Letter to Shareholders

Dear Shareholders

It is our pleasure to inform you about another successful year for Cembra. With all business lines growing we were able to realise a record result: our net income in 2018 increased by 7% to CHF 154.1 million. This translated into a 16.9% return on shareholders' equity coupled with a strong Tier 1 capital ratio of 19.2%. A 6% higher dividend per share of CHF 3.75 will be presented to the Annual General Meeting on 17 April 2019 in Zurich.

Growth across all products
The Group's net financing receivables increased by 5% to a record CHF 4,807 million with organic growth across all products. In the personal loan business receivables increased by 6% to CHF 1,885 million while interest income declined by 3% to CHF 161.3 million, mainly due to the lower yield of the personal loan business which amounted to 8.6% (2017: 9.3%).

Net financing receivables in the auto leases and loans business increased by 2% to CHF 1,974 million. Interest income increased by 17% to 98.4 CHF million mainly driven by the acquisition of EFL Autoleasing. The yield of the auto financing business increased slightly to 5.0% (FY 2017: 4.9%).

In the credit cards business, net financing receivables recorded 13% growth reaching CHF 940 million by year-end 2018. Interest income in the cards business grew by 19% to CHF 71.7 million with an 8.0% yield. The number of credit cards issued by Cembra Money Bank amounted to 892,000. This corresponds to a growth of about 89,000 credit cards issued (+11%) compared to the previous year.

Net revenues +11%
Net revenues increased by 11% to CHF 438.8 million with organic growth of 7%. Net interest income, which accounted for 70% of net revenues, increased by 9% to CHF 309.2 million. Interest income grew 7% (organic growth 2%) largely driven by higher credit card volumes and expansion in the loan business. Cembra continued to benefit from the favourable interest rate environment with a decline of 16% in interest expense.

Commissions and fee income contributed to 30% of net revenues compared to 28% in 2017. The 15% growth to CHF 129.6 million was mainly driven by strong credit card fee income.

Asset quality stable
Provision for losses of CHF 50.1 million were 11% higher as a result of growth of the loan portfolio, and the full-year impact of acquisitions. Asset quality remained robust with a loss rate of 1.1% (2017: 1.0%) and a stable non-performing loans (NPL) ratio of 0.4% (2017: 0.4%).

Investing in digitisation and extending product portfolio
Total operating expenses increased by 15% to CHF 193.0 million. Personnel expenses of CHF 105.8 million increased by 8% driven by 48 additional FTEs. General and administrative expenses of CHF 87.2 million were 24% higher mainly due to investments in technology and growth initiatives in the second half of 2018. This lead to a cost/income ratio of 44.0% (adjusted cost/income ratio of 43.1% before reclassification for new revenue recognition US GAAP standards implemented in 2018).

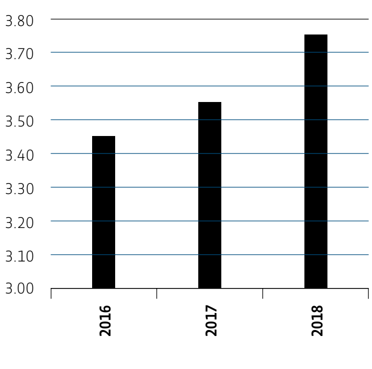
Cembra continues to invest in new origination and servicing platforms and launches further growth initiatives in order to extend the products into new customer segments and distribution channels. This also includes new propositions from Swissbilling which was acquired in 2017. The Group expects total additional costs of about CHF 40 million for the next 3-4 years.

Continued optimisation of funding
The Group further grew its funding portfolio to CHF 4,329 million with a stable funding mix of 65% deposits and 35% non-deposits. The weighted average remaining maturity was 2.7 years and the period-end funding cost declined from 52 to 49 basis points.

