

Annual Report 2014



Cembra
MoneyBank

The logo is a stylized, rounded triangle with a gradient from light green at the top to dark blue at the bottom. It is set against a dark, glowing background that resembles a building's facade at night. The text 'Cembra' is in a bold, white sans-serif font, and 'MoneyBank' is in a smaller, white sans-serif font below it.



Inspiring times.

The launch of our brand and the Initial Public Offering in late 2013 were at the time inspiring and challenging stages for our Bank. The stimulating advances during the first year under our new identity made us grateful, proud, and pleased. Much more has changed within our organisation and in our business environment, but one thing has remained untouched: Cembra Money Bank's resilient commitment to trustful relationships with clients, investors, and business partners.

Group Report

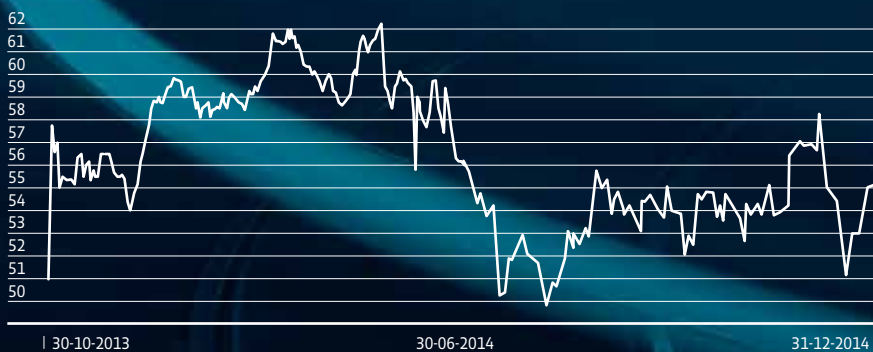
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Key Figures

For the years ended 31 December (CHF in millions)	2014	2013	2012
Net interest income	301.0	282.6	282.3
Commission and fee income	78.4	71.9	73.4
Net revenues	379.4	354.5	355.7
Provision for losses	-40.9	-7.0	-22.3
Total operating expenses	-161.4	-178.9	-164.4
Net income	139.9	132.9	133.1
Cost/income ratio (in %)	42.5 %	50.5 %	46.2 %
Net interest margin (in %)	7.4 %	7.0 %	6.9 %
Total assets	4,812	4,590	4,439
Net financing receivables	4,074	3,993	4,011
Personal loans	1,855	1,861	1,902
Auto leases and loans	1,662	1,647	1,703
Cards	556	485	406
Shareholders' equity	842	799	1,081
Return on average shareholders' equity (ROE in %)	17.0 %	14.1 %	13.1 %
Return on average assets (ROA in %)	3.0 %	2.9 %	3.1 %
Tier 1 capital ratio (in %)	20.6 %	19.7 %	26.6 %
Employees (full-time equivalent)	702	700	710
Credit rating (S & P)	A -	A-	-
Basic earnings per share (in CHF)	4.67	4.43	4.44
Dividend per share (in CHF)	3.10	2.85	-
Share price (in CHF)	55.00	58.55	-
Market capitalisation	1,650	1,757	-

Share Price: Cembra Money Bank AG

in CHF



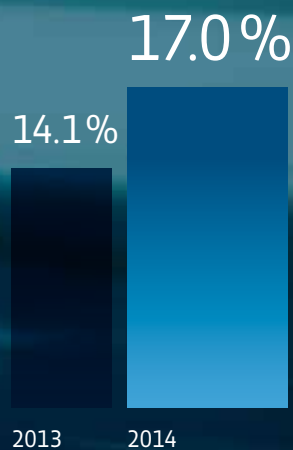
Share Information

Stock exchange listing	SIX Swiss Exchange
Number of shares	30,000,000
Par value	CHF 1.00
Bloomberg ticker	CMBN.SW
Reuters ticker	CMBN.S
ISIN	CH0225173167
Security number	22517316

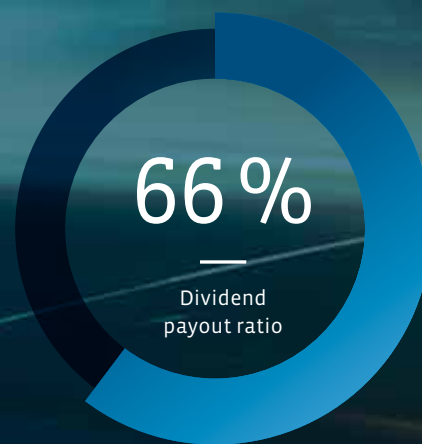
Financial Highlights

665,000

Customers trust Cembra Money Bank as their preferred partner for financial services. This equals 8% of the Swiss population; that means every 12th resident in Switzerland is a customer of our Bank.

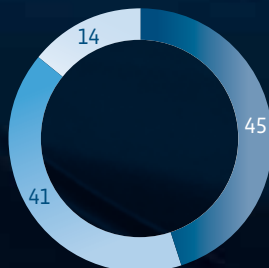


Return on average shareholders' equity (ROE)



Financing Receivables

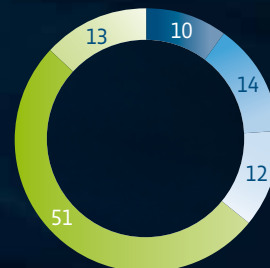
in %



- Personal loans
- Auto leases and loans
- Cards

Funding Structure

in %



- Asset backed securities (ABS)
- Bank loans
- Senior unsecured bonds
- Deposits
- GECC funding

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

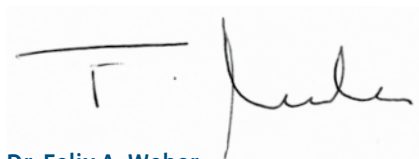
The Board of Directors will propose to the Annual General Meeting the election of Monica Mächler (Swiss citizen) to the Board of Directors. Mrs. Mächler brings substantial legal, regulatory and governance expertise in a national and international context. She has held key positions at Zurich Insurance 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

About Us

About Cembra Money Bank

History

The roots of Cembra Money Bank date back to 1912 when 'Banque commerciale et agricole E. Uldry & Cie' in Fribourg was founded and later renamed to Bank Prokredit AG. GE Capital acquired Bank Aufina AG in 1997 and Bank Prokredit AG in 1998. The two banks were merged in 1999 to become GE Capital Bank AG and were later rebranded to GE Money Bank in 2006. On 30 October 2013, the Bank was listed on the SIX Swiss Exchange and was rebranded as Cembra Money Bank.

Brand name

Cembra Money Bank takes its name from the Swiss stone pine (*Pinus cembra*), which grows in the Swiss mountains at an altitude of up to 2,850 m and can live for up to 1,000 years surviving temperatures as low as -45°C. A strong tree for a strong brand: it symbolises our values and shows where our roots are, what we stand for and what we strive towards.

Product lines

Over the past years Cembra Money Bank has evolved from a dual-product offering to a multi-product strategy and today operates five different product lines: Personal loans, auto leases and loans, credit cards, insurance and deposits/savings.

Personal loans is Cembra Money Bank's biggest product line with approximately CHF 1.9 billion financing receivables where the Bank is a leading player in Switzerland. With 25 branches across Switzerland in every major city it has an unmatched country-wide presence. It offers unsecured loans to retail customers and occasionally to small businesses through different sales channels (branches, online, independent

agents). The Bank offers a personalised superior service with discretion and flexibility.

With financing receivables of approximately CHF 1.7 billion Auto leases and loans is the Bank's second biggest product line offering secured leasing and loans to customers. The Bank finances new and used cars and holds a leading position amongst the independent players (non-captives). The products are sold via intermediaries and the Bank works with around 3,200 dealers in Switzerland. A dedicated field sales force of 25 sales area manager supported by three service centers in each language region (Bussigny, Camorino, Zurich) provide a personalised and flexible service offering.

The Bank began offering credit cards in November 2006 through its cooperation with Migros, the largest retailer in Switzerland. Since then, the Bank has added to its range of credit cards and now also runs partner programmes with Conforama and TCS as well as its own brand credit card. The Bank has built a track record of innovation with tailored dual-cards and attractive loyalty programmes (e.g. collecting Migros Cumulus points). Since entering the market, the number of credit cards issued has grown by more than 20% p.a. and reached 606,000 cards by end-2014. Financing receivables in the credit cards business amounted to CHF 556 million by end-2014.

Together with personal loan or auto loan and lease products, the Bank sells payment protection insurance (PPI) products to its customers. These products cover the customer in case of involuntary unemployment, accident, illness or disability. The Bank also sells travel and flight accident insurance and card protection insurance to its credit card customers.

In 2010, the Bank launched savings products for retail customers and institutional clients. Medium-term notes with fixed terms of three to eight years are offered at very attractive interest rates. For institutional clients the Bank offers fixed-term deposits with maturities of six months up to eight years.

Financial Targets

Cembra Money Bank's overall goal is to build on its position as a leading consumer finance provider in Switzerland. At the time of the IPO, the Bank set four financial mid-term targets:

- Net customer loan growth in line with Swiss GDP growth;
- Return on average shareholders' equity (ROE) of at least 15%;
- Consolidated Tier 1 capital ratio of minimum 18%; and
- Dividend payout ratio between 60% and 70% of net income.

For the business year 2014, the Bank has achieved all these targets.

Corporate Social Responsibility (CSR)

Diversity

Cembra Money Bank's corporate culture is based on a broad set of values. The Bank offers a highly diverse working environment for a staff from over 40 countries. 49% of the Bank's 750 employees are women, many of them are working mothers. Women make up for 34% of the middle management and 38% of the top management.

The employees' average term of service is nine years. 25% of the staff works part-time. Flexible work programmes, such as regular home office days, flexible working hours and comprehensive health programmes, make the Bank an attractive employer in the Swiss market.

The Bank has nine apprentices and by offering numerous training positions each year, the Bank also invests in the future of the next generation of professionals.

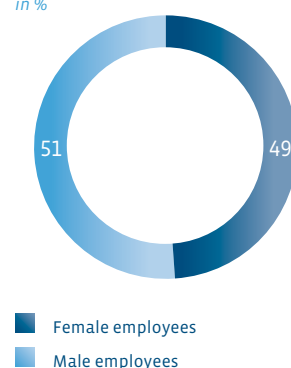
Employee Engagement Initiatives

Voluntary engagement is an important part of the Bank's heritage. The Management and Board particularly support three initiatives: Volunteers, Connect and Vitality.

These programmes are run by volunteers from the various departments of the Bank who are all passionate about volunteering, equal opportunities, health and well-being. The initiatives are open to everyone who wants to become actively involved throughout the year.

Diversity

in %



Cembra Volunteers

Giving something back to society is an ideal way of taking on new responsibilities and enhancing one's skills. That is why Cembra Money Bank encourages employees to play an active role in charitable projects.

The Cembra Volunteers programme is an important pillar of the Bank's social commitment. Every employee is encouraged to participate in one of several supported activities. For instance, the Bank closely cooperates with Terre des Hommes, the Swiss Cancer League, the Swiss Blood Transfusion Services, and Young Enterprise Switzerland.

Through one of the Terre des Hommes programmes, children from developing countries get access to state-of-the-art surgical treatment in Switzerland. Cembra Money Bank's IT department collected gifts for these young patients at its Christmas party. Together with the presents contributed by the branch offices, over 200 gifts were handed to the organisation.

In 2014, the Bank's employees also organised two holiday camps for children suffering from cancer and managed to involve many volunteers.

Cembra Connect

Cembra Connect offers women a professional platform to exchange ideas, share knowledge and experience, learn and draw inspiration from others. The trainings of this programme create new personal perspectives for the participating women as well as for the Bank.

In 2014, Cembra Connect focused on developing an executive presence, communicating with confidence, and building authentic relationships with clients and colleagues. Special leadership courses for women additionally enhanced their careers. Last but not least, the Bank supported the Association of Women's Shelters in Switzerland and Liechtenstein with a donation on the occasion of the International Women's Day.

Cembra Vitality

The Bank believes that the focus on employee health truly contributes to making Cembra Money Bank an employer of choice. The Cembra Vitality programme promotes a healthy work-life integration by providing practical advice on fitness, nutrition and personal balance. It is open to everyone who wants to attend events and support the various activities throughout the year.

In 2014, Cembra Vitality supported several events such as a beach soccer tournament, the "Bike to Work" initiative and the "Get the World Moving" programme. With 175 employees participating, the latter turned out to be the most successful event ever: Together they accumulated 212,341,774 steps – a figure that translates into a walking distance of 135,899 kilometers. On average, a participant at the Bank thus covered 12,500 steps a day, while the World Health Organisation (WHO) recommends to take at least 10,000 steps a day.

Engagement Initiatives

Cembra
Volunteers

Cembra
Connect

Cembra
Vitality

Ein Kredit von Cembra Money Bank.
Bewährt zuverlässig.



Jetzt anfragen: 0800 807 807 oder www.cembra.ch/kredit

Finanzielle
BERATUNG
in 20 Minuten



1

Increasing visibility.

Cembra Money Bank's new brand identity reflects our deep-rooted local heritage. Derived from the Pinus cembra, a pine which grows in the Swiss mountains and lives for up to a thousand years, our new brand symbolises our core values, shows what we stand for and embodies our origins, experience and commitment. The brand has quickly gained broad visibility in the Swiss market and contributed to enhancing our countrywide position as a leading consumer finance provider.

Corporate Governance

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Corporate Governance

Information Relating to Corporate Governance

Cembra Money Bank AG (“Bank”, together with its subsidiaries, “Group”) is committed to transparent and responsible corporate governance. The term “corporate governance” is being used when referring to the organisational structure of the Group as well as the operational practices of its management. The Bank’s internal governance framework including the articles of incorporation (“Articles of Incorporation”) and the organisational regulations (“Organisational Regulations”) embodies the principles required that the Bank’s business is managed und supervised in accordance with good corporate governance standards.

As a company having its shares listed on the SIX Swiss Exchange AG (SIX), the Bank is subject to – and acts in compliance with – the Directive on Information Relating to Corporate Governance and its Annex and Commentary (CGD), issued by SIX Exchange Regulation. If information required by the CGD is published in the notes to the consolidated financial statements, a reference indicating the corresponding note to the consolidated financial statements for the year ended 31 December 2014 is provided. The Swiss Code of Best Practice for Corporate Governance, issued by economiesuisse, has also been taken into account.

The Group’s corporate governance structure was adapted following the Bank’s initial public offering and listing (“IPO”) of its shares on SIX on 30 October 2013 and the basis of the internal corporate governance framework is included in the Articles of Incorporation.

The Organisational Regulations, which is published on the website (www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles) further clarifies the duties, powers and regulations of the governing bodies of the Bank.

1 Group Structure and Shareholders

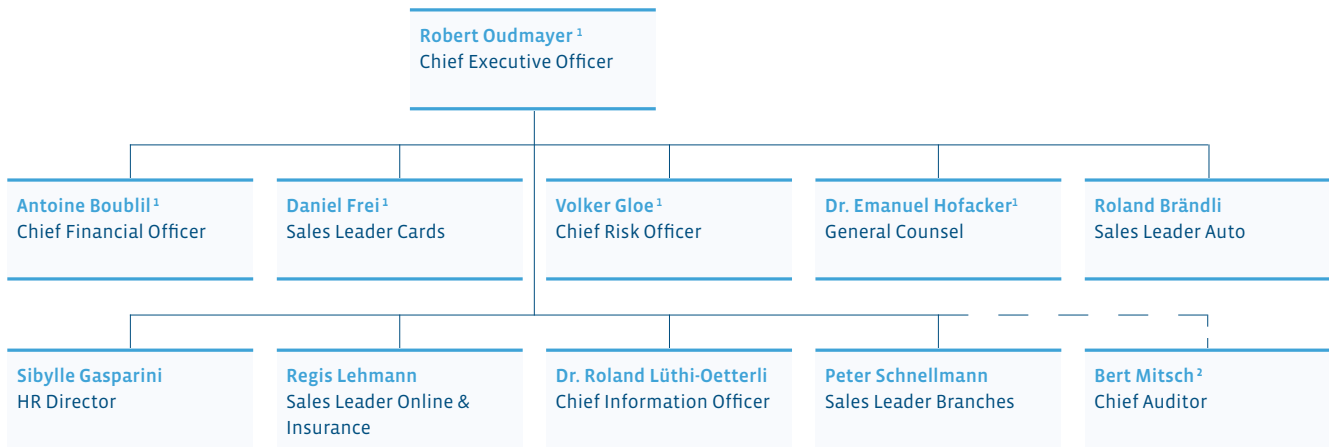
1.1 Group Structure

1.1.1 Description of the Group’s Operational Group Structure

The Bank is a corporation (Aktiengesellschaft) organised under the laws of Switzerland in accordance with art. 620 et seq. of the Swiss Code of Obligations (CO). The registered address and head office of the Bank and its subsidiaries is at Bändliweg 20, 8048 Zurich, Switzerland.

The Bank focuses on consumer finance. It is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA) and provides a range of financial products and services. Headquartered in Zurich, the Bank operates almost entirely in Switzerland through a nationwide network of 25 branches as well as through alternative distribution channels, such as internet, credit card partners (including Migros, Conforama and Touring Club Schweiz TCS), independent agents and auto dealers. The Bank has one reportable segment. It includes all of the Bank’s consumer finance products, including unsecured personal loans, auto leases and loans, credit cards and insurance products. The corporate functions include Finance, Information Technology, Legal & Compliance, Communications, Risk Management as well as Human Resources.

Organisational Group Structure as of 31 December 2014:



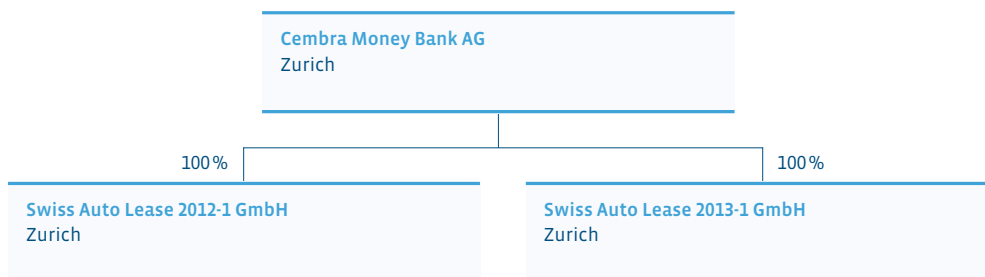
¹ Member of the Management Board (see section 3.5)

² The internal audit department is an independent function with a reporting line to the Board of Directors and the Audit Committee (see section 3.5)

1.1.2 Group Entities

The Group comprises the Bank as the parent company and its wholly owned subsidiaries Swiss Auto Lease 2012-1 GmbH (with registered office at Bändliweg 20, 8048 Zurich, Switzerland, stated capital CHF 20,000, shares 200 x CHF 100.00) and Swiss Auto Lease 2013-1 GmbH (registered at Bändliweg 20, 8048 Zurich, Switzerland, stated capital CHF 20,000, shares 200 x CHF 100.00).

Within the Group, only the Bank is a listed company. The Bank's registered shares are listed pursuant to the main standard of SIX (securities number: 22517316, ISIN: CH0225173167, ticker: CMBN). As of 31 December 2014, the Bank's issued nominal share capital amounted to CHF 30,000,000 and the Bank's market capitalisation was CHF 1,650,000,000.



1.2 Significant Shareholders

The shareholding structure of the Bank as of 31 December 2014 is shown in the table below:

Shareholder	Number of registered shares	% of voting rights
GE Capital Swiss Funding AG ^{1,2}	9,500,000	31.67 %
Credit Suisse Group AG ³	1,167,932	3.89 %
UBS Fund Management (Switzerland) AG ³	923,279	3.08 %
Pictet Funds SA ³	905,352	3.02 %
Other shareholders	17,503,437	58.34 %
Total	30,000,000	100.00 %

¹ GE Capital Swiss Funding AG, Bändliweg 20, 8048 Zurich is a direct wholly-owned subsidiary of GE Capital Global Financial Holdings, Inc., One Corporate Center, Hartford, CT 06103, United States. GE Capital Global Financial Holdings, Inc. is a direct wholly-owned subsidiary of General Electric Capital Corporation, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801 Delaware, United States. General Electric Capital Corporation is a direct wholly-owned subsidiary of General Electric Company, 3135 Easton Turnpike, Fairfield, CT 06828, United States ("General Electric Company", together with its affiliates "General Electric Group"). For further details, see SIX disclosure notification.

² By virtue of the relationship agreement between GE Capital Swiss Funding AG and the Bank, General Electric Group and the Bank constitute an organised group within the meaning of art. 10 of the Stock Exchange Ordinance-FINMA ("SESTO-FINMA"). See section relationship agreement below.

³ See SIX disclosure notifications.

For disclosure notifications received by the Bank, see the published reports on the Disclosure Office's publication platform of SIX: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

As of 31 December 2014, the Bank held 38,277 treasury shares.

Lock-up Arrangements

In connection with the IPO, the Bank, its main shareholder GE Capital Swiss Funding AG (and members of General Electric Capital Corporation or any of its affiliates, together "GECC"), and the members of the management board ("Management Board") have agreed to lock-ups with periods ending between 180 days and 12 months, respectively, after 30 October 2013. The lock-up periods for the Bank and the Management Board ended 30 April 2014 and for GE Capital Swiss Funding AG

on 30 October 2014. For further details refer to the Bank's Annual Report 2013. There were no lock-up agreements in place as of 31 December 2014.

Relationship Agreement

By virtue of their entrance into the relationship agreement on 15 October 2013 ("Relationship Agreement"), GE Capital Swiss Funding AG and the Bank constitute an organised group within the meaning of art. 10 SESTO-FINMA. The principal purpose of the Relationship Agreement is to govern the relationship between the Bank and General Electric Group since the IPO and to ensure that the Bank is capable at all times of carrying on its business independently of General Electric Group.

The Relationship Agreement took effect on 30 October 2013 and will continue until the earlier of (i) the shares ceasing to be listed on SIX according to the main standard

or certain other circumstances, or (ii) GE Capital Swiss Funding AG (and any other member of General Electric Group) ceasing to be a significant shareholder of the Bank. For the purpose of the Relationship Agreement only, a “significant shareholder” is any person (or persons acting jointly by agreement whether formal or otherwise) who is entitled to exercise, or to control the exercise of, 5 % or more of the rights to vote at a general meeting of shareholders of the Bank (“General Meeting”).

Under the Relationship Agreement, GE Capital Swiss Funding AG undertakes that it will conduct all transactions and relationships with the Bank on arm’s length terms and on a normal commercial basis, not take any action which precludes or inhibits the Bank from carrying on its business independently of GE Capital Swiss Funding AG, and not engage in, cause or authorise any conduct which prejudices the Bank’s status as a listed company or the Bank’s suitability for listing.

The board of directors of the Bank (“Board of Directors”) undertakes that, for so long as GE Capital Swiss Funding AG is a significant shareholder of the Bank, the Board of Directors shall not issue shares or propose any resolution to the Bank’s shareholders in relation to any such issuance except if the Board of Directors has adopted a respective resolution in accordance with the supermajority requirements pursuant to the Organisational Regulations (i.e. the majority of the Board of Directors, the consent from at least one representative of General Electric Group on the Board of Directors) provided that no supermajority approval (but the generally applicable majority approval) shall be required for this purpose, for example, in relation to the issue of shares under any employee share scheme

or share-based incentive plan; any issue of shares which the Board of Directors believes, based on a legal opinion received from external legal counsel, it is required to make pursuant to its fiduciary duties; any issue of shares to any independent member of the Board of Directors in accordance with their terms of appointment; and any equity capital raising required by applicable law or a government authority.

The Relationship Agreement provides General Electric Group with the right to select for recommendation by the Bank’s compensation and nomination committee (“Compensation and Nomination Committee”) and subsequent nomination by the Board of Directors for election to the Board of Directors by the Bank’s shareholders (i) up to two persons to be members of the Board of Directors provided that General Electric Group holds 20 % or more of the voting rights exercisable at a General Meeting, and (ii) one person to be a member of the Board of Directors provided that General Electric Group holds 5 % or more, but less than 20 % of the voting rights, exercisable at a General Meeting.

1.3 Cross Shareholdings

The Bank has not entered into any cross-shareholdings that exceed 5 % of the share capital or voting rights on either side.

2 Capital Structure

2.1 Capital on the Disclosure Deadline

As of 31 December 2014, the Bank's outstanding share capital amounted to CHF 30,000,000, divided into 30,000,000 registered shares with a par value of CHF 1.00 each ("Shares"). The Shares are fully paid and non-assessable and rank *pari passu* with each other.

The authorised capital amounts to CHF 3,000,000 and the conditional share capital amounts to CHF 3,900,000.

Further information is available in note 12 to the Consolidated Financial Statements.

2.2 Authorised and Conditional Capital in Particular

2.2.1 Conditional Share Capital

The Bank's total conditional share capital of CHF 3,900,000 is available for the issuance of up to 3,900,000 Shares.

The Bank's conditional share capital may be increased – based on art. 5 of the Articles of Incorporation – by no more than CHF 3,000,000 by the issuance of up to 3,000,000 Shares (a) through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments by the Bank or one of its subsidiaries, and (b) through the exercise of warrant rights granted to the shareholders by the Bank or one of its subsidiaries. The Board of Directors may use warrant rights not taken up by shareholders for other purposes in the interest of the Bank. The pre-emptive rights of the shareholders are excluded in connection with the issuance by the

Bank or any of its subsidiaries of bonds or other financial market instruments which are linked to conversion rights and/or the issuance of warrants. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new Shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.

In addition, the share capital may be increased – based on art. 6 of the Articles of Incorporation – by no more than CHF 900,000 through the issuance of up to 900,000 Shares each by the issuance of new Shares to members of the Board of Directors, members of the Management Board and employees of the Bank and its subsidiaries. The pre-emptive rights of the shareholders of the Bank shall be excluded. The Shares or rights to subscribe for Shares shall be issued to members of the Board of Directors, members of the Management Board and employees of the Bank or its subsidiaries pursuant to one or more regulations to be issued by the Board of Directors. Shares or subscription rights may be issued at a price lower than that quoted on the stock exchange.

For further details refer to art. 5 and 6 of the Articles of Incorporation under: www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles.

2.2.2 Authorised Capital

The Bank's total authorised share capital of CHF 3,000,000 is available for the issuance of up to 3,000,000 Shares.

