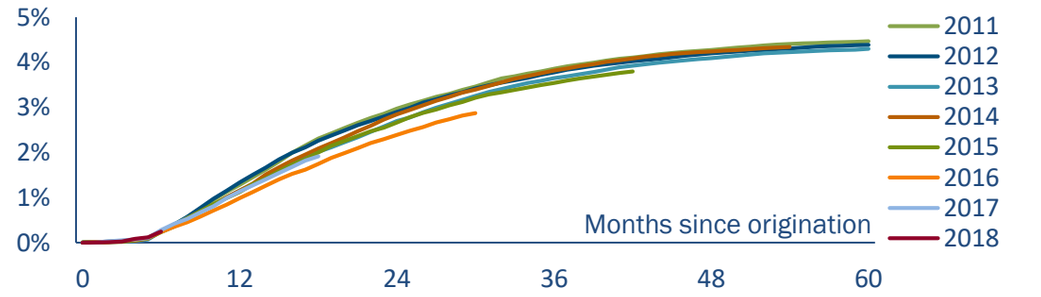


1.1%	**1.1%**	**1.0%**	**1.0%**	**0.8%** (0.9%[1])	**Loss rate[2]**
2.0%	2.0%	1.9%	1.9%	2.0% (1.9%[1])	30+ days past due
0.5%	0.4%	0.4%	0.5%	0.6% (0.5%[1])	Non-performing loans (NPL)[2]

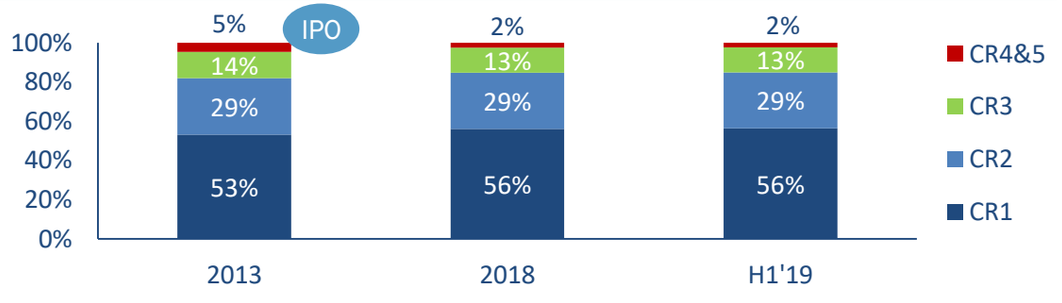
30+ days past due/NPL



Write-off performance[4]



Credit grades[5]



Comments

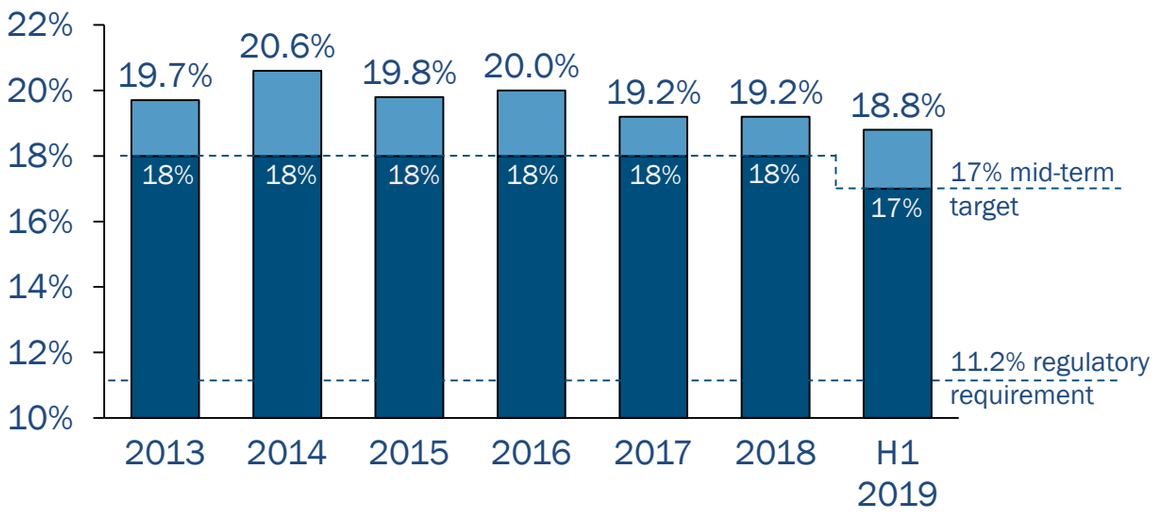
- Slight loss rate improvement driven by further optimisation of loss mitigation strategies in a favourable macro environment
- One-off impact on losses due to better synchronisation of write-off and collections procedures
- Stability in portfolio quality and solid delinquency metrics
- Loss performance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

