



Letter to Shareholders

Dear Shareholders

It is our pleasure to inform you that, in 2018, Cembra Money Bank achieved the best first half-year result in the history of our company. These results were driven by the strong performance of our core businesses coupled with recent growth initiatives. In addition, funding costs were further reduced on the back of the continued low interest rate environment. Consequently, net income grew 12% to record-high CHF 77.7 million. Net financing receivables were up 4% (CHF 4.7 billion). The Group remains strongly capitalised with a Tier 1 ratio of 18.9%. Based on these developments, we raised our earnings per share (EPS) guidance for the full-year 2018.

Net revenues increased by 11% (organic growth 6%) to CHF 213.0 million. Net interest income, which accounted for approximately 71% of net revenues, increased by 10% to CHF 152.1 million, translating into a net interest margin of 6.5%. The higher interest income was mainly driven by the acquisition of EFL Autoleasing AG in October 2017 and the continued performance of the credit card business. In addition, Cembra had lower interest expenses due to favourable repricing in a continued low interest rate environment. Income from credit cards increased by 25% to CHF 43.2 million, driven by the increase in the number of cards and higher transaction volume. Consequently, commission and fee income amounted to CHF 60.9 million (an increase of 13%). Insurance income (CHF 9.8 million) was 18% lower following the termination of a partnership agreement. Provision for losses on financing receivables were at CHF 23.9 million, translating into a loss rate of 1.0% in line with prior periods, thus reflecting our continuous risk management discipline.

Total operating expenses increased by 9% to CHF 90.6 million. Compensation and benefits expenses were up 7% to CHF 52.8 million as a result of higher headcount due to the acquisition of EFL Autoleasing AG and additional employees at Swissbilling.

Sustainable growth across all products

Net financing receivables increased by 4% to CHF 4.7 billion in the first half-year 2018: personal loans business was up 4% (CHF 1.9 billion), auto leases and loans were up 2% (CHF 2.0 billion), and credit card business was up 8% (CHF 0.9 billion).

The performance of our credit card business was driven by the increase in transaction volume (up 19%) and by a higher number of circa 850,000 cards (up 11%) compared to the first half-year 2017, generating a 7.9% yield. The auto business maintained a 5.0% yield; cooperations with Hyundai, Honda, Ssang Yong and Harley Davidson performed well in the first six months of the year. We continued to defend our market share in the personal loans segment despite strong competition, with assets growing at 4% with a 8.6% yield.

Ongoing optimisation of funding

We further optimised our funding portfolio on the back of the ongoing and persistent low interest rate environment. The end-of-period funding costs were down from 52 basis points to 49 basis points. Overall, the funding mix with 64% deposits and 36% non-deposits and the average remaining maturity at 2.8 years remained stable.

Shareholders' equity decreased by 2% to CHF 864 million as a result of the dividend payment in May 2018 of CHF 100.1 million, partially offset by the half-year 2018 net income of CHF 77.7 million. This translated into a Tier 1 capital ratio of 18.9% and a leverage ratio of 14.5%.

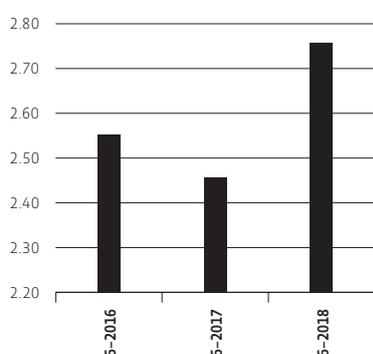
Enhanced positioning for small business loans and successful Annual Shareholder Meeting

In March, we signed an agreement with Lendico Schweiz AG, a 100% subsidiary of PostFinance AG, to finance small business loans sourced via the Lendico online platform. In addition to financing, we will provide collection services for the portfolio financed by our company.