The Board of Directors is authorised to increase the share capital, at any time until 26 September 2015, by no more than CHF 3,000,000 by issuing up to 3,000,000 Shares. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Bank, and (ii) in partial amounts shall be permissible.

The Board of Directors will determine the time of the issuance, the issue price, the manner in which the new Shares are to be paid, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised, and the date from which the Shares carry dividend rights. In addition, the Board of Directors has the right to restrict or deny any trade with pre-emptive rights. It may allow pre-emptive rights that have not been exercised to expire, and it may place such rights or Shares with respect to which the pre-emptive rights have not been exercised at market conditions or may use them in another way in the interest of the Bank.

For further details refer to art. 4 of the Articles of Incorporation under: www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles.

2.3 Changes in Capital

In preparation for the IPO, on 24 September 2013, the extraordinary General Meeting resolved to split each of its registered Shares with a par value of CHF 1,000 into 1,000 registered Shares with a par value of CHF 1.00. As a consequence of this share split, the Bank's share capital of CHF 30,000,000 is divided into 30,000,000 registered Shares with a par value of CHF 1.00 each.

There were no other changes in the capital structure in 2014, 2013, and 2012, respectively.

2.4 Shares and Participation Certificates

The Bank has not issued any non-voting equity securities, such as participation certificates (Partizipationsschein) or preference shares (Vorzugsaktien).

The Bank does not have any participation certificates outstanding. All Shares are fully paid up and entitled to dividends. Each Share carries one vote. There are no preferential rights or similar rights attached to the Shares (Stimmrechtsaktien).

2.5 Profit Sharing Certificates

There are no profit sharing certificates (Genussschein) outstanding.

2.6 Limitations on Transferability and Nominee Registrations

The Shares are freely transferable.

The Bank keeps a share register (“Share Register”), in which the owners and beneficiaries of the Shares are entered with name, address and nationality, respectively, place of incorporation in case of legal entities. Any person entered in the Share Register shall be deemed to have the right to vote, provided he or she expressly declares that he or she acquired the registered Shares in his or her own name and for his or her own account.

Any person that does not expressly state in his or her application to the Bank that the relevant Shares were acquired for his or her own account (any such person, a “Nominee”) may be entered in the Share Register as a shareholder with voting rights for Shares representing up to 3% of the total outstanding share capital of the Bank. With respect to Shares in excess of this limit, a Nominee may only be entered into the Share Register as a shareholder with voting rights if he or she declares in writing that he or she is prepared to disclose the name, address and shareholding of any person for whose account he or she is holding 0.5% or more of the Bank’s total outstanding share capital.

For purposes of determining if a Nominee holds 0.5% or more of the Bank’s outstanding share capital, (i) legal entities, partnerships or groups of joint owners and other groups in which individuals or legal entities are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated, and (ii) legal entities or partnerships that act in concert (especially as a syndicate) with intent to evade the foregoing limitations are regarded as a single shareholder.

2.7 Convertible Bonds and Options

There are no outstanding convertible bonds or options issued by the Bank or any of its subsidiaries on the Bank’s securities.

3 Board of Directors

3.1 Members of the Board of Directors

As of 31 December 2014, all members of the Board of Directors are, and pursuant to Swiss law applicable to the Bank as a regulated entity must be, non-executive. No member of the Board of Directors has any significant business connections with any members of the Group except two members of the Board of Directors who hold management positions within General Electric Group: Mr. Hall and Mr. Laxer. No member of the Board of Directors has held a management position within the Group over the last three years.

The business address for Mr. Hall and Mr. Laxer is The Ark, 201 Talgarth Road, Hammersmith, London W6 8BJ, United Kingdom. The business address for the other members of the Board of Directors is Bändliweg 20, 8048 Zurich, Switzerland.

The table below sets forth the name, function and committee membership of each member of the Board of Directors as of 31 December 2014, followed by a short description of each member's professional experience, education and activities.

Name	Nationality	Function	Committee Membership	First elected	End current period
Dr. Felix A. Weber	CH	Chairperson	Member Compensation and Nomination Committee	2013	2015
Christopher M. Chambers	CH/UK	Vice-Chairperson	Chairperson Compensation and Nomination Committee	2010	2015
Denis Hall	UK	Member	Member Audit Committee	2013	2015
Richard Laxer	USA	Member	Member Compensation and Nomination Committee	2013	2015
Prof. Dr. Peter Athanas	CH/UK	Member	Chairperson Audit Committee	2013 ¹	2015
Urs D. Baumann	CH	Member	Member Audit Committee	2014 ²	2015

¹ Effective 1 January 2014

² Elected 13 May 2014

Dr. Felix A. Weber

Swiss national and resident,
born in 1950



Dr. Weber was appointed as chairman of the Board of Directors (“Chairperson”) on 22 August 2013. He is also member of the Compensation and Nomination Committee. His current term expires at the General Meeting in 2015. Dr. Weber holds a diploma and a PhD in Business Administration from the University of St. Gallen, Switzerland.

Professional experience:

- Since 2014: Vice-Chairman Investment Banking Nomura (Switzerland) Ltd (Zurich, Switzerland)
- Since 2013: Partner in the investment firm BLR & Partners AG (Thalwil, Switzerland)
- 2008 – 2013: Co-chairman of the Management Board of Nomura Bank (Switzerland) Ltd (Zurich, Switzerland)
- 2006 – 2008: Managing Director of Investment Banking at Lehman Brothers Finance AG (Zurich, Switzerland)
- 1998 – 2004: Executive Vice President and Chief Financial Officer at Adecco SA (Chésèrèx, Switzerland), Redwood City (USA) and Zurich (Switzerland)
- 1984 – 1997: Partner of the Zurich Branch of McKinsey & Company (Zurich, Switzerland)
- 1980 – 1984: CEO of the South African Branch of the former Schweizerische Aluminium AG Group (headquartered in Zurich, Switzerland).

Other activities:

Dr. Weber does not hold any other board membership.

Previous board memberships:

- 2000 – 2013: Member of the Board of Directors and Chairman of the Compensation Committee of Syngenta Ltd (Basel, Switzerland), listed on SIX and New York Stock Exchange
- 2011 – 2013: Chairman of the Board of Directors of Nomura Socrates Re (Switzerland) and Nomura Re (Guernsey)
- 2011 – 2012: Member of the Board of Directors of Trenkwalder AG (Schwadorf, Austria)
- 2005 – 2009: Vice-chairman of the Board of Directors of Publigroupe SA (Lausanne, Switzerland), listed on SIX
- 2006 – 2008: Member of the Board of Directors and Chairman of the Audit Committee of Valora AG (Bern, Switzerland), listed on SIX

Christopher M. Chambers

Dual Swiss and British national,
UK resident, born in 1961



Mr. Chambers was appointed as a member of the Board of Directors on 1 December 2010. He is also the vice-chairperson (“Vice-Chairperson”) of the Board of Directors and the chairperson of the Compensation and Nomination Committee. His current term expires at the General Meeting in 2015. Mr. Chambers was educated in the UK.

Professional experience:

- Since 2011: Senior Advisor at Lone Star Europe (Real Estate), (London, UK)
- 2002 – 2005: Chief Executive Officer of Man Investments Ltd (London, UK) and Executive Member of Group Management (Main Board Director) of Man Group plc (London, UK)
- 1997 – 2002: Managing Director and Head of European Equity Capital Markets at Credit Suisse First Boston

Other activities:

- Since 2014: Chairman of GVO Investment Management (London, UK)
- Since 2013: Member of the Board of Directors of Pendragon plc (London, UK), listed on the London Stock Exchange
- Since 2013: Executive Chairman of the Board of Directors of Lonrho Ltd (London, UK)
- Since 2012: Member of the Supervisory Board of Berenberg Bank (Switzerland) Ltd (Zurich, Switzerland)
- Since 2009: Member of the Board of Directors and Audit Committee of Swiss Prime Site AG (Zurich, Switzerland), listed on SIX

Previous board memberships:

- 2009 – 2011: Member of the Board of Directors of Evolution Group plc (London, UK)
- 2007 – 2010: Chairman of the Board of Directors of Jelmoli Holding AG (Zurich, Switzerland)

Denis Hall

British national and UK resident, born in 1955



Mr. Hall was appointed as a member of the Board of Directors on 24 September 2013. He is also a member of the Audit Committee. His current term expires at the General Meeting in 2015. Mr. Hall was educated in the UK.

Professional experience:

- Since 2013: Chief Risk Officer at GE Capital International
- 2011 – 2013: Chief Risk Officer Banking at GE Capital EMEA
- 2007 – 2011: Chief Risk Officer at GE Capital Global Banking
- 2001 – 2007: Chief Risk Officer, Private and Business Clients at Deutsche Bank AG and member of the Management Board (2004 – 2007)
- 1985 – 2001: Various positions within Citigroup: Head of Risk, Citibank Consumer Bank EMEA (1999 – 2001); Credit and Risk Director (1997 – 1999); Operations Head Credit Cards (1995 – 1997); Credit Cards Head Germany (1990 – 1995); Citibank Privatkunden AG, European Credit Cards Officer (1985 – 1990), Citibank International plc

Other activities:

- Since 2013: Member of the Board of Directors of UK home lending (London, UK)

- Since 2013: Member of the Board of Directors of Hyundai Capital Card (Seoul, South Korea)
- Since 2013: Member of the Board of Directors of Budapest Bank Zrt. (Budapest, Hungary)
- Since 2008: Member of the Supervisory Board and the Chairman of the Risk Committee of Bank BPH S.A. (Krakow, Poland), a company listed on the Warsaw Stock Exchange

Previous board memberships:

- 2009 – 2011: Member of the Board of Directors of BAC Credomatic GECF Inc., in which General Electric Group held an interest
- 2008 – 2011: Member of the Board of Directors of Turkiye Garanti Bankasi A.S. (Istanbul, Turkey) in which General Electric Group held an interest
- 2006 – 2007: Deputy Chairman of SCHUFA Holding AG (Wiesbaden, Germany)

Richard Laxer

U.S. national and UK resident,
born in 1961



Mr. Laxer was appointed as a member of the Board of Directors on 24 September 2013. He is also a member of the Compensation and Nomination Committee. His current term expires at the General Meeting in 2015. Mr. Laxer holds a Bachelor of Science in Business from Skidmore College.

Professional experience:

- Since 2013: President and Chief Executive Officer at GE Capital International
- 2009 – 2013: President and Chief Executive Officer of GE Capital EMEA
- 1986 – 2008: Various positions at GE Commercial Finance, including: President and Chief Executive Officer of GE Commercial Finance, Corporate Financial Services (2008); President and Chief Executive Officer of GE Commercial Finance, Capital Solutions (2006 – 2008); President and Chief Executive Officer Europe of GE Commercial Finance, Corporate Financial Services (2004 – 2006)

Other activities:

- Since 2013: Member of the Board of Trustees of Skidmore College (Saratoga Springs, USA)
- Since 2010: Member of the Board of Directors of Mubadala GE Capital PJSC (Abu Dhabi, United Arab Emirates)
- Since 2009: Member of the Board of Directors of GE Capital Interbanca S.p.A. (Milan, Italy), wholly owned by General Electric Group

Previous board memberships:

- 2011 – 2014: Member of the Supervisory Board of Bank BPH S.A. (Krakow, Poland), a company listed on the Warsaw Stock Exchange
- 2008 – 2014: Member of the Board of Directors of Heller Bank AG (Mainz, Germany) wholly owned by General Electric Group
- 2011 – 2013, as well as during the years 2008 and 2009: Member of the Board of Directors of GE Capital International Financing Corporation (New York, USA) (“GECIFC”); GECIFC was dissolved in 2013
- 2009 – 2012: Member of the Board of Directors of GE Corporate Finance Bank SAS, a wholly owned French subsidiary of General Electric Group

- 2005 – 2006: Member of the Board of Directors of *Turkiye Garanti Bankasi A.S.* (Istanbul, Turkey) in which General Electric Group held an interest

Prof. Dr. Peter Athanas

Dual Swiss and British national, Swiss resident, born in 1954



Prof. Dr. Athanas was appointed as member of the Board of Directors on 2 October 2013, with effect from 1 January 2014. His current term will expire at the General Meeting in 2015. Prof. Dr. Athanas was appointed chairperson of the Audit Committee with effect from 1 January 2014. He holds a PhD in law and economics and a master's degree in economics and law from the University of St. Gallen (HSG).

Professional experience:

- Since 1999: Professor for national and international tax law and tax accounting at the University of St. Gallen (Switzerland)
- 2014: Senior Executive Vice President Corporate Development and Chairman of the audit expert group of Schindler Holding AG (Hergiswil, Switzerland)
- 2009 – 2010: Consultant to the Executive Committee of Schindler Holding AG
- 2004 – 2008: Chief Executive Officer of Ernst & Young Switzerland (Zurich, Switzerland)
- 2001 – 2002: Chief Executive Officer of Arthur Andersen Switzerland (Zurich, Switzerland)

- 1994 – 2001: Head of Tax and Legal Practice of Arthur Andersen Switzerland
- 1990 – 1994: Partner of the worldwide Arthur Andersen organisation

Other activities:

- Since 2014: Member of the Board of Directors, Chairman of the Nomination and Compensation Committee and member of the Audit Committee of Also Holding AG (Emmen, Switzerland), listed on SIX
- Since 2014: Member of the Board of Directors of BlackRock Asset Management Schweiz AG (Zurich, Switzerland)
- Since 2008: Curator of Werner Siemens Foundation (Zug, Switzerland)

Previous board memberships:

- 2010 – 2013: Member of the Board of Directors of Schindler Holding AG, listed on SIX
- 2007 – 2008: Vice-chairman of the Central Area of Ernst & Young Global
- 2002 – 2004: Chairman of the Board of Directors of Ernst & Young Switzerland
- 2001 – 2002: Member of the Global Board of Arthur Andersen

Urs D. Baumann

Swiss national and resident, born in 1967



Mr. Baumann was appointed as a member of the Board of Directors on 13 May 2014. He is also a member of the Audit Committee. His current term will expire at the

General Meeting in 2015. Mr. Baumann holds a Master in Economics & Business Administration from the University of St. Gallen (HSG) as well as a MBA of the University of Chicago.

Professional experience:

- Since 2012: Chief Executive Officer of Bellevue Group (Küsnacht, Switzerland)
- 2007 – 2010: Group CEO of Lindorff Group (Oslo, Norway)
- 2006 – 2007: Managing Director Central & Eastern Europe – Barclaycard at Barclays Bank (London, UK)
- 1998 – 2005: CEO of Swisscard AECS (Horgen, Switzerland)
- 1993 – 1998: Consultant and Manager at McKinsey & Company (Zurich, Switzerland)

Other activities:

- Since 2010: Member of the Board of Directors of Baumann Group AG (Zurich, Switzerland)

3.2 Other Activities and Vested Interests of the Members of the Board of Directors

Refer to the information provided in each Board of Director's biography in section 3.1 above.

3.3 Rules in the Articles of Incorporation on the Number of Permitted Activities Pursuant to art. 12 para. 1 point 1 of the Ordinance against Excessive Compensation (OaEC)

Based on art. 25a of the Articles of Incorporation, the members of the Board of Directors may have up to fifteen Activities of which a maximum of five may be in listed companies. The term "activities" means membership in the superior management or oversight bodies of legal entities obliged to register themselves in the Commercial Register in Switzerland or a foreign equivalent thereof ("Activities"). Several Activities in legal entities under common control or under the control of the same beneficial owner are deemed to be one Activity. Following Activities do not fall under the above restrictions:

- Activities in entities controlled by the Bank;
- Activities in entities controlling the Bank; and
- Activities in associations, charitable institutions as well as welfare and pension institutions. No member of the Board of Directors should be engaged in more than ten such Activities.

Refer to the biographies of the members of the Board of Directors in section 3.1 above regarding the additional Activities of the members of the Board of Directors.

3.4 Election and Term of Office

According to the Articles of Incorporation, the Board of Directors consists of at least five but not more than seven members. Each member of the Board of Directors is elected for a term of one year. For that purpose, one year refers to the time period between two ordinary General Meetings, if a member is elected at an extraordinary General Meeting, to the time period between the extraordinary and the next ordinary General Meeting. Each member of the Board of Directors, including the Chairperson, is individually elected by the General Meeting. Re-election is possible and there is no mandatory term limit for members of the Board of Directors.

As the Bank is subject to the Swiss Federal Banking Act and the Banking Ordinance, no member of the Board of Directors may also be a member of the Bank's management. In addition, in accordance with FINMA Circular 08/24 Supervision and Internal Control at Banks ("FINMA Circular 08/24"), at least one-third of the members of the Board of Directors should be independent within the meaning of the FINMA Circular 08/24.

As of 31 December 2014, the majority of the members of the Board of Directors met the independence criteria prescribed in the FINMA Circular 08/24 mn. 20–24: Dr. Weber, Mr. Chambers, Prof. Dr. Athanas and Mr. Baumann.

Refer to the biographies of the members of the Board of Directors in section 3.1 above for each initial date of election.

The shareholders elect all members of the Board of Directors individually, the Chairperson, the members of the Compensation and Nomination Committee and the independent proxy for a one year term.

There are no rules differing from the statutory legal provisions with regard to the appointments of the Chairperson, the members of the Compensation and Nomination Committee and the independent proxy.

3.5 Internal Organisational Structure

3.5.1 Allocation of Tasks among the Members of the Board of Directors

Board of Directors

The Board of Directors elects from among its members a Vice-Chairperson and also appoints a secretary ("Secretary"), who need not be a member of the Board of Directors. According to the Bank's current Organisational Regulations (which can be downloaded from www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles), the Board of Directors meets at the invitation of the Chairperson or the Secretary on the Chairperson's behalf or, in the Chairperson's absence, of the Vice-Chairperson as often as business requires, but at least four times per year and normally once every quarter.

Unless set out otherwise in the Organisational Regulations, resolutions of the Board of Directors are passed by way of the absolute majority of the votes represented. In the case of a tie, the acting Chairperson has the deciding vote. Resolutions passed by circular letter are only deemed to have passed if: (a) at least the majority of all Board of Directors members cast a vote or give written notice that they abstain; (b) the required majority to approve the proposed resolution is reached in accordance

with the Organisational Regulations; and (c) no Board of Directors member requests a Board of Directors meeting in relation to the subject matter of the proposed resolution within three business days of receiving notice of the proposal. Any resolution passed by circular letter is as binding as a Board of Directors resolution adopted at a Board of Directors meeting.

The composition of the Board of Directors and its committees is disclosed on section 3.1 above.

The Board of Directors met nine times in 2014 and also met for a strategic meeting. The meetings typically last half a day.

See the details in the table below:

Date	Dr. Felix A. Weber	Christopher M. Chambers	Denis Hall	Richard Laxer	Prof. Dr. Peter Athanas	Urs D. Baumann ¹
26 February	X	E	XT	X	X	
25 March	X	X	XT	E	X	
7 May	X	X	X	X	X	
3 June*	X	XT	XT	XT	XT	XT
16 July*	X	XT	XT	XT	XT	XT
27 August	X	X	X	E	X	X
29 October	X	X	X	E	X	X
16 December	X	XT	XT	XT	X	X
23 December*	X	XT	XT	XT	XT	XT

¹ Member since 13 May 2014

* Extraordinary meetings

XT = Attendance per telephone

E = Excused

3.5.2 For Each Committee of the Board of Directors: List of Members – Tasks – Areas of Responsibility

In accordance with Swiss law, the Articles of Incorporation and the Organisational Regulations, the Board of Directors has delegated the Bank's management to the Management Board acting under the leadership of the chief executive officer of the Bank ("CEO"). The Board of Directors may delegate some of its duties to committees. The standing committees are as follows: The Audit Committee and the Compensation and Nomination Committee.

Each of the committees is led by a chairperson whose main responsibility is to organise and lead the meetings.

Audit Committee

The Audit Committee currently consists of three members of the Board: Prof. Dr. Athanas (Chairperson of the Audit Committee), Mr. Hall and Mr. Baumann. All members of the Audit Committee are appointed by the Board of Directors.

The function of the Audit Committee is to serve as an independent and objective body with oversight and evaluation responsibility for (i) the Group's accounting policies, financial reporting and procedures, (ii) the Group's approach to internal controls, (iii) the quality, adequacy and scope of external and internal audit functions, including the appointment, compensation, retention and oversight of the work of the Bank's auditors and any other registered

public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Bank and (iv) the Bank's compliance with regulatory and financial reporting requirements. The Bank's auditors report directly to the Audit Committee. The Audit Committee's duties and responsibilities are set out in detail in FINMA Circular 08/24 and the Bank's Audit Committee Charter.

The Audit Committee holds meetings as often as required, but in any event at least once every quarter. The meetings are called by the Chairperson of the Audit Committee or are initiated by an Audit Committee member. Meetings typically last two hours and are also attended at minimum by members of the Management Board, the Bank's Chief Auditor and the External Auditor. During 2014, the Audit Committee met five times.

See details in the table below:

Date	Prof. Dr. Peter Athanas	Denis Hall	Christopher M. Chambers ¹	Urs D. Baumann ²
25 February	X	XT	E	
24 March	X	XT	X	
6 May	X	X	X	
26 August	X	X		X
28 October	X	X		X

¹ Member until 13 May 2014

² Member since 13 May 2014

XT = Attendance per telephone

E = Excused

Compensation and Nomination Committee

The Compensation and Nomination Committee currently consists of three members of the Board of Directors: Mr. Chambers (Chairperson of the Compensation and Nomination Committee), Mr. Laxer and Dr. Weber. In accordance with the OaEC, the members of the Compensation and Nomination Committee are elected by the General Meeting. The Chairperson of the Compensation and Nomination Committee is appointed by the Board of Directors.

The function of the Compensation and Nomination Committee is to support the Board of Directors in fulfilling its duty to conduct a self-assessment (review and assess the corporate goals and objectives upon which the compensation of the members of the Board of Directors is based and evaluate their performance in light of these goals and objectives), establish

and maintain a process for appointing new members to the Board of Directors, and manage, in consultation with the Chairperson of the Compensation and Nomination Committee, the succession of the CEO.

In addition, the function of the Compensation and Nomination Committee is to establish the compensation strategy for the Group, and to approve or make recommendations to the Board of Directors regarding certain compensation matters, in particular to review, on behalf of the Board of Directors and within the limits set by the General Meeting, the amount of compensation to be paid to the members of the Board of Directors and the Management Board. The Compensation and Nomination Committee also decides on guidelines for candidates for the Board of Directors and the Management Board.

The Compensation and Nomination Committee holds meetings as often as required, but in any event at least once every quarter. The meetings are called by the Chairperson of the Compensation and Nomination Committee or on the initiative of a member

of the Compensation and Nomination Committee. Meetings typically last one to two hours and are also attended by the Human Resources Director and the CEO. During 2014, the Compensation and Nomination Committee met six times.

See details in the table below:

Date	Dr. Felix A. Weber	Christopher M. Chambers	Richard Laxer
4 February	X	X	XT
24 March	X	X	XT
6 May	X	X	XT
26 August	X	X	XT
5 September	XT	XT	XT
28 October	X	X	XT

XT = Attendance per telephone

3.6 Definition of Areas of Responsibility

The Board of Directors is ultimately responsible for supervision of the management of the Bank; it sets the strategic direction of the Bank and supervises its management, as well as other matters which, by law, are under its responsibility. This includes in particular the establishment and regular review of the ultimate direction, the necessary directives, the organisation and the management structure, the Organisational Regulations, financial matters, risk profiles and risk capacity.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Organisational Regulations, all other duties, especially the preparation and execution of its resolutions, the supervision of the business and the management of the Bank are delegated to the Audit Committee, the Compensation and Nomination Committee, the Chairperson, the CEO and the other members of the Management Board.

Details of powers and responsibilities of the Board of Directors can be found in the Organisational Regulations of the Board of Directors, which can be downloaded from: www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles.

CEO

The CEO is appointed by the Board of Directors upon proposal of the Chairperson and the Compensation and Nomination Committee for an indeterminate term of office. The CEO is the highest executive officer of the Group and has responsibility and accountability for the management and performance of the Group. The Management Board acts under his leadership.

The CEO sets the business and corporate agenda, ensures high quality and timely decision-making and controls the implementation of decisions taken. He ensures alignment of the individual Management Board members to the business and corporate agenda. He supports and advises leaders of all organisational units as established in the Organisational Regulations and fosters

an integrated entrepreneurial leadership spirit across the Group. The CEO assumes a leading role in preparing the Board of Directors' consideration of the Group's strategy. He is – together with the Compensation and Nomination Committee – responsible for planning succession at the Management Board level and for maintaining the Group's good reputation. He represents the Group in contacts with important investors, customers and other stakeholders, as well as to the general public.

Management Board

The Management Board includes as a minimum the CEO, the Chief Financial Officer ("CFO"), the Chief Risk Officer ("CRO"), the General Counsel and such other members as may be appointed by the Board of Directors at any time. As of 31 December 2014, in addition to the CEO, the Management Board consisted of the CFO, the CRO, the General Counsel and the Sales Leader Cards (see also section 4.1 below).

All members of the Management Board (with the exception of the CEO) are proposed by the CEO and the Board of Directors approves their appointments.

The Management Board, acting under the leadership of the CEO, is responsible for the management of the Group. It implements the strategy of the Group decided by the Board of Directors and ensures the execution of the decisions of the Board of Directors in accordance with the law, the Articles of Incorporation, Organisational Regulations and the resolutions by the General Meeting of shareholders and the Board of Directors. The Management Board supports the CEO in the execution of his duties. It participates in all matters and decisions that are important to the Group; by doing so, it forms opinions and performs a coordinative and preparative function.

3.7 Information and Control Instruments vis-à-vis the Management Board and the Senior Management Team

The Board of Directors ensures that it is fully informed about all matters that materially impact the Group. It ensures that it receives sufficient information from the Management Board to perform its supervisory duty and to take decisions. The Board of Directors supervises the Management Board and the senior management team ("Senior Management Team") through various meetings with management, including meetings of the Board of Directors and its committees.

The Board of Directors meets at least four times a year as specified in the Organisational Regulations; in practice, there are five to ten meetings a year. Members of the Management Board attend each of the Board of Directors meetings during the year and are available to answer questions from the Board of Directors. Members of the Senior Management Team are regularly invited to address specific projects and duties.

