Annual Report 2015

Cembra
MoneyBank

Group Report

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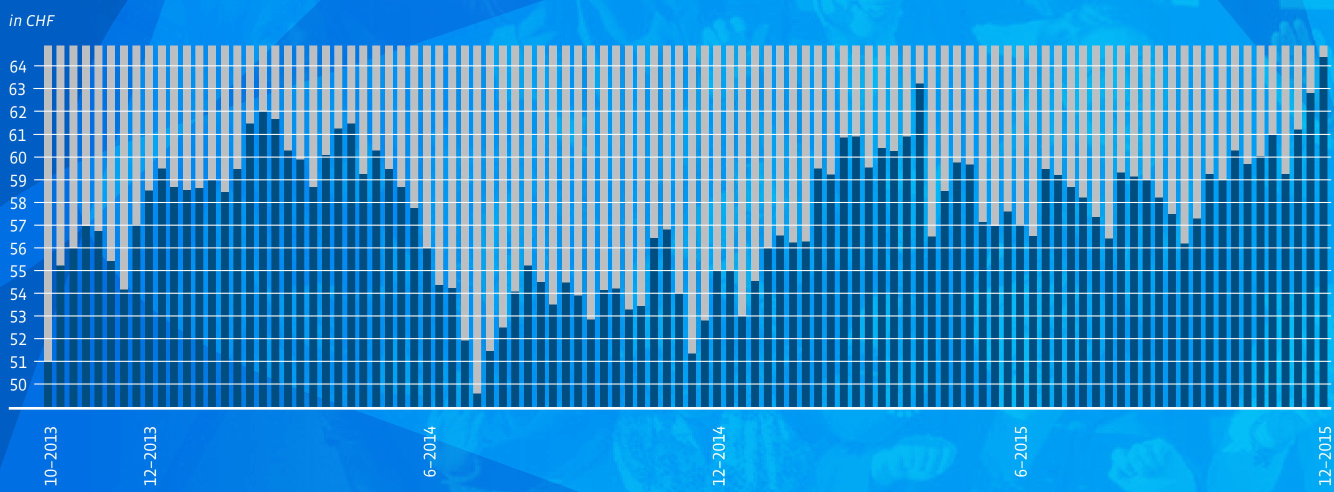
Key Figures

For the years ended 31 December (CHF in millions)	**2015**	2014	2013
Net interest income	**301.9**	301.0	282.6
Commission and fee income	**86.7**	78.4	71.9
Net revenues	**388.7**	379.4	354.5
Provision for losses	**– 43.6**	– 40.9	– 7.0
Total operating expenses	**– 161.5**	– 161.4	– 178.9
Net income	**145.0**	139.9	132.9
Cost / income ratio (in %)	**41.5 %**	42.5 %	50.5 %
Net interest margin (in %)	**7.3 %**	7.4 %	7.0 %
Total assets	**4,749**	4,812	4,590
Net financing receivables	**4,063**	4,074	3,993
Personal loans	**1,784**	1,855	1,861
Auto leases and loans	**1,661**	1,662	1,647
Cards	**617**	556	485
Shareholders' equity	**799**	842	799
Return on average shareholders' equity (ROE in %)	**17.7 %**	17.0 %	14.1 %
Return on average assets (ROA in %)	**3.0 %**	3.0 %	2.9 %
Tier 1 capital ratio (in %)	**19.8 %**	20.6 %	19.7 %
Employees (full-time equivalent)	**715**	702	700
Credit rating (S & P)	**A –**	A –	A–
Basic earnings per share (in CHF)	**5.04**	4.67	4.43
Dividend per share (in CHF)	**3.35**	3.10	2.85
Share price (in CHF)	**64.40**	55.00	58.55
Market capitalisation	**1,932**	1,650	1,757

Share price: Cembra Money Bank AG



Facts

37,000,000

credit card transactions have been processed by Cembra Money Bank in 2015

701,000

customers trust Cembra Money Bank as their preferred partner

106,000

cars have been financed by Cembra Money Bank

5,666

registered shareholders of Cembra Money Bank

715

full-time employees from 42 different nations work for Cembra Money Bank

25

Cembra Money Bank branches across Switzerland

Dear Shareholders

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

Commission and fee income growing double-digit

Net revenues increased by 2 % to CHF 388.7 million in 2015. Net interest income was flat at CHF 301.9 million. The positive effect from lower funding rates on the market was offset by the charge for negative rates paid to the SNB. Commission and fee income was 11 % higher at CHF 86.7 million mainly due to an 18 % increase in credit card fee income. Our prudent risk management approach was reflected in low provisions for losses on financing receivables of CHF 43.6 million, equivalent to a loss rate of 1.1 % of financing receivables. Delinquency metrics in our portfolio remained stable with a non-performing loan ratio of 0.4 %. Costs remained well under control as the cost/income ratio of 41.5 % proves. Operating expenses were flat at CHF 161.5 million. While personnel expenses increased slightly as a result of higher pension cost and increased headcount, general and administrative expenses declined.

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

Growth in credit cards offsetting decline in personal loans

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

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

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

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

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

Fully independent

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

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

Lower interest rate cap for consumer loans

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

Attractive dividend of CHF 3.35 per share

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

Strengthening consumer finance expertise in the Board of Directors

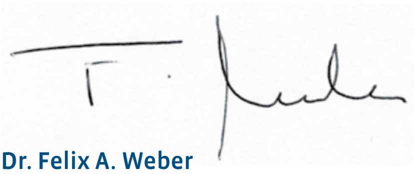
The Board of Directors will propose to the next Annual General Meeting the election of Katrina Machin (UK citizen) and Simonis Maria Hubertus ("Ben") Tellings (Dutch citizen) as new members to the Board of Directors. Both candidates bring a wealth of experience in the consumer finance industry. Katrina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

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

Guidance for 2016

Due to the reduction of the maximum interest rate effective mid-2016, revenues in the personal loans business are expected to decline, but should be partially offset by continued growth in the credit card business and lower refinancing costs. Loan loss provisions are expected to be in line with prior years' performance. Costs are expected to increase slightly driven by pension costs and a higher IT run-rate. Based on these factors, the Bank is expecting reported earnings per share of between CHF 4.80 and CHF 5.10 for the financial year 2016.

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

Cembra Money Bank – Strong and Independent

Cembra Money Bank is a bank that is more than 100 years old and rich with tradition. Its roots go back to Banque commerciale et agricole E. Uldry & Cie in Fribourg, which was founded in 1912 and renamed to Bank Prokredit AG in 1939. Since going public in October 2013, the Bank is named Cembra Money Bank AG.

A tree as namesake

Pinus Cembra, the Swiss stone pine, which grows in the Swiss mountains, served as namesake for Cembra Money Bank. The pine tree grows at an altitude of up to 2,850 m above sea level and can live for up to 1,000 years surviving temperatures as low as –45ºC. Pinus Cembra is a strong and sturdy tree with firm roots. This tree symbolises the Bank's values.

Successful separation from former parent company

Cembra Money Bank has been listed on the SIX Swiss Exchange in Zurich since 30 October 2013. Its former parent company, General Electric Company (GE), initially remained a strong anchor shareholder. As part of an accelerated bookbuilding procedure, GE sold all of its shares on 7 May 2015. Since then, the Bank has been completely independent.

More than 700 employees

Cembra Money Bank is one of the leading Swiss providers of financial products and services. Its product range includes consumer loans, auto leases and loans, credit cards and related insurance products, as well as deposit and investment products.

Headquartered in Zurich-Altstetten, the Bank operates in all regions of Switzerland through a network of 25 branches and alternative channels such as the Internet, credit card partners, independent intermediaries and over 3,200 car dealers. Since May 2015, Christa Rigozzi, the well-known Swiss moderator and entertainer, is Cembra Money Bank's brand ambassador.

701,000 customers

The attractive financial products, the broad product line as well as the first-class services have enabled Cembra Money Bank to further extend its client base in the past year. At the end of 2014, the Bank had 665,000 customers; at the end of 2015, 701,000 people had placed their trust in Cembra Money Bank as their preferred partner for financial services.

The day of the IPO of Cembra Money Bank (30 October 2013 at the SIX Swiss Exchange).

Brand ambassador, Christa Rigozzi, in a discussion with CEO Robert Oudmayer.


Cembra
MoneyBank
SIX
Energize your company!
Cembra
MoneyBank

Culture as a Means to Success

A corporate culture is a company's DNA. Culture includes values and goals, and it creates corporate identity and loyalty. A positive culture gives rise to creativity among employees and increases happiness at work. Innovation, an important factor for growth, happens in this kind of culture. Culture is the means which leads employees and organisations to success.

Sustainable success

A corporate culture results when people within a company with different values and personal life experiences set out to achieve a common goal. This happens faster and less complicated if management internalises and exemplifies the organisation's values. An authentic and consciously lived corporate culture attracts and is the foundation for sustainable success. It also conveys the sense of identification and security to employees, shareholders, investors, customers, partners and suppliers.

Regular reviews

When Cembra Money Bank went public in 2013, the Bank decided, among other things, to introduce a new corporate culture that should have a positive effect on all of the Bank's partners and stakeholders. The management team involved employees in creating a new corporate culture from the outset. Regular meetings, workshops and surveys on this topic take place regularly to ensure that the process of optimising and implementing the culture is continuously reviewed.

Flexible and fast

Employees from all Bank departments and locations created a new culture and defined the vision and goals in some workshops they attended last year. Expertise, customer proximity, imagination and execution, alongside speed and ease were then defined as specific qualities and strengths for the Bank. These qualities allow the Bank to be uncomplicated, flexible, fast and creative.

In 2015, the management and employees determined four values that should stand at the forefront of their daily work: engagement, customer focus, responsibility and diversity.

"Cembra Money Bank's culture influences employees positively on their day-to-day work."

26 workshops for all employees

After having determined the Bank's culture, vision, qualities and values, all employees were left to thoroughly familiarise themselves and internalise these elements, and allow them to influence their day-to-day work. 27 trainers communicated the new culture and its characteristics to all employees in 26 workshops held in the first quarter of 2015.

Expressing appreciation

As part of the new corporate culture, Cembra Money Bank created a recognition programme in May 2015. This rewards employees who exemplify the Bank‘s values through their behaviour in daily work. Employees can show their appreciation for their colleagues' performance and nominate them for such an award. Four employees are rewarded with a certificate every month. At the end of last year, twelve employees were chosen from the monthly winners and invited on a trip.

The role of cultural ambassadors

The successful introduction of a new corporate culture does not happen overnight. It requires teamwork, patience, sustainability and a long-term vision. Twelve employees of Cembra Money Bank support this effort as cultural ambassadors to help bring the culture to the various departments of the Bank, to promote a shared cultural understanding and to coordinate and shape cultural initiatives and activities.

Cembra Money Bank values: Costomer focus, Engagement, Diversity and Responsibility.

Employees at the culture workshops 2015 (LTR: Reto Gredig, Adrian Burkard, Lourdes Gonzalez and Olivier Cayo).


Customer focus
Engagement
Diversity
Responsibility
Values
Cembra

Social Responsibility and Volunteering

Cembra Money Bank values and promotes diversity. The Bank employs more than 700 people from over 40 countries. Women make up 49 % of the workforce, of which 24 % are in middle management and 38 % in upper management. Many women are working mothers. To make it easier to combine family and professional life, Cembra Money Bank offers flexible working models.

In 2015 Cembra Money Bank trained 19 apprentices and employed 3 interns. 270 employees took part in internal training programmes such as management and soft skills courses. In addition, the Bank supports external training.

Employee initiatives

Through three initiatives, Vitality, Connect and Volunteers, employees from various parts of the Bank organise interesting activities for their colleagues in the areas of health (Vitality), career development for women (Connect) and voluntary work (Volunteers).

Vitality

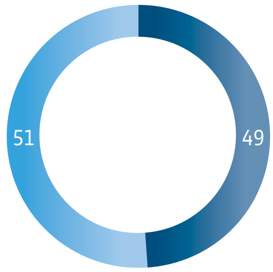
This initiative helps employees find a healthy work-life balance. Various sports events such as football and table tennis tournaments took place in 2015. In the "Global Corporate Challenge (GCC)", a workplace health and engagement programme, the daily distance covered on foot by more than 350,000 people from 185 countries was measured using pedometers. Cembra Money Bank took part with 154 employees and was ranked 193 out of 1,500 companies worldwide. Events and campaigns focusing on nutrition were also organised.

Connect

This initiative gives women a platform where they can exchange and gain new perspectives for themselves and for the Bank. Every year, Connect organises participation in the Pink Ribbon Charity Walk, a charity event for breast cancer, in Zurich. Connect also offered a range of professional training and presentations in 2015. As a founding member of the Swiss women's business network, Advance, Cembra Money Bank also supports the promotion of more women in management positions.

Diversity

in %



Female employees
Male employees

Giggle doctors, Dr. Ahoi and Dr. Kiko from Theodora Children's Charity, at Cembra Money Bank's year-end party.

Participants of the Pink Ribbon Charity Walk 2015 building a pink ribbon, the symbol of the foundation. Amongst the participants are also many Cembra Money Bank employees.

Vitality members, Manuela Wanzek and Luca Di Maso, at their workout.

Volunteers

Every employee of Cembra Money Bank can use two working days each calendar year for volunteer work. The Bank works with organisations such as the Swiss Red Cross, Kinderkrebshilfe Schweiz (the Swiss children's cancer charity) and Young Enterprise Switzerland. The Bank has been maintaining a partnership with Kinderkrebshilfe Schweiz for the last eleven years. Employees get involved with the holidays organised by the foundation for children with cancer and their families, enabling parents to have a day off from their care responsibilities. In 2015, numerous employees dedicated their time to work as volunteers.

New partnership with Theodora

In November 2015, Cembra Money Bank became a social partner of the Theodora Foundation. The Foundation, which was created in 1993, aims its activities solely at easing the suffering of children in hospitals or specialised facilities through joy and laughter. Today, the recognised non-profit foundation organises and finances more than 50 hospital clowns, known as dream doctors, every week to visit hospitals and specialised institutions for children with disabilitites in Switzerland.

Lowering energy consumption and CO_2 emissions

Since 2009 Cembra Money Bank has been a member of the Energy Agency of the Swiss Private Sector (EnAW), which provides energy supply and efficiency services, particularly to support lower electricity consumption and CO_2 emissions. With EnAW support, Cembra Money Bank voluntarily agrees climate protection measures to be achieved in a set timeframe. As well as energy and water savings, these agreed targets include the use of more environmentally friendly cleaning products.

Advance

Stiftung THEODORA

Young Enterprise Switzerland

A new corporate culture

In October 2013, when Cembra Money Bank went public, it decided, among other things, to introduce a new corporate culture which should have a positive effect on the Bank's stakeholders. When creating the new corporate culture, the management involved the employees right from the start. In 2015, the employees also selected four values that should stand at the forefront of their daily work: engagement, customer focus, responsibility and diversity.

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 and supervised in accordance with good corporate governance standards.

As a company having its shares listed on the SIX Swiss Exchange (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 2015 is provided. The Swiss Code of Best Practice for Corporate Governance, issued by economiesuisse, has also been taken into account.

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

1 Group Structure and Shareholders

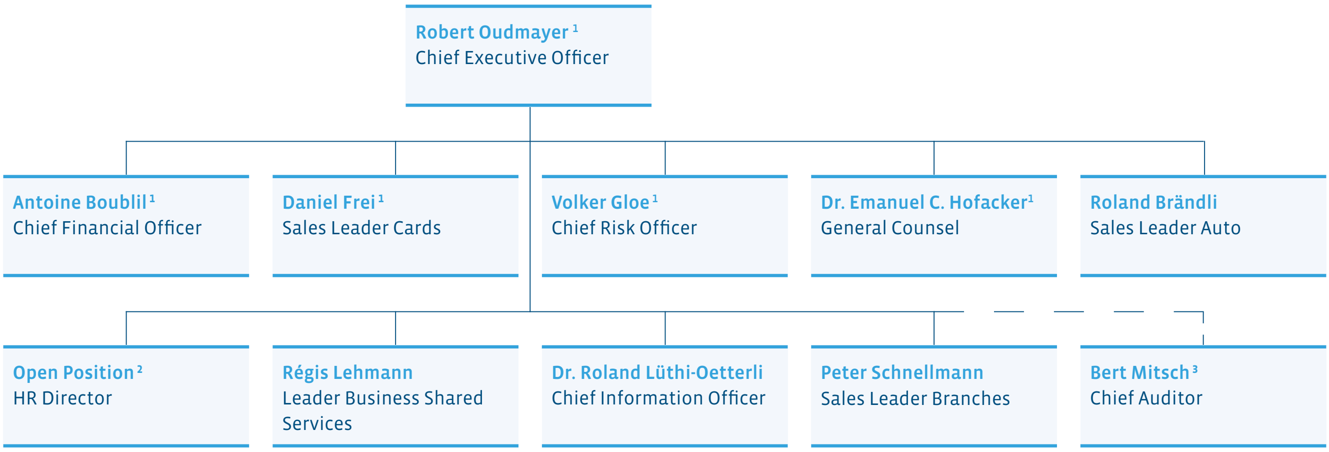
1.1 Group Structure

1.1.1 Description of the Group’s Operational Structure

The Bank is a public limited company (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 2015:

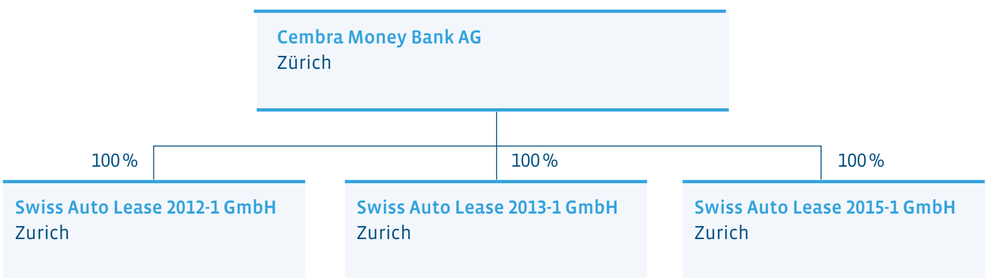


[1] *Member of the Management Board (see section 3.5)*
[2] *Acting HR Director in place*
[3] *The internal audit department is an independent function with a reporting line to the Board of Directors and the Audit Committee (see section 3.5)*

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), Swiss Auto Lease 2013-1 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 2015-1 GmbH (with registered office 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 International Reporting Standard of SIX (securities number: 22517316, ISIN: CH0225173167, ticker: CMBN). As of 31 December 2015, the Bank's issued nominal share capital amounted to CHF 30,000,000 and the Bank's market capitalisation was CHF 1,932,000,000.



