Cembra MoneyBank

Letter to Shareholders

Dear Shareholders

Our first full year as a stand-alone and listed Bank was very exciting but at the same time also challenging. We are pleased to report a solid operational result. Cembra Money Bank increased net income by 5 % to CHF 139.9 million and gained market share in all product lines. Based on the solid result and the strong capital position, a 9 % higher dividend per share of CHF 3.10 will be proposed to the Annual General Meeting.

Higher revenues and costs well controlled

Compared to 2013, net revenues increased by 7 % to CHF 379.4 million, supported by both interest income and commission and fee income. Net interest income was 7 % higher at CHF 301.0 million driven by lower funding costs due to changes in the funding mix. Commission and fee income was 9 % higher at CHF 78.4 million mainly due to higher credit cards fee income. Our prudent risk management approach was reflected in low provisions for losses on financing receivables of CHF 40.9 million, or 1.0 % of financing receivables. Delinquency metrics in our portfolio remained stable at low levels with a non-performing loan ratio of 0.4 %. We maintained high operating efficiency with total expenses down 10 % to CHF 161.4 million, as a result of lower personnel expenses and non-recurring IPO costs in 2013. This rigorous cost management resulted in a solid cost / income ratio of 42.5 %.

Net financing receivables (loans and leases) increased by 2 % to CHF 4.1 billion. The Bank was able to outperform the underlying markets in all key product lines. In 2014, the funding of the Bank has been further diversified, reaching 87 % local stand-alone funding. This was primarily due to a 17 % increase in our deposit base to CHF 1,941 million, from both institutional and retail clients, demonstrating broad investors' confidence. In the second half of 2014, the Bank successfully placed CHF 200 million of senior unsecured bonds and amended some of its bank loans. The rating agency Standard & Poor's confirmed the Bank's A– rating in September and December 2014.

At the end of 2014, the Bank's shareholders' equity amounted to CHF 842 million and the return on average equity (ROE) reached 17.0 %. This was achieved while maintaining a very solid capital base with a Tier 1 capital ratio of 20.6 %.

As part of our transition to a stand-alone Bank, a major project is the migration of the IT infrastructure from the General Electric platform to a stand-alone solution. This project made significant progress with about 70 % of all items successfully completed by year-end 2014 and will continue until year-end 2015.

Strengthening market position

Our new brand is well perceived and our customer focus highly appreciated. Therefore, we have been able to strengthen our market position in all our product lines.

In a slightly decreasing consumer finance market, product line Personal loans was able to consolidate its market position keeping receivables flat at CHF 1,855 million.

While new car registrations and used car transactions in Switzerland declined by approximately 2 % each in 2014, Auto leases and loans was able to capitalise on the rebranding and the opening of regional service centers. Net financing receivables increased by 1 % to CHF 1,662 million compared to 2013.

Cards again recorded strong growth with net financing receivables increasing by 15 % to CHF 556 million compared to year-end 2013. The number of issued credit cards grew by 10 % to 606,000 (compared to year-end 2013) with the Cumulus MasterCard being the main driver. To strengthen our consumer-oriented focus, we successfully launched our new eService platform in October 2014 with improved functionalities and user experience.

FINMA proceedings concluded

In December 2014, FINMA concluded regulatory proceedings with regards to the Bank's collaboration with a former external credit agent. Other than the CHF 1.5 million legal costs accounted for in 2014, there were no further financial or business implications.

Attractive dividend proposal

Given the solid results achieved in 2014 and based on the Bank's strong capital position, the Board of Directors will propose to the Annual General Meeting on 29 April 2015 a 9 % higher dividend per share of CHF 3.10. The distribution will be paid out of capital contribution reserves and will therefore not be subject to Swiss withholding tax. The dividend proposal reflects a high pay-out ratio of 66 % of net income. Furthermore, the Board of Directors has approved the use of up to CHF 100 million of excess capital to buy back shares in case of a liquidity event by a major shareholder. This underpins our ambition to return excess capital to shareholders.

Monica Mächler proposed as new Board member

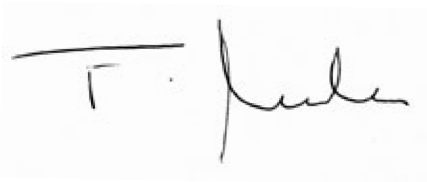
The Board of Directors will propose to the Annual General Meeting the election of Monica Mächler (Swiss citizen) to the Board of Directors. Mrs. Mächler brings substantial legal, regulatory and governance expertise in a national and international context. She has held key positions at Zurich Insurance Group (1990 – 2006) and served as Vice-Chair of the Board of Directors to the integrated Swiss Financial Market Supervisory Authority (FINMA) from 2009 to 2012, after having been the Director of the Swiss Federal Office of Private Insurance (2007 – 2008).

Confident outlook despite challenges

For 2015, Cembra Money Bank is currently expecting interest rates to stay at historically low levels and therefore pricing pressure to remain in some of its product lines. The decision of the Swiss National Bank (SNB) to discontinue the Euro minimum exchange rate has no direct impact on our business, as all of our revenues and almost all costs are denominated in Swiss Franc. Potential regulatory changes and the further development of the Swiss economy might potentially have a medium-term impact on the Bank's business. At the current stage it is difficult to quantify the medium-term impacts. However, for the short-term the Bank remains confident and hence is expecting reported earnings per share (EPS) of between CHF 4.50 and CHF 4.70 for the financial year 2015. Medium-term targets including a dividend pay-out ratio of between 60 % and 70 % remain unchanged.

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 loyalty.



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

Robert Oudmayer
Chief Executive Officer

Key figures

For the years ended 31 December (CHF in millions)	**2014**	**2013**
Net revenues	379.4	354.5
Provision for losses on financing receivables	– 40.9	– 7.0
Total operating expenses	– 161.4	– 178.9
Income tax expense	– 37.3	– 35.7
Net income	139.9	132.9
Earnings per share (in CHF)	4.67	4.43
Dividend per share[1] (in CHF)	3.10	2.85
Return on average shareholders' equity (ROE in %)	17.0 %	14.1 %
Return on average assets (ROA in %)	3.0 %	2.9 %
Cost / income ratio (in %)	42.5 %	50.5 %

As at (CHF in millions)	**31 December 2014**	**31 December 2013**
Total assets	4,812	4,590
Net financing receivables	4,074	3,993
Personal loans	1,855	1,861
Auto leases and loans	1,662	1,647
Credit cards	556	485
Total shareholders' equity	842	799
Tier 1 capital ratio (in %)	20.6 %	19.7 %
Employees (full-time equivalent)	702	700
Credit rating (S&P)	A –	A –

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

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