1 Excluding the one-off impact related to synchronisation of write-off and collection procedures
2 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)
3 Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by the financing receivables
4 Based on Personal Loans and Auto Leases & Loans originated by the Bank
5 Consumer Ratings (CR) reflect associated probabilities of default for material portfolios originated by the Bank

Capital management

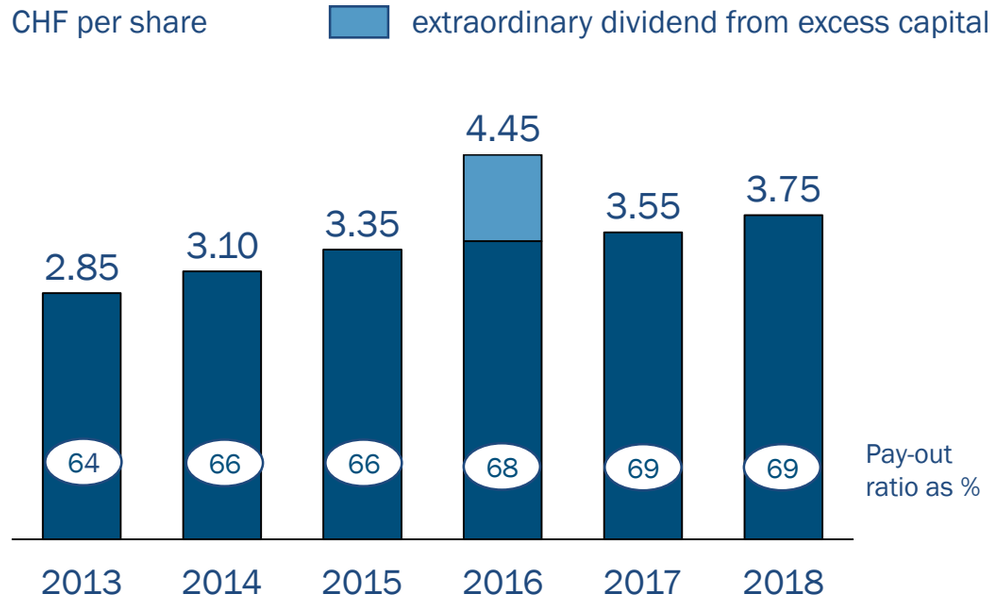
Disciplined use of capital

Capital position



- Cashgate: US GAAP net asset value at closing is expected to be about one third of the purchase price of CHF 277m
- Issue of CHF 150m Additional Tier 1 capital at 2.5% in July 2019
- Tier 1 capital ratio expected at 16-17% by year-end 2019, thereof around 14% CET 1

Dividends



- Dividend pay-out ratio target between 60 and 70%
- Intention to return excess Tier 1 capital above circa 19% (lowered from >20% until 2018)[1]
- Target dividend for 2019 at least at the level of previous year (CHF 3.75)

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[1] between CHF 5.20 and CHF 5.50**
  - Integration costs around CHF 25m 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[2]

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[3])

4. **Moderate EPS[1] accretion in 2020** vs. pre-transaction consensus. Then accelerating from 2021, with **annual incremental net income of CHF 25 –30m[2]**

5. **Stable loss performance**

6. **Cost/income ratio below 44%** from 2021 on

1 Diluted EPS (US GAAP, based on weighted average of shares outstanding)
2 Assuming no major change in the current economic environment
3 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

Appendix

Corporate responsibility

Improving recognition by ESG rating agencies

ESG performance

Governance

- Strong and consistent governance structure[1] since the IPO
- Independent and diverse board
- Operating exclusively under Swiss law and regulation

Social

- Products based one of the strictest consumer finance laws in Europe with the aim to protect consumers
- Stable credit risk profile with loss ratio of ~1% since IPO
- Awarded Top 5 Great Place to Work® in 2019
- Diverse workforce with 37 nationalities