1.2 Significant Shareholders

The shareholding structure of the Bank as of 31 December 2015 is shown in the table below:

Shareholder	Number of registered shares	% of voting rights
Cembra Money Bank AG [1]	1,803,627	6.01 %
Allianz SE	1,748,347	5.83 %
UBS Fund Management (Switzerland) AG	1,623,913	5.41 %
Pictet Asset Management SA	1,496,568	4.99 %
Verde Servicos Internacionais S.A.	1,057,569	3.53 %
Other Shareholders	22,269,976	74.23 %
Total	**30,000,000**	**100.00 %**

1 *Treasury shares*

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/en/home/publications/significant-shareholders.html.

The number of registered shareholders as of 31 December 2015 was 5,666 who held 18.3 million shares. Unregistered shares (in dispo) amounted to 11.7 million or 39 %, respectively. As of 31 December 2015, the Bank held 1,803,627 treasury shares.

Lock-up Arrangements

There were no lock-up agreements in place as of 31 December 2015.

Relationship Agreement

By virtue of their entrance into the relationship agreement on 15 October 2013 with effect from 30 October 2013 ("Relationship Agreement"), GE Capital Swiss Funding AG and the Bank constituted an organised group within the meaning of art. 12 Financial Market Infrastructure Ordinance (FMIO-FINMA). The principal purpose of the Relationship Agreement was to govern the relationship between the Bank and General Electric Group following the IPO and to ensure that the Bank was capable at all times of carrying on its business independently of General Electric Group.

On 7 May 2015, General Electric Group (acting through its subsidiary GE Capital Swiss Funding AG) sold in an accelerated bookbuilding process its remaining stake in the Bank to various institutional investors. General Electric Group has no remaining stake in the Bank anymore and ceased to be a shareholder of the Bank. Consequently, the Relationship Agreement ended with immediate effect. Furthermore, GE Capital Swiss Funding AG and the Bank ceased to constitute an organised group within the meaning of art. 12 FMIO-FINMA. For further details refer to the Bank's Annual Report 2014. There were no relationship agreements in place as of 31 December 2015.

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 2015, 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-in 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 rightsand / 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 29 April 2017, 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 2013, 2014 and 2015 respectively.

2.4 Shares and Participation Certificates

The Bank has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine) 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 (Genussscheine) 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

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 member of the Group.

Denis Hall holds a management position within the General Electric Group which, through its subsidiary GE Capital Swiss Funding AG, was the main shareholder of the Bank until 7 May 2015 (see section 1.2 above). No member of the Board of Directors has held a management position within the Group over the last three years.

The business address for the 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 2015, followed by a short description of each member's professional experience, education and activities.

Dr. Monica Mächler has been elected as a new member of the Board of Directors on 29 April 2015. Richard Laxer stepped down from the Board of Directors as of 1 September 2015.

Name	Nationality	Function	Committee Membership	First elected	End current period
Dr. Felix A. Weber	CH	Chairperson		2013	2016
Christopher M. Chambers	CH / UK	Vice-Chairperson	Member Compensation and Nomination Committee	2010	2016
Prof. Dr. Peter Athanas	CH / UK	Member	Chairperson Audit Committee and member Compensation and Nomination Committee [1]	2013 [2]	2016
Urs D. Baumann	CH	Member	Chairperson Compensation and Nomination Committee	2014	2016
Denis Hall	UK	Member	Member Audit Committee	2013	2016
Dr. Monica Mächler	CH	Member	Member Audit Committee	2015 [3]	2016

[1] *Member of the Compensation and Nomination Committee as of 1 September 2015 due to resignation of Richard Laxer (replacement)*
[2] *Effective 1 January 2014*
[3] *Elected 29 April 2015*

Dr. Felix A. Weber
Swiss national and resident,
born in 1950

Dr. Weber was appointed as chairperson of the Board of Directors ("Chairperson") on 22 August 2013. His current term expires at the General Meeting in 2016. Dr. Weber holds a diploma and a PhD in Business Administration from the University of St. Gallen, Switzerland.

Professional experience:

- Since 2014: Partner in the private investment firm BLR & Partners AG (Thalwil, Switzerland)
- Since 2013: Senior Advisor and Managing Director Investment Banking Nomura (Switzerland) Ltd (Zurich, 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 (Chéserex (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 board memberships and 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 (Berne, Switzerland), listed on SIX
- 2003– 2005: Member of the Board of Glacier Ltd. (Luxemburg), Parent company of Swiss Cablecom AG

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 member of the Compensation and Nomination Committee. His current term expires at the General Meeting in 2016. 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 board memberships and activities:
- Since 2015: Director at Oxford Science Innovation plc (Oxford, UK)
- 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, Audit Committee and Compensation Committee (both since 2010) 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)

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. He was appointed chairperson of the Audit

Committee with effect from 1 January 2014 and member of the Compensation and Nomination Committee with effect from 1 September 2015 after the resignation of Mr. Laxer. His current term expires at the General Meeting in 2016. He holds a master's degree in law and economics and a Doctorate in economics 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 – 2015: 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 board memberships and activities:
- Since 2015: Member of the Foundation Board of the Swiss Study Foundation
- 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 (Hergiswil, Switzerland), listed on SIX
- 2007 – 2008: Vice-chairman of the Central Area of Ernst & Young Global

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 the chairperson of the Compensation and Nomination Committee. His current term expires at the General Meeting in 2016. Mr. Baumann holds a Master in Economics & Business Administration from the University of St. Gallen (HSG) as well as an MBA from the University of Chicago.

Professional experience:
- Since 2015: Chief Executive Officer of PG Impact Investments AG (Baar, Switzerland)
- 2012 – 2015: Chief Executive Officer of Bellevue Group (Küsnacht, Switzerland), listed on SIX
- 2007 – 2010: Group Chief Executive Officer of Lindorff Group (Oslo, Norway)
- 2006 – 2007: Managing Director Central & Eastern Europe – Barclaycard at Barclays Bank (London, UK)
- 1998 – 2005: Chief Executive Officer of Swisscard AECS (Horgen, Switzerland)

- 1993 – 1998: Consultant and Manager at McKinsey & Company (Zurich, Switzerland)

Other board memberships and activities:
- Since 2015: Member of the Board of PG Impact Investments AG (Baar, Switzerland)
- Since 2010: Member of the Board of Directors of Baumann Group 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 2016. 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 board memberships and activities:
- Since 2013: Chairman of the Board of Directors UK Home Lending (London, UK)
- Since 2013: Member of the Board of Directors of Hyundai Capital Card (Seoul, South Korea)
- 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:
- 2013 – 2015: Member of the Board of Directors of Budapest Bank Zrt. (Budapest, Hungary)
- 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 the Supervisory Board of SCHUFA Holding AG (Wiesbaden, Germany)

Dr. Monica Mächler
Swiss national and resident,
born in 1956

Dr. Mächler was appointed as a member of the Board of Directors on 29 April 2015. She is also a member of the Audit Committee. Her current term expires at the General Meeting in 2016. She earned her Doctorate in Law (Dr.iur) at the University of Zurich's Law School, was admitted to the Zurich bar and complemented her studies by attending programmes on UK, U.S. and private international law.

Professional experience:
- 2009 – 2012: Vice-Chair of the Board of Directors of the Swiss Financial Market Supervisory Authority (FINMA), whereby serving as a member of the Executive Committee and Chair of the Technical Committee of the International Association of Insurance Supervisors (IAIS)
- 2007 – 2008: Director of the Swiss Federal Office of Private Insurance
- 1990 – 2006: Key positions at Zurich Insurance Group (Zurich, Switzerland): Corporate Legal Advisor (1990-1998), Group General Counsel (from 1999 on) and Member of the Group Management Board (2001 onwards)
- 1985 – 1990: Attorney at Law at De Capitani, Kronauer & Wengle (Zurich, Switzerland)

Other board memberships and activities:
- Since 2013: Member of the Supervisory Board of Directors of Zurich Insurance Group Ltd (Zurich, Switzerland) and Zurich Insurance Company Ltd (Zurich, Switzerland), whereby serving as member of the Audit Committee and Risk Committee of the respective companies, listed on SIX
- Since 2012: Member of the Supervisory Board of Deutsche Börse AG (Frankfurt am Main, Germany), whereby serving as member of the Audit Committee and the Risk Committee, listed on the German Stock Exchange
- Since 2014: Member of the Board of the "Stiftung für schweizerische Rechtspflege" (Solothurn, Switzerland)
- Since 2012: Member of the Advisory Board of the International Center for Insurance Regulation at the Goethe University (Frankfurt am Main, Germany), serving as Chair since 2015

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

Refer to the information provided in each member'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 memberships 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. The 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 2015, all members of the Board of Directors met the independence criteria prescribed in the FINMA Circular 08/24 mn. 20 – 24.

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, the presence of the majority of the Board of Directors members is required for passing valid Board resolutions and 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 in section 3.1 above.

The Board of Directors met six times in 2015 and also met for a strategic meeting. The meetings typically last half a day.

See the details in the table below:

Date	Dr. Felix Weber	Christopher Chambers	Prof. Dr. Peter Athanas	Urs Baumann	Denis Hall	Richard Laxer[1]	Dr. Monica Mächler[2]
24 February	X	X	X	X	X	X	
24 March	X	X	X	X	X	X	
28 May	X	E	X	X	X	E	X
18 August	X	E	X	X	X	E	X
28 October	X	E	X	X	X		X
15 December	X	X	X	X	X		X

[1] *Member until 1 September 2015*
[2] *Member since 29 April 2015*
E = Excused

3.5.2 Committees

The Board of Directors may delegate some of its duties to committees. The standing committees are 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 Dr. Mächler. 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 three hours and are also attended at minimum by members of the Management Board, the Bank's Chief Auditor and the External Auditor. During 2015, the Audit Committee met six times.

See details in the table below:

Date	Prof. Dr. Peter Athanas	Denis Hall	Urs Baumann [1]	Dr. Monica Mächler [2]
23 February	X	X	X	
23 March	X	X	X	
27 May	X	X		X
17 August	X	X		X
27 October	X	X		X
5 November	X	X		X

[1] Member until 29 April 2015
[2] Member since 29 April 2015

Compensation and Nomination Committee

The Compensation and Nomination Committee currently consists of three members of the Board of Directors: Mr. Baumann (Chairperson of the Compensation and Nomination Committee), Mr. Chambers and Prof. Dr. Athanas. 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, 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 2015, the Compensation and Nomination Committee met seven times.

See details in the table below:

Date	Dr. Felix Weber[1]	Christopher Chambers[2]	Richard Laxer[3]	Urs Baumann[4]	Prof. Dr. Peter Athanas[5]
14 January	X	X	X		
23 February	X	X	X		
23 March	X	X	X		
27 May		X	X	X	
17 August		X	E	X	
27 October		E		X	X
15 December		X		X	X

[1] Member until 29 April 2015
[2] Chairperson until 29 April 2015
[3] Member until 1 September 2015
[4] Chairperson and member since 29 April 2015
[5] Member since 1 September 2015
E = Excused

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 2015, 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 every 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 82.

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 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 Boublil	FRA	2011	Chief Financial Officer (CFO)
Daniel Frei	CH	1997	Sales Leader Cards
Volker Gloe	GER	2013	Chief Risk Officer (CRO)
Dr. Emanuel C. Hofacker	CH	2014	General Counsel

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 Boublil
French national and Swiss resident, born in 1975

Mr. Boublil has been the Bank's Chief Financial Officer since 2011. In November 2015, Mr. Boublil resigned and will leave the Bank at latest by the end of May 2016. 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. Boublil holds membership in the Partner's Board of the Bank's three subsidiaries, Swiss Auto Lease 2012-1 GmbH, Swiss Auto Lease 2013-1 GmbH and Swiss Auto Lease 2015-1 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 at Flexikredit AG
- 1997 – 2002: Chief Operations Officer at Flexikredit AG
- 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 Deutsche 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 C. Hofacker
Swiss national and resident,
born in 1968

Dr. Hofacker has been the Bank's General Counsel since 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)
- 1998 – 2001: Court Clerk and deputy district judge at the Zurich District Court

Dr. Hofacker holds memberships in the Partner's Board of the Bank's three subsidiaries, Swiss Auto Lease 2012-1 GmbH, Swiss Auto Lease 2013-1 GmbH and Swiss Auto Lease 2015-1 GmbH. He is also member of the Bank's Pension Fund Board and Board member of IKO (Information Center regarding Consumer Loans Association).

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 restrictions applicable to the members of the Board of Directors the 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 in 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 56.

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).

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 have the Shares represented in a General Meeting if he or she provides in writing to the Bank with name, address and shareholding of the person(s) for whose account he or she holds 0.5 % or more of the Bank's total outstanding share capital.

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) in addition to 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. 125 of the Swiss Financial Market Infrastructure Act. Thus, an investor who acquires more than 33⅓% 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 Financial Market Infrastructure 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

exist 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 financial and regulatory audit of the Group amounted to CHF 1,195,000 for the financial year 2015.

8.3 Additional Fees

There were no additional consulting fees that have been charged by the auditors.

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 2015, the Chief Auditor as well as the auditor in charge who represents the External Auditor attended all six 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 2015. 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 → Calendar & Events

Contact Address

Cembra Money Bank AG
Bändliweg 20
8048 Zurich
Switzerland

Investor Relations

Email: investor.relations@cembra.ch
Telephone: +41 (0)44 439 8572

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

Antoine Boublil [1]
Chief Financial Officer

Dr. Roland Lüthi-Oetterli
Chief Information Officer

Roland Brändli
Sales Leader Auto

Régis Lehmann
Leader Business Shared Services

Peter Schnellmann
Sales Leader Branches

Bert Mitsch
Chief Auditor

Robert Oudmayer [1]
Chief Executive Officer

Dr. Emanuel C. Hofacker [1]
General Counsel

Volker Gloe [1]
Chief Risk Officer

Daniel Frei [1]
Sales Leader Cards

[1] Member of the Management Board

1

Customer focus

Cembra Money Bank employees always treat their customers respectfully and strive to understand their wants and needs. They provide their customers with the most suitable solutions. The employees take ownership for their actions and always put the customer first. The employees focus their knowledge and skills to continuously improve the Bank's processes and the customer's experience.

Compensation Report

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Compensation Report

Message from the Chairperson of the Compensation and Nomination Committee to the Shareholders

Dear Shareholders

On behalf of the Board of Directors and the Compensation and Nomination Committee ("CNC") I am pleased to share with you the 2015 Compensation Report.

The compensation system of the Bank is designed to support the achievement of our long-term business objectives, to ensure alignment of interests between our shareholders and executives, and to support the recruitment and retention of our talents. Therefore we

- Regularly review our compensation policy to ensure that it supports our strategic objectives and aligns executive compensation with the long-term interests of our shareholders;
- Maintain a compensation system that is premised on pay for performance;
- Clearly define the expected performance through a robust performance management process; and
- Pay market competitive compensation levels for comparable roles and experience.

We continuously strive to further improve our compensation system and consider during this process the opinion of our stakeholders as relevant and highly valuable. Based on discussions with various parties, the Board of Directors proposed and received approval from the shareholders at the General Meeting 2015 to extend the vesting schedule of the Restricted Stock Units ("RSUs") granted under the Executive Variable Compensation Plan from three to four years effective as of 2015. In this new arrangement, RSU awards granted for the performance year 2015 will vest in equal tranches respectively on the second-, third- and fourth-year anniversary of their grant.