The CEO ensures that the Chairperson and the Board of Directors are kept informed in a timely manner with information in a form and of a quality appropriate to enable the Board of Directors to discharge its duties. The CEO regularly reports to the Board of Directors at board meetings (or outside of board meetings) in a manner agreed with the Chairperson on the business development and on important business issues, including on all matters falling within the duties and responsibilities of the Board of Directors. Such reports cover in particular the current business developments including key performance indicators on the core business of the Group, existing and emerging risks, and updates

on developments in important markets and of peers. It further covers quarterly reports on the profit and loss situation, cash flow and balance sheet development, investments, personnel and other pertinent data of the Group, and information on all issues which may affect the supervisory or control function of the Board of Directors, including the internal control system.

The CFO informs the Board of Directors on a quarterly basis and the CEO and the Management Board on a monthly basis on the course of the business and the financial situation of the Group – especially on the income statement with a comparison to the budget – and to point out special developments. In particular, he gives immediate notice to the CEO and to the Management Board about extraordinary events or urgent matters regarding the Group.

The General Counsel informs at least on a quarterly basis the Management Board and the Board of Directors about the supervisory, legal and regulatory situation of the Group. He informs these bodies immediately about any extraordinary legal and regulatory developments and matters of urgent nature.

The CRO informs the Audit Committee at least on a quarterly basis, and the Board of Directors if required, about the development and implementation of principles and appropriate framework for risk identification measurement, monitoring, controls and reporting as well as the implementation of the risk control mechanisms as decided by the Board of Directors. The Group has established an internal risk management process that is based on the enterprise risk framework. It focuses on credit, market, liquidity and operational risks within the Group. Detailed information on the management and monitoring of these risks can be found in the section Risk Management starting on page 70.

The Chief Auditor is present at each meeting of the Audit Committee and informs at least on a quarterly basis on the status and progress of the annual plan, significant issues and other reporting matters as they pertain to the Audit Committee and Board of Directors. The Bank's Internal Audit Department is governed by an Internal Audit Charter duly approved by the Board of Directors. In accordance with the Organisational Regulations, the Internal Audit Department reviews in particular (i) the compliance with applicable laws, rules and regulations as well as the internal regulations, directives and resolutions, (ii) the annual financial statements, accounting and information technology, loans and other areas approved on an annual basis by the Audit Committee and (iii) the fitness, reliability and functioning of the operational organisation and effectiveness of the control systems.

Furthermore, the members of the Board of Directors receive monthly reports about the performance of the business, specific projects and any other relevant information.

The members of the Board of Directors have regular access to the CEO, CFO and other members of the Management Board as well as to the Chief Auditor and may request information concerning the course of the business or other specific projects from the CEO.

The External Auditor produces the regulatory audit report as well as further reports on audits addressing specific topics.

The Chairperson of the Audit Committee and the Chairperson of the Compensation and Nomination Committee update the other members of the Board of Directors at the quarterly Board of Director's meeting regarding the relevant topics discussed at the two other committee meetings.

4 Management Board

4.1 Members of the Management Board

In accordance with Swiss law, the Articles of Incorporation and the Organisational Regulations and subject to those affairs that lie within the responsibility of the Board of Directors by law, the Articles of Incorporation and the Organisational Regulations, the Board of Directors has delegated the executive management of the Group to the CEO, who is supported by the other members of the Management Board.

Under the control of the Board of Directors, the CEO, together with the other members

of the Management Board, conducts the operational management of the Group pursuant to the Organisational Regulations and reports to the Board of Directors on a regular basis.

The members of the Management Board are appointed by the Board of Directors. In accordance with the Swiss Federal Banking Act, the Banking Ordinance and the Organisational Regulations, no member of the Management Board may be a member of the Board of Directors.

The business address for each member of the Management Board is Bändliweg 20, 8048 Zurich, Switzerland.

Name	Nationality	Appointed	Position
Robert Oudmayer	NL	2009	Chief Executive Officer (CEO)
Antoine Boubliil	FRA	2011	Chief Financial Officer (CFO)
Daniel Frei	CH	1997	Sales Leader Cards
Volker Gloe	GER	2013	Chief Risk Officer (CRO)
Dr. Emanuel Hofacker ¹	CH	2014	General Counsel

¹ Appointed as of 10 September 2014

Robert Oudmayer

Dutch national and Swiss resident,
born in 1962



Mr. Oudmayer has been the Bank's Chief Executive Officer since 2009. He holds a Bachelor of Science of Hospitality and Tourism Management from Hotel School The Hague, Hospitality Business School.

Professional experience:

- 2005 – 2009: Chief Executive Officer of GE Money Portugal
- 2003 – 2005: P&L Leader Auto & Retail of GE Money Bank (Switzerland)
- 2001 – 2003: Managing Director TIP and GE Capital Rail Services
- 1999 – 2001: Multiple roles at TIP Trailer Services, including Chief Operating Officer, Operations & Quality Director Europe and Managing Director Benelux
- 1985 – 1999: PSA Peugeot Citroën: Director Sales & Marketing (1998 – 1999); Director Finance, Credit & HR (1995 – 1998); Peugeot Finance International Managing Director (1995 – 1999); European Risk Manager (1994 – 1995); Manager Financial Services (1991 – 1994)

Mr. Oudmayer does not hold any board memberships.

Antoine Bublil

French national and Swiss resident,
born in 1975



Mr. Bublil has been the Bank's Chief Financial Officer since 2011. He holds a B.A. in Mathematics and a Masters in Economics and Corporate Strategy from Paris Dauphine University. He also graduated from Sciences Po Paris in Finance in 1998.

Professional experience:

- 2008 – 2011: Chief Financial Officer of GE Money Bank France
- 2005 – 2008: Chief Financial Officer of GE Healthcare Diagnostic Imaging Equipment for Europe, Middle East & Africa
- 2000 – 2005: Corporate Audit Staff at General Electric Group's global headquarters, specialising in mergers and acquisitions
- 1998 – 2000: Financial Management Programme at General Electric Group

Mr. Bublil holds membership in the Board of Directors of the Bank's two subsidiaries, Swiss Auto Lease 2012-1 GmbH and Swiss Auto Lease 2013-1 GmbH.

Daniel Frei

Swiss national and resident,
born in 1959



Mr. Frei has been the Bank's Sales Leader Cards since 2008 and member of the Management Board since 1997. He has a federal specialist certificate in accounting by the Swiss Business School of Zurich.

Professional experience:

- 2005 – 2008: P&L Director at Flexikredit AG (Zurich, Switzerland; part of the GE Group)
- 2002 – 2004: P&L Director Motor Solutions
- 1997 – 2002: Chief Operations Officer
- 1993 – 1997: Logistic Director and member of the Senior Management Team at Bank Aufina AG (Brugg, Switzerland)
- 1989 – 1992: Assistant Logistics Director at Bank Aufina AG
- Before 1989: Various assignments outside the Bank as Accountant and Project Manager

Mr. Frei is Chairperson of the Bank's Pension Fund Board and Board member of KARTAC (Swiss Cards Association).

Volker Gloe

German national and Swiss resident,
born in 1968



Mr. Gloe has been the Bank's Chief Risk Officer since 2013. He holds a university degree in Business Administration (Diplom-Kaufmann) from the University of Kiel (Christian-Albrechts-Universität zu Kiel) in Germany.

Professional experience:

- 2007 – 2013: Chief Risk Officer of GE Money Bank Norway
- 2005 – 2007: Risk Strategist of GE Money Bank Norway
- 2002 – 2005: Marketing Analyst and from 2003 FBB Marketing for GE Consumer Finance (Norway)
- 1999 – 2002: Customer Intelligence Manager for Comdirect Bank AG (Quickborn, Germany)
- 1997 – 1999: Market Researcher for Deutscher Herold Versicherungsgruppe der Deutschen Bank (Bonn, Germany)
- 1995 – 1997: Business Development Manager for Raab Karcher (Frankfurt am Main, Germany)

Mr. Gloe does not hold any board memberships.

Dr. Emanuel Hofacker

Swiss national and resident,
born in 1968



Dr. Hofacker has been appointed as the Bank's General Counsel as of 10 September 2014. He holds a Master in Law and a Doctorate in Law (Dr. iur.) both from the University of Zurich.

Professional experience:

- 2012 – 2014: Chief Compliance Officer of Cembra Money Bank AG (former GE Money Bank AG)
- 2011 – 2012: Senior Legal Counsel of DKSH Holding Ltd (Zurich, Switzerland)
- 2010 – 2011: Collections Leader of GE Money Bank AG, (Zurich, Switzerland)
- 2006 – 2010: Senior Legal Counsel & Deputy General Counsel at GE Money Bank AG
- 2005 – 2006: Legal Counsel Operations at GE Money Bank AG
- 2002 – 2005: Associate with Prager Dreifuss Law Firm (Zurich, Switzerland)

Dr. Hofacker holds memberships in the Board of Directors of the Bank's two subsidiaries, Swiss Auto Lease 2012-1 GmbH and Swiss Auto Lease 2013-1 GmbH. He is also member of the Bank's Pension Fund Board.

4.2 Other Activities and Vested Interests

There are no other activities and vested interests of any members of the Management Board other than mentioned in the biographies above.

4.3 Rules in the Articles of Incorporation on the Number of Permitted Activities pursuant to art. 12 para.1 point 1 of the OaEC

The members of the Management Board may upon prior approval by the Board of Directors or the Compensation and Nomination Committee be involved in up to five Activities of which a maximum of one may be in listed companies. Similar to the members of the Board of Directors following Activities do not fall under the above restrictions:

- Activities in entities controlled by the Group;
- Activities in entities controlling the Group; and
- Activities in associations, charitable institutions as well as welfare and pension institutions.

No member of the Management Board may have more than ten such Activities.

Refer to the biographies of the members of the Management Board in section 4.1 above regarding the additional Activities of the members of the Management Board.

4.4 Management Contracts

The Bank has not entered into management contracts with third parties except the Relationship Agreement as further described on section 1.2 above.

5 Compensation, Shareholdings and Loans

Information about compensation, shareholdings and loans can be found in the Compensation Report starting on page 52.

6 Shareholders' Rights of Participation

6.1 Voting Rights and Representation Restrictions

There are no restrictions of the Swiss corporate law in regards to shareholders' Rights of Participation.

Each Share carries one vote at a General Meeting. Voting rights may be exercised only after a shareholder has been entered into the Share Register as a shareholder with voting rights up to a specific qualifying day ("Record Date") designated by the Board of Directors. Persons who acquired Shares will be entered into the Share Register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account (for details, see section 2.6 above).

The Board of Directors may, after having heard the concerned registered holder of Shares or Nominee, cancel entries in the Share Register that were based on false information with retroactive effect to the date of entry.

Any acquirer of Shares that is not registered in the Share Register as a shareholder with voting rights may not vote at or participate in person on any General Meeting, but will still be entitled to dividends and other rights with financial value with respect to such Shares.

Each shareholder may only be represented at a General Meeting by:

- The Independent Proxy by means of a written or electronic proxy; or
- By a third party, who need not to be a shareholder, by means of a written proxy.

The Board of Directors may, in the notice of a General Meeting or in general regulations or directives, specify or supplement the rules laid down above (including rules on electronic proxy and electronic instructions).

A shareholder recorded in the Share Register as a Nominee pursuant to art. 8 paragraph 3 of the Articles of Incorporation may have its Shares represented in a General Meeting only if the Nominee provides the Bank with the name, address and shareholding of the person(s) for whose account he holds 0.5% or more of the outstanding share capital of the Bank.

6.2 Statutory Quorums

No statutory quorums other than those defined by Swiss corporate law and the Swiss Federal Merger Act apply.

6.3 Convocation of the General Meeting

The statutory rules on the convocation of the General Meeting correspond with legal provisions. Thus, a General Meeting is convened at least 20 calendar days prior to such meeting by publishing a notice of the meeting in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) or any other means of publication specified by the Board of Directors in particular cases. Shareholders entered into the Share Register may also be invited in writing.

General Meetings may be convened by the Board of Directors or, if necessary, by the Bank's auditors. The Board of Directors is further required to convene an extraordinary General Meeting if so resolved at a General Meeting or if so requested by holders of Shares representing in the aggregate at least 10% of the Bank's share capital registered in the commercial register.

6.4 Inclusion of an Item on the Agenda

One or more shareholders holding Shares with an aggregate par value of at least CHF 1,000,000 or representing at least 10% of the Bank's share capital registered in the Commercial Register have the right to request that a specific proposal be put on the agenda for the next General Meeting. The Articles of Incorporation require that such request is communicated to the Board of Directors at least 45 calendar days prior to the next General Meeting.

6.5 Registrations in the Share Register

There is no statutory rule on the deadline for registering shareholders in connection with the attendance of the General Meeting. For organisational reasons, however, no shareholders will be entered into the Share Register during the period beginning 10 days prior to a General Meeting and ending immediately after the close of the General Meeting.

7 Changes of Control and Defence Measures

7.1 Duty to Make an Offer

The Articles of Incorporation do not contain any "opting-out" or "opting-up" provision with regard to mandatory public takeover offers, as defined in art. 22 of the Swiss Stock Exchange Act. Thus, an investor who acquired more than 33 1/3 % of all voting rights of the Bank (directly, indirectly or in concert with third parties), whether they are exercisable or not, could be required to submit a takeover offer for all shares outstanding, according to the Swiss Stock Exchange Act.

7.2 Clauses on Changes of Control

The contracts with the members of the Board of Directors and the Management Board do not contain any change of control clauses.

In particular, no protection measures such as:

- Severance payments in the event of a takeover;
- Special provisions on the cancellation of contractual arrangements;
- Agreements concerning special notice periods or longer-term contracts where they exceed 12 months;
- The waiver of lock-up periods;
- Shorter vesting periods; and/or
- Additional contributions to pension funds

exists that protect the above-mentioned persons by certain contractual conditions against the consequences of takeovers.

8 Auditors

8.1 Duration of Mandate and Term of Office of External Auditor

The consolidated financial statements and the individual financial statements are audited by KPMG AG, Zurich. The External Auditor is elected for a period of one year at the General Meeting. KPMG were appointed as statutory auditors and group auditors in 2005. The holder of this office changes every seven years, in accordance with the Swiss Code of Obligation. Since 2014, the auditor in charge for the Group has been Mr. Cataldo Castagna, Partner.

8.2 Auditing Fees

Expenses related to KPMG's audit of the Group amounted to CHF 850,000.

8.3 Additional Fees

KPMG rendered additional services related to regulatory requirements and the IT transformation project amounting to CHF 205,000.

8.4 Informational Instruments Pertaining to an External Audit

The Audit Committee, acting on behalf of the Board of Directors, is responsible for overseeing the activities of the External Auditor. It monitors the qualification, independence and performance of the latter. This includes reviewing external audit reports as well as examining the risk analysis. The Audit Committee receives quarterly reports from representatives of the External Auditor and it discusses these reports and assesses their quality and comprehensiveness. During 2014, the Chief Auditor as well as the auditor in charge who represents the External Auditor attended all five meetings of the Audit Committee.

The Audit Committee recommended to the Board of Directors to approve the audited financial statements for the year ended 31 December 2014. The Board of Directors proposed the acceptance of the financial statements for approval by the General Meeting.

The Audit Committee regularly evaluates the performance of the External Auditor and once a year determines whether the External Auditor should be proposed to the General Meeting for election. Also once a year, the auditor in charge reports to the Audit Committee on the External Auditor's activities during the current year and on the audit plan for the coming year. To assess the performance of the External Auditor, the Audit Committee holds meetings with the CEO, the CFO and Internal Audit. Criteria assessments include qualifications, expertise, effectiveness, independence and performance of the External Auditor.

9 Information Policy

General Information

The Bank informs its shareholders and the public by means of the annual and half-year reports, letters to shareholders as well as press releases and presentations. These documents are available to the public in electronic form under:
www.cembra.ch/en/investor.

Email Distribution Service

Interested parties can subscribe to the email distribution service to receive free and timely notifications of potentially price-sensitive facts:
www.cembra.ch/en/investor → Contact.

Important Dates

The financial calendar can be downloaded from: www.cembra.ch/en/investor
→ Financial Calendar.

Contact Address

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Switzerland

Investor Relations

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+41 (0)44 439 8572
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Non-Applicability / Negative Disclosure

It is expressly noted that any information not contained or mentioned herein is non applicable or its omission is to be construed as a negative declaration (as provided in the CGD and Commentary thereto).

Senior Management Team





From left to right:

Regis Lehmann
Sales Leader Online &
Insurance

Bert Mitsch
Chief Auditor

Dr. Roland Lüthi-Oetterli
Chief Information Officer

Peter Schnellmann
Sales Leader Branches

Roland Brändli
Sales Leader Auto

Sibylle Gasparini
HR Director

Robert Oudmayer *
Chief Executive Officer

Dr. Emanuel Hofacker *
General Counsel

Volker Gloe *
Chief Risk Officer

Antoine Boubliil *
Chief Financial Officer

Daniel Frei *
Sales Leader Cards

** Member of the Management Board*

IX

21 Jan 2015 15:31



1 year
of being listed

MARKET INDEX	1 YEAR	5 YEAR
DAX	100%	100%
NASDAQ	100%	100%
FTSE 100	100%	100%
S&P 500	100%	100%
EURO STOXX 50	100%	100%
NIKKEI 225	100%	100%
HANG SENG	100%	100%
ASX 200	100%	100%
IBEX 35	100%	100%
NYSE	100%	100%
NYSE EURO	100%	100%
NYSE ASIA	100%	100%
NYSE AMER	100%	100%
NYSE INTL	100%	100%
NYSE COM	100%	100%
NYSE DIV	100%	100%
NYSE GROW	100%	100%
NYSE TECH	100%	100%
NYSE HEALTH	100%	100%
NYSE ENERGY	100%	100%
NYSE FIN	100%	100%
NYSE CONSUM	100%	100%
NYSE UTIL	100%	100%
NYSE TELECOM	100%	100%
NYSE MEDIA	100%	100%
NYSE TRANSPORT	100%	100%
NYSE INFRASTRUCTURE	100%	100%
NYSE REAL ESTATE	100%	100%
NYSE ENERGY SERVICES	100%	100%
NYSE ENERGY EQUIPMENT	100%	100%
NYSE ENERGY SERVICES	100%	100%
NYSE ENERGY EQUIPMENT	100%	100%
NYSE ENERGY SERVICES	100%	100%
NYSE ENERGY EQUIPMENT	100%	100%

SPI
SMI



2

Sustained investor attention.

2014 was the first full business year for Cembra Money Bank as an independent, stock-market listed company. From the successful Initial Public Offering on 30 October 2013, the investors' interest in our Bank remained strong and the number of shareholders has grown to more than 2'500 from over 40 countries.

We look forward to continuing our dialogue with them and remain committed to generate sustainable, long-term shareholder value by executing on our strategy.

Compensation Report

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65	Report of the Statutory Auditor on the Compensation Report to the General Meeting of Cembra Money Bank AG, Zurich

Compensation Report

Message from the Chairman of the Compensation and Nomination Committee

Dear Shareholders

It is my pleasure to inform you that Cembra Money Bank recorded another solid financial result in 2014. Since the IPO in 2013 we made significant progress on our quantitative and qualitative objectives such as business transition, compliance, funding and digitisation. The compensation paid to the members of the Management Board reflects our positive business performance, which was beyond our expectations this year. This link between pay and performance ensures the alignment between the interests of our shareholders and the Management Board.

Transparency related to the compensation of the Board of Directors and Management Board has always been our philosophy. We comply with the Ordinance against Excessive Compensation with respect to Listed Stock Corporations (OaEC) which entered into force on 1 January 2014. Institutional investors also place emphasis on a transparent disclosure of the compensation of the Board of Directors and the Management Board. We, therefore, review the compensation plans continuously to ensure that they align with the interests of our shareholders. We are pursuing a staggered approach to further improve our compensation system.

In 2014 the following changes were initiated to the compensation system:

- The variable compensation for the Management Board is linked to business and individual performance criteria and is paid in the form of cash and restricted stock units (RSUs). The vesting period with regard to the RSUs will be extended by deferring the vesting of the 1st tranche. Instead of one-third vesting annually on each of the first, second and third anniversaries from the date of grant, RSUs granted for the performance year 2015 will vest annually in the second, third and fourth year from the date of grant.
- At the end of 2014, the Bank asked Hay Group to conduct a benchmark study to review the compensation of the members of the Board of Directors as well as of its Management Board. The peer group includes large, medium-sized and small corporations (see also page 64). Although our peer group consists partially of large corporations the size of the company is taken into account and only comparable positions are included in the benchmarking.

We consider the opinions and assistance of our relevant stakeholders extremely valuable when driving improvements in our compensation system. Looking ahead, we will continue to assess and improve our compensation system to foster sustainable performance, prudent risk taking and ensure the link between pay and performance.

Christopher M. Chambers

1 Compensation Principles

The Bank's overall goal is to build on its position as a leading consumer finance provider in Switzerland. The success of the Bank depends largely on the quality and engagement of its employees. Abilities, dedication and motivation of the employees at all levels enable the achievement of shared and individual objectives.

The Bank has generally implemented the principles of the FINMA Circular 2010/1 Remuneration schemes defining minimum standards for remuneration schemes applicable to financial institutions. The implementation of these rules is not mandatory for the Bank. However, the Bank decided to comply with the most important standards, which are applicable to the Bank as a recommendation only, since 2011, defining minimum standards for remuneration schemes applicable to financial institutions.

Key Changes implemented during 2014

The Bank has opted for an early implementation of the requirements of the Ordinance against Excessive Compensation in Listed Corporations (OaEC) and has submitted for proposal the amended Articles of Incorporation at its first General Meeting as a listed company on 13 May 2014 which were approved by shareholders.

The revised Articles of Incorporation include rules on:

- The vote on the compensation of the members of the Board of Directors and the Management Board by the General Meeting (art. 11a)
- The principles regarding the compensation of the members of the Board of Directors and the Management Board (art. 25c, art. 25d, art. 25e, art. 25f, art. 25h)

- Allocation of equity securities, loans, credits and pension benefits not based on occupational pension schemes (art. 25g)
- Additional compensation amount for new hires and promotions for the Management Board (art. 25e).

For more information refer to the Articles of Incorporation which are available on the website: www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles

Guiding Principles

Appropriate compensation principles are the key for the future development of the Bank. The Bank's compensation philosophy is therefore designed to attract, motivate, and retain qualified, talented people that the Bank needs to succeed in a competitive environment. The compensation system is designed to support this fundamental objective and is based on the following three guiding principles:

1. Pay for Performance

Variable compensation of the members of the Management Board is based on the achievements of the Bank's goals as well as the individual contribution to the business results, while creating the tangible link between pay and performance. Clear caps are applied to the variable compensation components.

2. Benchmarking and Market Competitiveness

In line with best practice the Bank regularly benchmarks the compensation for the Bank's executives to verify appropriateness and competitiveness. Objective is to ensure that pay is in line with market developments in order to be able to attract and retain talented executives.

3. Fairness and Transparency

It is the aim of the Bank to provide appropriate and competitive compensation to the employees and to support their development in a high performance environment. The compensation system ensures that the compensation is based on the responsibilities and performance of the employees.

2 Compensation Governance

The compensation paid to the members of the Board of Directors is determined and reviewed annually by the Compensation and Nomination Committee and is submitted to the Board of Directors for approval within the parameters approved by the General Meeting.

The Compensation and Nomination Committee at least once a year reviews and makes a recommendation to the Board of Directors of the form and amount of the compensation of members of the Board of Directors and any additional compensation to be paid for service as Chairperson, for service on Board committees and for service as a chairperson of a committee. In making its recommendation, the Compensation and Nomination Committee gives due consideration to what is customary compensation for directors of comparable companies and any other factors it deems appropriate that are consistent with the policies and principles set forth in the Compensation and Nomination Charter. The member of the Board of Directors concerned shall abstain from voting.

The Compensation and Nomination Committee at least once a year (a) reviews and assesses the goals and objectives upon which the compensation of the CEO and the other members of the Manage-

ment Board is based and (b) evaluates the performance of the CEO and reviews based on the assessment of the CEO the performance of the other members of the Management Board in the light of these goals and objectives. After the performance evaluation of the CEO, the Compensation and Nomination Committee makes a recommendation to the Board of Directors of appropriate individual compensation levels or other terms of employment for the CEO. The Compensation and Nomination Committee considers all factors it deems relevant in its sole judgment including, without limitation, the Bank's performance, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in prior years.

With regard to the other members of the Management Board the Compensation and Nomination Committee at least annually reviews and makes a recommendation to the Board of Directors regarding appropriate compensation levels or other terms of employment as to (a) the annual base salary level, (b) the annual incentive opportunity level and the split into a cash component and a component paid out in RSUs, (c) any employment agreements and other arrangements or provisions, and (d) any special or supplemental benefits.

The Compensation and Nomination Committee holds meetings as often as required, but in any event at least once every quarter. Meetings are also attended by the Human Resources Director and the CEO. Other members of the Management Board and Board of Directors as well as other persons may be invited if deemed necessary. During 2014, the Compensation and Nomination Committee met six times.

For further information about the Compensation and Nomination Committee refer

to the section Corporate Governance starting on page 18.

The following table illustrates the role of the Compensation and Nomination

Committee in approving the amount of the compensation of the members of the Board of Directors as well as the Management Board (subject to any further approval by the General Meeting):

Compensation recipient	Recommended by	Approved by
Chairperson of the Board of Directors	Compensation and Nomination Committee	Board of Directors
Members of the Board of Directors (excluding Chairperson)	Compensation and Nomination Committee	Board of Directors
Chief Executive Officer (CEO)	Compensation and Nomination Committee	Board of Directors
Management Board (excluding CEO)	Compensation and Nomination Committee	Board of Directors

As part of such a review, the Compensation and Nomination Committee takes into account results of benchmarking analyses with comparable companies.

The salaries of the members of the Management Board have been reviewed in comparison with other financial services firms, both public and non-public companies. In 2013, an external consulting firm, Towers Watson, assisted the Bank in performing market benchmarking for determining the 2014 compensation of the members of the Management Board. The peer group included the following companies from the Swiss financial sector: AXA Winterthur, Bank Julius Bär Holding, Bank Vontobel, Banque Cantonale Vaudoise, UBS, Zurich Financial Services, Obwaldner Kantonalbank, SIX Group, Südleasing, Swisscanto, Swisscard AECS, Urner Kantonalbank, and Zürcher Kantonalbank.