Environment

- Limited environmental footprint[3]
- Auto financing: growing share of electronic vehicles
- HQ offices: Energy use (kWh/head) reduced 19% since 2014, 100% of electric power stems from renewable sources

External recognition

MSCI ESG — Upgrade in 2019 (BBB)

ISS ESG — Upgrade in 2019 (C-, Top 30%[2])

Great Place To Work. Best Workplaces Schweiz 2019 — Best Workplaces award in 2019 (Top 5 Switzerland)

ISS QualityScore — Improvement on Environment in 2019

Dow Jones Sustainability Indices S&P Global — First-time participation in 2019

1 Cembra's governance rated 1 on a scale from 1 to 10 by ISS Quality Score
2 Among 277 peers in global financials/commercial banks & capital markets industry
3 Cembra is operating exclusively in consumer finance in Switzerland

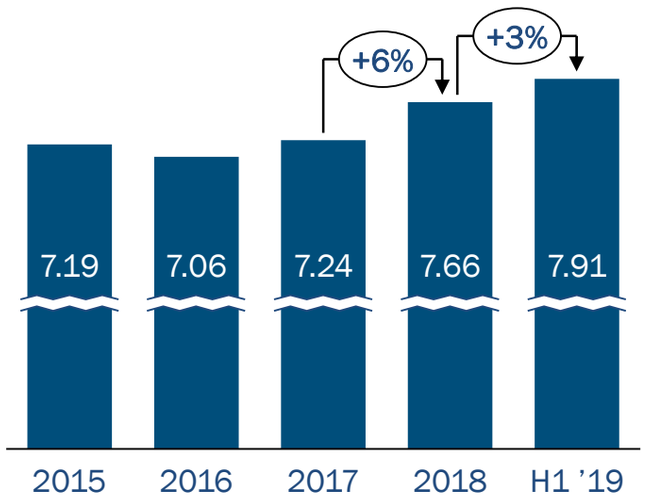
H1 2019 products and markets

Personal loans & auto in line with market, cards outperforming

Market environment

Personal loans

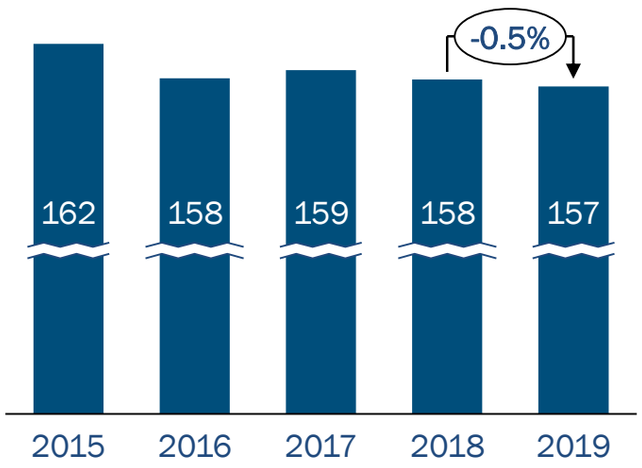
Consumer loans market, in CHF bn



Source: ZEK

Auto loans and leases

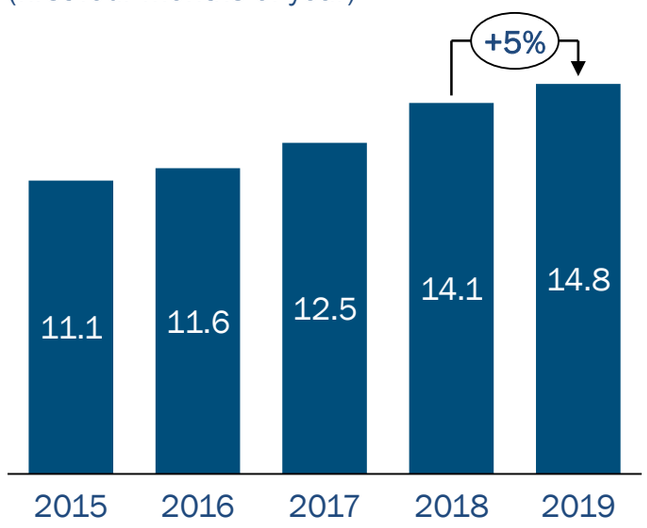
New car registrations, in 1,000 cars
(first six months of year)



Source: auto-Schweiz

Credit cards

Transcription 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 trans-actions with 20% market share
- All partnerships performing well