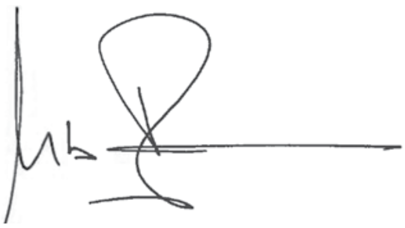
In 2015, the Board of Directors implemented further amendments to the Bank's compensation system. With the support of external consultants, the CNC benchmarked the structure, level and payout instruments of the Board of Directors and Management Board compensation against a relevant market comparison group. Following this review, Management Board compensation levels have been slightly adjusted, and a new Board of Directors fee structure has been introduced to better reflect the roles and responsibilities of the individual Board members while compensation of the Chairperson has been brought closer to market level.

In order to further strengthen the alignment between shareholders and management, the CNC decided in 2015 for the following changes to take place in 2016:

- From the General Meeting 2016 onwards, members of the Board of Directors will receive one-third of their compensation in shares blocked for a period of five years; and
- As of 2016, a new Executive Variable Compensation Plan will be introduced, taking into consideration the views expressed by shareholders. The current plan has been completely redesigned, and the key change is a separation of the variable compensation into a short-term incentive and a long-term incentive program, each with clear performance conditions. For the short-term variable compensation, the performance is predominantly tied to financial targets (80 % for the Chief Executive Officer ("CEO")) and to qualitative targets (20 % for the CEO). Embedded into a robust performance management process, the RSUs will be replaced by performance share units with the first grant taking place in spring 2017 and a three-year performance-based cliff-vesting period. This new LTI instrument intends to keep our executives ever-more focused on the attainment of the Bank's future strategic goals and on striving for excellence in all facets of their work.

These changes are further described under section 7 "Compensation Outlook - Redesigned Compensation Structure". At the 2016 General Meeting, we will seek shareholders' approval on the required adjustments to the Bank's Articles of Incorporation.

We would like to thank you for taking the time to share your views with us during the entire year and trust that you find this report informative.



Urs D. Baumann
Chairperson of the Compensation and Nomination Committee

1 Compensation Policy and Guiding Principles

The Bank's overall objective 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.

The compensation policy is designed to support the long-term interest of employees and shareholders and is based on the following three main guiding principles, which have been reviewed and revised by the CNC in 2015:

Pay for Performance in Alignment with the Bank's Values	Market Competitiveness and Fairness	Good Governance Practice
We endorse a performance-oriented approach coupled with sound risk management practices. Our compensation policy supports a culture that differentiates and rewards excellent performance and recognises behaviors in line with our values of customer focus, engagement, responsibility and diversity. Variable compensation of the Management Board is based on the achievements of the Bank's objectives as well as the individual performance. In order to avoid excessive risk taking, risk metrics and behaviors are included in the performance evaluation and the variable compensation payouts are capped.	We are committed to reward employees appropriately and competitively. The Compensation Guidelines ensure that compensation is based on the responsibilities and performance of the employees and is not influenced by gender or by non-performance-related criteria other than professional experience. In line with best practice, the Bank regularly benchmarks the compensation for the Bank's executives to ensure that it is competitive and in line with the market developments, in order to be able to attract and retain talented executives.	We want to ensure that our compensation practices are transparent for our stakeholders and aligned with long-term shareholder interests. We act based on the compensation principles set out by FINMA and adhere to rules set by the Ordinance against Excessive Compensation in Listed Corporations ("OaEC"). The implementation of the principles of the FINMA Circular 2010/1 Remuneration Schemes is not mandatory for the Bank. However, since 2011 the Bank decided to comply with the most important standards defining minimum requirements for remuneration schemes applicable to financial institutions.

2 Compensation Governance

2.1 Compensation and Nomination Committee

According to the Articles of Incorporation, the Organisational Regulations and the CNC Charter, the functions, responsibilities and powers of the CNC essentially comprise the following areas:

The CNC supports the Board of Directors in nominating and assessing candidates for positions to the Board of Directors and in assessing candidates for positions to the Management Board, in establishing and reviewing the compensation strategy and principles, and in preparing the respective proposals to the General Meeting regarding the compensation of the members of the Board of Directors and the Management Board.

The CNC annually reviews and makes a recommendation to the Board of Directors of the form and amount of the individual compensation of members of the Board of Directors and any additional compensation to be paid for service as Chairperson of the Board and as Chairperson or member on Board committees. In making its recommendation, the CNC gives due consideration to the limits approved by the General Meeting, to customary compensation for directors of comparable companies and to any other factors it deems appropriate that are consistent with the policies and principles set forth in the CNC Charter. The members of the Board of Directors shall abstain from voting when their own compensation is concerned.

Furthermore, the CNC annually (a) reviews and assesses the objectives upon which the compensation of the CEO and the other members of the Management 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 objectives. Based on the performance evaluation, the CNC makes a recommendation to the Board of Directors of the individual compensation of the CEO. With regard to the other members of the Management Board, the CNC makes a recommendation to the Board of Directors regarding appropriate individual compensation levels as to (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) any employment agreements and other arrangements or provisions, and (e) any special or supplemental benefits.

The following table illustrates the role of the decision authorities between the CNC, the Board of Directors and the General Meeting in approving the amount of the compensation of the Board of Directors and the Management Board:

Decision on	**Recommendation by**	**Review by**	**Approval by**
Compensation policy and principles	Compensation and Nomination Committee		Board of Directors
Aggregate compensation amount of Board of Directors	Compensation and Nomination Committee	Board of Directors	General Meeting (binding vote)
Individual compensation of Chairperson and members of the Board of Directors	Compensation and Nomination Committee		Board of Directors
Aggregate compensation amount of Management Board	Compensation and Nomination Committee	Board of Directors	General Meeting (binding vote)
Compensation of Chief Executive Officer	Compensation and Nomination Committee		Board of Directors
Individual compensation of members of the Management Board (excluding CEO)	Chief Executive Officer	Compensation and Nomination Committee	Board of Directors

The CNC consists of at least two and maximum four members of the Board of Directors who are elected annually and individually by the General Meeting for a period of one year. Re-election is possible.

The CNC holds meetings as often as required, but at least once every quarter. During 2015, the CNC held seven meetings. Meetings are also attended by the Chairperson of the Board of Directors, the CEO and the Human Resources Director in advisory capacity. However, they do not take part in the section of the meetings where their own performance and/or compensation are discussed and have no voting rights. Other members of the Management Board and Board of Directors as well as other persons may be invited if deemed necessary. The Chairperson of the CNC reports to the Board of Directors after each meeting on the activities of the CNC. The minutes of the CNC meetings are available to the members of the Board of Directors. The CNC mandated independent external specialists (Hay Consulting Group and HCM International Ltd. ("HCM")) for selected topics in the reporting year.

For further governance related information refer to section Corporate Governance starting on page 24.

2.2 Method of Determination of Compensation

To assist decision-making on the compensation of the Board of Directors and Management Board, benchmarking studies are carried out regularly. The compensation practices of comparable companies are analysed in order to assess market practices and competitive remuneration levels. The results of the benchmarking studies are taken into account in setting the fee structure and levels for the Board of Directors and the compensation structure and levels for the CEO and the other Management Board members.

The CNC also considers other factors it deems relevant in its sole judgment including, without limitation, the Bank's performance, the environment in which the Bank operates, individual performance of the members of the Management Board and the awards granted to them in prior years.

2.3 Involvement of Shareholders

In compliance with the Ordinance against Excessive Compensation in Listed Corporations ("OaEC"), the Articles of Incorporation include the following provisions on shareholders' vote on compensation (the full version can be found on the website: www.cembra.ch/en/investor → Corporate Governance → Regulations and Principles):

- According to art. 11a of the Articles of Incorporation, 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; and
  - The compensation of the Management Board pursuant to art. 25d that is paid out in the subsequent business year following the General Meeting.
- 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.
- According to art. 25e the Bank may award additional compensation to new members of the Management Board in the event that the members are appointed after the General Meeting has approved the aggregate maximum compensation. The additional aggregate compensation per year for all new members of the Management Board shall not exceed 30% of the last aggregate maximum compensation amount approved by the General Meeting.
- Further, the Bank will provide shareholders with the opportunity to express their views on the compensation architecture through an advisory vote on the compensation report at the 2016 General Meeting.

3 Compensation of the Board of Directors

3.1 Compensation Architecture for the Board of Directors

The members of the Board of Directors receive only fixed compensation to ensure their independence in their supervisory duties towards the Bank's executive management. The members of the Board of Directors do not receive any variable compensation or pension payments. The members of the Board of Directors who are employed and compensated by General Electric Group do not receive any compensation for their services from the Bank.

The members of the Board of Directors are reimbursed for all reasonable cash expenses that occur in the discharge of their duties, including the reimbursement of their travel expenses 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.

In 2015, the CNC has mandated HCM as independent advisor to provide an outside-in view on the Board compensation. As part of this outside-in view, HCM analysed the general market practice around the compensation levels for the positions of Chairperson, Vice-Chairperson and other members of the Board of Directors. In addition, the pay structure (base and committee fees), pay mix (cash or equity) and ratios of internal pay equity have been analysed.

The benchmark analysis has been based on listed financial institutions that belong to the 100 biggest companies in Switzerland in terms of market capitalisation. This market comparison group has been further refined by the exclusion of cantonal banks, real estate companies and owner-managed institutions. The final comparison group consisted of 17 companies: Baloise Group, Credit Suisse Group, EFG International, GAM Holding, Helvetia, Julius Baer, Leonteq, LLB, Pargesa, Partners Group, Swiss Life, Swiss Re, UBS, Valiant, Vaudoise Assurances, Vontobel and Zurich Insurance Group. For defining the total compensation levels at the Bank, individual company benchmark data has been size-adjusted.

Based on the results of this market analysis, a new fee structure has been implemented as of 1 October 2015 consisting of an annual fixed compensation for services on the Board of Directors and additional fees for assignments to committees of the Board of Directors. The fee level for the Chairperson of the Board of Directors has been increased as it was significantly below the competitive market practice. With the implementation of the new fee structure, the total compensation of the individual board functions will be 5–15 % below the median level of the size adjusted reference group of companies.

The guiding principles for the revised system are:

- For all members of the Board of Directors, total compensation shall be at or below the market benchmark; and
- The market level of the internal pay equity ratios shall be maintained between Chairperson, Vice-Chairperson and ordinary Board of Directors members.

New Structure of the Board of Directors Compensation as of 1 October 2015:

In TCHF	Basic Fee	Committee / Chair Fee
Chairperson of the Board of Directors [1]	450	
Member of the Board of Directors	100	
Vice-Chairperson		30
Chairperson of the Audit Committee		65
Chairperson of the Compensation and Nomination Committee		50
Member of the Audit Committee		35
Member of the Compensation and Nomination Committee		30

[1] *The Chairperson of the Board of Directors is not eligible for additional committee fees*

Expenses are only reimbursed as they occur. Payment of expense allowances has been discontinued effective 1 October 2015.

As part of the revised compensation system, and in line with market best practice, the Board of Directors has decided that as of the General Meeting 2016, one third of their compensation will be delivered in Cembra Money Bank AG shares blocked for a period of five years during which they cannot be sold, transferred or pledged. The required adjustments to the Bank's Articles of Incorporation are subject to shareholders' approval in the General Meeting. More details can be found in the outlook on page 73.

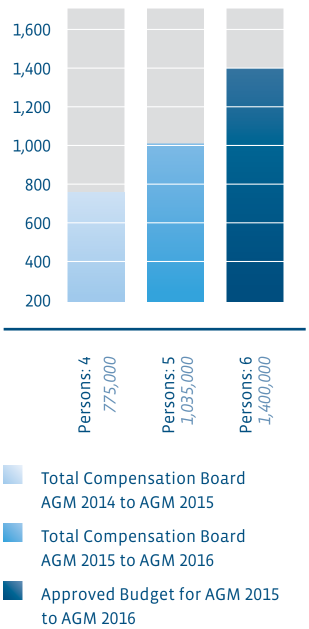
3.2 Compensation Awarded to the Board of Directors for 2015

The following table discloses the compensation awarded to the members of the Board of Directors for 2015 and 2014, respectively. For 2015, members of the Board of Directors received a total compensation of TCHF 940 (previous year TCHF 764). This increase is driven by the appointment of one additional Board and Audit Committee member and the implementation of the new fee structure as of 1 October 2015.

Total contractually agreed compensation (including pre-estimated social security contributions) for the period from the 2015 General Meeting to the 2016 General Meeting for the Board of Directors is TCHF 1,035 and is within the maximum amount of TCHF 1,400 approved by the General Meeting on 29 April 2015.

Total Compensation Board of Directors

in CHF



For the year ended 31 December 2015 (CHF)

Name	Function	Basic Fee	Committee / Chair Fee	Employer Social Security Contributions	Expense Allowance	Total
Dr. Felix A. Weber	Chairperson	327,603	–	21,039	3,750	352,392
Christopher M. Chambers [1]	Vice-Chairperson, Member CNC	137,500	15,000	18,097	3,750	174,347
Denis Hall [2]	Member Audit Committee	–	–	–	–	–
Richard Laxer [3]	Member CNC	–	–	–	–	–
Prof. Dr. Peter Athanas [4]	Chairperson Audit Committee, Member CNC	137,500	23,750	11,177	–	172,427
Urs D. Baumann [5]	Chairperson CNC	135,361	12,500	–	–	147,861
Dr. Monica Mächler [6]	Member Audit Committee	77,885	8,750	6,114	–	92,749
Total compensation of the members of the Board of Directors		**815,848**	**60,000**	**56,428**	**7,500**	**939,777**

[1] *Chairperson CNC until 29 April 2015*
[2] *Employed and compensated by General Electric Group*
[3] *Employed and compensated by General Electric Group. Board member until 1 September 2015*
[4] *Member of the CNC since 1 September 2015*
[5] *Member of the Audit Committee until 28 April 2015. Since 29 April 2015 CNC Chairperson. From 1 January until 30 June 2015 payments were made directly to employer Bellevue Group.*
[6] *Member since 29 April 2015*

For the year ended 31 December 2014 (CHF)

Name	Function	Basic Fee [4]	Committee / Chair Fee	Employer Social Security Contributions	Expense Allowance	Total
Dr. Felix A. Weber	Chairperson	300,000	–	20,249	5,000	325,249
Christopher M. Chambers [1]	Vice-Chairperson, Chairperson CNC	150,000	–	11,145	5,000	166,145
Denis Hall [2]	Member Audit Committee	–	–	–	–	–
Richard Laxer [2]	Member CNC	–	–	–	–	–
Prof. Dr. Peter Athanas	Chairperson Audit Committee	175,000	–	12,014	–	187,014
Urs D. Baumann [3]	Member Audit Committee	85,808	–	–	–	85,808
Total compensation of the members of the Board of Directors		**710,808**	**–**	**43,408**	**10,000**	**764,216**

[1] *Retroactive adjustment due to retroactive social security liability in UK as of 1 November 2014, foreign exchange rate as on 29 February 2016.*
[2] *Nominated by General Electric Group*
[3] *Member since election at General Meeting on 13 May 2014; payments were made directly to employer Bellevue Group.*
[4] *Including compensation for committee membership / chair role*

Compensation of Members of the Board of Directors who left the Bank during the Reporting Period
No such compensation was paid during the reporting period.

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) received an expense allowance until 30 September 2015, which is included in the compensation table above. 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. For details related to loans outstanding as of 31 December 2015 please refer to section 6 "Loans and Credits: Amounts due to/from Members of Governing Bodies".

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.

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).

4 Compensation of the Management Board

4.1 Compensation Architecture for the Management Board in 2015

The compensation of the Management Board is governed by the provisions in the Articles of Incorporation, the individual employment contracts, the Executive Variable Compensation Plan and internal directives such as the Fringe Benefit Policy.

The total compensation awarded to the Management Board consists of:
- A fixed annual compensation (base salary) stipulated under the relevant employment contract and reflective of the position, market practice, experience and performance of the individual; and
- An annual variable incentive compen sation delivered partially in cash and partially in restricted stock units (RSUs).

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.

The table below provides an overview of the compensation architecture for the Management Board valid through 2015:

Key Element	Delivery	Purpose	Drivers	Performance Measures
Annual base salary	Cash	Attract and retain executives required to lead and develop the Bank.	Scope and responsibilities of the role; individual's experience and performance; Market competitiveness	n/a
Annual variable incentive compensation	Annual incentive settled 70 % in cash and 30 % in RSUs with vesting over 4 years	Pay for performance and reward of executives generating return for shareholders	Business and individual performance	• Company financial objectives • Department objectives • Qualitative individual objectives • Demonstration of the Bank's values: Customer Focus, Engagement, Responsibility and Diversity
Pension and other benefits	Retirement plans, insurances, perquisites	Protection against risks for employees and their dependents	Market practice	n/a

To ensure market competitiveness, compensation of the members of the Management Board is reviewed annually taking into consideration the Bank's affordability, benchmark information, market movement, economic environment and individual per formance.