Although benchmarking analysis includes the companies of different sizes only comparable positions are included in the analysis.

According to art. 11a of the Articles of Incorporation the approval of compensation is as follows: Each year the General Meeting approves separately the proposals of the

Board of Directors on the aggregate maximum amounts of:

- The compensation of the Board of Directors pursuant to Art. 25c for the term of office until the next ordinary General Meeting;
- The compensation of the Management Board pursuant to Art. 25d that can be awarded and paid, respectively, in the subsequent business year following the General Meeting.

The aggregate maximum compensation amounts approved by the General Meeting are deemed inclusive of social security and pension contributions.

In case the General Meeting does not approve the proposed compensation amounts, the Board of Directors can submit new proposals at the same General Meeting. If no new proposals are submitted or if the new proposals are not approved, the Board of Directors can either convene an extraordinary General Meeting and propose new aggregate compensation amounts or propose new aggregate compensation amounts for retrospective approval to the next ordinary General Meeting.

The shareholders already voted on the compensation of the Board of Directors as well as the Management Board of the Bank at the General Meeting on 13 May 2014. The Bank will submit the 2014 Compensation Report to a consultative vote at the General Meeting on 29 April 2015.

3 Compensation Elements and Total Compensation

3.1 Compensation of the Members of the Board of Directors

This section provides details of the compensation system for the members of the Board of Directors.

3.1.1 Elements

The Board of Directors was newly formed in connection with the IPO in October 2013. The members of the Board of Directors (with the exception of the members who were nominated by General Electric Group) receive a fixed compensation, which consists of a basic fee, including social security and insurance. The members of the Board of Directors do not receive any pension payments. A member of the Board of Directors that has been nominated by General Electric Group will not receive any compensation for his or her services. The fixed compensation underlines the focus on long-term corporate strategy, supervision and governance. The members of the Board of Directors do not receive variable compensation.

The Compensation and Nomination Committee at least annually reviews and makes a recommendation to the Board of Directors of the form and amount of the compensation for the members of the Board of Directors and any additional compensation to be paid for service as Chairperson, for service

on Board committees and for service as a Chairperson of a committee. The members of the Board of Directors, except the members nominated by General Electric Group, have been reimbursed for all reasonable cash expenses that were incurred by them in the discharge of their duties, including reasonable expenses for travelling to and from the meetings of the Board of Directors, meetings of the board committees and the General Meeting.

According to art. 25g of the Articles of Incorporation, the Bank may grant loans, credits, including car lease arrangements, and pension benefits not based on occupational pension schemes to members of the Board of Directors in an amount which shall in total not exceed 50% of the last aggregate maximum compensation amount approved by the General Meeting.

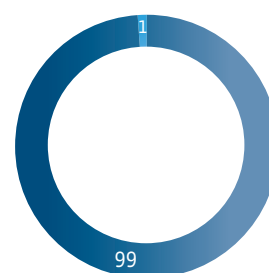
3.1.2 Total Compensation 2014

The following table discloses the compensation received by the members of the Board of Directors in 2014 and 2013, respectively. In 2014, members of the Board of Directors received a total compensation of TCHF 764 (previous year TCHF 353). This is an increase of approximately 116%. The overall higher compensation is due to the fact that the Board of Directors has been increased from four to six members and a pro-rata temporis accrual during 2013 based on the appointment date of the members of the Board of Directors in view of the IPO. Furthermore additional fees have been set to recognise the additional workload in connection with the listing of the Bank.

The presentation of the compensation 2013 figures has been restated to reflect the adoption of the accrual principle. Compensation is recognised in the financial year in which it is accrued.

Performance Year 2014
Compensation Structure

in %



Board of Directors

- Basic fee
- Other compensation

Total contractual compensation for the period General Meeting 2014 to General Meeting 2015 for the Board of Directors is TCH 773

and below the amount of TCHF 900 which was approved by the General Meeting of Shareholders on 13 May 2014.

For the year ended 31 December (CHF)		2014			2013		
Name	Function	Basic fee, incl. social security and insurance	Other compensation	Total	Basic fee, incl. social security and insurance	Other compensation	Total
Dr. Felix A. Weber	Chairperson ¹	320,249	5,000	325,249	159,843	5,000	164,843
Christopher M. Chambers	Vice-Chairperson	160,529	5,000	165,529	80,348	5,000	85,348
Denis Hall ³	Member ²	-	-	-	-	-	-
Richard Laxer ³	Member ²	-	-	-	-	-	-
Prof. Dr. Peter Athanas	Member ⁴	187,014	-	187,014	n/a	n/a	n/a
Urs D. Baumann	Member ⁵	85,808	-	85,808	n/a	n/a	n/a
Peter K�pfer	Chairperson ⁶	n/a	n/a	n/a	103,142	-	103,142
Brendan Gilligan ³	Vice-Chairperson ⁷	n/a	n/a	n/a	-	-	-
Total compensation of the members of the Board of Directors		753,600	10,000	763,600	343,333	10,000	353,333

¹ From 22 August 2013

² From 24 September 2013

³ Nominated by General Electric Group

⁴ From 1 January 2014

⁵ From 13 May 2014; payment made directly to his employer

⁶ Until 22 August 2013

⁷ Until 24 September 2013

Other compensation, fees and loans to members or former members of the Board of Directors

Two members of the Board of Directors (Chairperson and Vice-Chairperson) receive an expense allowance. Apart from this allowance no other compensation or fees were accrued for or paid to any member or former member of the Board of Directors during the reporting period. No member or former member of the Board of Directors had any loan outstanding as of 31 December 2014.

Compensation of members of the Board who left the Bank during the reporting period

No such compensation was incurred during the reporting period.

Clauses on changes of control

The contracts of the members of the Board of Directors (including the Chairperson of the Board of Directors) do not make provision for any agreements in the case of a change of corporate control (change of control clauses).

Compensation or loans to related parties

No compensation or loans have been paid or granted, respectively, to persons related to current or former members of the Board of Directors, which are not at arm's length.

For further information refer to section Corporate Governance starting on page 18.

3.2 Compensation of the Members of the Management Board

3.2.1 Elements

The compensation payable to the Management Board is reviewed annually and consists of:

- A fixed compensation stipulated under the relevant employment contract in accordance with the position, market practice, skills and performance of the person; and
- An annual variable incentive compensation, consisting of a component paid in cash and a component granted in RSUs. RSUs will be settled in shares of the Bank.

According to art. 25g of the Articles of Incorporation, the Bank may grant loans, credits, including car lease arrangements, and pension benefits not based on occupational pension schemes to members of the Management Board in an amount which shall in total not exceed 50% of the last aggregate maximum compensation amount approved by the General Meeting.

The payment of bridge or interim annuities by the Bank to members of the Management Board is possible between early retirement and the statutory retirement age.

Overview compensation of the Management Board:

Component	Paid in	Purpose	Performance measures
Fixed compensation	Cash	Attract and retain	
Variable incentive compensation (annually defined)	<ul style="list-style-type: none"> • Cash • Restricted Stock Units 	<ul style="list-style-type: none"> • Pay for performance • Reward for the achievement of annual targets and individual performance • Alignment with interests of shareholders 	Financial targets: <ul style="list-style-type: none"> • Earnings per share • Asset growth • ROE • Tier 1 capital ratio • Dividend payout Qualitative targets: <ul style="list-style-type: none"> • Business transition • Compliance • Funding • Digitisation

3.2.2 Variable Compensation System

Art. 25h of the Articles of Incorporation contains the principles of the Executive Variable Compensation Plan (“EVCP”) regarding the variable compensation in the form of cash and RSUs for the members of the Management Board as described in more detail below.

The Bank maintains internal guidelines on the Bank’s variable compensation. The EVCP is applicable to the Management Board.

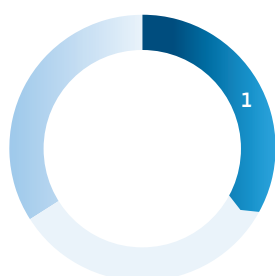
Based on the EVCP, the actual individual annual variable compensation for the Management Board is capped as follows:

- For the CEO, 120% of his annual base salary;
- For the other members of the Management Board, 75% of their respective annual base salary.

The actual awards paid out are driven by both business and individual performance. The determination process of the execu-

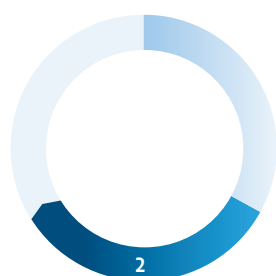
tive variable compensation is based on three steps:

Determination Process of Variable Compensation



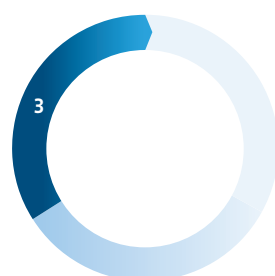
1 Target Pool

- The Target Pool is based on the participant's annual base salary.
- The annual base salary is multiplied by a Target Percentage. The latter is fixed in the employment contract.
- The sum of each Target Funding generates the Target Pool.



2 Approved Pool

- The Approved Pool needs to be approved by the Compensation and Nomination Committee and justified by reaching short-term, medium-term and qualitative targets (see table below).
- The adjustments based on the achievement of these targets can increase or lower the total bonus pool.



3 Individual Variable Compensation

- The Individual Variable Compensation for each participant is based on an assessment of each participant's overall performance (achievement of the goals and objectives and demonstration of the Bank's values).
- Based on this assessment an adjustment (Individual Contribution Factor) is made.

Determination of the Target Pool

Under the EVCP, the participants are assigned a Target Percentage of their annual base salary pursuant to their employment contract ("Target Percentage") for funding purposes. The individual Target Percentage is as follows:

- For the CEO, 80% of his annual base salary;
- For the other members of the Management Board, 50% of their respective annual base salary.

The sum of all participants' Target Percentages multiplied by each participant's annual base salary pursuant to their employment contract with the Bank provides the target pool ("Target Pool"), which serves as a basis from which the actual pool

funding is established. The Target Pool is only a pool funding mechanism and does not guarantee an actual variable incentive compensation payout.

Determination of the Approved Pool

The Board of Directors, based on the recommendation of the Compensation and Nomination Committee, is responsible for determining the pool funding and as such, the actual approved pool on an annual basis.

The approved pool funding is based on a quantitative and qualitative assessment taking into account the short-term, medium-term and qualitative targets (see table below):

Process of Determining the Individual Variable Compensation of the Members of the Management Board.

Step 1: Determination of Target Funding

Annual Base Salary	X	Target Percentage Pursuant to the employment contract	= Target Funding
--------------------	---	--	------------------

Step 2: Determination of Individual Variable Compensation

Target Funding	X	Individual Contribution Factor Pursuant to participant's overall performance	= Actual Variable Compensation
----------------	---	---	--------------------------------

Targets	Criteria	Targets 2014	Achievement 2014
Short-term target (weight 25%)	Earnings per share (EPS)	CHF 4.40 – CHF 4.60	CHF 4.67
Medium-term targets (weight 50%)	Asset growth ¹	In line with Swiss GDP	2.0%
	Profitability (ROE)	15%	17.0%
	Tier 1 capital ratio	18%	20.7%
	Dividend payout ²	60% – 70%	66%
Qualitative targets (weight 25%)		Business transition	
		Compliance	
		Funding	
		Digitisation	

¹ Net financing receivables
² As a percentage of net income

Based on the criteria above, the Board of Directors can make adjustments, either positive (> sum of all participants' target percentage) or negative (< sum of all participants' target percentage) to the Target Pool to determine and approve the final actual pool funding ("Approved Pool").

Determination of the Individual Variable Compensation

The Individual Variable Compensation for each participant is determined within (a) the funding limits of the Approved Pool as well as (b) the applicable cap of Individual Variable Compensation and is based on an assessment of each participant's overall performance.

The participant's overall performance is assessed based on (a) the participant's achievement of the goals and objectives set forth by the Board of Directors for the CEO and by the CEO for the other participants, and (b) the demonstration of Bank values and other relevant factors.

Behaviors, the Bank attaches great importance to, are responsibility and understanding the demands of the customers as well as to satisfying their needs. Also teamwork and respect for other people are important behaviors the Bank values.

Based on the assessment of the participant's overall performance, the Bank applies an individual adjustment ("Individual Contribution Factor") to determine the Individual Variable Compensation.

Participants' actual variable compensation may vary from their target variable compensation and participants are not guaranteed to receive any variable compensation.

The overall performance for the Management Board members is assessed by the CEO and for the CEO by the Compensation and Nomination Committee.

On an annual basis the Compensation and Nomination Committee determines the ratio between the component paid out in cash and component granted in the form of RSUs.

The Committee decided to split the variable incentive compensation for both 2014 and 2013 as follows: 70% in cash and 30% in RSUs.

RSU grants are divided into three equal tranches to vest. The 2014 grant will vest in the three years following the grant date.

As of the performance year 2015 the vesting period is extended. One third of the RSUs granted at any given grant date shall vest on the second anniversary of that grant date, one third of the RSUs shall vest on the third anniversary of that grant date and the final third shall vest on the fourth anniversary of that grant date.

3.2.3 Total Compensation 2014

The presentation of the compensation 2013 figures has been restated to reflect the adoption of the accrual principle. Compensation is recognised in the financial year in which it is accrued. The total compensation for 2013 includes the variable compensation for the performance year 2013 paid out in the first quarter 2014. The total compensation for 2014 includes the variable compensation for the performance year 2014 to be paid out in the first quarter 2015.

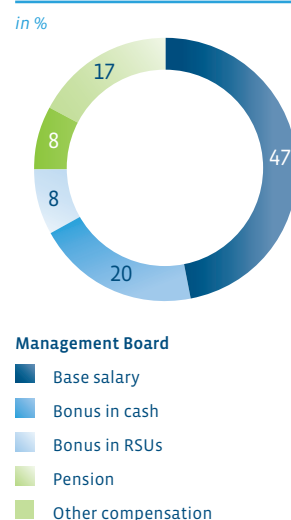
The total compensation of the Management Board for the performance year 2014 amounted to TCHF 4,352 (previous year TCHF 4,749).

Payout of the Individual Variable Compensation for the performance year 2014 will be in the first quarter of 2015 (March).

For the performance year 2014, the portion of the total compensation that is variable amounts to 29% (compared to 30% for 2013).

Total variable compensation for the performance year 2014 of TCHF 1,244 was approved by the Compensation and Nomination Committee on 23 February 2015 and is below the amount of TCHF 2,100 which was approved by the General Meeting of Shareholders on 13 May 2014.

Performance Year 2014
Compensation Structure



For the performance year ended 31 December (CHF)						
	2014			2013		
	CEO	Management Board	Total Compensation	CEO	Management Board	Total Compensation
Base salary ¹	595,329	1,424,254	2,019,583	647,477	1,475,523	2,123,000
Pension plan	157,572	177,683	335,254	175,249	194,240	369,489
Other compensation ²	343,562	409,083	752,644	73,172	741,937	815,109
Total fixed compensation	1,096,463	2,011,019	3,107,482	895,898	2,411,700	3,307,598
EVCP paid in cash ³	413,793	471,307	885,100	493,834	587,426	1,081,260
EVCP granted in RSUs	167,881	191,273	359,154	165,837	194,801	360,638
- Amount of RSUs granted ⁴	2,964	3,377	6,341	2,817	3,309	6,126
- Value at grant date ⁵	56.64	56.64	56.64	58.87	58.87	58.87
Total variable compensation for the performance year	581,674	662,580	1,244,254	659,671	782,227	1,441,898
Total compensation for the performance year	1,678,137	2,673,600	4,351,736	1,555,569	3,193,927	4,749,496
Number of persons receiving compensation			6			6

¹ Includes social security and insurance. Change in CEO base salary from 2013 to 2014 reflects change from an expatriate contract to a local contract.

² Includes certain benefits such as retention payments, expense allowance for housing and school fees

³ Ratio of the cash component related to the overall EVCP amounts to 70% and has been determined by the Compensation and Nomination Committee

⁴ RSUs granted in 2015 and 2014 for the performance years 2014 and 2013

⁵ Value at grant date represents an average share price for the month of February

Highest total compensation

Robert Oudmayer, Chief Executive Officer, received the highest total compensation in 2014. For compensation details, please refer to the table above.

Other compensation, fees and loans to members or former members of the Management Board

Other compensation of TCHF 753 such as retention payments, expense allowance, housing and school fees were accrued for or paid to the members of the Management Board. No other compensation than the amounts reported in the table above or fees were accrued for or paid to a former member of the Management Board during the reporting period. Other than the leasing contract of the CFO no other member or former member of the Management Board had any loan outstanding as of 31 December 2014.

Compensation of Management Board members who left the Bank during the reporting period

No such compensation was accrued for or paid during the reporting period.

Employment contract termination clauses / notice periods and severance agreements of Management Board members

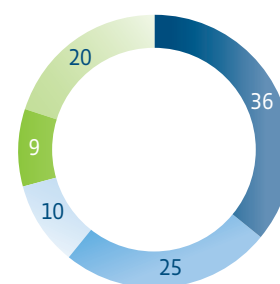
Employment contracts of members of the Management Board are subject to a notice period of a maximum of six months. The contracts concluded with the members of the Management Board do not contain any clauses relating to severance payments.

Clauses on changes of control

The contracts of the Management Board do not make provision for any agreements in the case of a change of corporate control (change of control clauses). For further information refer to section Corporate Governance starting on page 18.

Performance Year 2014
Compensation Structure

in %



Chief Executive Officer

- Base salary
- Bonus in cash
- Bonus in RSUs
- Pension
- Other compensation

Compensation or loans to related parties

No compensation or loans have been paid or granted, respectively, to persons related to current or former members of the Management Board which are not at arm's length.

4 Ownership of Securities

As required by Article 663c of the Code of Obligations, the Bank has to disclose the share and option holdings of the members of the Board of Directors and the members of the Management Board.

Share and Option Holdings of the Board of Directors

At 31 December		2014		2013	
Name	Function	Number of shares	Number of RSUs	Number of shares	Number of RSUs
Dr. Felix A. Weber	Chairperson	2,000	-	2,000	-
Christopher M. Chambers	Vice-Chairperson	5,000	-	5,000	-
Denis Hall	Member	-	-	-	-
Richard Laxer	Member	-	-	-	-
Prof. Dr. Peter Athanas ¹	Member	-	-	n/a	n/a
Urs D. Baumann ²	Member	2,000	-	n/a	n/a

¹ From 1 January 2014

² From 13 May 2014

Share and Option Holdings of the Management Board

At 31 December		2014		2013	
Name	Function	Number of shares	Number of RSUs	Number of shares	Number of RSUs
Robert Oudmayer	CEO	-	5,758	-	2,941
Antoine Boubilil	CFO	-	2,889	-	1,961
Volker Gloe	CRO	-	2,732	-	1,961
Dr. Emanuel Hofacker ¹	General Counsel	-	911	n/a	n/a
Daniel Frei	Sales Leader Cards	-	2,842	-	1,961
Dr. Alain Röthlisberger ²	General Counsel	n/a	n/a	-	1,961

¹ From 10 September 2014

² Until 9 September 2014

Amounts due to / from Members of Governing Bodies

At 31 December (CHF in thousands)	2014	2013
Amounts due from members of governing bodies	3	6
Amounts due to members of governing bodies	331	266

Amounts due from members of governing bodies are in connection with a leasing contract of the CFO.

Amounts due to members of governing bodies relate to personal savings accounts.

5 Outlook and future key aspects

Taking into account the latest market practices and views from shareholders and proxy-advisors the Bank's compensation system for executives will be reviewed continuously to ensure it is aligned with the Bank's long-term goals and supports the Bank in attracting, motivating and retaining talented executives.

In a first step, the Bank has asked Hay Group to conduct a benchmark study for the Board of Directors (four members; excluding two members nominated by General Electric) and the five members of the Management Board to provide insight into market practice with regard to the executive compensation of the Bank's peers.

The following companies were selected as a peer group for the benchmark purpose of the Board of Directors: Allreal Holding AG, Baloise Holding AG, Bank Coop AG, Bank Linth LLB AG, Edmond de Rothschild Suisse, EFG International AG, GAM Holding AG, Helvetia Holding AG, Hypothekbank Lenzburg AG, Intershop Holding AG, Leonteq AG, Mobimo Holding AG, PSP Swiss Property AG, Schweizerische National-Versicherungsgesellschaft AG, Swiss Prime Site AG, Swissquote Group Holding SA, Valiant Holding AG, Vaudoise Assurances Holding SA, Vontobel Holding AG, VZ Holding AG, and WIR Bank Genossenschaft.

For the Management Board the publicly available data based on the peer group selected for the Board of Directors will be combined with data of the following companies: Bombardier Transportation Financial Services S.à.r.l., Credit Suisse, COFRA Holding AG, Helvetia Versicherungen, LeasePlan Schweiz AG, Lloyds TSB Bank plc., Partners Group Holding AG, PSA Finance Suisse SA, Swiss Life, Swiss Re, UBS, and Zurich Financial Services.

The results will be used to continue to refine and evolve the Bank's compensation system taking into account the feedback from shareholders and proxy-advisors.

In addition, the Management Board agreed on financial, personal and qualitative goals for 2015 that are clearly defined and quantified in terms of relative weightings.

Report of the Statutory Auditor on the Compensation Report to the General Meeting of Cembra Money Bank AG, Zurich

We have audited the compensation report dated 24 March 2015 of Cembra Money Bank AG for the year ended 31 December 2014. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 3.1.2, 3.2.3 and 4 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report for the year ended 31 December 2014 of Cembra Money Bank AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Cataldo Castagna
Licensed Audit Expert
Auditor in Charge

Daniel Merz
Licensed Audit Expert

Zurich, 24 March 2015



3

Social engagement.

Being a leading player in a service business, we are well aware that trustful relationships with individuals and partners at various levels are a key success factor. However, giving something back to society is much more than just a mere business driver.

Voluntary engagement is an important part of our Bank's heritage.

We encourage our highly diverse staff from over 40 countries to assume responsibility in their social lives and offer them to participate in numerous volunteering and charitable activities.

Risk Management

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70	Risk Governance Structure
71	Risk Appetite and Limits
71	Credit Risk
72	Assets and Liabilities Management Risk
74	Operational Risk
75	Other Risk
75	Capital Management

Risk Management

Risk Management

Risks are broadly defined as uncertainties potentially resulting in adverse variations of profitability or in losses. The fundamental nature of financial intermediation inherently exposes the Group to various categories of risk such as credit risk, asset and liability management risks, operational risks, and other risks.

The Group ensures relevant legal and regulatory requirements are complied with at all times, prudently takes, monitors, and manages its risks in accordance with its strategic objectives, risk profile, risk appetite and tolerance levels. Risks are managed primarily at Group level and in addition at Bank level if deemed necessary by the management or the regulator.

Risks are managed systematically, comprehensively and actively. The Group promotes a strong risk culture and has established a risk management process consisting of the following core elements:

- Identification of risks across all business activities;
- Assessment, measurement of risks, including stress testing;
- Limitation, mitigation of risks; and
- Effective risk controls and monitoring.

Risk Governance Structure

The Group’s risk governance framework operates along three lines of defence:

- Business functions are responsible for ensuring that a risk and control environment is established and maintained as part of day-to-day operations;
- Control functions provide independent oversight of risks; and
- The internal audit function evaluates the overall effectiveness of the control environment and provides additional independent assurance.

The Board of Directors is ultimately responsible for determining the Group’s risk strategy, risk appetite and corresponding tolerance levels. It ensures that adequate and effective control systems are in place to continually assess and control material risks and it oversees the Group’s risk profile and implementation of the risk management framework and strategies.

The Group has set regulations governing the risk management and control processes. They are supported by a framework of policies and directives, by approval authorities and by reflection of the principle of segregation of duties.

Four working committees have been established:

Committee	Risk Category
Credit Committee	Credit Risk
Asset & Liability Management Committee (“ALCO”)	Asset & Liability Management (“ALM”) Risk, Capital Management
Controllership Council & Enterprise Risk Management Committee (“CCERMC”)	Corporate Governance, Compliance & Operational Risk Management, Internal Control System
Security Council	Physical Security, Business Continuity Management, Disaster Recovery & IT Security

Risk Appetite and Limits

The Group has established a risk appetite framework, including setting up a sound system of integrated risk limits to control overall risk taking. The risk appetite statement serves as a decision making tool for the Management Board. It is reviewed annually by the Board of Directors and takes into account strategic objectives and business plans. The risk profile is regularly assessed versus the risk appetite and reported to the Audit Committee and to the Board of Directors.

Credit Risk

Credit risk refers to the risk that a counterparty may fail to honour its contractual obligations. A consequent loss may include principal, interest and fees, may be complete or partial and can arise from a number of circumstances. The Group is exposed to credit risk on all its lending products.

Delegated by the Board of Directors, the Credit Committee is the decision-making body for managing credit risk. The Chief Risk Officer is the chairperson of the Credit Committee. Together with the CRO, the CEO and CFO are mandatory decision makers of the meeting. Within its competency level, the Credit Committee makes credit decisions for individual counterparties and existing programme renewals where the credit limit exceeds the authority delegated to the CRO. Credit risk metrics and portfolio performance reports are reviewed monthly by the Credit Committee. A summary of the group's credit risk performance is reported to the Audit Committee and to the Board of Directors on a quarterly basis.

The Group maintains a credit competency policy that describes its credit approval competency. It sets a guideline that the Group must follow when making credit decisions for new product introductions, existing programme renewals, as well as the individual counterparty credit approvals. Delegated credit competency authorities are monitored and reviewed regularly to ensure alignment with the risk appetite.

The Group has a stringent underwriting process in place, which is continually monitored and optimised to ensure that credit risk is adequately mitigated. Prior to granting credit, the counterparty's creditworthiness, credit capacity and, where applicable, the collateral are assessed. Creditworthiness is evaluated by an automated internal credit risk rating system (scorecard) by leveraging available information about the customer. The credit capacity of consumers is further evaluated according to the legal regulations of the Swiss Consumer Credit Act. The amount of credit is calculated in accordance with internal models based on the risk profile of the customer. The automated system decision is complemented with manual underwriting in cases where more information is required.

