

Letter to Shareholders



Dear Shareholders

2015 has been a very successful year for Cembra Money Bank, both operationally and financially. On the one hand we finalised the IT migration from GE to a stand-alone platform after two years of intense work. On the other hand we stayed focused on the daily business and delivered the best results since our IPO. Based on these results and the strong capital position an 8% higher dividend per share of CHF 3.35 will be proposed to the Annual General Meeting.

Commission and fee income growing double-digit

Net revenues increased by 2% to CHF 388.7 million in 2015. Net interest income was flat at CHF 301.9 million. The positive effect from lower funding rates on the market was offset by the charge for negative rates paid to the SNB. Commission and fee income was 11% higher at CHF 86.7 million mainly due to an 18% increase in credit card fee income. Our prudent risk management approach was reflected in low provisions for losses on financing receivables of CHF 43.6 million, equivalent to a loss rate of 1.1% of financing receivables. Delinquency metrics in our portfolio remained stable with a non-performing loan

ratio of 0.4%. Costs remained well under control as the cost/income ratio of 41.5% proves. Operating expenses were flat at CHF 161.5 million. While personnel expenses increased slightly as a result of higher pension cost and increased headcount, general and administrative expenses declined.

Net income increased by 4% to CHF 145.0 million and earnings per share grew by 8% to CHF 5.04. The return on average equity (ROE) reached 17.7% and was considerably above our 15% medium-term target.

Growth in credit cards offsetting decline in personal loans

Net financing receivables of the Bank were stable at CHF 4,063 million. In a continuously decreasing market environment, receivables in the personal loans business declined by 4 % to CHF 1,784 million.

The revaluation of the Swiss Franc had a significant impact on the Swiss auto market. New car registrations as well as used car transactions benefited from lower prices and reached new multi-year highs. Despite aggressive pricing of competitors, net financing receivables remained unchanged at CHF 1,661 million.

The credit card business continued on its growth path with net financing receivables increasing by 11 % to CHF 617 million. The number of issued cards grew by 8 % to 655,000, mainly driven by the Cumulus-MasterCard.

We continued to further diversify our funding. Owing to our attractive term deposit rate offering the Bank remained an attractive counterparty to place money with and recorded strong inflows in institutional and retail deposits which grew by 16 % to CHF 2,246 million. In 2015, the Bank successfully placed its third auto lease ABS and a senior bond at favourable conditions.

Shareholders' equity decreased slightly to CHF 799 million as a result of the CHF 100 million share buyback and the CHF 93 million dividend payment both executed in May 2015. We maintained a solid capital base with a core Tier 1 capital ratio of 19.8 %. Excess capital above the Bank's minimum 18 % Tier-1 target amounted to CHF 66 million.

Fully independent

After two years of intense work we successfully completed the IT separation from GE in autumn 2015 and now operate fully independent. After GE had sold all its remaining Cembra Money Bank shares we also further reduced the funding from GE and intend to entirely repay it in 2016.

To strengthen the awareness for our young brand we signed famous Swiss presenter and entertainer Christa Rigozzi as a brand ambassador. She appears in our advertising campaigns and represents the Bank with her open, friendly manner.

Lower interest rate cap for consumer loans

The Federal Council decided in December 2015 to reduce the maximum interest rate on consumer loans offered under the Consumer Credit Act (CCA) to 10 % for personal loans and to 12 % for credit card overdrafts. The corresponding amendment of the ordinance to the CCA will enter into force as of 1 July 2016 for all new contracts entered thereafter. The Bank has initiated a set of measures to mitigate the financial consequences and is also working on other business initiatives.

Attractive dividend of CHF 3.35 per share

Based on the solid results and the Bank's strong capital position, the Board of Directors will propose to the Annual General Meeting on 27 April 2016 an 8 %, or 25 cents, higher dividend per share of CHF 3.35. The dividend will be paid out of reserves from capital contributions and, therefore, will not be subject to Swiss withholding tax. The dividend reflects a stable payout ratio of 66 % of net income.

Strengthening consumer finance expertise in the Board of Directors

The Board of Directors will propose to the next Annual General Meeting the election of Katrina Machin (UK citizen) and Simonis Maria Hubertus ("Ben") Tellings (Dutch citizen) as new members to the Board of Directors. Both candidates bring a wealth of experience in the consumer finance industry. Katrina Machin has spent her career in the credit card industry with companies such as American Express and Lloyds Banking Group. Ben Tellings served in different international executive roles at the ING Group, including CEO of ING-DiBa in Germany.

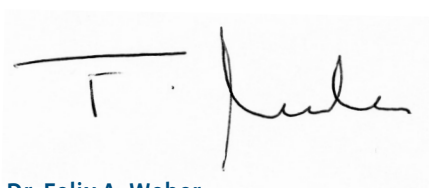
The two candidates replace Richard Laxer who resigned as of 1 September 2015 and Christopher Chambers who will not stand for re-election.

Guidance for 2016

Due to the reduction of the maximum interest rate effective mid-2016, revenues in the personal loans business are expected to decline, but should be partially offset by continued growth in the credit card business and lower refinancing costs. Loan loss provisions are expected to be in line with prior years' performance. Costs are expected to increase slightly driven by pension costs and a higher IT run-rate. Based on these factors, the Bank is

expecting reported earnings per share of between CHF 4.80 and CHF 5.10 for the financial year 2016.

On behalf of the Board of Directors and Management we would like to thank our customers, shareholders and



Dr. Felix A. Weber
Chairman of the Board of Directors

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 loyalty.



Robert Oudmayer
Chief Executive Officer

Key figures

| For the years ended 31 December (CHF in millions) | 2015 | 2014 |
|---|-------------------------|-------------------------|
| Net revenues | 388.7 | 379.4 |
| Provision for losses on financing receivables | - 43.6 | - 40.9 |
| Total operating expenses | - 161.5 | - 161.4 |
| Income tax expense | - 38.5 | - 37.3 |
| Net income | 145.0 | 139.9 |
| Earnings per share (in CHF) | 5.04 | 4.67 |
| Dividend per share ¹ (in CHF) | 3.35 | 3.10 |
| Return on average shareholders' equity (ROE in %) | 17.7 % | 17.0 % |
| Cost / income ratio (in %) | 41.5 % | 42.5 % |
| Net interest margin (in %) | 7.3 % | 7.4 % |
| As at (CHF in millions) | 31 December 2015 | 31 December 2014 |
| Total assets | 4,749 | 4,812 |
| Net financing receivables | 4,063 | 4,074 |
| Personal loans | 1,784 | 1,855 |
| Auto leases and loans | 1,661 | 1,662 |
| Credit cards | 617 | 556 |
| Total shareholders' equity | 799 | 842 |
| Tier 1 capital ratio (in %) | 19.8 % | 20.6 % |
| Employees (full-time equivalent) | 715 | 702 |
| Rating (S&P) | A- | A- |
| Share price (in CHF) | 64.40 | 55.00 |
| Market capitalisation | 1,932 | 1,650 |

¹ Proposal to the Annual General Meeting of Shareholders

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#CembraMoneyBank