In 2015, the CNC mandated Hay Group to conduct a benchmarking analysis of the compensation of the members of the Management Board. The following companies were selected as peer group: Allreal Holding, Baloise Holding, Bank Coop, Bank Linth LLB, Edmond de Rothschild Suisse, EFG International AG, GAM Holding, Helvetia Holding, Hypothekarbank Lenzburg, Intershop Holding, Leonteq, Mobimo Holding, PSP Swiss Property, Schweizerische National-Versicherungs-Gesellschaft, Swiss Prime Site, Swissquote Group Holding, Valiant Holding, Vaudoise Assurances Holding, Vontobel Holding, VZ Holding, WIR Bank Genossenschaft, Bombardier Transportation Financial Services S.à.r.l., Credit Suisse, COFRA Holding, Helvetia Versicherungen, LeasePlan Schweiz, Lloyds TSB Bank plc., Partners Group Holding, PSA Finance Suisse, Swiss Life, Swiss Re, UBS and Zurich Insurance Group.

The results of this benchmarking analysis were used, amongst other factors, to determine the compensation levels for the members of the Management Board in 2015.

Annual Base Salary

Annual base salaries are established on the basis of the following factors:
– Scope, size and responsibilities of the role, skills required to perform the role;
– External market value of the role; and
– Skills, experience and performance of the individual in the role.

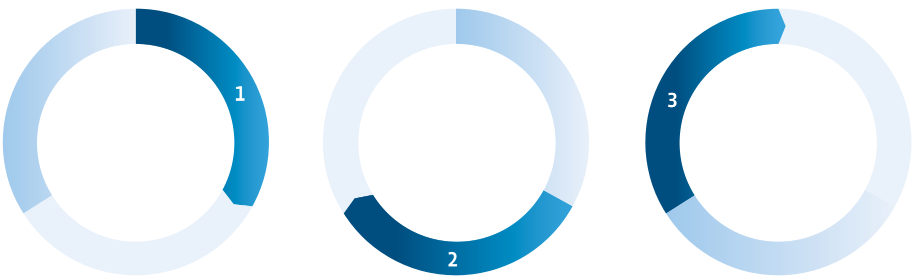
Executive Variable Compensation Plan

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 variable compensation is governed by the internal EVCP guideline. The EVCP is applicable to the senior management team ("Senior Management Team") of the Bank including the Management Board. The purpose of the EVCP is to reward for the company's success and for the individual contributions of the participants to the overall success of the company.

The actual awards paid out are driven by both business and individual performance. The determination process of the executive 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 Board of Directors 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
The participants are assigned a target percentage of their annual base salary pursuant to their employment contract for funding purposes. The individual target percentage is as follows:
- For the CEO:
  - 80 % of his annual base salary until 30 September 2015;
  - 90 % of his annual base salary as of 1 October 2015; and
- For 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, 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 CNC, is responsible for approving the actual pool funding on an annual basis. The approved pool fund-

ing is based on a quantitative and qualitative performance assessment taking into account the achievement of the Bank's short-term, medium-term and qualitative targets as detailed in the table below.

Targets	Weight	Criteria	Targets 2015	Achievement 2015
Short-term financial target	30 %	Earnings per share (EPS)	CHF 4.50 – CHF 4.70	CHF 5.04
Medium-term targets	40 %	Asset growth [1]	In line with Swiss GDP	-0.3 %
		Profitability (ROE)	15 %	17.7 %
		Tier 1 capital ratio	18 %	19.8 %
		Dividend payout [2]	60 % – 70 %	66 %
Qualitative targets	30 %	Business transformation	Individually determined	Individually determined
		Compliance		
		Culture Roadmap / Leadership		

[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 par-ti-cipants' target percentage) to the target pool to determine and approve the final actual pool funding ("approved pool").

Determination of the Individual Variable Compensation Amount Paid Out
The individual variable compensation paid out to each member of the Management Board is determined within the funding limits of the approved pool as well as the individual applicable cap and is based on an assessment of each participant's overall performance.

The participant's overall performance is assessed based on the
(a) participant's achievement of the objectives set forth by the Board of Directors for the CEO and by the CEO for the other members of the Management Board, and
(b) demonstration of the Bank's values such as customer focus, engagement, responsibility and diversity.

The individual performance of the CEO is assessed by the CNC and that of the other members of the Management Board members by the CEO. 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 paid out for a given business year.

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

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**[1]

[1] The total sum of all actual variable compensation amounts shall in no event exceed the approved pool.

The actual individual annual variable compensation for the Management Board is capped as follows in 2015:
- For the CEO:
  - 124 % of his annual base salary; and
- For the Management Board: 75 % of their respective annual base salary.

On an annual basis the CNC determines the ratio between the proportion of the variable compensation that is paid out in cash and the proportion that is granted in the form of RSUs. For 2015, unchanged from 2014, the CNC decided to split the variable incentive compensation of the Management Board members as follows: 70 % in cash and 30 % in RSUs.

For the CEO the split has been changed to 60 % in cash and 40 % in RSUs as of 1 October 2015.

The number of RSUs granted is based on the monetary value of the proportion of the variable compensation amount to be delivered in RSUs divided by the average share price of the month February 2016, rounded up to the next full number. For the grant 2016 based on the performance year 2015 the vesting period of the RSUs has been extended from three years to four years. One third of the RSUs shall vest on the second anniversary of their grant date, one further third of the RSUs shall vest on the third anniversary of their grant date and the final third shall vest on the fourth anniversary of their grant date. In case of voluntary resignation or termination by the company for cause, the unvested RSUs forfeit upon termination of employment. In case of termination of employment due to retirement, death, disability, termination by the company without cause or termination following change of control, the unvested RSUs are subject to an accelerated pro-rata vesting based on the number of full months that have expired during the actual vesting period in relation to the full vesting period.

Malus

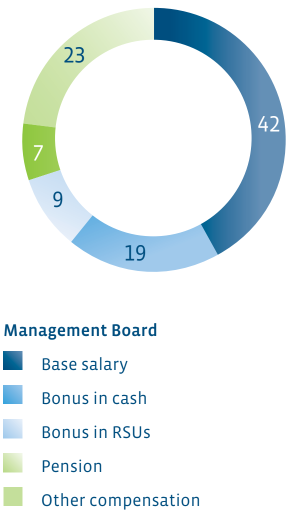
Under the EVCP unvested awards are subject to malus conditions and vested awards are subject to claw-back conditions in case of misconduct, breach of internal risk management or compliance procedures.

Benefits

Benefits consist mainly of retirement and insurance plans that are designed to provide a reasonable level of protection for

Performance Year 2015 Compensation Structure

in %



the employees and their dependents in respect to the risk of retirement, disability and death. The members of the Management Board participate in regular pension plans offered to all employees.

Members of the Management Board may also receive certain executive benefits such as housing, schooling, company car and other benefits in kind. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation table below.

4.2 Compensation Awarded to the Management Board for 2015

The total compensation paid to the active members of the Management Board for the performance 2015 is disclosed in the table below.

Compensation of Active Management Board Members

For the performance year ended 31 December (CHF)			2015			2014
	CEO	Management Board	Total Compensation	CEO	Management Board	Total Compensation
Base salary	561,000	1,164,504	1,725,504	536,375	1,296,506	1,832,881
Social security	58,738	122,097	180,835	66,249	136,068	202,318
Pension plan	141,503	158,887	300,390	157,572	177,683	335,254
Other compensation [1]	197,745	371,302	569,046	207,147	389,296	596,443
Retention payments [2]	–	112,000	112,000	129,120	147,260	276,380
Total Fixed Compensation	**958,986**	**1,928,789**	**2,887,775**	**1,096,463**	**2,146,813**	**3,243,276**
EVCP paid in cash [3]	404,313	358,967	763,280	391,664	446,102	837,766
EVCP granted in RSUs	199,606	153,907	353,512	167,881	191,273	359,154
- Amount of RSUs granted [4]	3,206	2,472	5,678	2,964	3,377	6,341
- Value per RSU [5]	62.26	62.26	62.26	56.64	56.64	56.64
Social security	33,970	28,849	62,820	31,614	36,012	67,626
Total Variable Compensation for the Performance Year	**637,889**	**541,723**	**1,179,612**	**591,159**	**673,387**	**1,264,547**
Total Compensation for the Performance Year	**1,596,875**	**2,470,512**	**4,067,387**	**1,687,622**	**2,820,200**	**4,507,822**
Number of persons receiving compensation			5			6

1 *Includes certain benefits for relocated employees such as housing allowance and school fees as well as other benefits such as company cars. Other compensation for 2014 has been reclassified to reflect tax benefits, analog to 2015.*
2 *2014 Retention Payments refer to GE Money Bank Retention Program 2012 with two tranches payable 12 months and 24 months after the beginning of the award period under the condition of an active employment. 2015 Retention Payments refer to GE Money Bank Retention Program 2013 with the award being payable 24 months after the IPO under the condition of an active employment.*
3 *Paid out in March 2016*
4 *RSUs granted in 2016 and 2015 for the performance years 2015 and 2014*
5 *Fair Market Value (average share price of February 2016)*

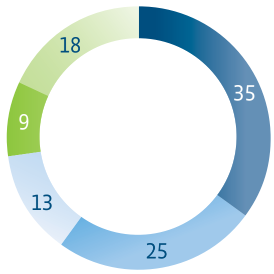
Highest Total Compensation
Robert Oudmayer, CEO, received the highest total compensation in 2015. For compensation details, please refer to the table above.

The contract of the CEO has been amended with effect on 1 October 2015 to align with market practice and benchmarks as follows:
- Discontinuation of payment of the employee contributions to the pension plan by the Bank and adjustment of the annual base salary to compensate for the above.
- Alignment of the compensation level and structure according to market benchmark:
  - Increase the variable compensation target from 80 % to 90 % and
  - Adjusting the split of the target into short-term and long-term variable compensation from 70/30 % to 60/40 %.

Compensation of Management Board Members who left the Bank during the Reporting Period
The total compensation for the performance year 2015 paid to former Management Board members who left the Bank is disclosed in the table below.

Performance Year 2015 Compensation Structure

in %



Chief Executive Officer
- Base salary
- Bonus in cash
- Bonus in RSUs
- Pension
- Other compensation

For the performance year ended 31 December (CHF)	**2015**
	Former Management Board Member[1]
Base salary	208,480
Social security	15,695
Pension plan	28,836
Other compensation	5,339
Total Fixed Compensation	**258,350**
Total Variable Compensation for the Performance Year	–
Total Compensation for the Performance Year	**258,350**
Number of persons receiving compensation	1

[1] *Garden Leave as of 10 September 2014, Exit Date 31 August 2015*

Deviations versus the previous year:
- The total compensation of the Management Board members for the performance year 2015 amounted to TCHF 4,067 (previous year TCHF 4,508).
- For the Chief Financial Officer, no individual variable incentive compensation was accrued for the performance year 2015 in line with the EVCP rules due to his voluntary resignation.
- The total fixed compensation of the members of the Management Board for the business year 2015 amounts to TCHF 2,776 (excluding retention payments in the amount of TCHF 112 granted in previous years and paid in 2015). In addition, TCHF 258 were paid to a former member of the Management Board. The combined total of TCHF 3,034 is TCHF 34 above the amount of TCHF 3,000 approved by the General Meeting 2014 due to the appointment of the new General Counsel, Dr. Emanuel C. Hofacker, as Management Board member as of 1 October 2014. However, this additional amount is allowed based on art. 25e of the Articles of Incorporation which provides for an additional compensation amount for members of the Management Board of up to 30% of the last aggregate maximum compensation amount approved by the General Meeting (0.67% of the TCHF 5,100) for members of the Management Board who are appointed after the General Meeting has

approved the aggregate maximum compensation.
- A total variable compensation of TCHF 1,180 for the performance year 2015 was approved by the CNC, which is below the amount of TCHF 2,200 approved by the 2015 General Meeting as part of the total fixed and variable compensation of the Management Board. For the performance year 2015, this resulted in a variable compensation amounting to 29 % of the total compensation (compared to 28% in 2014).

Vesting Schedule of RSU grants

Plan	Grant Year	Vesting Year 1st tranche	Vesting Year 2nd tranche	Vesting Year 3rd tranche	Number of RSUs Vested 2015	Value at vesting 2015 (in CHF)	Value of dividend equivalent paid in 2015 (in CHF)
EVCP 2013 [1]	2014	2015	2016	2017	1,941	115,490	n/a
EVCP 2014	2015	2016	2017	2018	n/a	n/a	n/a
EVCP 2015	2016	2018	2019	2020	n/a	n/a	n/a
One Off Share Program [2]	2013	2015	n/a	n/a	9,314	557,443	55,418

[1] *EVCP vesting valued with share price CHF 59.50 on 1 March 2015*
[2] *One Off Share Program vesting valued with share price CHF 59.85 on 30 October 2015*

Other Compensation, Fees and Loans to Members or Former Members of the Management Board

No other compensation or fees than the amounts reported in the tables above were accrued for or paid to the members or a former member of the Management Board during the reporting period.

For details related to loans outstanding as of 31 December 2015 please refer to section 6 “Loans and Credits: Amounts due to/from Members of Governing Bodies”.

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.

Employment Contract Termination Clauses/Notice Periods and Severance Agreements of the Management Board

Employment contracts of members of the Management Board are subject to a notice period of a maximum of twelve 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) other than the accelerated vesting provision in the EVCP as described in section 4.1. For further information refer to section Corporate Governance starting on page 24.

5 Compensation Awarded to All Employees in 2015

The structure of compensation of all employees is based on a similar structure than that of the Management Board:
- Annual base salary determined based on

the scope and responsibilities of the role, the market value of the role and the individual's level of experience and performance.
- Annual variable incentive compensation for Senior Management Team including the Management Board to reward business and individual performance, is currently paid partly immediately in cash and partly in RSUs with a 4-year staged vesting period (one-third vesting in each of the 2nd, 3rd and 4th anniversary of the grant).
- Annual variable incentive compensation for middle management employees is paid fully in cash.
- Sales incentives for sales employees are paid quarterly based on the performance against pre-approved goals.

The following table includes information regarding the aggregated compensation awarded to all employees for the business year 2015, including compensation for members of the Management Board. The Bank had 715 and 702 employees (full-time equivalents) as of 31 December 2015 and as of 31 December 2014 respectively.

For the performance year ended 31 December	2015		2014	
	Amount (in TCHF)	Eligible Employees (FTE)	Amount (in TCHF)	Eligible Employees (FTE)
Base salaries	71,340		71,365	
Variable compensation [1]	4,969	209	4,779	193
Total	**76,309**	**715**	**76,143**	**702**

[1] *Includes annual variable incentive payments for Management Board, other senior management team members and middle management as well as sales incentive payments for the performance year 2015.*

6 Shareholdings and Loans and Credits of Members of the Board of Directors and Management Board

As required by Article 663c of the Code of Obligations, the Bank discloses the shareholdings of the members of the Board of Directors and the Management Board.

Shareholdings of the Board of Directors

At 31 December		2015		2014	
Name	Function	Number of shares	Number of RSUs	Number of shares	Number of RSUs
Dr. Felix A. Weber	Chairperson	7,250	–	2,000	–
Christopher M. Chambers	Vice-Chairperson	5,000	–	5,000	–
Denis Hall	Member	–	–	–	–
Prof. Dr. Peter Athanas	Member	–	–	–	–
Urs D. Baumann	Member	7,200	–	2,000	–
Dr. Monica Mächler [1]	Member	–	–	n/a	n/a
Richard Laxer [2]	Member	n/a	n/a	–	–

[1] *From 29 April 2015*
[2] *Until 1 September 2015*

The members of the Board of Directors do not hold any share options as of 31 December 2015 and as of 31 December 2014 respectively.

Shareholdings and Unvested Restricted Stock Unit Ownership of the Management Board

At 31 December		2015		2014	
Name	**Function**	**Number of shares**	**Number of RSUs**	**Number of shares**	**Number of RSUs**
Robert Oudmayer	CEO	3,880	4,842	–	5,758
Antoine Boublil	CFO	2,271	1,508	–	2,889
Volker Gloe	CRO	2,218	1,316	–	2,732
Dr. Emanuel C. Hofacker	General Counsel	631	1,045	–	911
Daniel Frei	Sales Leader Cards	2,255	1,507	–	2,842

The members of the Management Board do not hold any share options as of 31 December 2015 and as of 31 December 2014 respectively.

Loans and Credits: Amounts due to/from Members of Governing Bodies

At 31 December (CHF in thousands)	2015	2014
Amounts due from members of governing bodies	10	3
Amounts due to members of governing bodies	376	331

Amounts due from members of governing bodies as of 31 December 2015 are in connection with credit card balances. Amounts due to members of governing bodies relate to personal savings accounts.