Periodic assessments of the quality of portfolios and specific customer segments are undertaken. Quality and performance of new business is monitored to ensure that the credit approval process continues to adequately mitigate credit risk and that underwriting procedures are being correctly followed. Scorecards are regularly monitored to ensure their performance remains at the expected level and, if required, model changes are implemented. Segmented collection strategies are implemented to tailor activities to customer groups with

different payment behaviors and to ensure optimal resource allocation and effective mitigation of credit risk.

The customer base of the Group primarily comprises natural persons and small and medium enterprises. Concentration risks are regularly assessed and monitored. The large number of borrowers naturally results in a broad credit risk diversification.

Assets and Liabilities Management Risk

As part of its risk management framework, the Group monitors and manages its asset and liability management (“ALM”) risks such as liquidity and funding risks, as well as market risks.

As per delegation from the Board of Directors, ALCO is the decision-making body for all ALM related matters. ALCO is chaired by the CFO and requires the mandatory attendance of the CEO and CRO.

Liquidity and Funding Risks

Liquidity risk is defined as the risk of the Group not having sufficient funds, or being able to secure them only at excessive costs, to meet its contractual obligations as they fall due and support the normal business activities. The Group recognises that liquidity risks are often consequential rather than isolated in nature and arise from the materialisation of other risk types such as strategic, reputation, credit, regulatory, or macroeconomic.

The Board of Directors defines the Group’s liquidity risk tolerance, which is the basis for the group-internal liquidity risk management strategy, the liquidity related directives and the risk steering and control process.

The Group’s liquidity risk management strategy, processes and controls are guided by the Principles for Sound Liquidity Risk Management and Supervision issued by the Basel Committee on Banking Supervision (“BCBS”) and are compliant with FINMA circulars, and are in accordance with the defined liquidity risk tolerance.

As an independent listed entity, the Group aims to maintain a highly conservative liquidity profile; this approach is viewed as an essential safeguard in protecting the reputation of the Group as a stable institution. The Management Board ensures that adequate liquidity levels are maintained to meet operational and regulatory requirements under normal and stressed conditions. Excess liquidity can be invested with two principal objectives in mind: principal preservation and liquidity management. The Group does not engage in trading for profit nor does it perform trading activities on behalf of any of its customers.

The Group maintains a robust stable funding structure on an ongoing basis. It actively seeks to reduce reliance on short term, potentially volatile sources of funding in order to be able to withstand an extended period of limited access to the wholesale funding markets. The Group actively averts building up concentration risk and strategically diversifies its investor base across different business sectors, by individual counterparty, by maturity buckets and across various categories of debt instruments.

The Group monitors regularly the overall condition of funding markets and its ability to access funding via market-wide and Group-specific early warning indicators. These are intended to provide management with timely warning of events that might have a potential unfavourable impact on its access to funding in the near future and, in turn, increase its liquidity risk. The Group has developed a comprehensive process for managing its liquidity in case of stress situations with the primary goal of preventing further escalation and mitigating contagion of the stress events. The contingency funding plan covers the decision-making process that should be followed, possible actionable measures that can be implemented in order to strengthen the liquidity position of the Group, as well as a strategy of proactive communication to key stakeholders. Stress testing results, including detailed stress scenarios are regularly reviewed by the Board of Directors.

As per FINMA requirement, the Group reports Liquidity Coverage Ratios (“LCR”) on a monthly basis to the Swiss regulator. As of 31 December 2014, the Group’s LCR was 864%, well above the regulatory requirement of 100%.

The Net Stable Funding Ratio (“NSFR”) will complement the LCR as part of the new liquidity regulations under Basel III. In November 2014 FINMA announced the beginning of an observation period in preparation of the application of NSFR as a regulatory minimum standard as of 2018. The Group’s NSFR as of 31 December 2014 was above the recommended limit of 100%.

Market Risks

The exposure to market risk factors is very limited. The main source of market risk is interest rate risk (“IRR”). The Group predominantly has fixed interest rate assets and liabilities; therefore it does not face risk from basis mismatches. The primary source of IRR stems from timing mismatches between the expected time of repricing of assets and liabilities respectively. As of 31 December 2014, the Group does not use any hedging instruments to manage its IRR.

The Group monitors IRR by conducting a repricing gap analysis, assuming historically observed repayment behaviour for assets and contractual due dates for liabilities. The interest rate risk shock applied to the repricing gaps is one of a parallel shift in prevailing interest rates of +/- 100 basis points and +/- 200 basis points, taking into account relevant caps and floors for the “shocked” curve.

The Group reports the forecasted values of economic value of equity (lifetime) and earnings at risk (next 12 months) on a weekly basis, as per FINMA circular requirement, and monitors actual IRR performance against the internally defined triggers.

The following table shows the interest rate repricing gaps by expected time to repricing for its interest rate-sensitive financial instruments as of 31 December 2014:

Interest Rate Repricing Gaps

At 31 December 2014 (CHF in millions)	Non- interest bearing	On Sight	0-3 months	4-6 months	7-9 months	10-12 months	13-18 months	19-24 months	2-3 years	3-4 years	4-5 years	5+ years
Rate-sensitive Assets	921	62	489	451	401	345	551	470	546	235	336	2
Rate-sensitive Liabilities	997	0	587	287	213	486	378	705	659	110	174	214
Net gap	-75	62	-98	164	188	-141	173	-236	-113	125	162	-211
Cumulative gap		62	-36	128	316	175	348	112	-1	124	287	75

The Group operates predominantly in the Swiss Consumer Lending Market, borrows and lends exclusively in Swiss Francs and has consequently a very limited foreign currency ("FX") risk. Its exposure to FX fluctuations is limited to that derived from supplier invoices denominated in foreign currencies. The Group monitors such FX exposure closely, and takes immediate action if it exceeds internally set triggers. As of 31 December 2014, the Group does not use hedging instruments to manage its FX risk.

Operational Risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The Group is exposed to a wide variety of operational risks, including technology risk that stems from dependencies on information technology, third-party suppliers and the telecommunications infrastructure. Information security, data confidentiality and integrity are of critical importance.

The Group recognises the importance of the effective management of operational risks and has implemented appropriate processes to minimise them. Various instruments and methods, such as a loss data collection, self-assessments and monitoring of key risk indicators are used to identify, measure and monitor operational risks.

The operational risk reports are reviewed monthly by the CCERMC. A summary report is reviewed by the Audit Committee quarterly and reported to the Board of Directors.

Business Continuity Management

The Group is aware that severe events beyond its control (such as natural disaster) may result in an inability to fulfil some or all of its business obligations, particularly where its physical, telecommunications or IT infrastructure has been damaged or made inaccessible. In compliance with the Recommendation for Business Continuity Management ("BCM") issued by Swiss Bankers Association, the Group has implemented a BCM programme, including identification of critical processes and their dependency on systems, applications and external vendors. The Group maintains a crisis management plan that defines processes that need to be followed in case of a business emergency. The status of the BCM programme and results of annual disaster recovery and business continuity test are reviewed by the Security Council.

Outsourcing

The Group has chosen to use external service providers to support its business activities. With the implementation of an outsourcing policy and a monitoring process, the Group ensures compliance with relevant regulatory requirements. At least

annually, the results of the assessment on material outsourcing counterparties are reviewed by the CCERMC.

Other Risk

The Group has a dedicated Legal and Compliance function for managing, monitoring and reporting legal and compliance risks and material litigations to ensure that it meets relevant legal requirements and regulatory standards in the conduct of the Group's activities.

The Management Board directly manages and supervises strategic risk, business risk and reputational risk. Recognising the fact that reputational risk can be difficult to quantify or be a consequence of another risk, the Group manages reputational risk jointly with other risks by assessing the reputational impact of its decisions.

Capital Management

One of the Group's principal management goals is to maintain strong capitalisation by pursuing a prudent approach to balance sheet growth and implementing a balanced dividend payment strategy.

Methodology for Calculating Minimum Required Capital

The Group uses a "SA-BIS" approach to calculate the minimum requirement for covering credit risk. It is entitled to use the standardised approach to calculate the capital charge for market risk. The Group uses a standardised approach for operational risk management and fulfills the qualitative and quantitative requirements of Capital Adequacy Ordinance (CAO 952.03). The capital charge is CHF 251.7 million for credit risk, CHF 0.03 million for market risk, and

CHF 43.4 million for operational risk as of 31 December 2014.

Capital Adequacy Ratio (CAR)

As of 31 December 2014 the applicable regulatory requirements for a Category IV bank are set by FINMA at 11.2%. The Group aims to consistently operate at a capital base that is well above this mark, defining an internal trigger of a minimum Tier 1 capital ratio of 18% on a Group basis. Compliance with this trigger is monitored at the monthly ALCO meeting. As of 31 December 2014, the Group's Tier 1 capital ratio was 20.6%.

Leverage Ratio

The Basel Leverage standard supplements the Basel III risk-adjusted capital standards, and serves as a backstop. The leverage ratio compares the Group's equity against its total asset base (considering off-balance sheet items) without any risk adjustment. As of 31 December 2014, the Group's leverage ratio was 15.1%, well above the recommended 3%.

Capital Planning

The Group prepares a three year capital plan annually and assesses the impact of several stress scenarios.

As per FINMA requirement, the Group assesses its resilience to adverse macro-economic conditions. In the 2014 stress test, the Group forecasted that it would be in a position to meet the minimum regulatory capital adequacy ratio prescribed by FINMA even under a prolonged severe stress scenario. The capital plan as well as the output of the stress tests are approved by ALCO and presented to the Board of Directors.



4

Seamless transition.

Next to the skills and commitment of our employees, a robust and solid IT platform is key to excel in our service industry. The Bank's independence requires the transition of our IT infrastructure from the global GE platform to a local stand-alone solution. While the Bank's operations must not be interrupted at any time, this process is well underway: A large part of our systems has been already successfully migrated and simultaneously upgraded.

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Management Discussion and Analysis of Financial Condition and Results of Operations

Significant Developments

After the Bank's Initial Public Offering (IPO) on the SIX Swiss Exchange and the re-branding to Cembra Money Bank ("Bank", together with its subsidiaries, "Group") on 30 October 2013, the Bank held its first General Meeting of Shareholders as a listed company in Zurich on 13 May 2014. All agenda items were approved, including a dividend payment of CHF 85.5 million that was paid out of the reserves from capital contributions.

On 3 June 2014, the Bank informed the public that the Swiss Financial Market Supervisory Authority (FINMA) is performing an investigation in connection with allegations of a former agent. On 18 July 2014, the Bank received the final report of the FINMA appointed examiner. Considering the findings in the report the Bank recorded a provision of CHF 3.0 million, as part of its financial results as of 30 June 2014. On 22 December 2014, the Bank received the final position of FINMA. FINMA found that the Bank, in this singular and isolated case, before terminating the relationship with the credit agent in 2011, violated regulatory provisions regarding control and organisation. FINMA acknowledged the measures relating to the organisation, processes and personnel taken by the Bank following the Bank's investigation in 2011 and in conjunction with FINMA's examination in 2014 as sufficient and appropriate in view of the incidents that took place. There were no financial consequences for the Bank other than the cost of the investigation

and the Bank's own legal cost related to the examination, which added up to about CHF 1.5 million. Therefore, the outstanding provision was subsequently released.

In September 2014, the Bank announced a realignment of its management structure. Legal and Compliance were merged under the leadership of Dr. Emanuel Hofacker and Peter Schnellmann was promoted to Sales Leader Branches, overseeing the personal loans business.

In September 2014, the Bank successfully placed a total of CHF 200 million of senior unsecured bonds, with maturities of five and eight years. In connection with this placement, the credit rating agency Standard & Poor's affirmed the Bank's "A-" long-term counterparty credit rating.

In December 2014, the Federal Council (Bundesrat) issued a proposed change to the Ordinance to the Consumer Credit Act (KKG) that intends to cap the maximum contractual interest rate on lending products from the current 15% to a new formula based on a 3-months LIBOR plus a margin of 10%. The consultation period runs until 30 March 2015 and a final decision is expected in course of the year 2015. A potential reduction of the maximum interest rate might potentially have an adverse impact on the Bank's profitability.

On 15 December 2014, the Competition Commission (WEKO) issued a new ruling on domestic interchange fees for the credit card business. The domestic interchange fee will be reduced to 70 basis points by 1 August 2015 and further to 44 basis points by 1 August 2017. The Bank does not expect this to have a significant impact on its profitability given different mitigating measures to be undertaken and the expected growth of its credit cards portfolio.

Market Environment

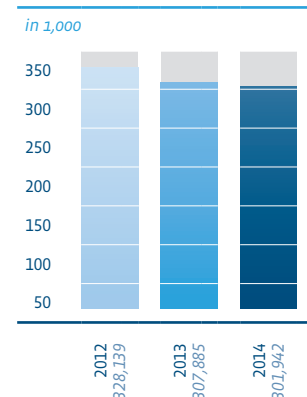
The overall environment in which the Group operates was strongly influenced by historically low interest rates. On one hand, it enabled the Group to raise new funds at very favourable conditions and to reduce its overall cost of funds. On the other hand, this led to price pressure in the auto and personal loans business.

The unemployment rate in Switzerland remained low and was at 3.4% in December 2014, which helped to maintain the provision for losses at a low level. While Switzerland's gross domestic product grew by 2.0% in 2014, the consumer loan market decreased slightly. According to the "Verband Schweizerischer Kreditbanken und Finanzierungsinstitute" (VSKF), the Swiss consumer finance market declined in 2014 by 2.2%. The Group was able to maintain its strong position in the consumer loans market in 2014.

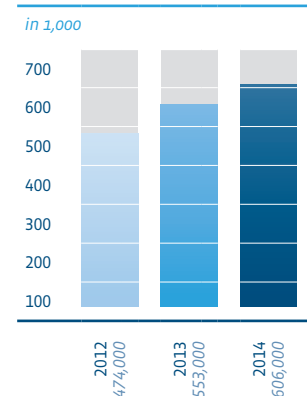
The auto market remained challenging in 2014, reflected in the lower numbers of new car registrations. According to "autoschweiz" statistics about 302,000 new cars were registered in 2014, a decline of 1.9% versus 2013. In 2014, about 839,000 used cars were sold in Switzerland according to "Eurotax Schweiz", a decline of 1.5% versus the previous year. With the Group's strategy to open two regional shared service centres in Switzerland, the Group was able to increase its market share. Credit cards continued to grow and to outperform the overall market. The Group increased the number of issued credit cards by 10% to about 606,000 compared to year-end 2013. In 2014, according to Swiss National Bank (SNB) statistics, the number of issued credit cards in Switzerland grew by about 5% to 6.5 million.

The Group does not have financing receivables in foreign currencies and its activities are based solely in Switzerland, therefore the market fluctuations in exchange rate of Swiss Franc do not impact the results of the Group.

New car registrations in Switzerland



Number of issued Credit Cards



Results of Operations

Key Figures

<i>For the years ended 31 December</i>	2014	2013
Net revenues (CHF in millions)	379.4	354.5
Net interest income (CHF in millions)	301.0	282.6
Net income (CHF in millions)	139.9	132.9
Cost/ income ratio	42.5 %	50.5 %
Net interest margin	7.4 %	7.0 %
Dividend per share (CHF) ¹	3.10	2.85
Earnings per share (CHF)	4.67	4.43
<i>At 31 December</i>	2014	2013
Total assets (CHF in millions)	4,812	4,590
Net financing receivables (CHF in millions)	4,074	3,993
Total shareholders' equity (CHF in millions)	842	799
Return on average shareholders' equity (ROE)	17.0 %	14.1 %
Return on average assets (ROA)	3.0 %	2.9 %
Tier 1 capital ratio	20.6 %	19.7 %
Employees (FTEs)	702	700

¹ As proposed to the General Meeting

Net revenues increased by 7 % to CHF 379.4 million in 2014 compared to prior year. Net interest income contributed 79 % to revenues while commission and fee income accounted for 21 % of revenues. The Group recorded net income of CHF 139.9 million 2014 compared to CHF 132.9 million in 2013,

which is an increase by about 5 % compared to prior year. Return on average shareholders' equity was 17.0 % in 2014 and 14.1 % in 2013 respectively, despite a high Tier 1 capital ratio of 20.6 % and 19.7 % in those periods.

Balance Sheet Analysis

At 31 December (CHF in millions)	2014	2013	Variance	in %
Assets				
Cash and cash equivalents	622	492	130	26
Net financing receivables	4,074	3,993	81	2
Personal loans	1,855	1,861	-6	0
Auto leases and loans	1,662	1,647	15	1
Credit cards	556	485	71	15
Other assets	116	105	11	11
Total assets	4,812	4,590	222	5
Liabilities and shareholders' equity				
Deposits and debt	3,341	2,960	381	13
Deposits	1,941	1,660	281	17
Debt	1,400	1,300	100	8
Due to affiliates (GECC funding)	500	700	-200	-29
Other liabilities	129	131	-2	-2
Total liabilities	3,970	3,790	180	-5
Shareholders' equity	842	799	43	5
Total liabilities and shareholders' equity	4,812	4,590	222	5

Net Financing Receivables

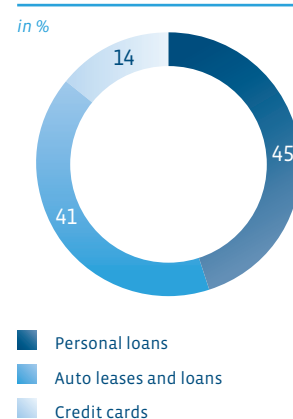
Net financing receivables amounted to CHF 4,074 million as at 31 December 2014, which is an increase of 2% compared to CHF 3,993 million as at 31 December 2013. At the end of 2014 the Group's personal loans accounted for 45%, auto leases and loans accounted for 41%, and credit card business accounted for 14% of its net financing receivables.

Receivables from personal loans remained at a stable level of CHF 1,855 million compared to CHF 1,861 million in the previous year.

Auto leases and loans strengthened its market position despite the challenging market environment. Receivables reached CHF 1,662 million at the end of the year, which is a growth by 1% compared to the previous year.

Credit cards once again recorded a strong growth of 15% compared to 2013 on its receivables portfolio, reaching CHF 556 million as at 31 December 2014 and contributed to the further diversification of the Group's income.

Net Financing Receivables



Funding

The Group maintained an overall stable structure of funding during the year. The deposits base grew by 17% from CHF 1,660 million as at 31 December 2013 to CHF 1,941 million as at 31 December 2014, with the retail segment being the most important contributor to the growth.

The Group maintained a stable level of long-term debt with balances increasing moderately from CHF 1,300 million as at 31 December 2013 to CHF 1,400 million as at 31 December 2014. The focus was on changing the composition of the debt by increasing the granularity of the portfolio and extending its term profile. The Group returned to the capital markets and raised CHF 200 million in unsecured bonds with maturities in 2019 and 2022 respectively. A CHF 200 million facility from a syndicate of Swiss banks maturing in 2014 was successfully renegotiated into a new CHF 150 million

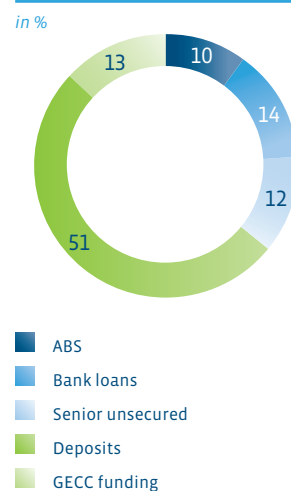
fixed term loan and a CHF 100 million revolving line. The Group signed a new fixed term agreement for three years with a major international bank; CHF 50 million were drawn on the facility as at 31 December 2014, with the remaining CHF 100 million planned to be drawn in the course of 2015. The Group made a partial prepayment on the IPO bridge funding facility with a syndicate of international banks, reducing the balance from CHF 450 million as at 31 December 2013 to CHF 300 million as at 31 December 2014.

The reliance on funding from the former parent, the General Electric Group, was further reduced in the course of the year, from CHF 700 million as at 31 December 2013 to CHF 500 million as at 31 December 2014.

Equity

Total shareholders' equity increased by CHF 43 million to CHF 842 million in 2014. This increase was mainly driven by the current year income of CHF 139.9 million, which was partially offset by the dividend payment of CHF 85.5 million in May 2014 and a decrease in the other comprehensive income ("OCI") of CHF 12.6 million.

Funding Structure



Profit and Loss Analysis

For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Interest income	342.7	343.7	-1.0	0
Interest expense	-32.1	-22.1	10.0	45
Affiliated interest expense	-9.5	-38.9	-29.4	-76
Net interest income	301.0	282.6	18.4	7
Commission and fee income	78.4	71.9	6.5	9
Net revenues	379.4	354.5	24.9	7
Provision for losses on financing receivables	-40.9	-7.0	33.9	484
Compensation and benefits	-95.9	-100.3	-4.4	-4
General and administrative expenses	-65.5	-78.6	-13.1	-17
Total operating expenses	-161.4	-178.9	-17.5	-10
Income before income taxes	177.2	168.6	8.6	5
Income tax expense	-37.3	-35.7	1.6	4
Net income	139.9	132.9	7.0	5
Other comprehensive income	-12.6	20.7	-33.3	-
Comprehensive income	127.3	153.6	-26.3	-17

Interest Income

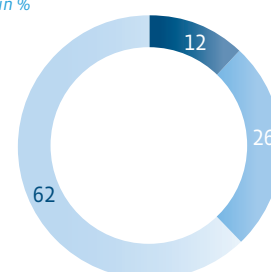
For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Personal loans	214.3	218.5	-4.2	-2
Auto leases and loans	88.2	92.9	-4.7	-5
Credit cards	39.7	32.3	7.4	23
Other	0.5	0.0	0.5	-
Total	342.7	343.7	-1.0	0

The Group's primary source of interest income is personal loans, which accounted for 62% and 64% of interest income in the years ended 31 December 2014 and 2013 respectively. Auto leases and loans accounted for 26% and 27% of interest income

in the years ended 31 December 2014 and 2013 respectively. Credit cards accounted for 12% and 9% of interest income in the years ended 31 December 2014 and 2013 respectively.

Interest Income

in %



- Credit cards
- Auto leases and loans
- Personal loans

The Group's interest income remained stable at CHF 342.7 million in 2014, compared to CHF 343.7 million in 2013, however, there were slight changes in its composition. Interest income from personal loans decreased by CHF 4.2 million, or 2%, from CHF 218.5 million in 2013 to CHF 214.3 million in 2014. This decrease was primarily due to an increase of CHF 1.9 million in amortisation of origination costs, lower other interest income of CHF 0.9 million and a CHF 1.3 million reduction in interest income from personal loans. Interest

income from the Group's auto leases and loans decreased by CHF 4.7 million, or 5%, from CHF 92.9 million in 2013 to CHF 88.2 million in 2014. The decrease was mainly driven by lower interest rates resulting from competitive pressure and a change in product mix. On the contrary, interest income from credit cards increased by CHF 7.4 million, or 23%, from CHF 32.3 million in 2013 to CHF 39.7 million in 2014. This increase was primarily due to higher levels of credit card receivables as a result of an increase in credit cards volumes.

Cost of Funds

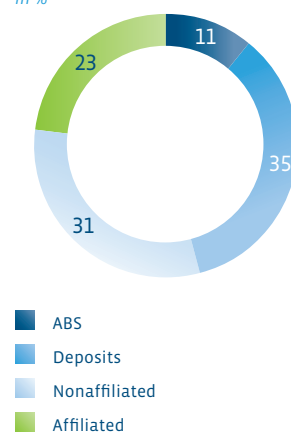
For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Interest expense on securitised receivables (ABS)	4.5	3.7	0.8	22
Interest expense on deposits	14.7	14.3	0.4	3
Interest expense on other nonaffiliated debt	12.9	4.1	8.8	212
Affiliated interest expense	9.5	38.9	-29.4	-76
Total	41.7	61.1	-19.4	-32

The Group's overall cost of funds decreased by CHF 19.4 million, or 32%, from CHF 61.1 million in 2013 to CHF 41.7 million in 2014. The Group's affiliated interest expense was reduced by CHF 29.4 million, or 76%, from CHF 38.9 million in 2013 to CHF 9.5 million in 2014. This was driven primarily by the full repayment of a subordinated loan with the General Electric Group in November 2013 and its replacement with funding from a variety of sources at market rates, resulting in both lower funding balances from affiliates and significantly lower rates charged on them.

The interest expense on other nonaffiliated debt increased by CHF 8.8 million, or 212%, from CHF 4.1 million in 2013 to CHF 12.9 million in 2014. This increase is driven by charges for funding instruments issued in the second half of 2013 in relation to the IPO, such as an unsecured bond of CHF 250 million and a fixed term facility with a syndicate of international banks.

Cost of Funds

in %



Commission and Fee Income

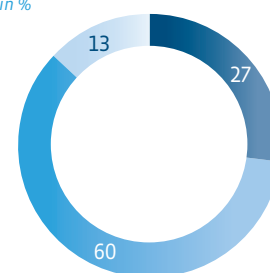
For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Insurance	21.4	19.8	1.6	8
Credit cards	46.9	38.9	8.1	21
Personal loans and other	10.1	13.3	-3.2	-24
Total	78.4	71.9	6.5	9

The Group's commission and fee income increased by CHF 6.5 million, or 9%, from CHF 71.9 million in 2013 to CHF 78.4 million in 2014. This increase was due to higher fee income on credit cards of CHF 8.1 million, or 21%, as a result of the growing

credit card portfolio and slightly higher insurance income. This increase was partially offset by a decrease in fees from personal loans and other of CHF 3.2 million, or 24%, which was mainly attributable to a product transition.

Commission and Fee Income

in %



■ Insurance
■ Credit cards
■ Personal loans and other

Provision for Losses on Financing Receivables

For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Provision for losses on personal loans	30.3	-1.4	31.7	-
Provision for losses on auto leases and loans	6.4	4.1	2.3	57
Provision for losses on credit cards	4.2	4.4	-0.1	-3
Total	40.9	7.0	33.9	484

The Group's provision for losses on financing receivables increased by CHF 33.9 million, or 484%, from CHF 7.0 million in 2013 to CHF 40.9 million in 2014. This increase was primarily due to the impact of a one-off gain

in 2013 of CHF 33.1 million resulting from the sale of a portfolio of loss certificates and the subsequently lower recoveries.

Compensation and Benefits

For the years ended 31 December (CHF in millions)	2014	2013	Variance	in %
Compensation and benefits	95.9	100.3	-4.4	-4

The Group's compensation and benefits decreased by CHF 4.4 million, or 4%, from CHF 100.3 million in 2013 to CHF 95.9 mil-

lion in 2014. The decrease in 2014 was primarily due to lower pension cost.