H1 2019 P&L

Income statement		H1 2019	H1 2018	%
In CHF m				
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*
Net revenues		**222.6**	**213.0**	***5***
Provision for losses	3	-19.2	-23.9	*-20*
Operating expense	4	-103.6	-90.6	*14*
Income before taxes		**99.8**	**98.5**	***1***
Taxes		-21.3	-20.8	*2*
Net income		**78.6**	**77.7**	***1***
Basic earnings per share (EPS)		**2.79**	**2.76**	***1***

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

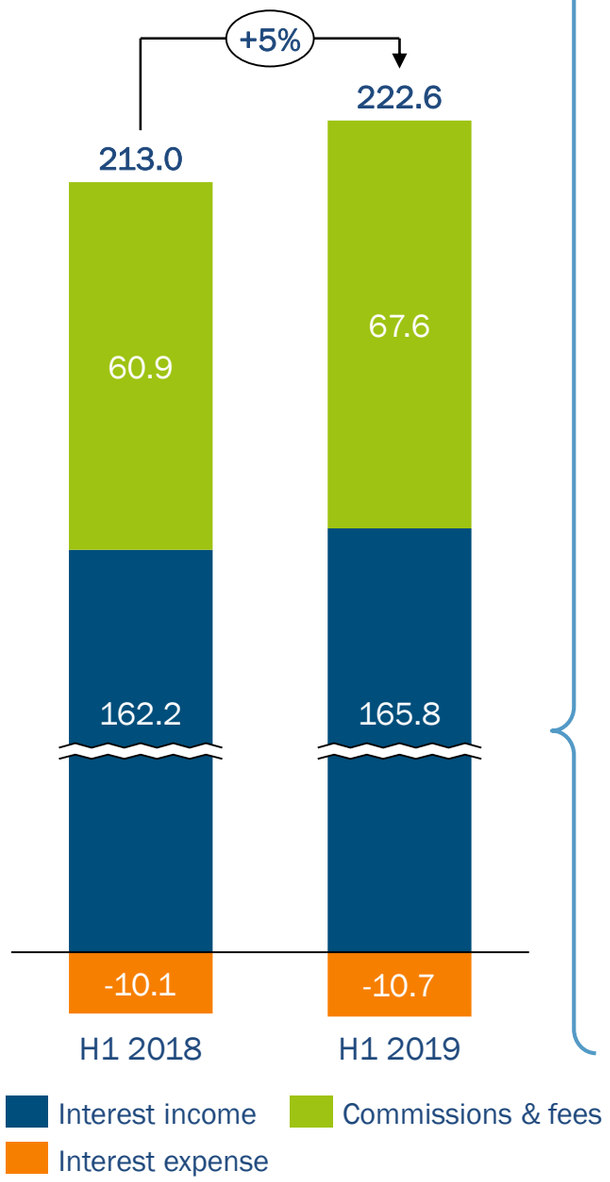
4 Increase largely related to strategic and digital investments, combined with core business growth. Some pre-transaction costs related to the cashgate AG acquisition are included in H1 2019