7 Compensation Outlook: Redesigned Compensation Structure

In 2015, the CNC actively continued the dialogue with shareholders and proxy advisors about the compensation strategy of the Bank. By support from external consultants, the CNC benchmarked against relevant peers the structure, level and payout instruments of the Board of Directors and Management Board compensation; with the first adjustments being implemented already in 2015. See section 3.1 and 4.1 for the changes implemented in 2015.

In order to reflect market best practices and to further strengthen the alignment between shareholders and management, the Board of Directors proposes to implement additional changes in 2016. These amendments, as outlined in detail below, require the modification of the Articles of Incorporation, which will be submitted to shareholders' vote at the upcoming 2016 General Meeting.

Amendments to the Board of Directors Compensation

Upon completion of the market review conducted by HCM and implementation of the new Board of Directors fee structure, the Board of Directors has decided that as of the General Meeting 2016, one third of their compensation shall be delivered in form of shares blocked for a period of five years subject to the shareholders' approval at the 2016 General Meeting. This change places the Bank to the stricter end in comparison to its peers, amongst which a three year long blocking period can be considered typical.

Amendments to the Management Board Compensation

As outlined above, the compensation system for the Management Board will be adjusted as from financial year 2016 based on a thorough review undertaken with support of an external consultant to reflect best alignment with shareholder's interest and pay in line with market median of the benchmarking group. Thus, from 2016 onwards the EVCP will consist of two separate programs: a short-term incentive ("STI") and a long-term incentive ("LTI") plan which includes performance triggers at vesting. In 2016, the target bonus (STI and LTI) is set at 90 % of the base salary for the CEO and at 50 % for the other Management Board members.

Short-term Incentive (STI)

The target STI is 60 % of the target bonus for the CEO and 70 % for the other Management Board members. The granted STI award can vary between 0 % and 150 % of the target STI depending on performance. Under the STI plan, the performance is assessed through a scorecard that measures to what extent the financial year's Bank and departmental financial targets have been delivered and considers a range of qualitative Key Performance Indicators ("KPIs") capturing the attainment of the Bank's strategic, organisational, risk and compliance goals. The weightings under the new structure have been implemented in line with corporate governance best practice and shareholders' expectations with a 80 % weight on financial targets and 20 % weight on qualitative KPIs for the CEO.

The STI is fully and immediately settled in cash and is subject to a stringent malus condition.

Long-term Incentive (LTI)

The target LTI is 40 % of the target bonus for the CEO and 30 % for the other Management Board members. The granted LTI award can vary between 75 % and 125 % of the target LTI. The individual LTI grants for the Management Board members are determined by the Board of Directors carrying out an overall look-back assessment based on defined performance criteria. This assessment considers, among others, the overall market positioning of the Bank in terms of its market share and brand reputation, the quality of the Bank's earnings with focus on its financial stability and the robustness of the compliance and risk framework, and the Bank's future strategic aspirations.
The LTI awards are delivered in form of performance share units ("PSUs"), which remain subject to a three year performance period and cliff-vesting. At the end of the three year performance period, the target achievement in terms of stock market performance and financial goals is evaluated and the number of vesting shares is determined between 0 % and 200 % of the granted number of performance share units.

The performance criteria and targets for the STI and LTI plans are determined within the annual target setting and performance management process. For 2016 the following performance criteria have been determined:

	Company Financial Targets	Departmental Targets	Qualitative Targets
STI	• Net Income • Total Income	• Individually determined where applicable	• Individually determined
LTI	• Relative Total Shareholder Return • Fully-diluted three-year cumulative EPS	• N/A	• N/A

Due to its sensitivity performance targets and achievements will be disclosed retrospectively in the compensation report of the respective year.

Below table illustrates the target and maximum variable compensation at grant under the new scheme as of performance year 2016:

Target Variable Compensation in % of Base Salary	CEO		Management Board	
	90 %		50 %	
	STI	LTI	STI	LTI
% of Target Variable Compensation	60 %	40 %	70 %	30 %
Target Variable Compensation as % of Base Salary	54 %	36 %	35 %	15 %
Cap at Grant in % of Base Salary	81 %	45 %	53 %	19 %
Payout/ Vesting Range in % of Base Salary	0–81 %	0–90 %	0–53 %	0–38 %

Claw-back rules apply for any portion of the variable compensation in case of material noncompliance with financial reporting requirements, serious misconduct, fraudulent or criminal behaviour, and/or serious breach of internal risk management or compliance procedures. Any payback obligation is limited to the three years preceding the discovery of the event.

Following illustration provides a summary of the changes to the EVCP as of 2016:

Current and New Executive Variable Compensation Framework

[1] The target bonus is split into a target STI and a target LTI depending on function (CEO 60 %/40 %, MB 70 %/30 %)
[2] Vesting can be between 0–200 % of granted PSUs

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

We have audited the compensation report of Cembra Money Bank AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections 3.2, 4.2 and 6 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 2015 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, 23 March 2016

2

Engagement

Cembra Money Bank employees appreciate their work and actively contribute to the Bank's success. They are committed to the Bank's goals and live its four values: engagement, customer focus, responsibility and diversity. Furthermore, they are empowered and motivate to do more than what is expected. The employees strive to always give their best.

Risk Management

82	Risk Management
82	Risk Governance Structure
83	Credit Risk
85	Asset and Liability Management
87	Operational Risk and Other Risks
89	Capital Management

Risk Management

Risk Management

Risk is broadly defined as the possibility that an uncertain event or outcome results in adverse variations of profitability or in losses. In the process of performing its function as a financial intermediary, the Group exposes itself to various categories of risk, such as credit risk, asset and liability management risk, operational risk and other risks.

The Group ensures relevant legal and regulatory requirements are complied with at all times. In accordance with its strategic objectives, risk profile, risk appetite and tolerance levels, the Group prudently takes, controls and monitors its risks.

The Group actively, comprehensively and systematically manages risk and promotes a strong risk culture across all business areas. The established risk management process comprises four 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.

Risks are managed primarily at Group level and additionally at Bank level if deemed necessary by the management or regulator.

Risk Governance Structure

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

The Group has established a risk appetite framework, including integrated risk limits to control overall risk taking. The risk appetite statement contains a diverse set of quantitative metrics and qualitative statements across various risk categories. It 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 risk exposures are monitored regularly versus risk limits. Summary reports are reviewed by the Audit Committee and reported to the Board of Directors.

The Group has set regulations governing the risk management and control processes. These ensure all material risks are recorded, mitigated and supervised. These processes are supported by a framework of approved policies and directives, which describe the principles guiding the Group's attitude and propensity to risk.

In delegation of the Board of Directors, the Group has established four working committees:

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

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

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

The Group’s adoption of the three lines of defence model ensures the segregation between the direct accountability of risk decisions, the setting and oversight of risk management and the independent assurance on the effectiveness of risk management. Internal policies and directives detail the expected principles of risk management and control for each risk category.

Credit Risk

Credit risk is the risk to earnings or capital that may arise from the potential that a borrower or counterparty may fail to honour its contractual obligations. The obligations include, for example, interest, fees and principal repayment. A consequent loss may be partial or complete and may arise at any time from a number of isolated or interlinked circumstances. The Group is exposed to credit risk on all its lending products.

As per the delegation from the Board of Directors, the Credit Committee serves as the decision-making body for credit decisions and regularly reviews the Group’s credit risk performance. The Credit Committee is responsible for making credit decisions on individual counterparties and existing programme renewals which are not within the authority delegated to the Chief Risk Officer (CRO) but within the authority determined by the Board of Directors. Credit decisions that exceed the Credit Committee’s authority would need to be approved by the Board of Directors. The Credit Committee is chaired by the CRO who, along with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), are mandatory members for decision making.

The guidelines for credit decisions for new product introductions, existing programme renewals, as well as the individual counterparty credit approvals are described within a credit competency policy. Delegated credit competency authorities are actively monitored and reviewed regularly to ensure alignment with the risk appetite.

The Group maintains a stringent underwriting process, which is continually monitored and optimised to ensure that credit risk is adequately managed. Prior to granting credit, the customer's creditworthiness, credit capacity and, where applicable, collateral are assessed. The customer's creditworthiness is evaluated by an automated internal credit risk rating system (scorecard) by leveraging available information about the customer. This ensures consistent and systematic decision making across all lending products.

The credit capacity of consumers is further evaluated according to the legal regulations of the Swiss Consumer Credit Act. Internal models determine the credit amount based on the risk profile of the customer. Manual underwriting complements the automated system decision in cases where additional information may be required.

The quality of portfolios and specific customer segments are thoroughly and periodically assessed. The quality and performance of new business is monitored to ensure that the credit approval process continues to effectively mitigate credit risk and underwriting procedures are being correctly followed. Scorecards are regularly monitored and back-tested 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 behaviours and to ensure optimal resource allocation and effective mitigation of credit risk.

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 Group's total financing receivables (before allowance for losses) at 31 December 2015 are distributed along the CR as follows:

At 31 December 2015	**Personal loans**	**Auto leases and loans**	**Credit cards**	**Total**
CR1	41.9 %	56.8 %	77.0 %	53.3 %
CR2	31.6 %	32.1 %	17.9 %	29.7 %
CR3	21.3 %	8.1 %	4.8 %	13.5 %
CR4	5.0 %	2.1 %	0.3 %	3.1 %
CR5	0.2 %	0.9 %	0.0 %	0.4 %

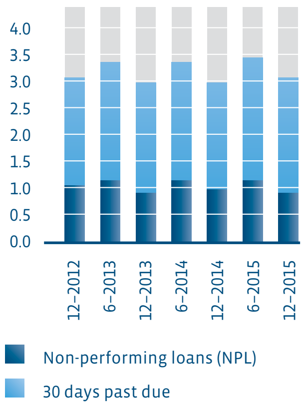
More details on CRs and implied probability of default are described in the Consolidated Financial Statements on page 122.

The Group's customer base comprises primarily of 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

The credit risk metrics and portfolio performance reports are reviewed by the Credit Committee monthly. Summaries of the Group's credit risk performance are reported to the Audit Committee and Board of Directors quarterly.

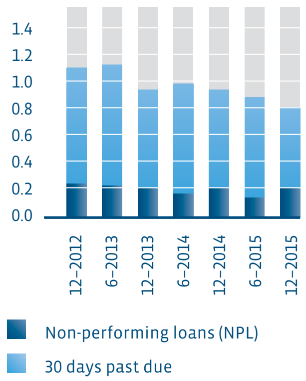
Personal loans

Delinquencies in %



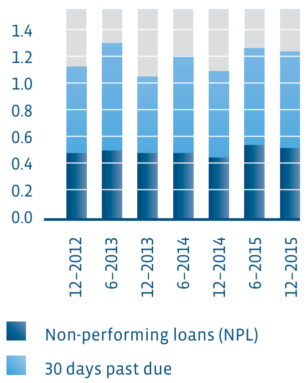
Auto leases and loans

Delinquencies in %



Credit cards

Delinquencies in %



Asset and Liability Management

Asset and liability management (ALM) forms part of the Group's risk management framework and can be considered as the coordinated management of various inherent risk types, such as liquidity, funding and market risk, in order to achieve the Group's objectives whilst operating within prudent and predetermined risk limits and concentrations. The decision-making committee for asset and liability management activities, as per the delegation from the Board of Directors, is the ALCO. The ALCO has overall responsibility for the administration of finance policies, its monitoring and reporting. The ALCO is chaired by the CFO and requires the mandatory attendance of the CEO and CRO.

Liquidity and Funding Risk

Liquidity risk is defined as the risk of the Group not having sufficient funds, or only being able to secure them at excessive costs, to meet contractual obligations when they fall due and support 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 Group's liquidity risk appetite is defined by the Board of Directors and forms the basis for the Group-internal liquidity risk management strategy, the liquidity related directives and the risk steering and control process. The 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 appetite.

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 maintains a robust stable funding structure. In order to withstand an extended period of limited access to the wholesale funding markets, the Group proactively seeks reduced reliance on short term, potentially volatile sources of funding. 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 emphasises risk mitigation through forward-looking analysis rather than after-the-fact assessment. The overall condition of funding markets is regularly monitored and assessed against market-wide and Group-specific early warning indicators to ensure the Group's ability to access funding. This is 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 liquidity risk. Consequently the Group has developed a comprehensive process for managing its liquidity in case of plausible, but stressed market situations of differing magnitudes. This ensures the Group has sufficient controls and mitigation procedures in place to prevent or alleviate the consequences of stressed market conditions. The Group's contingency funding plan is influenced by the results of stress testing scenarios and forms an integral part of liquidity risk and business continuity management. This planning ensures the Group's readiness in case of stressed liquidity conditions. The plan covers the decision-making process that should be followed and possible actionable measures that can be implemented as well as a strategy for proactive communication to key stakeholders. The plan is tested annually and results are reviewed within ALCO and reported to the Security Council. Stress testing results along with other regulatory liquidity measures, such as minimum reserve and Liquidity Coverage Ratios ("LCR"), are an essential component to the Group's liquidity management and are reviewed regularly by the ALCO and Board of Directors.

As per FINMA requirement, the Group reports LCR on a monthly basis to the Swiss regulator. The Group's average LCR for 2015 was 731%, well above the 2015 regulatory requirement of 60% and the 2019 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 2015 was above the recommended limit of 100%.

Market Risk

Market risk encompasses the risk of financial losses due to adverse movements in the market prices. The Group's business model leads to a very limited exposure to market risk factors. The Group's main source of market risk is interest rate risk ("IRR"). IRR is the risk of a potential reduction in earnings and/or capital that stems from changes in the prevailing market interest rates that is borne by interest-sensitive assets, liabilities and capital.

IRR has various primary components and is not simply linked to falling or rising rates of interest. Due to the Group's predominately fixed interest rate assets and liabilities, it is mainly exposed to re-pricing risk. This is the risk of adverse consequence due to increasing or decreasing interest rates because of difference in time of when these rate changes affect the Group's assets and liabilities. The Group faces relatively low option and basis risk. Consequently, the Group focuses IRR monitoring on repricing risk.

The Group actively monitors and manages IRR performance against internally defined triggers. As per the regulatory requirement, the Group reports forecasted values of economic value of equity (lifetime) and earnings at risk (next 12 months) on a weekly basis. As of 31 December 2015, the Group does not employ hedging instruments to manage IRR.

Interest Rate Repricing Gaps

At 31 December 2015 (CHF in millions)	Non-interest bearing	On Sight	0–3 months	4–6 months	7–9 months	10–12 months	13–24 months	2–3 years	3–4 years	4–5 years	5+ years
Rate-sensitive Assets	466	450[1]	480	436	449	335	966	512	558	63	11
Rate-sensitive Liabilities	938	0	324	468	199	586	903	266	420	83	539
Net gap	**– 471**	**450**	**155**	**– 33**	**250**	**– 251**	**63**	**246**	**138**	**– 20**	**– 527**

[1] *Includes rate-sensitive SNB cash*

Foreign exchange (FX) risk is the financial risk from adverse movements in the exchange rate on operations denominated in a currency other than the base currency of the company. The Group operates predominantly in the Swiss consumer lending market, borrows and lends exclusively in Swiss Francs. Therefore, the foreign exchange risk exposure of the Group is minimal and is limited to supplier invoices denominated in foreign currencies. FX exposure is monitored closely against internally set triggers and the Group would take immediate corrective action if limits are exceeded. As of 31 December 2015, the Group does not use hedging instruments to manage its FX risk.

Operational Risk and Other Risks

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 recognises the importance of the effective management of operational risks and has implemented appropriate processes to manage them.

Key instruments:
- Annual Risk & Control Self-Assessment ("RCSA"): group-wide assessment of the likelihood of risks and their potential impact.
- Key Risk Indicators ("KRI"): regularly monitored risk metrics that serve as early warning indicators for potentially material risks.
- Loss Data Collection ("LDC"): historical dataset of loss events used to identify high risk areas.

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 and the Group has implemented an enhanced and comprehensive framework dealing with protecting client identifying data.

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 the identification of critical processes and their dependency on systems, applications and external vendors. The Group's BCM encompasses planning, preparatory and other related activities intended to ensure the business critical functions will either, continue to operate in spite of a serious incident that may have otherwise caused business interruption, or will be recovered to an operational state within a reasonably short period of time after an incident. The Group maintains a comprehensive crisis management plan that defines processes that need to be followed in case of a business emergency. The plan aims to safeguard the continuity of the Group's activities and to control any damages in the event of a significant business interruption. The status of the BCM programme and the results of the annual disaster recovery and business continuity test are reviewed by the Security Council.

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.

Compliance risk is the risk of legal or regulatory sanctions, reputational damage and financial forfeiture or material loss from violations of laws and regulations, internal policies or prescribed best practice, professional and ethical standards. The Group acknowledges the increasing importance of behavioural compliance related to conduct risk in the banking sector and addresses it within the provisions of the Group's Code of Conduct. For operational independency, the Group has a separate Legal and Compliance function. It effectively manages, controls, monitors and reports legal and compliance risks and ensures that the Group's business activities adhere to all relevant legal requirements, regulatory standards and requirements for an effective Corporate Governance.