General and Administrative Expenses

<i>For the years ended 31 December (CHF in millions)</i>	2014	2013	Variance	in %
GECC assessment/TSA	6.1	8.9	-2.7	-31
Professional services	17.5	15.2	2.3	15
Marketing	6.8	13.3	-6.5	-49
Collection fees	6.5	7.2	-0.7	-9
Postage and stationery	8.7	10.1	-1.4	-14
Rental expense under operating leases	5.9	6.0	-0.1	-2
Depreciation and amortisation	2.5	3.2	-0.7	-23
Other	11.5	14.7	-3.2	-22
Total	65.5	78.6	-13.1	-17

The Group's general and administrative expenses decreased by CHF 13.1 million, or 17%, from CHF 78.6 million in 2013 to CHF 65.5 million in 2014. This decrease is primarily due to one-off expenses in 2013 in connection with the IPO and transition to a stand-alone business, including costs related to the separation from the former sole shareholder and rebranding costs. In particular, the Group incurred one-off expenses in 2013 of CHF 10.4 million in rebranding costs, CHF 5.6 million in IPO transaction related costs and CHF 7.3 million in Swiss issuance stamp tax associated with the IPO.

The overall decrease was partially offset by an increase in professional services of CHF 2.3 million, or 15%, from CHF 15.2 million in 2013 to CHF 17.5 million in 2014 that was due to ongoing transition projects. The transitional service agreement ("TSA") fee paid to the General Electric Group amounted to CHF 6.1 million in the year ended 31 December 2014.

Income Tax Expense

<i>For the years ended 31 December (CHF in millions)</i>	2014	2013	Variance	in %
Income tax expense	37.3	35.7	1.6	4

The Group's income tax expense increased by CHF 1.6 million from CHF 35.7 million in 2013 to CHF 37.3 million in 2014, as a result of increased income before income taxes in 2014. The Group's effective tax rate in both

2014 and 2013 was approximately 21%, which is in line with the statutory tax rate resulting from the combination of federal, cantonal and communal corporation taxes in Switzerland.



5

Everlasting excellence.

While Cembra Money Bank is a young and dynamic brand, our roots date back over 100 years. We've always defined ourselves by the ability to reinvent ourselves and adapt to new realities. Coupled with our proficiency and a sound knowledge of our markets, this is an invaluable prerequisite for constantly offering solution-oriented, premium services and operational excellence. This unique position helps us to enhance our leadership in the Swiss consumer finance marketplace.

Consolidated Financial Statements

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95	Consolidated Statements of Comprehensive Income
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132	Report of the Statutory Auditor to the General Meeting of Cembra Money Bank AG, Zurich

Consolidated Statements of Income

<i>For the years ended 31 December (CHF in thousands)</i>	Notes	2014	2013
Interest income	18	342,689	343,675
Interest expense	19	- 32,141	- 22,143
Affiliated interest expense		- 9,536	- 38,940
Net interest income		301,012	282,592
Commission and fee income	20	78,436	71,932
Net revenues		379,448	354,524
Provision for losses on financing receivables	3	- 40,893	- 7,002
Compensation and benefits		- 95,855	- 100,293
General and administrative expenses	21	- 65,509	- 78,615
Total operating expenses		- 161,364	- 178,908
Income before income taxes		177,191	168,614
Income tax expense	13	- 37,341	- 35,737
Net income		139,850	132,877
Earnings per share			
Basic	12	4.67	4.43
Diluted	12	4.66	4.43

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Net income	139,850	132,877
Net prior service credit/cost (-)	- 603	1,887
Actuarial gain/loss (-)	- 11,988	18,787
Total other comprehensive income/loss (-)	- 12,591	20,674
Comprehensive income	127,259	153,551

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Financial Position

At 31 December (CHF in thousands)	Notes	2014	2013
ASSETS			
Cash and cash equivalents		622,333	491,733
Financing receivables, net	3	4,073,595	3,992,921
Property, plant and equipment, net	4	4,891	4,055
Intangible assets, net	5	17,119	2,279
Other assets	6	81,773	82,045
Deferred income taxes	13	12,376	16,545
Total assets ¹		4,812,087	4,589,578
LIABILITIES AND EQUITY			
Deposits	7	1,941,030	1,660,027
Accrued expenses and other payables		103,175	119,448
Due to affiliates	8	500,000	700,000
Long-term debt	8	1,399,701	1,299,547
Other liabilities	10	25,806	11,213
Total liabilities ¹		3,969,712	3,790,235
Common shares		30,000	30,000
Additional paid in capital (APIC)		563,631	647,906
Treasury shares		-1,952	-2,000
Retained earnings		273,609	133,759
Accumulated other comprehensive loss (AOCI)		-22,913	-10,322
Total shareholders' equity		842,375	799,343
Total liabilities and shareholders' equity		4,812,087	4,589,578

¹ The Group's consolidated assets as at 31 December 2014 and 31 December 2013, include total assets of TCHF 571,070 and TCHF 571,116 respectively, of consolidated variable interest entities ("VIEs") that can only be used to settle the liabilities of the VIEs. The Group's consolidated liabilities include liabilities of the VIEs of TCHF 400,000 at 31 December 2014 and 31 December 2013 respectively, for which the VIE creditors do not have recourse to Cembra Money Bank AG.

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

<i>CHF in thousands</i>	Common shares	Treasury Shares	APIC	Retained earnings	AOCl¹	Total equity
Balance at 31 December 2012	30,000	-	811,542	270,682	- 30,996	1,081,228
Net income	-	-	-	132,877	-	132,877
Dividend paid	-	-	- 200,000	- 269,800	-	- 469,800
Change in deferred tax assets related to tax goodwill	-	-	36,239	-	-	36,239
Change in APIC due to share based compensation	-	-	125	-	-	125
Treasury shares	-	- 2,000	-	-	-	- 2,000
Accumulated other comprehensive income before reclassifications, net of deferred tax of -3,671	-	-	-	-	13,811	13,811
Reclassifications from accumulated other comprehensive loss net of deferred tax of -1,824	-	-	-	-	6,863	6,863
Balance at 31 December 2013	30,000	- 2,000	647,906	133,759	- 10,322	799,343
Net income	-	-	-	139,850	-	139,850
Dividend paid	-	-	- 85,500	-	-	- 85,500
Change in APIC due to share based compensation	-	-	1,273	-	-	1,273
Treasury shares	-	48	- 48	-	-	-
Accumulated other comprehensive loss before reclassifications, net of deferred tax of 3,722	-	-	-	-	- 14,001	- 14,001
Reclassifications from accumulated other comprehensive loss net of deferred tax of -375	-	-	-	-	1,410	1,410
Balance at 31 December 2014	30,000	- 1,952	563,631	273,609	- 22,913	842,375

¹ Accumulated other comprehensive loss consists of movements related to the Group's benefit plan obligation. Reclassifications from accumulated other comprehensive loss are classified in the income statement under compensation and benefits. See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	139,850	132,877
Adjustments to reconcile net income to cash provided from operating activities:		
Provision for losses on financing receivables	40,893	7,002
Deferred income taxes	7,519	7,219
Depreciation	1,421	1,590
Amortisation of intangible assets	1,054	1,034
Decrease in accrued expenses	- 16,373	- 21,217
Increase (-)/ Decrease in tax receivables	6,072	- 11,288
Increase in other receivables	- 2,289	-
All other operating activities	237	18,570
Net cash provided by operating activities	178,384	135,787
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in financing receivables	- 122,771	- 22,933
Proceeds from sale of loss certificates	1,305	35,287
Additions to property, plant and equipment	- 2,257	- 1,805
Increase (-) in restricted cash	- 5,295	- 22,627
Additions to intangible assets	- 15,894	-
All other investing activities	-	- 484
Net cash used in investing activities	- 144,912	- 12,563
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in deposits	281,002	379,759
Net change in due to affiliates	- 200,000	- 804,000
Issuance of non-recourse long-term borrowings	-	200,000
Issuance of long-term debt	450,241	696,557
Repayments of long-term debt	- 350,000	-
Dividends paid	- 85,500	- 469,800
All other financing activities	1,385	- 1,875
Net cash provided by financing activities	97,128	641
Net increase in cash and cash equivalents	130,600	123,865
CASH AND CASH EQUIVALENTS		
Beginning of the period	491,733	367,868
End of period	622,333	491,733
SUPPLEMENTAL DISCLOSURE		
Interest paid	- 38,045	- 60,402
Income taxes paid	- 24,080	- 43,982

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Cembra Money Bank, which is headquartered in Zurich, Switzerland, comprises Cembra Money Bank AG (the “Bank” or the parent company) and its subsidiaries Swiss Auto Lease 2012-1 GmbH and Swiss Auto Lease 2013-1 GmbH (collectively the “Group”). The consolidated financial statements reflect the Group’s financial position, results of operations, shareholders’ equity and cash flows and have been prepared in accordance with accounting principles generally accepted in the U.S. (“US GAAP”) and in compliance with Swiss law. The Group’s financial year ends on 31 December. The consolidated financial statements are stated in Swiss francs (CHF) and have been derived from the historical accounting records. The abbreviation TCHF within these financial statements refers to thousands of Swiss francs.

Initial Public Offering of the Bank in 2013

The Bank announced on 3 October 2013 its intention to apply for the listing of all of its issued and outstanding registered shares in accordance with the main standard on the SIX Swiss Exchange and to offer the majority of its shares in an initial public offering (“IPO”). In this transaction, the former sole shareholder GE Capital Swiss Funding AG, whose ultimate parent is the General Electric Company (GE), placed 20,500,000 shares (after exercising the over-allotment option), representing 68.3% of the Bank’s shares, with a nominal value of CHF 1.00 each. The shares (ticker symbol: CMBN) commenced trading on the SIX Swiss Exchange on 30 October 2013.

Reorganisation of the Bank in 2010

The Bank restructured its business operations in 2010. As part of the restructuring, all of the banking business of the Bank’s predecessor (at that time trading under the name GE Money Bank AG) was transferred to the Bank (at that time trading under the name GE Money AG) by way of an asset transfer pursuant to the Swiss Federal Merger Act. The transfer took effect on 1 December 2010, at which point the Bank’s predecessor was renamed GE Capital Swiss Funding AG and the Bank was renamed GE Money Bank AG.

The former GE Money Bank AG was a licensed bank subject to FINMA regulation. Prior to the asset transfer on 1 December 2010, the former GE Money Bank AG refinanced its core business almost exclusively internally within the former sole shareholder group. The new GE Money Bank AG received a banking licence from FINMA upon implementation of the asset transfer and has since been subject to its supervision. The asset transfer resulted in the transfer of the entire banking business of the former GE Money Bank AG, including all assets and liabilities and associated contracts, to the new GE Money Bank AG. Financing activities not related to the core business were not included in the asset transfer and remained with GE Capital Swiss Funding AG. The asset transfer was accounted for under US GAAP as a transfer of assets between entities under common control. Transfers of net assets or exchanges of shares between entities under common control are accounted for at historical cost and as if the transfer had occurred at the beginning of the earliest period.

Consolidation

The consolidated financial statements represent the Bank and all of its majority-owned or controlled subsidiaries. All significant transactions and balances among the Group's consolidated subsidiaries have been eliminated.

An entity is referred to as a variable interest entity (VIE) if it meets the criteria outlined in the Financial Accounting Standards Board ("FASB"), Accounting Standards Codification ("ASC") 810, Consolidation, which are: (a) the entity has insufficient equity to allow it to finance its activities without additional subordinated financial support from other parties, or (b) the entity has equity investors that as a group cannot make significant decisions about the entity's operations or that do not absorb the expected losses or receive the expected returns of the entity. The Group is involved with VIEs through its lease securitisation activities.

In accordance with ASC 810, the Group consolidates a VIE when it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the entity that could be potentially significant to the VIE, i.e. when the Group is determined to be the primary beneficiary of the VIE.

VIEs are continually monitored by the Group to determine if any events have occurred that could cause its primary beneficiary status to change. These events include:

- Additional purchases or sales of variable interests by the Bank or an unrelated third party, which cause the Bank's overall variable interest ownership to change;
- Changes in contractual arrangements in a manner that reallocates expected losses and residual returns among the variable interest holders;
- Changes in the party that has the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- Providing support to an entity that results in an implicit variable interest.

Use of Estimates

Preparing financial statements in conformity with US GAAP requires the management to make estimates based on assumptions about future economic and market conditions that affect reported amounts and related disclosures in the financial statements. Although the Group's current estimates take into account current conditions and how management expects them to change in the future, as appropriate, it is reasonably possible that in 2015 and beyond actual conditions could be worse than anticipated in those estimates, which could materially affect the Group's results of operations and financial position. Among other effects, such changes could result in future impairments of intangible and long-lived assets, incremental losses on financing receivables, and establishment of additional valuation allowances on deferred tax assets. Such changes may also have an impact on the residual values of leased objects and on the actuarial valuation of the projected benefit obligations ("PBO") of the pension fund.

Revenues (Earned income)

Interest Income on Loans and Credit Cards

The Group uses the interest method to recognise income on loans and credit cards. Interest income includes amortisation of direct loan origination costs, as well as nonrefundable origination and annual fees.

The Group stops interest recognition at the earlier of the time at which collection on an account becomes doubtful or the time at which the account becomes 90 days past due. The Group resumes interest recognition on nonaccrual, nonrestructured commercial loans only when (a) payments are received that bring the account to earning status according to the loan's original terms and (b) future payments are reasonably assured. The Group resumes interest recognition on nonaccrual consumer loans when the customer's account cures to less than 90 days past due as a result of payments received.

Interest Income on Leases

Financing lease income is recognised using the interest method to produce a level yield on the outstanding principal. Interest on leases also includes amortisation of initial direct costs. Estimated residual values at the date of lease inception are based upon the Group's initial best estimates of the value of the leased asset at the end of the lease term. The Group uses various data sources in determining this estimate, including information obtained from third parties which is adjusted for the attributes of the specific asset being evaluated. In accordance with ASC 840-1-25-1, residual values that are guaranteed by third party dealers are considered to be part of minimum lease payments.

Other Revenues

Other sources of revenue include commissions earned from the sale of insurance products and other fees earned from the remaining products. The Group, acting as an intermediary between the insurance company and the customer, offers payment protection insurance. The premiums are charged monthly, the Group recognises the commission income as earned; revenue from cards insurance products due annually is amortised over 12 months. Fee revenues primarily comprise credit card fees, such as interchange and other fees, including reminder fees. Interchange and other card fees are recognised when earned, except for the origination and annual fees described under the section "Interest Income on Loans and Credit Cards". Fee revenue is reduced by the costs of any applicable reward programme.

Depreciation and Amortisation

Depreciation of property, plant and equipment is recorded on a straight-line basis over the estimated useful lives of the assets by type of fixed assets.

The cost of intangible assets is generally amortised on a straight-line basis over the asset's estimated useful life. The Group reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Allowance for Losses

The allowance for losses on financing receivables represents the Group's estimate of future probable losses inherent in the portfolio. Losses on financing receivables are recognised when they are incurred. The method of calculating estimated losses depends on the size, type and risk characteristics of the related financing receivables. The Group's loan portfolio consists of smaller-balance, homogenous loans, including credit card receivables, personal loans, auto leases and loans. Each portfolio is evaluated for impairment quarterly. The allowance for losses on these financing receivables is established through a process that estimates the probable losses inherent in the portfolio based upon statistical analyses of portfolio data. These analyses include migration analysis, in which historical delinquency and credit loss experience is applied to the current ageing of the portfolio, together with other analyses that reflect current trends and conditions. Management also considers the Group's historical loss experience to date based on actual defaulted loans and overall portfolio indicators including nonaccrual loans, trends in loan volume and lending terms, credit policies and other observable environmental factors such as the unemployment rate or interest rate movements.

"Nonaccrual financing receivables" are those on which the Group has stopped accruing interest.

"Delinquent" receivables are those that are 30 days or more past due based on their contractual terms.

"Troubled debt restructurings" ("TDRs") are loans or leases where the customer has experienced financial difficulties and is unable to meet the contractual obligations, and as a result the Group has granted concessions to the customer that it would not otherwise consider. The Group does not have any TDRs.

Write Offs and Recoveries

For personal loans and auto leases and loans, the Group maintains a single write off date within each month, which ensures that at each reporting date all accounts meeting the relevant criteria have been written off. The Group writes off unsecured closed-end installment loans and consumer auto finance leases on the monthly write off date after the contract reaches 120 days contractually past due and unsecured open-end revolving loans and commercial auto finance leases on the monthly write off date after the contract reaches 180 days contractually past due. For credit cards, the Group writes off the account on the date the account becomes 180 days contractually past due. Unsecured consumer loans in bankruptcy are written off within 60 days of notification of filing by the bankruptcy court or within the defined write off periods, whichever occurs earlier.

Recoveries are defined as any cash collected after a loan or lease has been written off. Recoveries include the receipt of principal, interest, fees and proceeds from realisation of collateral, debt sales and claims against insurance policies.

Write offs are deducted from the allowance for losses when the Group judges the principal to be uncollectable and subsequent recoveries are added to the allowance for losses at the time cash is received on a written off account.

As part of its business activities, the Group periodically sells previously written off financing receivables to external parties. These transactions are recorded in accordance with ASC 860-20 Sale of Financial Assets.

Provision for Losses

Provision for losses on financing receivables is the expense related to maintaining the allowance for losses at an appropriate level to absorb the estimated probable future losses on financing receivables as at each period-end date. Factors that could influence the provision for losses on financing receivables include:

- The impact of general economic conditions on consumers, including unemployment levels, bankruptcy trends and interest rate movements;
- Changes in consumer spending and payment behaviours;
- Changes in the Group's financing receivables portfolio, including the overall mix of accounts, products and loan balances within the portfolio;
- The level and direction of historical and anticipated loan/lease delinquencies and write offs;
- The credit quality of the financing receivables portfolio, which reflects, among other factors, the Group's underwriting practices and effectiveness of collection efforts; and
- Regulatory changes or new regulatory guidance.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with the Swiss National Bank or other banks and cash equivalents. Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less.

Leases

The Group offers leases of both new and used vehicles (primarily cars but also other auto vehicles including light commercial vehicles, motorcycles and caravans) to private and self-employed individuals and small businesses. These lease transactions are considered and accounted for as direct financing leases as they fulfil the relevant criteria set out in ASC 840. Direct financing leases are carried at the aggregate of lease payments receivable plus the guaranteed residual value of the leased object less unearned income.

Intangible Assets

The cost of intangible assets is amortised on a straight-line basis over their estimated useful lives. Amortisable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets include internally developed and capitalised software. See details as described in note 5.

Income Taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities at the date of the balance sheets and their respective tax bases. Deferred tax assets and liabilities are computed using currently enacted tax rates and are shown on the face of the balance sheet. Income tax expense or benefit is recorded in income tax expense/benefit, except to the extent that the change relates to transactions recorded directly in total shareholders' equity. Deferred tax assets are reduced by a valuation allowance, if necessary, to the amount that management believes will more likely than not be realised. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are enacted by the relevant authority. Deferred tax assets and liabilities are presented on a net basis for the same tax-paying component within the same tax jurisdiction.

The Group determines whether it is more likely than not that an income tax position will be sustained upon examination based on the technical merits of the position. Sustainable income tax positions are then measured to determine the amount of benefit eligible for recognition in the financial statements. Each such sustainable income tax position is measured at the largest amount of benefit that is more likely than not to be realised upon ultimate settlement.

Share-Based Compensation

The Group has currently two share programmes in place. The Group accounts for the compensation cost from share-based payment transactions according to the fair-value-based method. The compensation cost is measured based on the grant-date fair value of the shares and is recognised over the requisite service period with a corresponding credit to equity. The programmes are described in detail in note 22.

Treasury Shares

The Group holds own shares to satisfy commitments arising from its employee share-based compensation programmes. Own shares are recorded at cost and reported as treasury shares, resulting in a reduction to total shareholders' equity. Dividends received on own shares are excluded from the consolidated statements of income and are recorded in shareholders' equity.

Pension Obligation

Pension assumptions are significant inputs to the actuarial models that measure the Group's pension benefit obligation and related effects on operations. The two assumptions regarding the discount rate and expected return on assets are important elements of pension plan expense and asset/liability measurement. The Group evaluates these critical assumptions at least once a year. The measurement date used to perform the actuarial valuation is 31 December. The Group periodically evaluates other assumptions involving demographic factors, such as retirement age, mortality and turnover, and updates them to reflect its experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

Accumulated and projected benefit obligations are measured as the present value of expected payments. The Group discounts those cash payments using the weighted average of market-observed yields for high-quality corporate bonds with maturities that correspond to the expected payment of benefits.

To determine the expected long-term rate of return on pension plan assets, the Group considers current asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future long-term return expectations for its benefit plan assets, the Group formulates views on the future economic environment. The Group evaluates general market trends and historical relationships among a number of key variables that impact asset class returns, such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. The Group also takes into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current allocations.

Fair Value Measurements

For financial assets and liabilities measured at fair value, fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on observable market data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

- Level 1 Quoted prices for identical instruments in active markets.
- Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 Significant inputs to the valuation model are unobservable.

The Group maintains policies and procedures to value instruments using the best and most relevant data available. Shares in investment companies and units in mutual funds which are not directly quoted on a public stock exchange and/or for which fair value is not readily determinable are measured at fair value using net asset value. With regard to Level 3 valuations, the Group performs a variety of procedures to assess the reasonableness of the valuations. Such reviews take into account any changes in the current interest rate and credit environment, as well as any other available published market data.

Off-Balance Sheet Arrangements

The Group is party to certain financial instruments that present the Group with off-balance sheet risk, primarily relating to credit, in the normal course of business. These financial instruments are commitments to extend credit and involve, to varying degrees, elements of both credit and interest rate risk in excess of the balances recognised in the Group's consolidated statements of financial position.

The Group's consolidated maximum exposure to credit losses under these commitments is represented by their total contractual amount. The Group follows the same credit and underwriting policies in making such commitments as it does for on-balance sheet instruments.

2. Accounting Changes

On 1 January 2013, the Group adopted FASB ASU 2013-01, “Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities”, an update to ASC Topic 210 – Balance Sheet. FASB ASU 2013-01 clarifies the scope of FASB ASU 2011-11 and is effective for interim and annual reporting periods beginning on or after 1 January 2013. Adopting this amendment had no effect on the financial statements.

On 1 January 2013, the Group adopted FASB ASU 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (FASB ASU 2013-02), an update to ASC Topic 220 – Comprehensive Income. The amendments require an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. FASB ASU 2013-02 is effective for interim and annual reporting periods beginning on or after 1 January 2013. The amendments affect only the display of those components of equity categorised as other comprehensive income and do not change existing recognition and measurement requirements that determine net income and comprehensive income.

Recently issued accounting standards to be effective in future periods

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09), an update to ASC Topic 606 – Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU outlines key steps that an entity should follow to achieve the core principle. The new standard is effective for annual periods beginning after 15 December 2016. The Group is currently evaluating the impact of the adoption of ASU 2014-09 on the Group’s financial position, results of operations and cash flows.

In June 2014, the FASB issued ASU 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period” (ASU 2014-12), an update to Topic 718 – Compensation – Stock Compensation. The amendments in ASU 2014-12 require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. ASU 2014-12 is effective for interim and annual periods beginning after 15 December 2015 with early adoption permitted. ASU 2014-12 may be adopted either prospectively for share-based payment awards granted or modified on or after the effective date, or retrospectively, using a modified retrospective approach. The modified retrospective approach would apply to share-based payment awards outstanding as of the beginning of the earliest annual period presented in the financial statements on adoption, and to all new or modified awards thereafter. The Group is currently evaluating the impact of the adoption of ASU 2014-12 on the Group’s financial position, results of operations and cash flows.

In August 2014, the FASB issued ASU 2014-15, “Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern” (ASU 2014-15), an update to ASC Topic 205 – Presentation of Financial Statements. The amendments in ASU 2014-15 provide guidance in US GAAP about management’s responsibility to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern and to provide related disclosures in the notes to the financial statements. The amendments are expected to reduce diversity in the timing and content of such disclosures. ASU 2014-15 is effective for the annual reporting period ending after 15 December 2016, and for the interim and annual reporting periods thereafter. Early adoption is permitted. There is no impact expected in connection with the adoption of this ASU for the Group.

3. Financing Receivables and Allowance for Losses

As at 31 December 2014 and 2013 respectively, the Group's financing receivables included lending to private customers, vehicle lease financing, and credit card financing as follows:

<i>At 31 December (CHF in thousands)</i>	2014	2013
Loans	2,645,762	2,580,290
Deferred costs, net	31,107	29,934
Total loans, net of deferred costs	2,676,869	2,610,224
Investment in financing leases, net of deferred income	1,442,735	1,432,288
Financing receivables before allowance for losses	4,119,604	4,042,512
Less allowance for losses	-46,009	-49,591
Financing receivables, net	4,073,595	3,992,921

The majority of the investment in financing leases is related to auto leases. Components of the Group's net investment in financing leases, which are included in financing receivables above, are shown below:

<i>At 31 December (CHF in thousands)</i>	2014	2013
Total minimum lease payments receivable	1,555,687	1,547,836
Deferred income ¹	-112,952	-115,548
Investment in direct financing leases	1,442,735	1,432,288
Less allowance for losses	-5,115	-5,401
Net investment in direct financing leases	1,437,620	1,426,887

¹ Included TCHF 13,785 and TCHF 13,678 of initial direct costs on direct financing leases as at 31 December 2014 and 31 December 2013 respectively.

The subsidiaries held TCHF 520,741 and TCHF 525,321 of net investment in direct financing leases as at 31 December 2014 and 2013 respectively, as collateral to secure third-party debt in securitisations.

See note 16 to the consolidated financial statements for further details of securitisations.

As at 31 December 2014, the Group's contractual maturities for loans and financing leases were:

<i>Due in (CHF in thousands)</i>	Loans	Minimum lease payment receivable
2015	53,155	158,135
2016	166,195	292,035
2017	286,361	390,552
2018	414,998	458,867
2019	593,132	239,884
2020 and later	546,436	16,214
Credit cards and revolving loans	585,485	-
Total	2,645,762	1,555,687

Actual maturities may differ from contractual maturities.