Shareholders' equity increased by 5% to CHF 933 million. Cembra Money Bank remains very well capitalised with a strong Tier 1 capital ratio of 19.2% and a leverage ratio of 14.7%. Excess capital above the Bank's minimum Tier 1 target of 18% amounts to CHF 52 million.

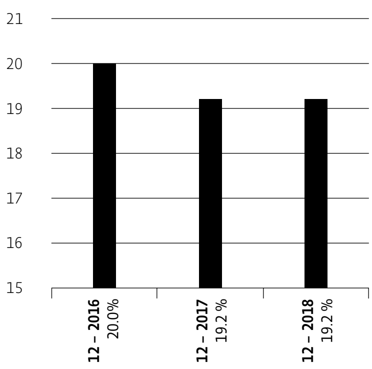
Ordinary dividend per share

in CHF



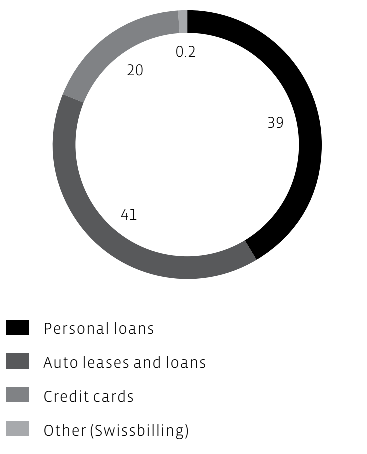
CET 1 Capital Ratio

in %



Net Financing Receivables

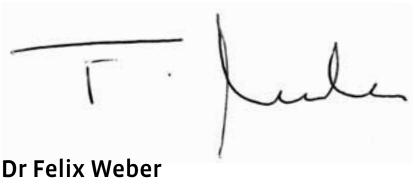
in %



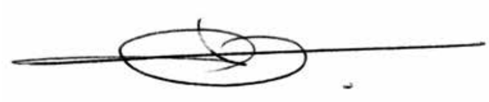
Increasing the dividend
In line with the financial performance, the Board of Directors will propose a CHF 3.75 ordinary dividend per share (a 69% pay-out ratio) at the next Annual General Meeting on 17 April 2019 translating into a 6%, or CHF 0.20, increase.

Outlook for 2019
Assuming no major change in the economic environment, the Group is expecting increased earnings per share between CHF 5.40 and CHF 5.70 for the financial year of 2019. Continued growth in credit cards should offset the remaining impact of the rate cap on interest income in the personal loans business. The continued cost discipline is expected to benefit from efficiency gains which will be offset by further investments in digitisation and product development.

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 Group with their expertise, dedication and engagement.



Dr Felix Weber
Chairman



Robert Oudmayer
Chief Executive Officer

Key Figures

For the years ended 31 December (CHF in millions)	**2018**	**2017**
Net revenues	**438.8**	396.3
Provision for losses on financing receivables	**– 50.1**	– 45.1
Total operating expenses	**– 193.0**	– 167.9
Income tax expense	**– 41.6**	– 38.8
Net income	**154.1**	**144.5**

Earnings per share (in CHF)	**5.47**	5.13
Ordinary dividend per share[1] (in CHF)	**3.75**	3.55
Return on average shareholders' equity (ROE in %)	**16.9 %**	16.7 %
Cost / income ratio (in %)	**44.0 %**	42.4 %
Net interest margin (in %)	**6.5 %**	6.5 %

As at (CHF in millions)	**31 December 2018**	**31 December 2017**
Net financing receivables	**4,807**	4,562
Personal loans	**1,885**	1,782
Auto leases and loans	**1,974**	1,942
Credit cards	**940**	833
Other	**8**	5
Total shareholders' equity	**933**	885
Tier 1 capital ratio (in %)	**19.2 %**	19.2 %

Employees (full-time equivalent)	**783**	735
Rating (S&P)	**A–**	A–

Share price (in CHF)	**77.85**	90.85
Market capitalisation	**2,336**	2,726

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

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#CembraMoneyBank