Strategic risk is defined as possible losses that arise from uncertainties or untapped opportunities inherent in the Group's strategic intent. Reputational risk is the risk of losses resulting from damages to the Group's reputation. 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 fulfils the qualitative and quantitative requirements of Capital Adequacy Ordinance (CAO 952.03).

Capital Adequacy Ratio (CAR)

As of 31 December 2015 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 2015, the Group's Tier 1 capital ratio was 19.8 %.

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 2015, the Group's leverage ratio was 15.4 %, well above the recommended 3.0 %.

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 macroeconomic conditions. In the 2015 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.

3

Responsibility

Cembra Money Bank employees always act in the best interest of the Bank and its customers. They are accountable and fully transparent, and in everything they do, they act with complete integrity.

Management Discussion and Analysis

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Management Discussion and Analysis of Financial Condition and Results of Operations

Significant Developments

On 15 January 2015, the Swiss National Bank (SNB) decided to discontinue the minimum exchange rate of CHF 1.20 per Euro and to introduce a negative interest rate of –0.75 % on sight deposits with the SNB. This decision impacted the Swiss economy and the business of Cembra Money Bank (hereafter referred to as the "Bank", together with its subsidiaries, the "Group") in 2015.

On 4 March 2015, the Bank announced the launch of its third auto lease asset backed security ("ABS") transaction and issued fixed-rate senior notes of CHF 200 million 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.

On 29 April 2015, the Bank held its second General Meeting of Shareholders as a listed company in Zurich. All agenda items were approved including a dividend payment of CHF 93.0 million, or CHF 3.10 per share, which was paid out of the reserves from capital contributions. Dr. Monica Mächler was newly elected to the Board of Directors.

On 7 May 2015, the Group's major shareholder General Electric Company (acting through its subsidiary GE Capital Swiss Funding AG; "General Electric Group") sold in an accelerated book-building process all its remaining 9,460,785 shares (corresponding to 31.54 % of all shares) of the Bank to various institutional investors. After the transaction the General Electric Group has no remaining stake in the Bank or the Group. In the accelerated book-building process, the Bank bought 1,801,801 shares (or 6.0 % of the outstanding shares) at a price of CHF 55.50 each, representing the market price determined in such book-building process, which resulted in a total cash outflow of CHF 100 million. This purchase of shares followed the intention communicated with the annual results 2014 on 26 February 2015 to use excess capital for share acquisition in case of a liquidity event by a major shareholder. The Board of Directors decided to keep the shares as treasury shares for the time being.

On 29 May 2015, the Group announced a restructuring of its branch business. The dense distribution network with 25 branches has been divided into seven regions with seven regional heads. In addition, the agent business has been separated and is based on five agent regions.

On 10 June 2015, Richard Laxer, who served as a representative of the General Electric Group on the Board of Directors of the Bank, announced his resignation from the Board of Directors effective 1 September 2015.

As of 1 August 2015, the domestic interchange fee on credit card transactions has been reduced from 95 basis points to 70 basis points and will go down further to 44 basis points by 1 August 2017.

At the end of August 2015, the Bank successfully placed a CHF 175 million senior unsecured bond with a maturity of six years and a coupon of 0.50 %. As a part of their annual review, the credit rating agency Standard & Poor's affirmed the Bank's "A–" long-term counterparty credit rating with negative outlook.

On 30 October 2015, the Bank celebrated its second anniversary as Cembra Money Bank listed on SIX Swiss Exchange. Additionally, at this time the restricted stock units from the one-off share program that was initiated at the time of the IPO vested and exercised in shares of Cembra Money Bank.

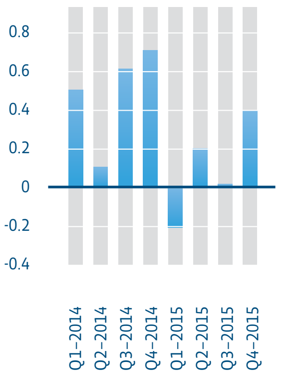
On 24 November 2015, the Bank announced the resignation of its CFO Antoine Boublil who will leave at latest by the end of May 2016.

On 11 December 2015, the Federal Council (Bundesrat) decided to change the Ordinance to the Consumer Credit Act (CCA) and to lower the maximum contractual interest rate on lending products. As of 1 July 2016, the maximum interest rate on personal loans (Barkredit) will be reduced to 3-months LIBOR (with a floor at 0 %) plus a 10 % surcharge resulting in a cap of 10 %; the respective maximum interest rate for credit card overdraft will be reduced to 3-months LIBOR (with a floor at 0 %) plus a 12 % surcharge resulting in a cap of 12 %. In order to mitigate the potential impact, the Bank has defined a set of measures which will be introduced in the short and medium term.

In December 2015, the Zurich Commercial Court as court of first instance fully rejected a claim by a former credit agent. Appeal to the Federal Supreme Court is pending.

Quarterly Swiss GDP

Change vs previous quarter (in %)



Source: SECO

Macroeconomic Environment

The Bank operates predominantly in Switzerland and its financial position and results of operations are strongly influenced by macroeconomic factors, notably, economic trends and interest rates. The Group does not have financing receivables and only very limited costs in foreign currencies. Therefore, the market fluctuations in exchange rate of the Swiss Franc did not have a direct impact on the results of the Group. However, indirectly the Group felt the implications of the strong Swiss Franc on the overall economy and consumer behaviour in its different business lines.

Gross Domestic Product Switzerland

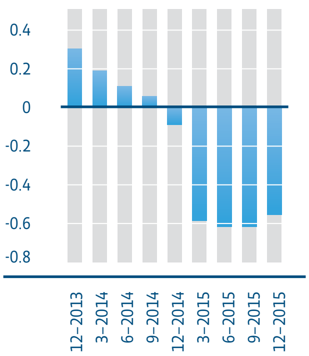
Most relevant for the Bank's business development is the state of the Swiss economy. Hence the development of the Swiss gross domestic product (GDP) is a key in dicator for the Bank. In 2015, the Swiss GDP grew by 0.9 % despite a weak first half-year after the discontinuation of the minimum exchange rate of CHF 1.20 per Euro in January. Within the different contributors to Swiss GDP the development of the consumption expenditure by private households is the most important indicator for the consumption behaviour of customers in Switzerland. Private consumption held up well in 2015 as demonstrated by the 1.1 % increase; i.e. above the growth rate of the GDP.

Interest Rates

Being active in the interest margin business, the development of interest rates is a major driver of the Bank's profitability. The

CHF 3-year Swap Rate

in %



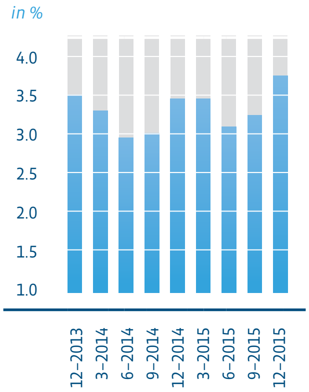
Source: Bloomberg

decision of the SNB to discontinue the minimum exchange rate of CHF 1.20 per Euro and to lower the target range for the three-month Libor to between –1.25 % and –0.25 % drove interest rates further into negative territory. The entire Swiss Franc rate curve up to seven years was negative during 2015. On the one hand this enabled the Group to raise new funds at very favourable conditions and to reduce its overall cost of funding. On the other hand this led to price pressure in some of the Group's product lines and additional expenses from the negative interest rate on the cash held with the SNB and other institutions.

Unemployment Rate

The unemployment rate serves as an important indicator for the delinquency of customers. The average unemployment rate in Switzerland for 2015 remained low at 3.3 % and stood at 3.7 % in December 2015. This represents only a small increase compared to 2014 when the average unemployment rate was 3.2 % and 3.4 % in December 2014. This helped to maintain the provision for losses at a stable level of about 1 % of financing receivables.

Unemployment rate (Switzerland)



Source: SECO

Product Markets

Consumer Loan Market

For the 6th consecutive year the Swiss consumer loan market was in decline. According to the "Verband Schweizerischer Kreditbanken und Finanzierungsinstitute" (VSKF), the Swiss consumer loan market declined 1 % from CHF 7,276 million in 2014 to CHF 7,172 million in 2015. The number of contracts fell by 3 % to 387,433 in 2015 from 399,224 in 2014. The Group's market share in the consumer loans market declined slightly in 2015.

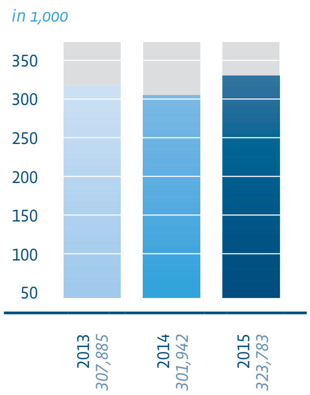
Auto Market

The auto market grew strongly in 2015 as a result of the drop in car prices after the strengthening of the Swiss Franc in January. The registrations of new cars increased by 7 % to 323,783 compared to 2014, according to "auto-schweiz" (association of official Swiss car importers) statistics. Also the market for used cars reached a new record with 859,500 (up 2.4 %) used cars sold in 2015 in Switzerland according to "Eurotax Schweiz" (independent provider of automotive market data). According to data from VSKF, the outstanding leasing volume in Switzerland increased in 2015 by 4 % to CHF 8,445 million compared to CHF 8,152 million in 2014. The number of leasing contracts grew in 2015 by 5 % to 590,658.

Credit Card Market

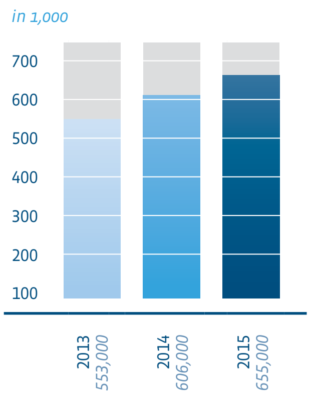
The positive growth trend in the credit card market continued in 2015. According to SNB statistics, the number of issued credit cards in Switzerland grew by about 3 % to 6.2 million. The number of transactions increased 10 % from 269.7 million in 2014 to 296.5 million in 2015 and the transaction volume grew by 1 % to CHF 34.9 billion. Transactions conducted via near field communication (NFC) gained importance in 2015. About 83 % of all credit cards in Switzerland are equipped with an NFC chip and around 11 % of all domestic credit card transactions were initiated contactless in 2015.

New Car Registrations in Switzerland



Source: auto-schweiz

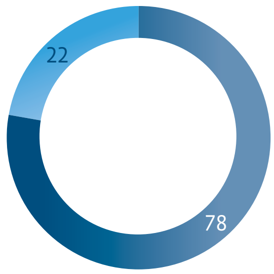
Number of issued Credit Cards



The credit cards business continued to grow and was able to outperform the overall Swiss market again. The Group increased the number of issued credit cards by 8 % to about 655,000 compared to year-end 2014.

Net Revenues

in %



Results of Operations

Key Figures

For the years ended 31 December	**2015**	**2014**
Net revenues (CHF in millions)	388.7	379.4
Net interest income (CHF in millions)	301.9	301.0
Net income (CHF in millions)	145.0	139.9
Cost / income ratio	41.5 %	42.5 %
Net interest margin	7.3 %	7.4 %
Return on average shareholders' equity (ROE)	17.7 %	17.0 %
Return on average assets (ROA)	3.0 %	3.0 %
Dividend per share (CHF) [1]	3.35	3.10
Earnings per share (CHF)	5.04	4.67
At 31 December	**2015**	**2014**
Total assets (CHF in millions)	4,749	4,812
Net financing receivables (CHF in millions)	4,063	4,074
Total shareholders' equity (CHF in millions)	799	842
Tier 1 capital ratio	19.8 %	20.6 %
Employees (FTEs)	715	702

[1] *As proposed to the General Meeting*

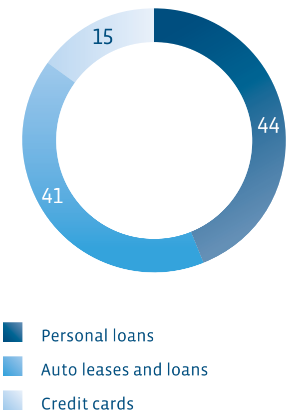
Net revenues increased by 2 % to CHF 388.7 million in 2015 compared to prior year. Net interest income contributed 78 % to revenues while commission and fee income accounted for 22 % of revenues. The Group recorded a 4 % higher net income of CHF 145.0 million 2015 compared to CHF 139.9 million in 2014. Earnings per share increased 8 % from CHF 4.67 in 2014 to CHF 5.04 in 2015 due to the accretion effect from the share buyback. Return on average shareholders' equity was 17.7 % in 2015 and 17.0 % in 2014 respectively, despite a high Tier 1 capital ratio of 19.8 % and 20.6 % in those periods.

Balance Sheet Analysis

At 31 December (CHF in millions)	2015	2014	Variance	in %
Assets				
Cash and cash equivalents	572	622	– 50	– 8
Net financing receivables	4,063	4,074	– 10	0
Personal loans	1,784	1,855	– 71	– 4
Auto leases and loans	1,661	1,662	– 1	0
Credit cards	617	556	61	11
Other assets	113	116	– 3	– 2
Total assets	**4,749**	**4,812**	**– 63**	**– 1**
Liabilities and equity				
Deposits and debt	3,821	3,341	480	14
Deposits	2,246	1,941	305	16
Debt	1,575	1,400	175	13
Due to (former) affiliates	–	500	– 500	– 100
Other liabilities	129	129	0	0
Total liabilities	**3,950**	**3,970**	**– 20**	**– 1**
Shareholders' equity	799	842	– 43	– 5
Total liabilities and shareholders' equity	**4,749**	**4,812**	**– 63**	**– 1**

Net Financing Receivables

in %



Net Financing Receivables

Net financing receivables amounted to CHF 4,063 million as at 31 December 2015, which is a small decline compared to CHF 4,074 million as at 31 December 2014. At the end of 2015 the Group’s personal loans accounted for 44 %, auto leases and loans accounted for 41 %, and the credit card business accounted for 15 % of its net financing receivables.

Receivables from personal loans declined 4 % to CHF 1,784 million by year-end 2015 compared to CHF 1,855 million by year-end 2014.

In a challenging market environment auto leases and loans was able to maintain receivables at CHF 1,661 million, unchanged from year-end 2014.

Credit cards once again recorded a strong growth of 11 % compared to 2014 on its receivables portfolio, reaching CHF 617 million as at 31 December 2015 and contributed to the further diversification of the Group’s income.

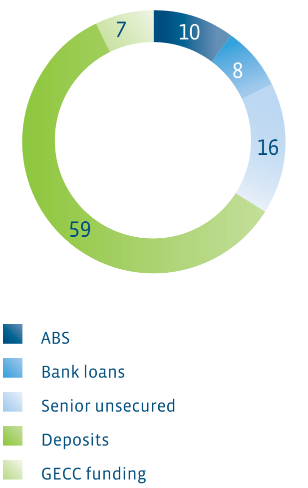
Funding

The Group continued to diversify its funding structure during the year. The deposits base grew by 16 % from CHF 1,941 million as at 31 December 2014 to CHF 2,246 million as at 31 December 2015. This was primarily driven by strong growth in retail deposits (up 33 % in 2015) and growth in the institutional segment (up 8 %).

The Group maintained a stable level of debt with total balance decreasing from CHF 1,900 million (including former affiliated debt) as at 31 December 2014 to CHF 1,575 million as at 31 December 2015. The

Funding Structure

in %



focus remained on extending its term profile and ensuring limited maturity concentration. The Group also successfully refinanced its maturing CHF 200 million auto lease ABS transaction and increased the maturity to four years, previously three years. The Group returned to the capital markets and raised CHF 175 million in unsecured bonds with maturity in 2021. The Group fully prepaid the IPO bridge funding facility of CHF 300 million with a syndicate of international banks one year prior to maturity.

The reliance on funding from the former shareholder, the General Electric Group, was further reduced in the course of the year, from CHF 500 million as at 31 December 2014 to CHF 250 million as at 31 December 2015. The Group additionally reduced the revolving credit facility from the General Electric Group from CHF 500 million as at 31 December 2014, to CHF 300 million as at 31 December 2015.

Equity

Total shareholders' equity decreased by CHF 43.0 million from CHF 842 million at year-end 2014 to CHF 799 million at 31 December 2015. The decrease was mainly driven by the dividend payment of CHF 93.0 million and the share buyback of CHF 100.0 million, both in May 2015. This was partially offset by the current year income of CHF 145.0 million.