The following table provides further information about financing receivables:

<i>At 31 December (CHF in thousands)</i>	2014	2013
Personal loans	1,890,319	1,899,984
Auto leases and loans	1,669,676	1,654,671
Credit cards	559,609	487,857
Financing receivables, before allowance for losses	4,119,604	4,042,512
Allowance for losses	- 46,009	- 49,591
Financing receivables, net	4,073,595	3,992,921

A summary of activity in the allowance for losses is shown below:

<i>CHF in thousands</i>	Balance at 1 January 2014	Provision for losses	Amounts written off	Recoveries	Transfers	Balance at 31 December 2014
Personal loans	38,829	30,257	- 81,900	48,030	-	35,216
Auto leases and loans	7,536	6,398	- 16,925	10,349	-	7,358
Credit cards	3,226	4,238	- 8,817	4,788	-	3,435
Total	49,591	40,893	- 107,642	63,167	-	46,009
As a % of total financing receivables before allowance						1.1 %

<i>CHF in thousands</i>	Balance at 1 January 2013	Provision for losses	Amounts written off	Recoveries¹	Transfers	Balance at 31 December 2013
Personal loans	38,277	- 1,437	- 84,309	86,298	-	38,829
Auto leases and loans	7,644	4,082	- 18,985	14,795	-	7,536
Credit cards	4,574	4,358	- 7,290	3,290	- 1,706	3,226
Total	50,495	7,002	- 110,584	104,384	- 1,706	49,591
As a % of total financing receivables before allowance						1.2 %

¹ In 2013, previously written off financing receivables were sold to two third parties. The proceeds were recorded as recoveries within the allowance for losses, which resulted in a reduction in the provision for losses of TCHF 33,101, in the Group's financial results as of 31 December 2013.

Credit Quality of Financing Receivables

The Group describes the characteristics of the financing receivables and provides information about payment performance, credit quality indicators, and impairment. The Group manages these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as nonaccrual financing receivables are defined by the authoritative

guidance and the Group bases the categorisation on the related scope and definitions contained in the related standards. The category of delinquent customer accounts is defined by the Group and is used in the process of managing the financing receivables. Definitions of these categories are provided in note 1.

Past Due Financing Receivables

The following table displays payment performance of our financing receivables as percentage of loans and investment in direct financing leases:

At 31 December	2014		2013	
	Over 30 days past due	Over 90 days past due	Over 30 days past due	Over 90 days past due
Personal loans	2.9%	0.7%	2.8%	0.6%
Auto leases and loans	0.9%	0.2%	0.9%	0.2%
Credit cards	1.1%	0.4%	1.0%	0.5%
Total	1.8%	0.4%	1.8%	0.4%

Nonaccrual Financing Receivables

The following table provides further information about financing receivables that are classified as nonaccrual:

At 31 December (CHF in thousands)	2014	2013
Personal loans	12,161	12,070
Auto leases and loans	3,012	3,219
Credit cards	2,408	2,245
Total	17,581	17,534
Nonperforming loan coverage ¹	261.7%	282.8%

¹ Calculated as allowance for losses divided by nonaccrual financing receivables.

Credit Quality Indicators

For its lending products, the Group uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default based on historical default experience, with a default definition of 90 days past due. The five ratings and their associated probabilities of default are

- (a) CR1 0.00% – 1.20%,
- (b) CR2 1.21% – 2.97%,
- (c) CR3 2.98% – 6.99%,
- (d) CR4 7.00% – 13.16% and
- (e) CR5 13.17% and greater.

For private customers the consumer rating is derived from an application credit score that is calculated

through one of the Group's internal scorecards. Each credit score translates into one of the consumer ratings. For commercial customers, an obligor rating (OR) is assigned. The obligor rating can be translated into the grades of the consumer rating.

In addition to regular scorecard monitoring, a parity test is run on a quarterly basis to monitor at portfolio level whether the consumer ratings adequately reflect the credit quality. The parity tests confirm that although a consumer rating may have been assigned more than 12 months ago and so the initial 12-month window for probability of default has passed, the rating still accurately reflects the probability of default.

At 31 December (CHF in thousands)	2014				
	CR1	CR2	CR3	CR4	CR5
Personal loans	742,432	595,617	430,083	119,445	2,743
Auto leases and loans	969,855	526,708	124,421	29,868	18,824
Credit cards	436,615	96,084	25,589	1,292	28
Total	2,148,902	1,218,409	580,093	150,605	21,595
As a % of total financing receivables before allowance for losses	52.2%	29.6%	14.1%	3.7%	0.4%

At 31 December (CHF in thousands)	2013				
	CR1	CR2	CR3	CR4	CR5
Personal loans	792,839	579,110	395,364	119,521	13,150
Auto leases and loans	978,409	500,076	128,031	17,439	30,716
Credit cards	381,936	83,282	21,388	1,145	106
Total	2,153,184	1,162,468	544,783	138,105	43,972
As a % of total financing receivables before allowance for losses	53.2%	28.8%	13.5%	3.4%	1.1%

4. Property, Plant and Equipment

<i>At 31 December (CHF in thousands)</i>	Estimated useful lives (years)	2014	2013
ORIGINAL COST			
Buildings and improvements	(5 – 40)	8,413	7,266
Office equipment	(3 – 10)	12,853	12,917
Total		21,266	20,183
ACCUMULATED DEPRECIATION			
Buildings and improvements		– 5,772	– 5,732
Office equipment		– 10,603	– 10,396
Total		– 16,375	– 16,128
NET CARRYING VALUE			
Buildings and improvements		2,641	1,534
Office equipment		2,250	2,521
Total		4,891	4,055

Depreciation expense was TCHF 1,421 and TCHF 1,590 for the years ended 31 December 2014 and 2013 respectively. The Group did not recognise any impairment losses in 2014 or 2013.

The fire insurance value of buildings was TCHF 919 as at 31 December 2014 and 2013, respectively. The fire insurance value of other tangible assets was TCHF 19,115 as at 31 December 2014 and 2013 respectively.

5. Intangible Assets

At 31 December (CHF in thousands)	2014	2013
Original cost	44,555	28,661
Accumulated amortisation	- 27,436	- 26,382
Net carrying value	17,119	2,279

Capitalised software is amortised over a useful life of one to five years. Amortisation expense related to intangible assets was TCHF 1,054 in 2014 and TCHF 1,034 in 2013 respectively. The weighted average amortisation period of intangible assets is five years as of 31 December 2014. The increase in intangible assets in 2014 is mainly

due to internally developed and capitalised software in connection with IT transition programme following the IPO. Based on the inventory as at 31 December 2014, the Group estimates annual pre-tax amortisation for intangible assets over the next five years to be as follows:

CHF in thousands	2015	2016	2017	2018	2019
Estimated pre-tax amortisation	1,685	2,554	3,676	3,275	2,987

6. Other Assets

At 31 December (CHF in thousands)	2014	2013
Restricted cash	49,732	44,437
Tax receivables	20,529	26,601
Other receivables	6,426	4,137
Deferred expenses	3,853	5,961
Other	1,233	909
Total other assets	81,773	82,045

Restricted cash is cash that is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 49,732 and TCHF 44,437 of restricted cash related to the consolidated VIEs (see note 16) as at 31 December 2014 and 2013 respectively.

The tax receivables as per 31 December 2014 consist of VAT input tax and income tax receivables. Income tax receivables were due to the sale of shares by the former sole shareholder as part of the IPO. More details are provided in note 13.

7. Deposits

The following table presents the maturities of the Group's customers' saving deposits, term deposits and prepaid cards as at 31 December 2014 and 2013 respectively:

<i>At 31 December (CHF in thousands)</i>	2014	2013
On demand	194,531	198,072
Less than 3 months	220,253	321,514
3 to less than 6 months	286,727	296,483
6 to less than 12 months	399,244	388,115
12 months plus, thereof	840,275	455,843
due in 2015	-	182,229
due in 2016	383,236	129,490
due in 2017	159,037	57,493
due in 2018	110,260	72,993
due in 2019	74,116	341
due in 2020 and later	113,626	13,297
Total	1,941,030	1,660,027

There is no term of maturity for on demand saving deposits. All deposits are in Switzerland and denominated in CHF. The weighted average interest rate

on all deposits was approximately 0.80% and 0.83% as at 31 December 2014 and 2013 respectively.

8. Due to Affiliates and Long-term Debt

Due to affiliates and long-term debt is shown below:

At 31 December (CHF in thousands)	Maturity	2014		2013	
		Amount	Contractual interest rate	Amount	Contractual interest rate
Due to affiliates (term)	2016	500,000	1.39 %	500,000	1.39 %
Due to affiliates (revolving)	2016	–		200,000	1.22 %
External debt (bank loan)	2014			200,000	1.59 %
External debt (bank loan)	2017	150,000	0.89 %		
External debt (bank facility)	2017	50,000	0.81 %		
External debt (bank facility)	2016	300,000	1.14 %	450,000	1.14 %
External debt (bank loan)	2018	50,000	0.85 %		
External debt (unsecured bond)	2017	249,663	1.13 %	249,547	1.13 %
External debt (unsecured bond)	2019	100,093	0.75 %		
External debt (unsecured bond)	2022	99,945	1.25 %		
Non-recourse borrowings (Auto ABS) ¹	2015	200,000	0.78 %	200,000	0.78 %
Non-recourse borrowings (Auto ABS) ¹	2016	200,000	0.58 %	200,000	0.58 %
Total due to affiliates and long-term debt		1,899,701		1,999,547	

¹ Related to consolidated VIE

The contractual rate represents the interest due on the relevant debt as at the reporting date, whereas the all-in-rate reflects, in addition to the contractual interest rate, fees and debt issuance costs that are amortised over the expected life of the instrument. As per 31 December 2014 the Group has fixed rate funding only.

In June 2013, the Group launched its second lease asset backed security (“ABS”) transaction and issued a fixed-rate senior note of TCHF 200,000 on the Swiss capital market with a legal maturity of ten years and an optional redemption date of three years from the date of issuance. The Group plans to redeem the note after three years.

The facility from the Group’s affiliates consists of a TCHF 500,000 term loan and a TCHF 500,000 revolving credit facility and has been committed for three years from the date of signing (October 2013), with the option for the Group to extend by two additional years. The term loan portion of the facility has a fixed rate for the initial three years and a floating CHF LIBOR plus margin for the remainder. The all-in-rate over the lifetime of the full

facility amounts to 1.86%, assuming an undrawn portion of the revolving facility of TCHF 500,000. Available unused credit facilities were TCHF 500,000 and TCHF 300,000 as at 31 December 2014 and 2013 respectively, with an applicable commitment fee of 0.25%. The balance of accrued interest and commitment fee for this facility was TCHF 1,593 as at 31 December 2014 and TCHF 1,837 as at 31 December 2013.

In 2014, the Group signed a new agreement with a syndicate of Swiss banks for a three year term. The new facility matures in 2017 and consists of a TCHF 150,000 term loan and a TCHF 100,000 revolving line. As at 31 December 2014 the term loan was fully drawn, whereas TCHF 50,000 were drawn on the revolving line. The Group signed a second agreement on a bilateral basis with an international bank, which is a TCHF 150,000 term loan with maturity in 2018. As at 31 December 2014 the balance drawn on the facility was TCHF 50,000. The Group expects to draw the remaining funds under this facility in the course of 2015. The bank facility maturing in October 2016 is a three year committed term loan with a fixed rate for the initial two years until October 2015 and a

floating CHF LIBOR rate plus margin for the remainder of the term. As at 31 December 2014 the Group has TCHF 300,000 outstanding balances on this facility.

The Group defers the debt issuance costs and amortises them over the expected life-time of the relevant debt instrument.

9. Pension Plan

The Bank participates in a pension plan that provides benefits in accordance with the requirements of the Swiss Occupational Pension Act ("BVG"). The Group's participation in this pension plan has been accounted for as a defined benefit plan in the consolidated financial statements. The funding policy of the Group's pension plan is consistent with the local government and tax requirements.

Until 31 December 2013, the Group's employees participated in a Swiss multi-employer pension plan that had been set up for employees working for Swiss entities of the General Electric Group in Switzerland. The pension plan insured the participating employees against the economic consequences of age, disability and death in accordance with Swiss law. Until 31 December 2013, the pension plan assets and liabilities were allocated to the Bank based on the proportion of the total Bank participants included in the plan and the related actuarial assumptions for those specific participants.

As a result of the IPO, all active employees and the respective pensioners of companies and subsidiaries of the General Electric Group in Switzerland (with the exception of Cembra Money Bank AG) had left the plan as at 1 January 2014. This event triggered a partial liquidation of the pension fund and led to the split of all pension plan assets and liabilities.

The Group recognises an asset for the plan's overfunded status or a liability for the underfunded status in the consolidated statements of financial position. The Group records annual amounts relating to its pension plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return, compensation increases and turnover rates. The Group reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The Group believes that the assumptions utilised in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic costs are recognised as employees render the services necessary to earn the post-retirement benefits.

Apart from temporary staff with an expected duration of employment of less than three months and people receiving a disability pension whose degree of incapacity to perform day-to-day tasks is greater than 70%, all employees aged at least 17 and with an annual base salary exceeding 75% of the applicable maximum single old-age pension are insured. As a general rule, the statutory retirement age is 65; however, early retirement, starting from the age of 58, is possible. The pension plan insures both mandatory occupational benefits and extra mandatory benefits. The Group uses a 31 December measurement date for the plan.

The Group's pension plan participants as at 31 December 2014 and 2013 respectively, were as follows:

<i>At 31 December</i>	2014	2013
Active employees	738	738
Beneficiaries and pensioners	113	108
Total	851	846

The cost of the pension plan is presented below:

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Service cost for benefits earned	6,673	5,517
Prior service credit amortisation	- 763	- 338
Expected return on plan assets	- 6,564	- 5,877
Interest cost on benefit obligations	3,580	2,782
Net actuarial loss amortisation	2,548	6,299
Pension plan cost	5,474	8,383

The actuarial assumptions as at 31 December are used to measure the year-end benefit obligations and the pension costs for the subsequent year. Actuarial assumptions are presented below:

<i>At 31 December</i>	2014	2013
Discount rate	1.00 %	2.00 %
Compensation increases	2.28 %	2.54 %
Expected return on assets	3.25 %	3.75 %

To determine the expected long-term rate of return on pension plan assets the Group considers current asset allocations and historical and expected returns on various categories of plan assets. In developing future return expectations for the pension plan's assets the Group formulates views on the future economic environment. Furthermore, the Group evaluates general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. The Group also takes into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current allocations. Based on the analysis of future expectations of asset performance, past return results and the current asset allocations, the Group assumed a 3.25% long-term expected return on those assets. For the pension plan, the Group applies the expected rate of return to the market value of assets. The Group amortises experience gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over the average future service of employees.

Funding policy for the pension plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. The management expects to contribute approximately TCHF 6,015 to the pension plan in 2015.

Benefit obligations are described in the following tables. Accumulated and projected benefit obligations ("ABO" and "PBO", respectively) represent the obligations of the pension plan for past service as at the measurement date. ABO is the present value of benefits earned to date with benefits computed on basis of current compensation levels. PBO is ABO increased to reflect expected future compensation.

The accumulated benefit obligation was TCHF 201,556 and TCHF 180,162 for 31 December 2014 and 2013 respectively. The change in the projected benefit obligation is presented below:

CHF in thousands	2014	2013
Balance at 1 January	185,624	192,157
Service cost for benefits earned	6,673	5,517
Interest cost on benefit obligations	3,580	2,782
Participant contributions	4,676	3,000
Actuarial loss/gain (-), net	18,974	-5,684
Benefits paid (-)/received, net	-9,308	-9,421
Plan change ¹	-	-2,727
Balance at 31 December	210,219	185,624

¹ In 2013, the board of the pension fund decided to reduce the conversion rate from 6.4% (at age 65) to 6.0% and to increase the savings contributions by 4% (2.0% employee and employer each). The plan amendment gain of TCHF 2,727 corresponds to the PBO reduction due to these plan changes.

Plan assets are reported at fair value. The fair value of the classes of the pension plan's investments is presented below. The inputs and valuation techniques used to measure the fair value of the assets are consistently applied and described in note 1.

The changes in the fair value of plan assets are presented below:

CHF in thousands	2014	2013
Balance at 1 January	176,601	159,456
Actuarial loss/gain (-) on plan assets, net	7,815	17,675
Employer contributions	7,034	5,891
Participant contributions	4,676	3,000
Benefits paid (-)/received, net	-9,308	-9,421
Balance at 31 December	186,818	176,601

The asset allocations are described below:

At 31 December	2014 Target allocation	2014 Actual allocation
Equity securities		
Swiss equity securities	13 %	13 %
Non-Swiss equity securities	23 %	19 %
Debt securities		
Swiss bonds	18 %	16 %
Non-Swiss bonds	17 %	22 %
Real estate funds	19 %	14 %
Other investments	10 %	16 %

The pension fund board sets investment policies and strategies and oversees the investment allocation, which includes selecting investment managers, commissioning periodic asset-liability studies and setting long-term strategic targets. Long-term strategic investment objectives take into consideration a number of factors, including the funded status of the plan, a balance between risk and return and the plan's liquidity needs. Target allocation percentages are established at an asset class level by the pension fund board. Target allocation ranges are guidelines, not limitations, and occasionally the pension fund board will approve allocations above or below a target range. The pension fund board monitors the plan's liquidity position in order to meet the near term benefit payment and other cash needs.

The pension fund assets are invested subject to the following additional guidelines:

- Investment in the following assets may not exceed the following maximum % of total assets in the plan: Swiss bonds 22%, non-Swiss bonds 21%, Swiss equities 16%, non-Swiss equities 30%, real estate funds 29% and alternative funds 20%;
- No single bond may exceed more than 10% of total assets; and
- No single equity security or real estate investment can exceed more than 5% of total assets.

The pension fund did not hold direct investments, but indirect investments through funds. The fair values of the pension plan investments are presented below:

At 31 December (CHF in thousands)	2014			Total
	Level 1	Level 2	Level 3	
Equity securities				
Swiss equity securities	24,652	-	-	24,652
Non-Swiss equity securities	35,019	-	-	35,019
Debt securities				
Swiss bonds	30,825	-	-	30,825
Non-Swiss bonds	40,312	-	-	40,312
Real estate funds	10,318	15,450	-	25,768
Other investments ¹	20,234	10,499	-	30,733
Total investments	161,361	25,949	-	187,309
Other²				- 491
Total assets				186,818

¹ Primarily includes commodities, insurance-linked securities and cash.

² Represents short-term liabilities of the pension plan, primarily related to employees transferring out of the pension plan.

At 31 December (CHF in thousands)	2013			Total
	Level 1	Level 2	Level 3	
Equity securities				
Swiss equity securities	21,968	-	-	21,968
Non-Swiss equity securities	41,665	11,628	-	53,293
Debt securities				
Swiss bonds	31,056	-	-	31,056
Non-Swiss bonds	26,906	-	-	26,906
Real estate funds	9,874	14,509	-	24,383
Other investments ¹	12,912	11,981	-	24,893
Total investments	144,381	38,118	-	182,499
Other²				-5,898
Total assets				176,601

¹ Primarily includes money market funds.

² Represents short-term liabilities of the pension plan, primarily related to the pension plan split as well as to employees transferring out of the pension plan.

The amounts recognised in the statement of financial position consisted of the following:

At 31 December (CHF in thousands)	2014	2013
Funded status	-23,401	-9,023
Pension liability recorded in the statement of financial position		
Other liabilities		
Due after one year	-23,401	-9,023
Net amount recognised	-23,401	-9,023
Amounts recorded in shareholders' equity (unamortised)		
Prior service credit	-2,521	-3,284
Net actuarial loss	31,525	16,350
Total	29,004	13,066

In 2015, the Bank estimates that it will amortise TCHF 644 of prior service credit and TCHF 4,907 of net actuarial loss for the pension plan from shareholders' equity into pension cost.

The estimated future benefit payments are described below:

(CHF in thousands)	2015	2016	2017	2018	2019	2020 - 2024
Pension plan	13,629	13,584	13,386	12,949	12,649	54,252

10. Other Liabilities

This caption primarily reflects the pension plan's funded status of TCHF 23,401 and TCHF 9,023 as at 31 December 2014 and 2013 respectively. It also comprises deferred compensation related to the Group's jubilee plan

amounting to TCHF 2,405 and TCHF 2,190 as at 31 December 2014 and 2013 respectively. The jubilee plan is a voluntary benefit provided by the Group to its employees based on their years of service.

11. Capital Adequacy

The Group is subject to regulation by FINMA. The capital levels of the Group are subject to qualitative judgements by regulators, including FINMA, about the components of capital, risk weightings and other factors.

Since January 2008, the Bank has operated under the international capital adequacy standards known as Basel II set forth by the Basel Committee on Banking Supervision ("BCBS"). These standards affected the measurement of both total eligible capital and risk-weighted assets. In January 2011, as required by FINMA, the Bank implemented the BCBS's "Revisions to the Basel II market risk framework" (Basel 2.5) for FINMA regulatory capital purposes.

As of 1 January 2013, the Group has adopted the Basel III standards as required by FINMA.

The Group's consolidated eligible regulatory capital and the risk-weighted assets have been derived from the Group's consolidated financial statements as at 31 December 2014, which were prepared in accordance with FINMA requirements, and calculated in accordance with applicable Swiss regulatory requirements. The Group uses an "SA-BIS" approach to calculate the minimum requirement for covering credit risk. It is entitled to use the standard approach to calculate the capital charge for market risk. The Group uses a standardised approach for operational risk management and fulfills the qualitative and quantitative requirements of the Capital Adequacy Ordinance (CAO 952.03).

The total eligible regulatory capital of the Group comprises Tier 1, Common Equity Tier 1 (CET1), and Tier 2 capital and consists of shareholders' equity including net income for the current year. Deductions from Tier 1 include, among other items, anticipated but non-declared dividends and deferred tax assets. Risk-weighted assets include consolidated balance sheet assets, off-balance sheet transactions converted into credit equivalents, non counterparty risk, market risk and operational risk from processes, people, systems and external events.

As of 31 December 2014, the Group adheres to the applicable regulatory requirements for a category IV bank set by FINMA. The Group aims to consistently operate with a capital base that is well above this mark. The Bank was

adequately capitalised under the regulatory provisions outlined by FINMA and the Bank for International Settlements.

<i>At 31 December (CHF in thousands)</i>	2014	2013
ELIGIBLE REGULATORY CAPITAL		
Tier 1 capital	760,157	706,972
of which CET1 capital	760,157	706,972
Tier 2 capital	1,845	4,750
Total eligible capital	762,002	711,722
RISK-WEIGHTED ASSETS		
Credit risk	3,123,783	3,048,363
Non counterparty risk	22,358	7,012
Market risk	426	112
Operational risk	542,372	540,113
Total risk-weighted assets	3,688,939	3,595,600
CAPITAL RATIOS		
CET1 ratio	20.6 %	19.7 %
Tier 1 ratio	20.6 %	19.7 %
Total capital ratio	20.7 %	19.8 %

12. Earnings Per Share and Additional Share Information

<i>For the years ended 31 December</i>	2014	2013
Net income attributable to shareholders (CHF in thousands) for basic earnings per share	139,850	132,877
Net income attributable to shareholders (CHF in thousands) for diluted earnings per share	139,850	132,877
Weighted-average number of common shares		
Weighted-average number of common shares issued	30,000,000	30,000,000
Less weighted-average number of treasury shares	39,188	6,536
Weighted-average numbers of common shares outstanding for basic earnings per share	29,960,812	29,993,464
Dilution effect number of shares	32,694	4,902
Weighted-average numbers of common shares outstanding for diluted earnings per share	29,993,506	29,998,366
Basic earnings per share (in CHF)	4.67	4.43
Diluted earnings per share (in CHF)	4.66	4.43

The amount of common shares outstanding has changed as follows:

	2014	2013¹
<i>Common shares issued</i>		
Balance at beginning of period	30,000,000	30,000,000
Issues of common shares	-	-
Balance at end of period	30,000,000	30,000,000
<i>Treasury shares</i>		
Balance at beginning of period	39,215	-
Share based compensation	-938	39,215
Balance at end of period	38,277	39,215
Common shares outstanding	29,961,723	29,960,785

¹ Pre IPO, the Bank performed a share split (1:1,000), resulting in 30,000,000 common shares with a par value of CHF 1.00 each, fully paid. Furthermore, a maximum of 6,900,000 shares (authorised, conditional) are available for issuance without further approval of the shareholders.

13. Income Tax Expense

The provision for income taxes is summarised in the table below:

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Current tax expense	29,822	28,518
Deferred tax expense from temporary differences	7,519	7,219
Income tax expense	37,341	35,737

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the carrying amounts for income tax purposes.

Under Swiss law, a resident company is subject to income tax at the federal, cantonal, and communal levels. The federal statutory tax rate is 8.5%. The cantonal and communal corporation tax rates vary. The Group's effective tax rates for each of the two years ended 31 December was approximately 21%.

Principal components of the Group's deferred tax assets and liabilities are as follows:

<i>At 31 December (CHF in thousands)</i>	2014	2013
ASSETS		
Pension plan	6,091	2,744
Tax goodwill	6,463	13,584
Other	535	993
Total deferred tax assets	13,089	17,321
LIABILITIES		
Deferred loan origination fees and costs	- 713	- 776
Total deferred tax liabilities	- 713	- 776
Net deferred tax assets	12,376	16,545

The management believes that the realisation of the recognised deferred tax assets is more likely than not based on expectations regarding future taxable income. In assessing the realisability of deferred tax assets, the management considers whether it is more likely than not that a portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities,

projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realise the benefits of these deductible differences. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are significantly reduced.

The Group has no unrecognised tax benefits. Management believes that there are no uncertain tax positions that would require a reserve.

