Dear Shareholders

It is our pleasure to inform about another successful year for Cembra Money Bank. In an environment of increased regulation we achieved a net income of CHF 144.5 million. Our net financing receivables rose 12% to a record CHF 4.6 billion driven by both acquisitions and organic growth. Shareholders will benefit from a CHF 0.10 higher ordinary dividend of CHF 3.55 per share and the Group remains strongly capitalised with a CET 1 capital ratio of 19.2%.

In the financial year 2017 we achieved a net income of CHF 144.5 million corresponding to earnings per share of CHF 5.13. The result was slightly above our initial guidance due to a strong performance in the second half-year 2017. With a return on shareholder's equity (ROE) of 16.7% we again exceeded our 15% medium-term target. Net revenues increased by 1% to CHF 396.3 million despite a 5% lower net interest income of CHF 283.6 million which declined due to the impact from the introduction of the lower interest rate caps. Commission and fee income conversely was 17% higher at CHF 112.7 million mainly due to the strong performance in the credit cards business. Our prudent risk management approach was reflected in low provision for losses of CHF 45.1 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%. We maintained our cost discipline keeping operating expenses flat at 167.9 million resulting in a cost/income ratio of 42.4%.

Financing Receivables Growth across all Products
The Group's net financing receivables increased by 12% to a record CHF 4,562 million with growth across all products. Also when excluding the positive impact from acquisitions (CHF 327 million), we were able to outperform Swiss GDP growth. Receivables in the personal loan business – including assets from the eny Finance transaction – increased by 4% to CHF 1,782 million in a continued challenging market. The Swiss auto market was very stable in 2017. While new car registrations reduced by 1%, the market for used cars was flat. In the second half-year 2017, we acquired EFL Autoleasing, an independent auto lease and loan provider with net financing receivables of about CHF 278 million. The acquisition was the main driver of the 18% increase in auto financing receivables to CHF 1,942 million. Our credit cards business recorded double digit organic growth again with net financing receivables up 17% to CHF 833 million. The number of credit cards issued by Cembra Money Bank increased by 10% to circa 803,000. Interest income in the credit cards business was up 17% and the fee and commission income was even higher; up 18%.

Balance Sheet Growth to above CHF 5 Billion
The Group's total assets climbed to CHF 5,099 million mainly as a reflection of the strong growth in net financing receivables. Given this strong asset growth, the funding portfolio was expanded to CHF 4,048 million and the mix was adjusted to 65% deposits and 35% non-deposits. The average remaining maturity of the portfolio was increased to just below three years and at the same time the funding costs were further reduced. The Bank tapped capital markets twice in 2017 and raised CHF 350 million through senior unsecured bonds with long durations.

Shareholders' equity increased by 4% to CHF 885 million by the end of December 2017 in consideration of a dividend payment of CHF 125.5 million in May 2017. With a CET 1 capital ratio of 19.2% and a leverage ratio of 15.4% the Group remains very well capitalised. With an internal CET 1 target of at least 18%, we had CHF 49 million of excess capital.

Increasing Ordinary Dividend to CHF 3.55 per Share
As a result of the Group's financial performance in 2017, the Board of Directors proposes to increase the ordinary dividend by CHF 0.10 to CHF 3.55 per share. The dividend will be split into CHF 3.00 from the remaining capital contribution reserves (not subject to Swiss withholding tax) and CHF 0.55 from retained earnings. We have increased our dividend every year since the IPO and are also committed to paying an attractive dividend to our shareholders in the future.

New Partnerships in Auto Leasing and Credit Cards
Besides the acquisitions of EFL Autoleasing and Swissbilling which we made in 2017, we continue to invest in the long-term sustainable growth of our Group. Recently we have signed a number of new partnerships. In the auto leases and loans business, we signed a financing cooperation with a manufacturer of electric vehicles. Following the acquisition of EFL Autoleasing, the Bank is now the exclusive (captive) finance partner for Hyundai, and since 1 January 2018 Cembra is the captive finance partner for Harley-Davidson motorcycles. Beginning February 2018, we introduced Samsung Pay as a mobile payment solution for four of our credit card programmes. Furthermore, and starting in April this year, we will launch a cooperation with the furniture store Interio, which belongs to the Migros group. An Interio-branded credit card will be launched (based on Cumulus Mastercard) and a point-of-sales invoice solution will be developed in the second half of 2018.

Outlook for 2018
Assuming no major change in the current economic environment, the Group is expecting earnings per share between CHF 4.80 and CHF 5.10 for the financial year of 2018. Additional revenues from the recent acquisitions and the ongoing growth of the credit cards business are expected to offset the impact of the rate cap on interest income in the personal loans business. Operating expenses are expected to increase driven by higher headcount and further investment in the digitalisation of the business, translating into a healthy but slightly higher cost/income ratio. Loss performance is expected to be in line with prior years.

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
CEO