Profit and Loss Analysis

For the years ended 31 December (CHF in millions)	**2015**	**2014**	**Variance**	**in %**
Interest income	338.3	342.7	– 4.3	– 1
Interest expense	– 36.4	– 41.7	5.3	– 13
Net interest income	**301.9**	**301.0**	**0.9**	**0**
Commission and fee income	86.7	78.4	8.3	11
Net revenues	**388.7**	**379.4**	**9.2**	**2**
Provision for losses on financing receivables	**– 43.6**	**– 40.9**	**– 2.7**	**7**
Compensation and benefits	– 99.8	– 95.9	– 3.9	4
General and administrative expenses	– 61.7	– 65.5	3.8	– 6
Total operating expenses	**– 161.5**	**– 161.4**	**– 0.1**	**0**
Income before income taxes	**183.6**	**177.2**	**6.4**	**4**
Income tax expense	– 38.5	– 37.3	– 1.2	3
Net income	**145.0**	**139.9**	**5.2**	**4**
Other comprehensive loss	– 10.4	– 12.6	2.1	– 17
Comprehensive income	**134.6**	**127.3**	**7.3**	**6**

Interest Income

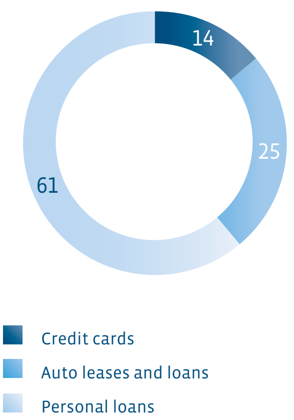
For the years ended 31 December (CHF in millions)	2015	2014	Variance	in %
Personal loans	207.9	214.3	– 6.4	– 3
Auto leases and loans	85.4	88.2	– 2.8	– 3
Credit cards	45.7	39.7	6.1	15
Other	– 0.7	0.5	– 1.1	–
Total	**338.3**	**342.7**	**– 4.3**	**– 1**

The Group's primary source of interest income is personal loans, which accounted for 61 % and 62 % of interest income in the years ended 31 December 2015 and 2014 respectively. Auto leases and loans accounted for 25 % and 26 % of interest income in the years ended 31 December 2015 and 2014 respectively. Credit cards accounted for 14 % and 12 % of interest income in the years ended 31 December 2015 and 2014 respectively.

The Group's interest income slightly declined by CHF 4.3 million from CHF 342.7 million in 2014 to CHF 338.3 million in 2015. Other interest income included CHF 2.0 million expense from the negative interest rate on the cash held with the SNB and other institutions and CHF 1.5 million benefit on tax refund. Interest income from personal loans decreased by CHF 6.4 million, or 3 %, from CHF 214.3 million in 2014 to CHF 207.9 million in 2015. This was primarily due to lower volumes. The yield remained stable at 11.2 %. Interest income from the Group's auto leases and loans decreased by CHF 2.8 million, or 3 %, from CHF 88.2 million in 2014 to CHF 85.4 million in 2015. The decrease was mainly driven by lower interest rates resulting from competitive pressure. The yield declined 20 basis points to 5.1 %. On the contrary, interest income from credit cards increased by CHF 6.1 million, or 15 %, from CHF 39.7 million in 2014 to CHF 45.7 million in 2015. This increase was primarily due to higher levels of credit card receivables as a result of an increase in credit card volumes. The yield increased 10 basis points to 7.7 %.

Interest Income

in % (excluding "other")



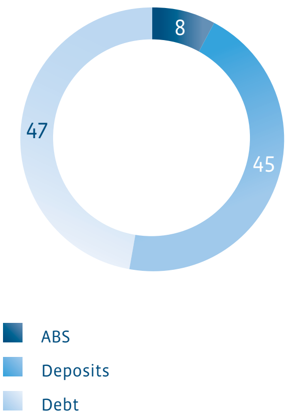
Cost of Funds

For the years ended 31 December (CHF in millions)	2015	2014	Variance	in %
Interest expense on ABS	3.0	4.5	– 1.4	– 32
Interest expense on deposits	16.2	14.7	1.5	10
Interest expense on debt	17.1	22.5	– 5.3	– 24
Total	**36.4**	**41.7**	**– 5.3**	**– 13**

The Group's overall cost of funds decreased by CHF 5.3 million, or 13 %, from CHF 41.7 million in 2014 to CHF 36.4 million in 2015. Interest expense on auto lease ABS decreased by 32 % to CHF 3.0 million. The decrease was due to the maturity of the first ABS in March 2015 (issued in 2012) and the issuance of a new ABS with a term of four years (optional redemption) and a lower coupon of 0.23 %. Interest expense on deposits increased by 10 %, or CHF 1.5 million, to CHF 16.2 million as a result of

Cost of Funds

in %



the strong growth in the deposits base (up 16 %) and longer duration. The former affiliated interest expense was reclassified to interest expense on debt after the General Electric Group sold its investment in the Bank in May 2015. Nevertheless, the total interest expense on debt decreased by CHF 5.3 million, or 24 %, from CHF 22.5 million in 2014 to CHF 17.1 million in 2015, in line with the total decrease in debt and lower interest rates on the market. Additionally the reduction was driven by the favorable refinancing of the IPO bridge facility and prepayment of funding to the General Electric Group.

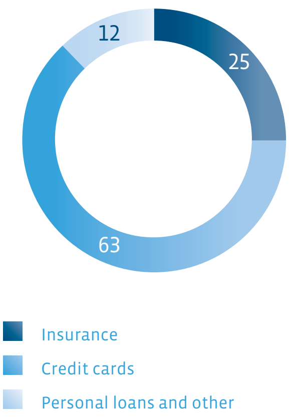
Commission and Fee Income

For the years ended 31 December (CHF in millions)	**2015**	**2014**	**Variance**	**in %**
Insurance	20.7	21.4	– 0.8	– 4
Credit cards	55.5	46.9	8.6	18
Personal loans and other	10.6	10.1	0.5	5
Total	**86.7**	**78.4**	**8.3**	**11**

The Group’s commission and fee income increased by CHF 8.3 million, or 11 %, from CHF 78.4 million in 2014 to CHF 86.7 million in 2015. This increase was due to higher fee income on credit cards of CHF 8.6 million, or 18 %, as a result of the growing credit card portfolio and higher cross-border transactions. Insurance income of CHF 20.7 million was CHF 0.8 million lower mainly as a results of lower profit share. The increase of fees from personal loans and other by 0.5 million to CHF 10.6 million, was mainly attributable to one-off gains.

Commission and Fee Income

in %



Provision for Losses on Financing Receivables

For the years ended 31 December (CHF in millions)	**2015**	**2014**	**Variance**	**in %**
Provision for losses on personal loans	29.9	30.3	– 0.4	– 1
Provision for losses on auto leases and loans	5.2	6.4	– 1.2	– 19
Provision for losses on credit cards	8.6	4.2	4.4	103
Total	**43.6**	**40.9**	**2.7**	**7**

The Group’s provision for losses on financing receivables increased by CHF 2.7 million, or 7 %, from CHF 40.9 million in 2014 to CHF 43.6 million in 2015. The increase is mainly related to the first time inclusion of credit card transaction fraud losses. The loss rate in 2015 was 1.1 % of financing receivables compared to 1.0 % in 2014.

Delinquency metrics of 30 days past due (1.8 % as of 31 December 2015) and non-performing loans (0.4 % as of 31 December 2015) remained stable when compared to the previous year.

Compensation and Benefits

For the years ended 31 December (CHF in millions)	2015	2014	Variance	in %
Compensation and benefits	**99.8**	**95.9**	**3.9**	**4**

The Group's compensation and benefits increased by CHF 3.9 million, or 4 %, from 95.9 million in 2014 to CHF 99.8 million in 2015. The increase is mainly attributable to higher pension cost as a result of a lower discount rate for CHF 1.7 million and higher headcount due to the IT transition for CHF 1.9 million.

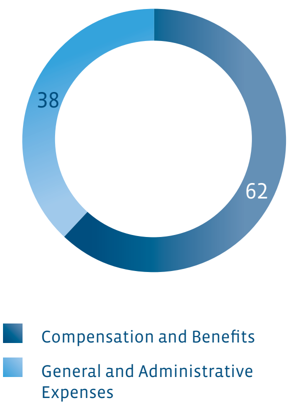
The average number of employees (full-time equivalent (FTE)) was 709 in 2015 compared to 701 in 2014. The average personnel expense per FTE was TCHF 141 in 2015 and TCHF 137 in 2014.

General and Administrative Expenses

For the years ended 31 December (CHF in millions)	2015	2014	Variance	in %
GECC assessment / TSA	2.2	6.1	– 3.9	– 64
Professional services	10.9	14.5	– 3.6	– 25
Marketing	7.7	6.8	0.9	14
Collection fees	6.7	6.5	0.2	3
Postage and stationary	7.7	8.7	– 1.0	– 12
Rental expense under operating leases	5.6	5.9	– 0.3	– 6
Depreciation and amortisation	4.5	2.5	2.0	81
Information technology	14.6	12.7	2.0	16
Other	1.8	1.8	– 0.0	– 3
Total	**61.7**	**65.5**	**– 3.8**	**– 6**

Total operating expense

in %



The Group's general and administrative expenses decreased by CHF 3.8 million, or 6 %, from CHF 65.5 million in 2014 to CHF 61.7 million in 2015. This decrease is primarily due to one-off expenses in 2014 in connection with the transition to a stand-alone business. In particular, the Transitional Service Agreement ("TSA") fee paid to the General Electric Group amounted to CHF 2.2 million decreasing CHF 3.9 million compared to the previous year. Due to the growing relevance, costs related to information technology are newly disclosed in a separate expense line. Certain costs from professional services and other have been reclassified to information technology. Professional services decreased by CHF 3.6 million, mainly due to lower one-off costs for the separation from the General Electric Group. As an offset, information technology costs rose CHF 2.0 million in 2015 and depreciation and amortisation costs increased by CHF 2.0 million as the Group transitioned much of its IT infrastructure from General Electric Group to a stand-alone basis.

The cost/income ratio improved to 41.5 % in 2015 from 42.5 % in 2014. This as a result of higher income while cost remained stable.

Income Tax Expense

For the years ended 31 December (CHF in millions)	**2015**	**2014**	**Variance**	**in %**
Income tax expense	**38.5**	**37.3**	**1.2**	**3**

The Group's income tax expense increased by CHF 1.2 million from CHF 37.3 million in 2014 to CHF 38.5 million in 2015, as a result of increased income before income taxes. The Group's effective tax rate in both 2015 and 2014 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.

Capital Position

At 31 December (CHF in millions)	**2015**	**2014**	**Variance**	**in %**
Risk-weighted assets	3,703.0	3,688.9	14.0	0
Tier 1 capital	732.6	760.2	– 27.6	– 4
Tier 1 ratio (in %)	19.8 %	20.6 %		

Risk-weighted assets remained broadly unchanged at CHF 3,703 million as per 31 December 2015 compared to CHF 3,689 million as per 31 December 2014. This is in line with the development of net financing receivables. The Tier 1 capital declined CHF 27.6 million, or 4 %, to CHF 733 million mainly as a results of the dividend payment and the share buyback and was partially offset by the 2015 net income. This resulted in a Tier 1 ratio of 19.8 % as per 31 December 2015 which is significantly above the regulatory requirement of 11.2 % and the Bank's target of at least 18.0 %.

4

Diversity

Cembra Money Bank employees value the input and opinions from all team members and all levels of the organisation. They respect the differences in people and also embrace flexible ways of working while delivering on the Bank's goals.

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Consolidated Statements of Income

For the years ended 31 December (CHF in thousands)	Notes	2015	2014
Interest income	18	338,340	342,689
Interest expense	19	– 36,395	– 41,676
Net interest income		**301,946**	**301,012**
Commission and fee income	20	86,739	78,436
Net revenues		**388,684**	**379,448**
Provision for losses on financing receivables	**3**	**– 43,642**	**– 40,893**
Compensation and benefits		– 99,794	– 95,855
General and administrative expenses	21	– 61,686	– 65,509
Total operating expenses		**– 161,480**	**– 161,364**
Income before income taxes		**183,562**	**177,191**
Income tax expense	13	– 38,547	– 37,341
Net income		**145,015**	**139,850**
Earnings per share			
Basic	12	5.04	4.67
Diluted	12	5.03	4.66

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Net income	145,015	139,850
Net prior service cost	– 509	– 603
Actuarial loss	– 9,936	– 11,988
Total other comprehensive loss	– 10,445	– 12,591
Comprehensive income	**134,570**	**127,259**

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statements of Financial Position

At 31 December (CHF in thousands)	Notes	2015	2014
ASSETS			
Cash and cash equivalents		572,440	622,333
Financing receivables, net	3	4,063,251	4,073,595
Property, plant and equipment, net	4	5,334	4,891
Intangible assets, net	5	26,370	17,119
Other assets	6	74,245	81,773
Deferred income taxes	13	7,501	12,376
Total assets [1]		**4,749,142**	**4,812,087**
LIABILITIES AND EQUITY			
Deposits	7	2,246,247	1,941,030
Accrued expenses and other payables		89,362	103,175
Due to affiliates	8	–	500,000
Short-term debt	8	450,000	–
Long-term debt	8	1,124,804	1,399,701
Other liabilities	10	39,382	25,806
Total liabilities [1]		**3,949,794**	**3,969,712**
Common shares		30,000	30,000
Additional paid in capital (APIC)		485,351	563,631
Treasury shares		– 100,093	– 1,952
Retained earnings		417,448	273,609
Accumulated other comprehensive loss (AOCI)		– 33,358	– 22,913
Total shareholders' equity		**799,348**	**842,375**
Total liabilities and shareholders' equity		**4,749,142**	**4,812,087**

[1] The Group's consolidated assets as at 31 December 2015 and 31 December 2014, include total assets of TCHF 528,275 and TCHF 571,070 respectively, of consolidated variable interest entities ("VIEs") that can only be used to settle the liabilities of the VIEs. The Group's consolidated liabilities as at 31 December 2015 and 31 December 2014 include liabilities of the VIEs of TCHF 400,000 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

CHF in thousands	Common shares	Treasury Shares	APIC	Retained earnings	AOCI [1]	Total equity
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**
Net income	–	–	–	145,015	–	145,015
Dividend paid	–	–	– 93,000	–	–	– 93,000
Change in deferred tax assets related to tax goodwill	–	–	15,522	–	–	15,522
Change in APIC due to share based compensation	–	–	– 802	–	–	– 802
Treasury shares	–	– 98,141	–	–	–	– 98,141
Accumulated other comprehensive loss before reclassifications, net of deferred tax of 3,672	–	–	–	–	– 13,812	– 13,812
Reclassifications from accumulated other comprehensive loss net of deferred tax of – 895	–	–	–	–	3,368	3,368
Other	–	–	–	– 1,177	–	– 1,177
Balance at 31 December 2015	**30,000**	**– 100,093**	**485,351**	**417,448**	**– 33,358**	**799,348**

[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

For the years ended 31 December (CHF in thousands)	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		145,015	139,850
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		43,642	40,893
Deferred income taxes		9,319	7,519
Depreciation		1,474	1,421
Amortisation of intangible assets		3,011	1,054
Decrease (–) / Increase in accrued expenses		– 13,813	– 16,373
Decrease / Increase (–) in tax receivables		2,121	6,072
Decrease / Increase (–) in other receivables		1,659	– 2,289
All other operating activities		9,423	237
Net cash provided by operating activities		**201,852**	**178,384**
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financing receivables	23	– 33,515	– 122,771
Proceeds from sale of loss certificates		218	1,305
Additions to property, plant and equipment		– 1,917	– 2,257
Decrease / Increase (–) in restricted cash		8,533	– 5,295
Additions to intangible assets		– 12,263	– 15,894
Net cash used in investing activities		**– 38,945**	**– 144,912**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net change in deposits		305,217	281,002
Net change in due to affiliates		–	– 200,000
Issuance of long-term debt		475,000	450,241
Repayments of long-term debt		– 800,000	– 350,000
Dividends paid		– 93,000	– 85,500
Purchase of treasury shares		– 100,000	–
All other financing activities		– 18	1,385
Net cash used in (–) / provided by financing activities		**– 212,801**	**97,128**
Net decrease (–) / increase in cash and cash equivalents		**– 49,892**	**130,600**
CASH AND CASH EQUIVALENTS			
Beginning of the period		622,333	491,733
End of period		**572,440**	**622,333**
SUPPLEMENTAL DISCLOSURE			
Interest paid		– 34,866	– 38,045
Income taxes paid		– 15,494	– 24,080

See accompanying 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 of Cembra Money Bank AG (the "Bank" or the parent company) and its subsidiaries Swiss Auto Lease 2012-1 GmbH, Swiss Auto Lease 2013-1 GmbH and Swiss Auto Lease 2015-1 GmbH (collectively the "Group"). The Group is one of the leading providers of financial services in Switzerland. The main products comprise loans, leasing, credit cards and saving products. The services are rendered at the Group's headquarters in Zurich as well as through 25 branches in Switzerland.

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.

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 by the Financial Accounting Standards Board ("FASB"), in the 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. Restricted cash which is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage, is classified in “Other assets”.