In connection with the restructuring in 2010 (described in note 1) and caused by the sale of 68.3% of all outstanding shares of the Bank by the former sole shareholder as part of the IPO, the Group was permitted to retroactively recognise tax goodwill in the amount of CHF 168.8 million as at 1 December 2010 for the purposes of Swiss corporate income tax. The amount of tax goodwill and the tax treatment was agreed with the Zurich cantonal tax authority and the Swiss federal tax authority in September 2013. The tax goodwill is amortised for tax purposes over a period of five years, commencing retroactively on 1 December 2010 and ending on 30 November 2015. The aggregate nominal Swiss corporate income tax benefit from the amortisation of the goodwill is expected to be CHF 36.2 million (for the purposes of the US GAAP financial statements, this amount was recognised as an adjustment to shareholders' equity). The

tax benefit related to the tax periods 2010 to 2013 and 2014 was CHF 22.7 million and CHF 7.1 million respectively, and the benefit in respect of the tax period of 2015 is expected to be a residual amount of CHF 6.4 million until full amortisation of the goodwill. As a further consequence of the IPO, the Group had to pay Swiss issuance stamp tax in 2013 amounting to CHF 7.3 million (before income tax; approximately CHF 5.8 million after income tax). Should the former sole shareholder sell all or part of its remaining shares before 1 December 2015, the Group will be permitted to retroactively recognise additional amortisable tax goodwill of up to CHF 77.7 million, resulting in an additional nominal tax benefit of up to CHF 16.3 million (which would be recognised as an adjustment to shareholders' equity in the Group's future US GAAP financial statements). Correspondingly, the Group would have to pay additional Swiss issuance stamp tax of up to approximately CHF 3.4 million before income tax (approximately CHF 2.7 million after income tax) in the respective year(s) in such a case.

14. Commitments and Guarantees

The Group's guarantees are provided in the ordinary course of business and are underwritten by considering the economic, liquidity and credit risk of the counterparty.

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 6 billion for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of

privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, the Group's share in the deposit insurance guarantee programme was TCHF 5,452 and TCHF 5,742 as at 31 December 2014 and 2013 respectively. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 31 December 2014, the Group considers the probability of a material loss from this obligation to be remote.

As at 31 December 2014 minimum rental commitments under noncancellable operating leases aggregated TCHF 15,254 for the Group. Amounts payable over the next five years follow below.

<i>CHF in thousands</i>	2015	2016	2017	2018	2019
Minimum rental commitments	7,301	5,527	1,027	874	525

For details of rental expense refer to note 21.

15. Financial Instruments

The following table provides information about the assets and liabilities not carried at fair value in the Statement of Financial Position.

The table excludes finance leases and nonfinancial assets and liabilities. For the most part, the assets and liabilities discussed below are considered to be Level 3.

At 31 December (CHF in thousands)	2014		2013	
	Carrying amount net	Estimated fair value	Carrying amount net	Estimated fair value
ASSETS				
Loans	2,635,975	2,684,593	2,566,034	2,618,982
LIABILITIES				
Deposits	-1,941,030	-1,976,162	-1,660,027	-1,678,904
Borrowings	-1,399,701	-1,410,321	-1,299,547	-1,310,015
Due to affiliates	-500,000	-512,374	-700,000	-716,336

Fair values are estimated as follows.

Loans

Based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Deposits and Borrowings

If no market quotes are available, the calculation is based on a discounted future cash flows methodology, using current effective interest rate data or current market interest rate data that is available to the Group for similar financial instruments.

Due to affiliates

Based on a discounted future cash flows methodology using current effective interest rate data.

Asset and liabilities that are reflected in the accompanying financial statements at a carrying value deemed to represent fair value are not included in the above disclosures; such items include cash and equivalents, other assets, accrued expense and other liabilities.

Pension Fund

Refer to note 9 for further details on pension fund.

16. Variable Interest Entities

The Group uses variable interest entities to securitise auto lease financing receivables. The financing receivables are originated by the Bank in the ordinary course of business and transferred to the VIEs. The financing receivables in the VIEs have similar risks and characteristics to the Bank's other lease financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to the Bank's other lease financing receivables.

The Group completed two securitisations, both through consolidated VIEs, to obtain funding backed by its auto lease receivables. The first securitisation, launched in March 2012, involved the issuance of TCHF 200,000 in senior notes with a maturity in 2015, three years from the date of issuance and with a coupon of 0.783 % per annum. The Group completed its second securitisation in June 2013, which involved the issuance of

TCHF 200,000 in senior notes with an optional redemption of three years from the date of issuance, and with a coupon of 0.576 % per annum. Third-party holders of the debt issued by the VIEs only have recourse to the financing receivables owned by the VIEs and not to the Bank's general credit. Contractually, the cash flows from these financing receivables must first be used to pay third-party debt holders and other expenses of the VIEs. Excess cash flows are available to the Bank.

The Bank is the servicer of the VIEs and holds the subordinated interests issued by the VIEs. The Bank therefore benefits significantly from the VIEs and hence the VIEs are being consolidated.

The table below summarises the assets and liabilities of the consolidated VIEs described above:

<i>At 31 December (CHF in thousands)</i>	2014	2013
ASSETS		
Financing receivables, net	520,741	525,321
Other assets	50,329	45,795
Total assets	571,070	571,116
LIABILITIES		
Accrued expenses and other payables	5,136	5,564
Nonrecourse borrowings	400,000	400,000
Total liabilities	405,136	405,564

Revenues from the consolidated VIEs amounted to TCHF 32,866 and TCHF 29,153 for 2014 and 2013 respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,917 and TCHF 2,216 and interest expense of TCHF 3,480 and TCHF 2,772 for 2014 and 2013 respec-

tively. These amounts do not include intercompany revenues and costs, principally fees and interest between the Bank and the VIEs, which are eliminated for consolidation purposes.

17. Related Party Transactions

Generally, the Group directly employs the human resources and owns or leases the equipment and facilities required to operate its businesses. However, prior to the IPO, the General Electric Group and General Electric Capital Corporation (“GECC”), a wholly owned subsidiary of the General Electric Group, provided a variety of products and services to the Group, which included:

- Customer service, transaction processing and a variety of functional support services provided by GECC;
- Employee benefit processing and payroll administration;
- Employee training programmes, including access to training courses;
- Insurance coverage under the insurance programme;
- Information systems, network and related services;
- Leases for vehicles, equipment and facilities; and
- Other financial advisory services such as tax consulting, capital markets services, and trademark licences.

Transactions with GECC and its subsidiaries relating to borrowings are discussed in note 8.

Following the IPO, the Group entered into the Transitional Service Agreement (“TSA”). Under this agreement, GECC and the Group agreed to provide to each other certain transitional services. In particular, GECC provides the Group with agreed information technology, support

and access rights and other operational services that were provided by GECC prior to the IPO and that are necessary for the Group to run as a standalone business for a transitional period during which the Group will be establishing its own information technology systems. The Group also provides certain limited reverse services to GECC.

The Group’s total expense for these services was TCHF 6,123 and TCHF 8,868 for the years ended 31 December 2014 and 2013 respectively.

The total commission income recognised for additional payment protection insurance (which covers the customer’s monthly loan payment in the event of unemployment, accident or sickness) was TCHF 2,662 and TCHF 1,624 for the years ended 31 December 2014 and 2013, respectively. The Group acts as an intermediary between the customers and the affiliated service provider Lighthouse General Insurance Company Limited.

The Group had a net receivable of TCHF 823 and TCHF 574 related to the settlement of the services described above as at 31 December 2014 and 2013 respectively.

18. Interest Income

The details of interest income are shown below:

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Personal loans	214,278	218,462
Auto leases and loans	88,198	92,899
Credit cards	39,655	32,291
Other	558	23
Total	342,689	343,675

19. Interest Expense

The details of interest expense are shown below:

For the years ended 31 December (CHF in thousands)	2014	2013
Interest expense on asset backed securities	4,452	3,658
Interest expense on deposits	14,744	14,340
Interest expense on other nonaffiliated debt	12,945	4,145
Total	32,141	22,143

20. Commission and Fee Income

The details of commission and fee income are shown below:

For the years ended 31 December (CHF in thousands)	2014	2013
Insurance	21,419	19,823
Credit cards	46,918	38,859
Personal loans and other	10,099	13,250
Total	78,436	71,932

21. General and Administrative Expenses

The details of general and administrative expenses are shown below:

For the years ended 31 December (CHF in thousands)	2014	2013
GECC assessment / TSA ¹	6,123	8,868
Professional services	17,465	15,212
Marketing ²	6,771	13,261
Collection fees	6,493	7,170
Postage and stationery	8,742	10,125
Rental expense under operating leases	5,885	6,027
Depreciation and amortisation	2,475	3,219
Other ³	11,555	14,733
Total	65,509	78,615

¹ GECC assessment was replaced by a TSA starting 1 November 2013.

² Marketing includes advertising costs, which are expensed as incurred.

³ The balance as of 31 December 2013 includes TCHF 7,312 Swiss issuance stamp tax expense due to the IPO

22. Share-Based Compensation

The Group currently has two share programmes in place.

In connection with the IPO, the Group has established a One-Off Share Programme as an incentive instrument eligible for active employees at the time of IPO. An amount of CHF 2.0 million was approved by the Board of Directors for this purpose. Under this programme, each of the Group's employees received a number of restricted stock units ("RSUs"). The allocation was based on the relevant employee's level of job seniority. The total number of RSUs issued by the Group under the One-Off Share Programme was 39,215 based on the offer price of CHF 51.00. Each RSU issued under the One-Off Share Programme will generally vest and be settled in shares on the second anniversary of the first day of trading, provided that the relevant participant is still employed by the Group on that date. In the event of a participant's termination of active service at the Group on or prior to such vesting and settlement date, the RSUs will generally be forfeited. Restricted stock units issued under the One-Off Share Programme will be settled out of shares acquired by the Group from the General Electric Group at listing, which the Group is currently holding as treasury shares for such purpose. Participants in the One-Off Share Programme will pay no consideration for the receipt of restricted stock units or the shares in which those restricted stock units will be settled.

The second programme was set up for the senior management team in March 2014. Under this programme, each member of the Group's senior management team receives a number of RSUs based on various factors such as goals and performance. One third of the allocated restricted stock units issued under this programme will generally vest and be settled in shares on each of the first, second and third anniversary of the allocation day, provided that the relevant participant is still employed by the Group on that date. In the event of a participant's termination of active service at the Group on or prior to such vesting and settlement date, the RSUs will be vested on a pro-rata basis. The total number of RSUs under this programme was 9,785 based on the share price of CHF 58.87 at the grant date 1 March 2014. Restricted stock units issued under this programme will be settled out of shares acquired by the Group from the General Electric Group at listing, which the Group is currently holding as treasury shares for such purpose. Participants in this programme will pay no consideration for the receipt of restricted stock units or the shares in which those restricted stock units will be settled.

The following table summarises information about restricted stock units outstanding as at 31 December 2014 and 2013 respectively:

	2014		2013	
	Number of RSUs	Weighted average grant date fair value (CHF)	RSUs	Weighted average grant date fair value (CHF)
RSUs outstanding at 1 January	39,215	1,999,965	39,215	1,999,965
Granted	9,785	576,043	-	-
Vested	- 938	- 47,838	-	-
Forfeited	- 4,717	- 249,799	-	-
RSUs outstanding at 31 December	43,345	2,278,371	39,215	1,999,965
RSUs expected to vest	41,544	2,184,862	29,411	1,499,974

The fair value of each RSU is the market price of the Bank's stock on the date of grant. The weighted average grant date fair value of RSUs granted during 2014 for the senior management plan was CHF 58.87 and for the One-Off Share Programme CHF 51.00 per unit respectively.

As at 31 December 2014 and 2013 respectively, there was TCHF 861 and TCHF 125 of total recognised compensation cost related to nonvested RSUs under One-Off Share Programme. The remaining unrecognised cost of

TCHF 704 is expected to be recognised over a weighted-average period of 10 months, which is approximately TCHF 556 after tax expected to be recognised in 2015.

For the senior management programme the total recognised compensation cost in 2014 was TCHF 252. The remaining unrecognised cost of TCHF 243 is expected to be recognised over a weighted-average period of 26 months, of which approximately TCHF 130 after tax is expected to be recognised in 2015.

23. Supplemental Cash Flow Information

Certain supplemental information related to cash flows is shown below:

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Increase in loans to customers	- 1,684,894	- 1,776,874
Principal collections from customers – loans	1,653,320	1,809,217
Investment in equipment for financing leases	- 793,074	- 741,400
Principal collections from customers – financing leases	777,656	769,272
Net change in credit card receivables	- 75,777	- 83,148
Net increase in financing receivables	- 122,771	- 22,933

24. Off-Balance Sheet Arrangements

As at 31 December 2014 and 2013, the Group was party to the following off-balance sheet financial instruments. The balances represent the Group's maximum contrac-

tual exposure to credit risk resulting from off-balance sheet arrangements:

<i>At 31 December (CHF in thousands)</i>	2014	2013
Ordinary course of business lending commitments	39,036	19,966
Unused revolving loan facilities	59,824	77,060
Unused credit card facilities	2,261,272	2,120,354

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of conditions established in the contract. Commitments generally have fixed expiration dates, or other termination clauses. Loan commitments are most often uncollater-

alised and may be drawn up to the total amounts to which the Group is committed. Total commitment amounts do not necessarily represent future cash requirements as the lines of credit may expire or be terminated without being fully drawn upon. No additional allowance for

losses was deemed necessary for these unused commitments since the Group can terminate the lines of credit at any time unilaterally.

25. Subsequent Events

The Group has evaluated subsequent events from the financial position date through 24 March 2015, the date at which the financial statements were available to be issued.

On 4 March 2015, the Group announced the launch of its third lease asset backed security ("ABS") transaction and issuance of a fixed-rate senior notes of TCHF 200,000 on the Swiss capital market with a legal maturity of ten years and an optional redemption date of four years from the date of issuance.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Cembra Money Bank AG, Zurich

As statutory auditor, we have audited the consolidated financial statements of Cembra Money Bank AG and subsidiaries, which comprise the consolidated statements of financial position, income, comprehensive income, changes in shareholder's equity and cash flows, and notes (pages 94 to 131) for the years ended 31 December 2014 and 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with U.S. Generally Accepted Accounting Principles and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as Auditing Standards Generally Accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the years ended 31 December 2014 and 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with U.S. Generally Accepted Accounting Principles and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Cataldo Castagna
Licensed Audit Expert
Auditor in Charge

Daniel Merz
Licensed Audit Expert

Zurich, 24 March 2015

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Balance Sheet

<i>At 31 December (CHF in thousands)</i>	Notes	2014	2013
ASSETS			
Liquid assets		617,739	484,131
Amounts due from banks		3,814	3,807
Amounts due from customers	4	3,674,393	3,590,238
Financial investments		2,156	2,420
Non-consolidated participating interests		60	60
Tangible fixed assets		22,154	6,591
Accrued income and prepaid expenses		48,377	48,007
Other assets	3	29,647	35,360
Total assets		4,398,340	4,170,614
Total subordinated claims	9	162,217	162,217
Total amounts due from group companies and holders of qualified participations	9	163,062	162,663
LIABILITIES			
Amounts due to banks		971,500	1,067,000
Amounts due to customers in savings or deposit accounts		646,707	667,122
Other amounts due to customers		527,804	734,829
Cash bonds		845,499	550,455
Bond issues and central mortgage institution loans		449,701	249,547
Accrued expenses and deferred income		47,040	42,868
Other liabilities	3	54,810	61,807
Value adjustments and provisions	4	2,515	4,750
Bank's capital	6, 7	30,000	30,000
Legal reserve	7	384,500	470,000
of which general reserve		15,000	15,000
of which capital contribution reserve		369,500	455,000
incl. reserve for treasury shares		1,952	2,000
Other reserves	7	292,000	-
Profit carried forward	7	236	30
Profit for the year	7	146,028	292,206
Total liabilities		4,398,340	4,170,614
Total subordinated liabilities	9	-	-
Total amounts due to group companies and holders of qualified participations	9	264	196
OFF-BALANCE-SHEET TRANSACTIONS			
Contingent liabilities		39,036	19,966
Irrevocable commitments		5,452	5,742

Income Statement

<i>For the years ended 31 December (CHF in thousands)</i>	Notes	2014	2013
INCOME AND EXPENSES FROM ORDINARY BANKING OPERATIONS			
Result from interest operations			
Interest and discount income		372,223	376,233
Interest and dividend income from financial investments		-	-
Interest expense		- 38,196	- 58,310
Subtotal for interest operations		334,027	317,923
RESULT FROM COMMISSION BUSINESS AND SERVICES			
Commission income from other services		103,362	89,859
Commission expense		- 63,931	- 61,662
Subtotal for commission business and services		39,431	28,197
OTHER RESULT FROM ORDINARY ACTIVITIES			
Other ordinary income		4,132	3,519
Subtotal for other result from ordinary activities		4,132	3,519
OPERATING EXPENSES			
Personnel expenses		- 97,582	- 100,446
General and administrative expenses		- 60,326	- 68,002
Subtotal for operating expenses		- 157,908	- 168,448
Gross profit		219,682	181,191
Depreciation and amortisation of fixed assets		- 2,481	- 3,225
Value adjustments, provisions and losses	4	- 41,469	- 40,056
Result before extraordinary items and taxes		175,732	137,910
Extraordinary income	10	1,563	184,221
Taxes		- 31,267	- 29,925
Profit for the year		146,028	292,206

Appropriation of Profit

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Profit for the year	146,028	292,206
Profit carried forward	236	830
Reclassification from profit carried forward to other reserves	0	- 800
Distributable profit	146,264	292,236
Appropriation of profit as proposed to the General Meeting		
Allocations to other reserves	- 146,000	- 292,000
Profit carried forward	264	236
Other reserves brought forward	292,000	269,000
Reclassification from profit carried forward to other reserves	-	800
Extraordinary dividend payment out of other reserves	-	- 269,800
Allocation from distributable profit	146,000	292,000
Reclassification of legal reserves from capital contributions into other reserves	93,000	85,500
Regular dividend payment out of other reserves	- 93,000	- 85,500
Other reserves after allocations and dividend payments	438,000	292,000

Notes to the Individual Financial Statements

1. Explanatory Notes to the Bank's Business Activities, Number of Staff Employed and Risk Management

Business activities, staffing levels and risk management at the Bank are largely identical to those of the Group, as none of the subsidiaries employs personnel, and the assets and liabilities are largely managed by employees of the Bank.

Refer to the consolidated financial statements for more detailed information.

2. Accounting and Valuation Principles of the Individual Financial Statements

General Principles

Accounting and valuation principles are based on the Code of Obligations, the Banking Law, its relevant regulation, the articles of incorporation and the guidelines of FINMA.

Significant Valuation and Income Recognition Differences between US GAAP and Swiss GAAP Bank Law

The Bank's consolidated financial statements have been prepared in accordance with US GAAP. FINMA requires Swiss-domiciled banks which present their financial statements under either US GAAP or International Financial Reporting Standards (IFRS) to provide a narrative explanation of the major differences between Swiss GAAP banking law and the primary accounting standard.

The principal provisions of the Banking Ordinance and the FINMA Circular 2008/2 "Accounting – banks" governing financial reporting for banks (Swiss GAAP) differ in certain aspects from US GAAP. The following are the major differences:

Under US GAAP, the liability and related pension expense is determined based on the projected unit credit actuarial calculation of the benefit obligation. Under Swiss GAAP, the liability and related pension expense is primarily determined based on the pension plan valuation in accordance with Swiss GAAP FER 26.

Under US GAAP, the requirements for showing certain transactions as extraordinary income or expenses vary significantly from the respective requirements under Swiss GAAP. In this year's consolidated financial statements, the proceeds from the sale of a portfolio of loss certificates with respect to previously written off financing receivables are shown as a reduction of losses. According to Swiss GAAP bank law (true and fair), this would have been shown as an extraordinary income.

Events After the Balance Sheet Date

The Bank has evaluated subsequent events from the financial position date through 24 March 2015 the date at which the financial statements were available to be issued.

There were no events after the balance sheet date.

Changes in the Accounting and Valuation Principles as Compared to the Previous Year

There were no significant changes in the accounting and valuation principles in 2014 compared to previous year.

Recently issued accounting standards to be effective in future periods

The Bank will implement the new FINMA Circular 2015/01 “Accounting – banks” in 2015. The new circular replaces Circular 2008/2. There is no significant impact expected for the Bank resulting from the implementation of the new standard.

3. Other Assets and Liabilities

At 31 December (CHF in thousands)	2014		2013	
	Other assets	Other liabilities	Other assets	Other liabilities
Indirect taxes	20,541	18,699	15,046	17,433
Settlement accounts	2,421	34,437	4,209	40,933
Amounts due from the sale of insurance products	3,262	-	1,727	-
Matured, but unredeemed coupons and debt instruments	-	218	-	950
Various assets and liabilities	3,423	1,456	14,378	2,491
Total other assets and liabilities	29,647	54,810	35,360	61,807

4. Value Adjustments and Provisions

CHF in thousands	Balance as per 31 December 2013	Use in conformity with designated purpose	Redesignation of purpose (reclassifications)	Recoveries, past due interest	New provisions charged to income	Releases to income	Balance as per 31 December 2014
Value adjustments and provisions for default risks	48,457	-104,258	-	60,318	108,986	-68,802	44,701
Other provisions	4,750	-3,972	-	-	3,098	-1,361	2,515
Total value adjustments and provisions	53,207	-108,230	-	60,318	112,084	-70,163	47,216
Less value adjustments directly offset against assets	-48,457						-44,701
Total value adjustments and provisions as per balance sheet	4,750						2,515

5. Bank's Capital and Holders of Interests Exceeding 5 % of all Voting Rights

	2014			2013		
	Total par value in CHF	Number of shares or interests	Capital eligible for dividend in CHF	Total par value in CHF	Number of shares or interests	Capital eligible for dividend in CHF
Bank's capital						
Share capital	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Total	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000	30,000,000
Significant shareholders with voting rights						
			Share as %			Share as %
GE Capital Swiss Funding AG, Zurich	9,460,785	9,460,785	31.5	9,460,785	9,460,785	31.5

Indirect holders of interests

GE Capital Global Financial Holdings, Inc., Connecticut, USA

General Electric Capital Corporation, Delaware, USA

General Electric Company, Connecticut, USA

6. Statement of Shareholders' Equity

CHF in thousands

Equity at beginning of current year	
Bank's capital	30,000
Legal reserve	470,000
of which general reserve	15,000
of which capital contribution reserve	455,000
incl. reserve for treasury shares	2,000
Other reserves	-
Distributable profit	292,236
Total equity at beginning of current year (before appropriation of profit)	792,236
Dividend payment to shareholders	- 85,500
Profit for the current year	146,028
Total equity at end of current year (before appropriation of profit)	852,764
of which	
Bank's capital	30,000
Legal reserve	384,500
of which general reserve	15,000
of which capital contribution reserve	369,500
incl. reserve for treasury shares	1,952
Other reserves	292,000
Distributable profit	146,264

7. Share and Option Holdings of the Governing Bodies of the Bank

The governing bodies comprise the members of the Board of Directors and the Management Board of the Bank. As required by Article 663c of the Code of Obligation, the Bank has to disclose the share and option holdings of the members of the Board of Directors and the members of the Management Board.

Furthermore, all loans granted to this population need to be described.

All information related to the compensation to the governing bodies of the Bank can be found in the compensation report of the Group.

Share and Option Holdings of the Board of Directors

At 31 December		2014		2013	
Name	Function	Number of shares	Number of RSUs	Number of shares	Number of RSUs
Dr. Felix A. Weber	Chairperson	2,000	–	2,000	–
Christopher M. Chambers	Vice-Chairperson	5,000	–	5,000	–
Denis Hall	Member	–	–	–	–
Richard Laxer	Member	–	–	–	–
Prof. Dr. Peter Athanas ¹	Member	–	–	n/a	n/a
Urs D. Baumann ²	Member	2,000	–	n/a	n/a

¹ From 1 January 2014

² From 13 May 2014

Share and Option Holdings of the Management Board

At 31 December		2014		2013	
Name	Function	Number of shares	Number of RSUs	Number of shares	Number of RSUs
Robert Oudmayer	CEO	–	5,758	–	2,941
Antoine Boubliil	CFO	–	2,889	–	1,961
Volker Gloe	CRO	–	2,732	–	1,961
Dr. Emanuel Hofacker ¹	General Counsel	–	911	n/a	n/a
Daniel Frei	Sales Leader Cards	–	2,842	–	1,961
Dr. Alain Röthlisberger ²	General Counsel	n/a	n/a	–	1,961

¹ From 10 September 2014

² Until 9 September 2014

Amounts due to/from Members of Governing Bodies

At 31 December (CHF in thousands)	2014	2013
Amounts due from members of governing bodies	3	6
Amounts due to members of governing bodies	331	266

Amounts due from members of governing bodies are in connection with a leasing contract of the CFO. Amounts due to members of governing bodies relate to personal savings accounts.

8. Amounts Due to/from Related Companies

<i>CHF in thousands</i>	2014	2013
Amounts due from related companies	163,062	162,663
Amounts due to related companies	264	196

Amounts due to/from related companies are related to daily transaction settlements.

9. Transactions with Related Parties

As at 31 December 2014, the Bank granted loans to its subsidiaries amounting to TCHF 162,217. The interest income from these loans amounted to TCHF 23,033.

As at 31 December 2014, the Bank had a term loan from its former sole shareholder amounting to TCHF 500,000.

10. Explanatory Notes on Extraordinary Income and Value Adjustments and Provisions No Longer Required

<i>For the years ended 31 December (CHF in thousands)</i>	2014	2013
Release of hidden reserve	-	125,000
Release of provisions for pension benefit obligations	-	7,730
Sale of a portfolio of loss certificates	1,205	33,101
Other income	358	18,390
Total	1,563	184,221

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Cembra Money Bank AG, Zurich

As statutory auditor, we have audited the financial statements of Cembra Money Bank AG, which comprise the balance sheet, income statement and notes (pages 136 to 144) for the year ended 31 December 2014.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Cataldo Castagna
Licensed Audit Expert
Auditor in Charge

Daniel Merz
Licensed Audit Expert

Zurich, 24 March 2015

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Publisher: Cembra Money Bank AG, Zurich
Design: Cembra Money Bank AG, Zurich
Photography: Daniel Hager (Zurich) and Giuliano Di Marco (Zurich)
Production: Neidhart + Schön AG, Zurich
Printer: Sprüngli Druck AG, Villmergen
Edition: Printed version (1,000x) in German and English language – also online available on www.cembra.ch

In order to improve the legibility of the present annual report, when it comes to gender specific definitions, the Annual Report publishes in male version; as a matter of course always both genders are meant.

This report also appears in German. In the event of inconsistencies between the English or German version of the Annual Report, the original English version prevails.

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cembra.ch
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