H1 2019 Net revenues by source

+5% growth in H1 2019

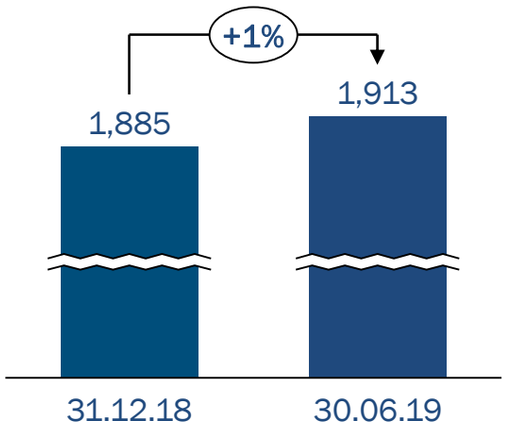
In CHF m

Revenue by source

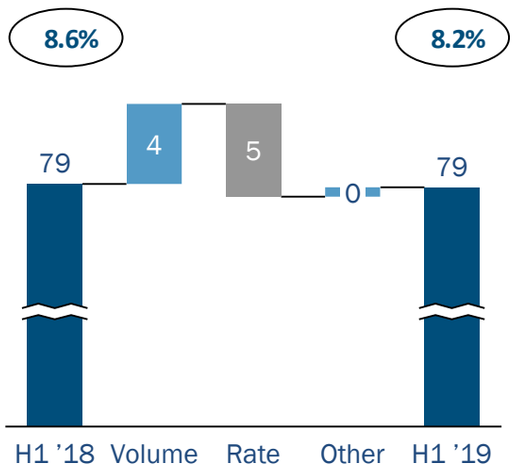


Personal loans

Net financing receivables

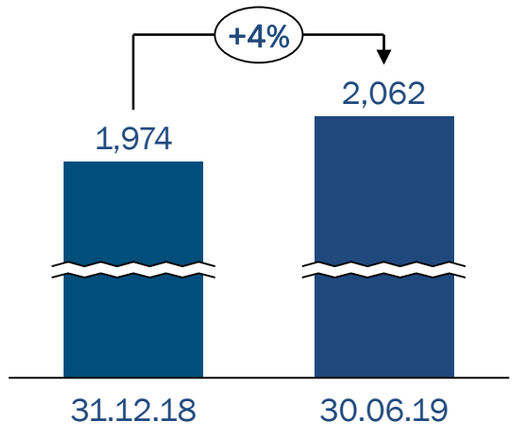


Yield (2pt avg) and interest income

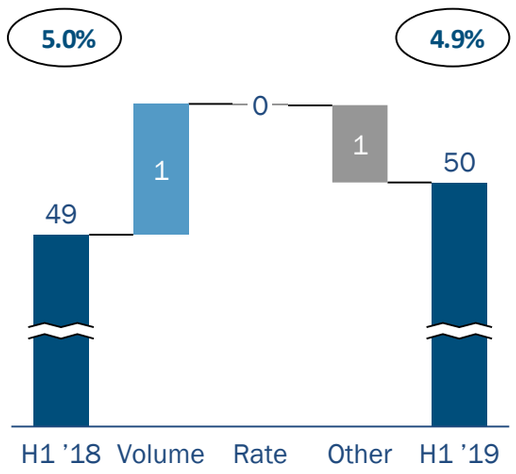


Auto lease and loans

Net financing receivables

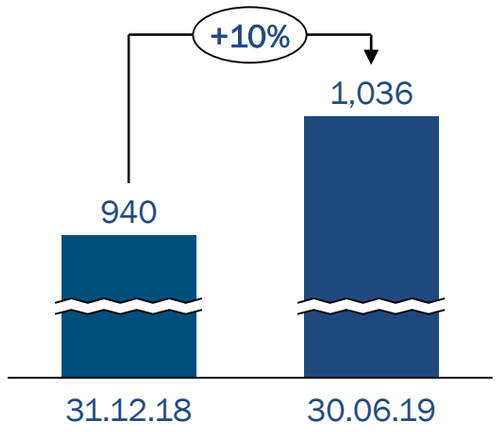


Yield (2pt avg) and interest income

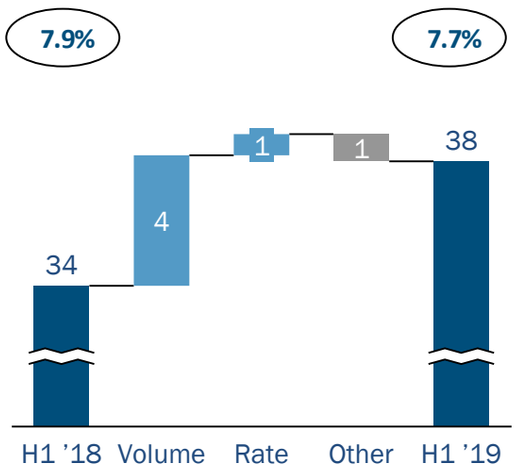


Credit cards

Net financing receivables



Yield (2pt avg) and interest income



H1 2019 Operating expenses

Income statement		H1 2019	H1 2018	%
In CHF m				
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*
Total operating expenses		**103.6**	**90.6**	***14***
Cost / Income ratio		**46.5%**	**42.6%**	
Full-time equivalent employees[1]	1	**812**	**741**	***10***
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 3.6m 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 0.7m higher pension costs resulting from asset performance revaluation

1 End of period

H1 2019 Balance sheet

Assets		30.06.19	31.12.18	%
In CHF m				
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*
Total assets		**5,590**	**5,440**	***3***