The Annual General Meeting 2018 of Cembra Money Bank AG on 18 April was attended by 289 shareholders (including proxies), representing 15,454,958 registered shares and 51.52% of the issued share capital, respec-

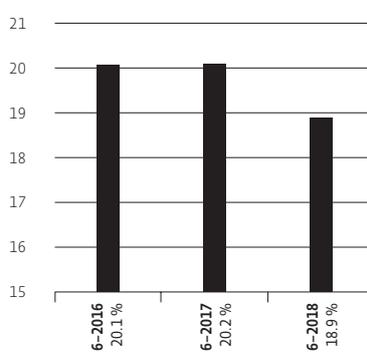
Basic earnings per share

in CHF



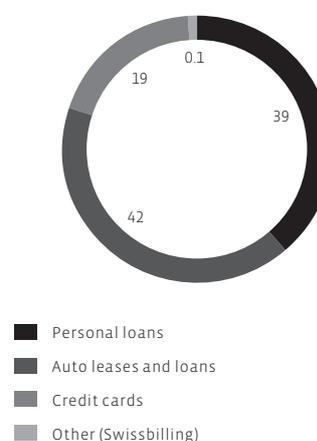
Tier 1 Capital Ratio

in %



Net Financing Receivables

in %



tively. Shareholders approved the ordinary dividend of CHF 3.55 per share, re-elected all current members of the Board of Directors, and voted in favour of all other agenda items, including the Annual Report 2017 and the consultative vote on the Compensation Report 2017.

Strengthened Management Board

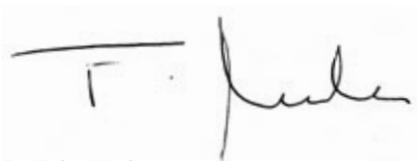
In the second quarter 2018, we appointed two new members of the Bank's Management Board:

- As of 1 August, Niklaus Mannhart will assume the newly created position as Chief Operating Officer (COO) of Cembra. He is a proven IT and operations expert with more than 20 years of professional experience in IT, strategy consulting and as a Chief Operating Officer.
- As of 1 December, Jörg Fohringer will act as the new B2B Leader of the company. He has extensive experience in business transformation, development and implementation of strategies and marketing in the financial services, retail and telecommunications industries.

Increased guidance for full-year 2018

Assuming no major change in the current economic environment and in business performance, we raise our full-year EPS guidance to between CHF 5.20 and CHF 5.50 from between CHF 4.80 and CHF 5.10. Additional revenues from the recent acquisitions and the ongoing growth of the credit card business are expected to more than offset the impact of the rate cap on interest income in the personal loans business. Operating expenses are expected to slightly increase, driven by higher headcount and further investments in the digitalisation of our business and growth initiatives, translating into a stable 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 once again 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 continuously shape the success of Cembra with their expertise, dedication and engagement.



Dr Felix Weber
Chairman



Robert Oudmayer
Chief Executive Officer

Key Figures

CHF in millions	H1 2018	H1 2017
Net interest income	152.1	138.6
Commission and fee income	60.9	53.8
Net revenues	213.0	192.3
Provision for losses	-23.9	-21.1
Total operating expenses	-90.6	-83.3
Net income	77.7	69.4
Total assets	5,312	4,907
Net financing receivables	4,742	4,171
Personal loans	1,856	1,738
Auto leases and loans	1,979	1,658
Credit cards	903	772
Others	4	3
Shareholders' equity	864	794
Return on average shareholders' equity (ROE in %) (annualised)	17.8%	16.9%
Net interest margin (in %)	6.5%	6.7%
Cost/income ratio (in %)	42.6%	43.3%
Tier 1 capital ratio (in %)	18.9%	20.2%
Employees (full-time equivalent)	741	715
Credit rating (S&P)	A-	A-
Basic earnings per share (in CHF)	2.76	2.46
Book value per share (in CHF)	28.80	26.47
Share price (in CHF)	78.05	90.70
Market capitalisation	2,342	2,721

Cembra Money Bank AG
Bändliweg 20
CH-8048 Zurich
investor.relations@cembra.ch
www.cembra.ch

#CembraMoneyBank