Letter to Shareholders
Dear Shareholders

It is our pleasure to inform you about another solid first six months of the year for Cembra Money Bank. We achieved a net income of CHF 69.4 million and an annualised return on equity of 16.9 % despite headwinds. All our products contributed positively to the 2 % growth of our net financing receivables to CHF 4.2 billion. We remain strongly capitalised with a Tier 1 capital ratio of 20.2 % and expect another set of solid results for the full-year 2017.

In the first half-year 2017 we achieved a net income of CHF 69.4 million representing earnings per share of CHF 2.46. The result was fully in-line with the guidance provided at the beginning of the year. The annualised return on average equity (ROE) was 16.9 % which is above our 15 % medium-term target. Net revenues decreased by 3 % to CHF 192.3 million driven by an 8 % lower net interest income of CHF 138.6 million which was down due to the impact from the introduction of the lower interest rate caps. Commission and fee income conversely was 14 % higher at CHF 53.8 million mainly due to the strong performance in the credit cards business. Our prudent risk management approach was reflected in low provisions for losses of CHF 21.1 million, equivalent to a loss rate of 1.0 % of financing receivables. Delinquency metrics in our portfolio remained stable with a non-performing loan ratio of 0.4 %. Operating expenses were well controlled with a decline of 2 % to CHF 83.3 million translating into a cost / income ratio of 43.3 %.

All products contributed to financing receivables growth

With net financing receivables increasing by 2 % to CHF 4,171 million, the Bank outperformed Swiss GDP growth in the first six months of 2017. Receivables in the personal loans business increased by 1 % to CHF 1,738 million despite a challenging market environment. Revenues reduced by 15 % due to the introduction of the interest rate caps effective since 1 July 2016. The Swiss auto market was stable in the first six months of 2017. While new car registrations increased by 1 %, the market for used cars was flat. In-line with the market trend net financing receivables in the auto leases and loans business increased by 1 % to CHF 1,658 million. Net financing receivables in credit cards again recorded a strong growth of 9 % reaching CHF 772 million by end-June 2017. The number of credit cards issued by Cembra Money Bank increased by 6 % to circa 768,000. Commission and fee income in the credit cards business increased by 16 % as a result of the increased credit card portfolio, higher average spending and increase in the number of transactions.

Strong balance sheet position

The overall funding mix remained stable with 59 % retail and institutional deposits and 41 % debt as we continued to optimise our funding portfolio in-line with our strategy. The average remaining maturity of the portfolio was increased and the average funding cost was reduced to about 62 basis points. In June 2017 the Bank successfully raised CHF 150 million through a senior unsecured bond with a coupon of 0.375 % and eight year maturity.

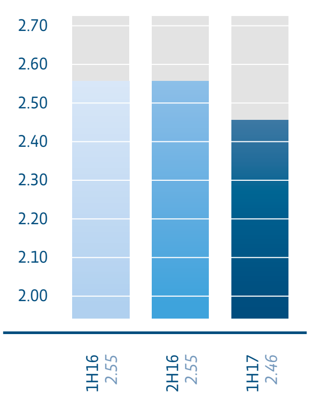
Shareholders' equity decreased by 6 % to CHF 794 million by the end of June 2017 as a result of dividend payments totalling CHF 125.5 million in May 2017. With a Tier 1 capital ratio of 20.2 % and a leverage ratio of 15.6 % we remain very well capitalised. Compared to our internal Tier 1 target of at least 18 %, we have CHF 83 million of excess capital.

Developing the business

In the past six months we made further steps in shaping the future of our business. Beginning of March 2017, we closed the acquisition of Swissbilling, an invoice financing provider. In the first six months of 2017 Swissbilling financed about 190,000 invoices with a volume of circa CHF 23 million. On 1 June 2017 the new credit card generation for the Cumulus Mastercard went live after having renewed the Migros cooperation agreement for another five years last autumn. In July 2017, we signed an agreement to refinance a CHF 42 million personal loan portfolio from eny Finance AG, a pure online personal loan provider.

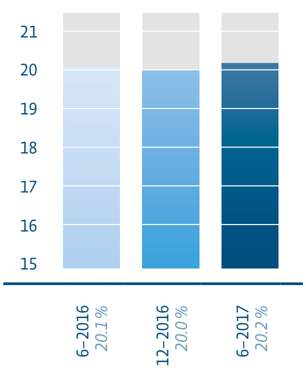
Earnings per Share

in CHF



Tier 1 Capital Ratio

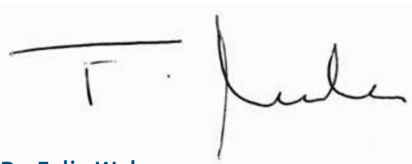
in %



Guidance for full-year 2017 confirmed

The Bank confirms the guidance provided in February 2017 with earnings per share between CHF 4.70 and CHF 5.00 for the full-year 2017. Lower net interest income following the introduction of the rate caps in July 2016 should be partially offset by the continued growth in the credit cards business. Loss performance is expected to be in-line with prior years. A slightly higher cost/income ratio for the full-year 2017 is expected as we continue to invest in the digitisation of the business.

On behalf of the Board of Directors and Management we would like to thank our customers, shareholders and business partners for the trust they have placed in us. We would also like to express our particular gratitude to our employees, who shape the success of our Bank with their expertise, dedication and engagement.



Dr. Felix Weber
Chairman

Robert Oudmayer
Chief Executive Officer

Key figures

For the six months ended (CHF in millions)	**30 June 2017**	**30 June 2016**
Net revenues	192.3	197.4
Provision for losses on financing receivables	– 21.1	– 21.7
Total operating expenses	– 83.3	– 84.8
Income tax expense	– 18.5	– 19.1
Net income	**69.4**	**71.8**
Earnings per share (in CHF)	2.46	2.55
Return on average shareholders' equity (ROE in %)	16.9 %	18.2 %
Return on average assets (ROA in %)	2.8 %	3.1 %
Cost / income ratio (in %)	43.3 %	42.9 %
Net interest margin (in %)	6.7 %	7.3 %

As at (CHF in millions)	**30 June 2017**	**31 December 2016**
Net financing receivables	4,171	4,073
Personal loans	1,738	1,720
Auto leases and loans	1,658	1,641
Credit cards	772	711
Other	3	–
Total shareholders' equity	794	848
Tier 1 capital ratio (in %)	20.2 %	20.0 %
Employees (full-time equivalent)	715	705
Credit rating (S&P)	A–	A–
Share price (in CHF)	90.70	74.20
Market capitalisation	2,721	2,226

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#CembraMoneyBank