Liabilities

In CHF m				
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*
Total liabilities		**4,683**	**4,507**	***4***
Shareholders' equity	4	907	933	*-3*
Total liabilities and equity		**5,590**	**5,440**	***3***

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

2018 pro forma key financials

cashgate an established player in personal loans & auto

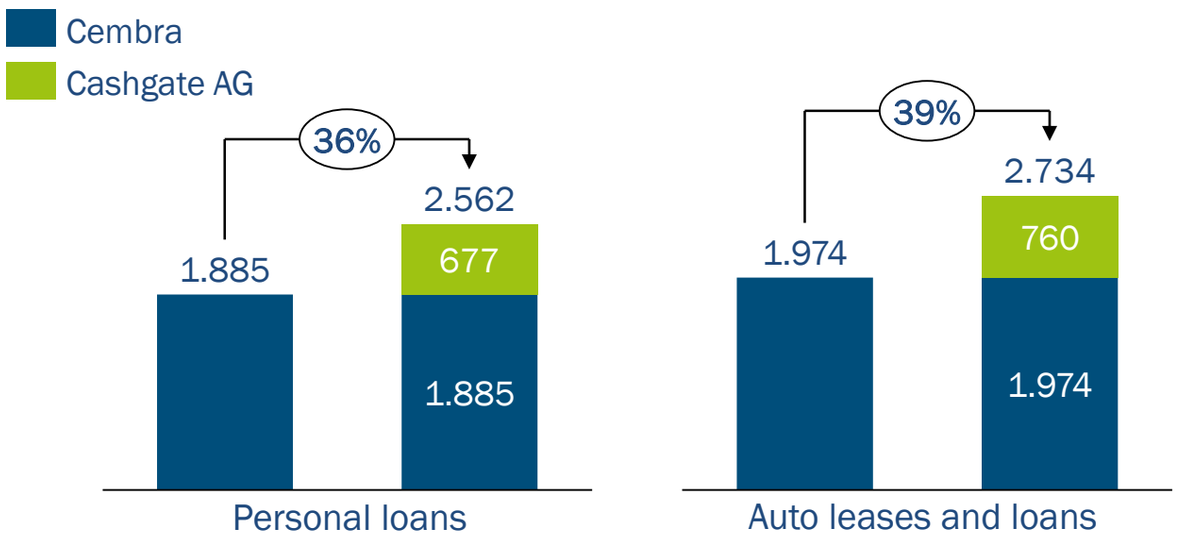
About cashgate AG

FY 2018

- Top 5 player in the personal loans and independent auto leasing markets in Switzerland
- Total net financing receivables of around CHF 1.4bn, with 47% of in personal loans and 53% in auto leases and loans, as well as small rental guarantee business
- 163 employees (149 FTE). Operating 8 branches throughout Switzerland. Headquarters in Zürich
- cashgate AG owned 100% by Aduno Holding AG and represented the majority of their Consumer Finance division

Expansion in Personal loans and Auto

Net financing receivables (pro forma US GAAP FY 2018, CHF m)



2018 pro forma key figures

FY 2018, US GAAP, CHF m and aligned with Cembra financial statement presentation and accounting reserving/write off standards

	cashgate	Combined	*% vs Cembra standalone*
Net financing receivables	1,436	6,243	+30%
Net interest income	75	384	*+24%*
Net revenues	76	515	*+17%*
Operating expenses	41	234	*+21%*
Income before taxes	18	213	+9%
Loss ratio	0.8%	1.0%	*-0.1%pt*
Cost income ratio	54%	46%	*+2%pt*
FTE	149	932	*+19%*

Key figures since 2010

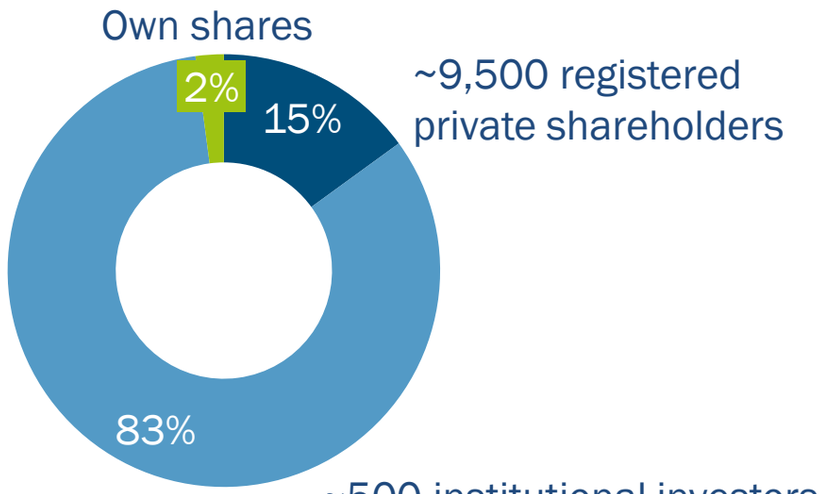
US-GAAP	2010	2011	2012	IPO 2013	2014	2015	2016	2017	2018	H1 2019
Net revenues (CHF m)	349	338	356	355	379	389	394	396	439	223
Net income (CHF m)	129	131	133	133	140	145	144	145	154	79
Cost/income ratio (%)	47.0[1]	46.3	46.2	50.5	42.5	41.5	42.5	42.4	44.0	46.5
Net fin receivables (bn)	4.1	4.0	4.0	4.0	4.1	4.1	4.1	4.6	4.8	5.0
Equity (CHF m)	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[2]	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)[3]				1.8	1.7	1.9	2.2	2.7	2.3	2.8

1 Swiss GAAP: 42.6%
2 Thereof extraordinary dividend CHF 1.00
3 Based on total shares

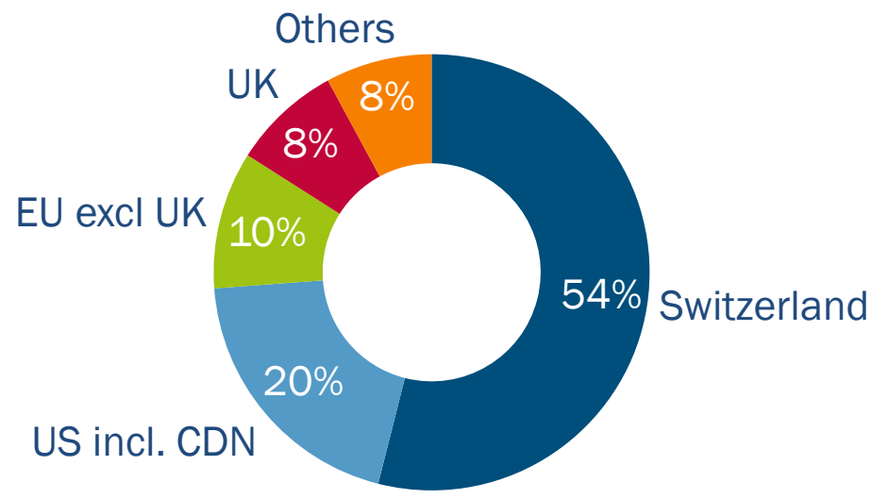
The Cembra share

Shareholder structure: 98% free float

Based on nominal share capital of CHF 30m, in %



Institutional owners by domicile[1]



Main investors & indices

Holdings >5% of share capital
- UBS Fund Management (Switzerland)
- BlackRock Inc.

Holdings > 3% of share capital
- Pictet Asset Management (Switzerland)
- Credit Suisse Funds AG

Selected indices:
- SPI®, SPI Select Dividend 20, Stoxx® Euro 600

Share data	H1 2018	H1 2019
Number of shares	30,000,000	30,000,000
Treasury shares	1,813,531	1,822,342
Treasury shares as %	6.1%	6.1%
Shares outstanding	28,186,469	28,177,658
WA number of shares outstanding	28,189,382	28,186,162

- On 2 July 2019, Cembra placed treasury shares corresponding to 4.0% of its share capital, thereby reducing treasury shares to 2.1%

1 estimates
2 Based on net income as per US GAAP and weighted-average numbers of common shares outstanding

Calendar and further information

Visit us on www.cembra.ch/investors

Calendar

Corporate events	21 February 2020	FY 2019 results
	19 March 2020	Publication of Annual Report 2019
	16 April 2020	Annual General Meeting 2020
Roadshows and conferences	16 January 2020	Baader Swiss Equity Conference, Bad Ragaz
	17 January 2020	Octavian Seminar, Flims
	24 February 2020	Roadshow Zürich
	25 February 2020	Roadshow Frankfurt (TBC)
	26 February 2020	Roadshow London
	4 March 2020	Roadshow Geneva
	1 April 2020	Roadshow Paris

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