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. The remaining useful life of an intangible asset that is being amortized is evaluated each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of an intangible asset’s remaining useful life is changed, the remaining carrying amount of the intangible asset shall be amortized prospectively over that revised remaining useful life. 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 share-based compensation 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 which 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 9 January 2015, the FASB issued the Accounting Standards Update ("ASU") 2015-01 "Income Statement – Extraordinary and Unusual Items (Subtopic 225-20)" to eliminate from US GAAP the concept of an extraordinary item, which is an event or transaction that is both unusual in nature and infrequently occurring. Under the ASU, an entity will no longer segregate an extraordinary item from the results of ordinary operations or separately present an extraordinary item on its income statement, net of tax, after income from continuing operations; or disclose income taxes and earnings-per-share data applicable to an extraordinary item. This ASU is effective for annual periods beginning after 15 December 2015, and interim periods within those annual periods. The Group elected to early adopt the Standard as of 31 December 2015. There is no material impact on the Group's financial statements due to adoption of this ASU.

Recently issued accounting standards to be effective in future periods

On 18 February 2015, the FASB issued ASU 2015-02 "Consolidation (Topic 810)", which amends the consolidation requirements in ASC 810 and significantly changes the consolidation analysis required under US GAAP. The ASU changes the effect that fees paid to a decision maker or service provider have on the consolidation analysis. The ASU significantly amends how variable interests held by a reporting entity's related parties or de facto agents affect its consolidation conclusion. For entities other than limited partnerships, the ASU clarifies how to determine whether the equity holders (as a group) have power over the entity (this will most likely result in a change to current practice). The clarification could affect whether the entity is a VIE. For public business entities, the guidance in the ASU is effective for annual periods, and interim periods within those annual periods, beginning after 15 December 2015. Early adoption is allowed for all entities. The Group is currently evaluating the effects of adoption of this ASU on its financial statements.

On 7 April 2015, the FASB issued ASU 2015-03 "Interest – Imputation of Interest (Subtopic 835-30)", which changes the presentation of debt issuance costs in financial statements. Under the ASU, an entity will present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortisation of the costs will be reported as interest expense. For public business entities, the guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after 15 December 2015. Early adoption is allowed for all entities for financial statements that have not been previously issued. The Group will adopt this standard prospectively as of 1 January 2016 and does not expect a material effect from adoption of this ASU on its financial statements.

Further, on 16 August 2015, the FASB issued ASU 2015-15 to clarify the SEC staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements given the lack of guidance on this topic in ASU 2015-03. The SEC staff has announced that it would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. The Group is going to adopt this ASU as of 1 January 2016 prospectively and expects no material impact of this ASU on its financial statements.

On 15 April 2015, the FASB issued ASU 2015-05 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)", which clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software under ASC 350-40. The ASU amends ASC 350-40 to provide customers with guidance on determining whether a cloud computing arrangement contains a software license that should be accounted for as internal-use software. For public business entities, the ASU is effective for annual periods (and interim periods therein) beginning after 15 December 2015. Early adoption is permitted. Entities may adopt the guidance retrospectively or prospectively to arrangements entered into, or materially modified, after the effective date. The Group is currently evaluating the effect of adoption of this ASU on its financial statements.

On 31 July 2015, the FASB issued ASU 2015-12 "Plan Accounting: Defined Contribution Pension Plans (Topic 962) Health and Welfare Benefit Plans (Topic 965)" that provides guidance on certain aspects of the accounting by employee benefit plans. The ASU requires a pension plan to use contract value as the only measure for fully benefit-responsive investment contracts, simplifies and increases the effectiveness of the investment disclosure requirements for employee benefit plans, and provides benefit plans with a measurement-date practical expedient similar to the practical expedient provided to employers in ASU 2015-04. The amendments in all three parts of this ASU are effective for fiscal years beginning after 15 December, 2015; early adoption is permitted. The Group does not expect any material impact on its financial statements due to adoption of this ASU.

On 12 August 2015, the FASB issued ASU 2015-14, which defers the effective date of the Board's revenue standard, ASU 2014-09, by one year for all entities and permits early adoption on a limited basis. For public business entities, the standard is effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within those annual periods. The Group is currently evaluating the effect of adoption of the new standard on its financial statements.

3. Financing Receivables and Allowance for Losses

As at 31 December 2015 and 2014 respectively, the Group's financing receivables included lending to private customers, vehicle lease financing and credit card financing as follows:

At 31 December (CHF in thousands)	**2015**	**2014**
Loans	2,654,911	2,645,762
Deferred costs	31,441	31,107
Total loans, net of deferred costs	**2,686,352**	**2,676,869**
Investment in financing leases, net of deferred income	1,422,058	1,442,735
Financing receivables before allowance for losses	**4,108,410**	**4,119,604**
Less allowance for losses	– 45,159	– 46,009
Financing receivables, net	**4,063,251**	**4,073,595**

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:

At 31 December (CHF in thousands)	2015	2014
Total minimum lease payments receivable	1,533,943	1,555,687
Deferred income [1]	– 111,885	– 112,952
Investment in direct financing leases	**1,422,058**	**1,442,735**
Less allowance for losses	– 4,817	– 5,115
Net investment in direct financing leases	**1,417,241**	**1,437,620**

[1] *Included TCHF 14,328 and TCHF 13,785 of initial direct costs on direct financing leases as at 31 December 2015 and 31 December 2014 respectively.*

The subsidiaries held TCHF 486,011 and TCHF 520,741 of net investment in direct financing leases as at 31 December 2015 and 2014 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 2015, the Group's contractual maturities for loans and financing leases were:

Due in (CHF in thousands)	Loans	Minimum lease payment receivable
2016	50,217	160,587
2017	163,604	267,338
2018	295,143	388,167
2019	407,806	447,853
2020	586,342	250,588
2021 and later	505,706	19,410
Credit cards and revolving loans	646,092	–
Total	**2,654,911**	**1,533,943**

Actual maturities may differ from contractual maturities.

The following table provides further information about financing receivables:

At 31 December (CHF in thousands)	2015	2014
Personal loans	1,816,898	1,890,319
Auto leases and loans	1,668,425	1,669,676
Credit cards	623,087	559,609
Financing receivables, before allowance for losses	**4,108,410**	**4,119,604**
Allowance for losses	– 45,159	– 46,009
Financing receivables, net	**4,063,251**	**4,073,595**

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

CHF in thousands	**Balance at 1 January 2015**	**Provision for losses**	**Amounts written off**	**Recoveries**	**Other**	**Balance at 31 December 2015**
Personal loans	35,216	29,851	– 79,077	46,551	–	32,542
Auto leases and loans	7,358	5,197	– 17,458	11,930	–	7,026
Credit cards	3,435	8,594	– 12,502	5,214	849	5,591
Total	**46,009**	**43,642**	**– 109,037**	**63,695**	**849**	**45,159**
As a % of total financing receivables, net						1.1 %

CHF in thousands	**Balance at 1 January 2014**	**Provision for losses**	**Amounts written off**	**Recoveries**	**Other**	**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, net						1.1 %

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:

	2015		**2014**	
At 31 December	*Over 30 days past due*	*Over 90 days past due*	*Over 30 days past due*	*Over 90 days past due*
Personal loans	2.9 %	0.6 %	2.9 %	0.7 %
Auto leases and loans	0.8 %	0.2 %	0.9 %	0.2 %
Credit cards	1.2 %	0.5 %	1.1 %	0.4 %
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)	2015	2014
Personal loans	11,283	12,161
Auto leases and loans	2,583	3,012
Credit cards	3,133	2,408
Total	**16,999**	**17,581**
Nonperforming loan coverage [1]	265.7 %	261.7 %

[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.

	2015				
At 31 December (CHF in thousands)	CR1	CR2	CR3	CR4	CR5
Personal loans	761,311	574,921	387,896	89,951	2,818
Auto leases and loans	948,314	535,702	135,709	34,560	14,141
Credit cards	479,578	111,521	30,240	1,714	34
Total	**2,189,203**	**1,222,144**	**553,845**	**126,225**	**16,993**
As a % of total financing receivables before allowance for losses	53.3 %	29.7 %	13.5 %	3.1 %	0.4 %

	2014				
At 31 December (CHF in thousands)	*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 %

4. Property, Plant and Equipment

At 31 December (CHF in thousands)	**Estimated useful lives (years)**	**2015**	**2014**
ORIGINAL COST			
Buildings and improvements	(5 – 40)	8,488	8,413
Office equipment	(3 – 10)	7,095	12,853
Total		**15,583**	**21,266**
ACCUMULATED DEPRECIATION			
Buildings and improvements		– 5,542	– 5,772
Office equipment		– 4,707	– 10,603
Total		**– 10,249**	**– 16,375**
NET CARRYING VALUE			
Buildings and improvements		2,946	2,641
Office equipment		2,388	2,250
Total		**5,334**	**4,891**

Depreciation expense was TCHF 1,474 in 2015 and TCHF 1,421 in 2014. The Group did not recognise any impairment losses in 2015 or 2014.

5. Intangible Assets

At 31 December (CHF in thousands)	2015	2014
Original cost	31,674	44,555
Accumulated amortisation	– 5,304	– 27,436
Net carrying value	**26,370**	**17,119**

Capitalised software is amortised over a useful life of one to five years. Amortisation expense related to intangible assets was TCHF 3,011 in 2015 and TCHF 1,054 in 2014. The weighted average amortisation period of intangible assets is five years as of 31 December 2015. The increase in intangible assets in 2015 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 2015, the Group estimates annual pre-tax amortisation for intangible assets over the next five years to be as follows:

CHF in thousands	2016	2017	2018	2019	2020
Estimated pre-tax amortisation	6,158	5,947	5,667	5,392	3,206

6. Other Assets

At 31 December (CHF in thousands)	2015	2014
Restricted cash	41,200	49,732
Tax receivables	18,407	20,529
Other receivables	4,767	6,426
Deferred expenses	8,437	3,853
Other	1,435	1,233
Total other assets	**74,245**	**81,773**

Restricted cash is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 41,200 and TCHF 49,732 of restricted cash related to the consolidated VIEs (see note 16) as at 31 December 2015 and 2014 respectively.

The tax receivables as per 31 December 2015 consist of VAT input tax and income tax receivables. Income tax receivables were due to the sale of shares as part of the IPO in 2013 and the share buyback from the former sole shareholder in May 2015. 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 2015 and 2014 respectively:

At 31 December (CHF in thousands)	**2015**	**2014**
On demand	192,614	194,531
Less than 3 months	164,586	220,253
3 to less than 6 months	268,282	286,727
6 to less than 12 months	535,166	399,244
12 months plus, thereof	1,085,599	840,275
due in 2016	–	383,236
due in 2017	453,292	159,037
due in 2018	165,958	110,260
due in 2019	119,935	74,116
due in 2020	82,842	9,414
due in 2021 and later	263,572	104,212
Total	**2,246,247**	**1,941,030**

There is no term of maturity for on demand saving deposits. All deposits are denominated in CHF. The weighted average interest rate on all deposits was approximately 0.68 % and 0.80 % as at 31 December 2015 and 2014 respectively.

8. Due to (Former) Affiliates, Short-term and Long-term Debt

Due to (former) affiliates, short-term and long-term debt is shown below:

		2015		2014	
At 31 December (CHF in thousands)	*Maturity*	*Amount*	*Contractual interest rate*	*Amount*	*Contractual interest rate*
Due to (former) affiliates [1]	2016	–	–	500,000	1.39 %
External debt (short-term) [1]	2016	250,000	1.39 %	–	–
External debt (bank loan)	2017	150,000	0.89 %	150,000	0.89 %
External debt (bank facility)	2017	–	–	50,000	0.81 %
External debt (bank facility)	2016	–	–	300,000	1.14 %
External debt (bank loan)	2018	150,000	0.42 %	50,000	0.85 %
External debt (unsecured bond)	2017	249,778	1.13 %	249,663	1.13 %
External debt (unsecured bond)	2019	100,074	0.75 %	100,093	0.75 %
External debt (unsecured bond)	2021	175,000	0.50 %	–	–
External debt (unsecured bond)	2022	99,952	1.25 %	99,945	1.25 %
Non-recourse borrowings (Auto ABS) [2]	2015	–	–	200,000	0.78 %
Non-recourse borrowings (Auto ABS) [2] short-term	2016	200,000	0.58 %	200,000	0.58 %
Non-recourse borrowings (Auto ABS) [2]	2019	200,000	0.23 %	–	–
Total due to (former) affiliates, short-term and long-term debt		**1,574,804**		**1,899,701**	

1 *Facility from former Group's affiliates was reclassified to external debt after the sale of the interest in the Group.*
2 *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 2015 the Group has fixed rate funding only.

The Group maintains a regular presence on the Swiss capital market with a total of TCHF 625,000 of senior unsecured bonds issued and outstanding as at 31 December 2015. These bonds have been issued in 2013 (maturing in 2017), 2014 (maturing in 2019 and 2022) and 2015 (maturing in 2021).

On 4 March 2015, the Group launched its third auto lease asset backed security (“ABS”) transaction and issued 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. The proceeds from this issuance were used to refinance the first ABS issued in 2012. On 23 March 2015, the TCHF 200,000 senior notes were fully repaid with no further amounts due to noteholders.

The facility from the former Group’s affiliates consists of a TCHF 250,000 term loan and a TCHF 300,000 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, until 2018. 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 1.88 %, assuming an undrawn portion of the revolving facility of TCHF 300,000. Available unused credit facilities from the former Group’s affiliate were TCHF 300,000 and TCHF 500,000 as at 31 December 2015 and 2014 respectively, with an applicable commitment fee of 0.25 %. The balance of accrued interest and commitment fee for this facility was TCHF 821 at 31 December 2015 and TCHF 1,593 as at 31 December 2014.

In July 2015, the Group signed a new revolving credit facility with a Swiss bank for a three year term. The new facility matures in 2018 and consists of a TCHF 100,000 unsecured commitment. As at 31 December 2015 the facility was undrawn and has an applicable commitment fee as at 31 December 2015 of 0.35 %.

The Group signed a TCHF 150,000 bilateral term loan with an international bank in 2014 with maturity in 2018. As at 31 December 2015, the facility was fully drawn with TCHF 50,000 drawn in 2014 (maturing in 2017) and the remaining TCHF 100,000 drawn in 2015 (maturing in 2018). All tranches under the facility bear interest on a fixed rate basis for 3 years from the time of drawing.

The IPO syndicated facility, signed at the time of IPO in 2013, was fully repaid as at July 2015. The facility was repaid one year prior to maturity in 2016. The Group has no further obligations under this facility.

The Group defers the debt issuance costs and amortises them over the expected life-time of the relevant debt instrument. Commitment fees are recognised as incurred over commitment period.

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.

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 2015 and 2014 respectively, were as follows:

At 31 December	2015	2014
Active employees	750	738
Beneficiaries and pensioners	114	113
Total	**864**	**851**

The cost of the pension plan is presented below:

For the years ended 31 December (CHF in thousands)	2015	2014
Service cost for benefits earned	6,928	6,673
Prior service credit amortisation	– 644	– 763
Expected return on plan assets	– 6,012	– 6,564
Interest cost on benefit obligations	2,034	3,580
Net actuarial loss amortisation	4,907	2,548
Pension plan cost	**7,213**	**5,474**

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:

At 31 December	2015	2014
Discount rate	0.75 %	1.00 %
Compensation increases	2.23 %	2.28 %
Expected return on assets	2.75 %	3.25 %

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 2.75 % 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 10,199 to the pension plan in 2016.

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 217,132 and TCHF 201,556 for 31 December 2015 and 2014 respectively. The change in the projected benefit obligation is presented below:

CHF in thousands	**2015**	**2014**
Balance at 1 January	**210,219**	**185,624**
Service cost for benefits earned	6,928	6,673
Interest cost on benefit obligations	2,034	3,580
Participant contributions	4,672	4,676
Actuarial loss / gain (–), net	12,620	18,974
Benefits paid (–) / received, net	– 9,002	– 9,308
Balance at 31 December	**227,471**	**210,219**

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	**2015**	**2014**
Balance at 1 January	**186,818**	**176,601**
Actual return on plan assets	1,148	7,815
Employer contributions	7,061	7,034
Participant contributions	4,672	4,676
Benefits paid (–) / received, net	– 9,002	– 9,308
Balance at 31 December	**190,697**	**186,818**

The asset allocations are described below:

At 31 December	2015 Target allocation	2015 Actual allocation
Equity securities		
Swiss equity securities	13 %	14 %
Non-Swiss equity securities	23 %	21 %
Debt securities		
Swiss bonds	18 %	16 %
Non-Swiss bonds	17 %	17 %
Real estate funds	19 %	20 %
Other investments	10 %	11 %

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:

	2015			
At 31 December (CHF in thousands)	*Level 1*	*Level 2*	*Level 3*	*Total*
Equity securities				
Swiss equity securities	26,166	–	–	26,166
Non-Swiss equity securities	40,938	–	–	40,938
Debt securities				
Swiss bonds	31,081	–	–	31,081
Non-Swiss bonds	33,334	–	–	33,334
Real estate funds	10,716	27,736	–	38,451
Other investments [1]	11,244	10,678	–	21,922
Total investments	**153,478**	**38,413**	**–**	**191,891**
Other [2]				**–1,194**
Total assets				**190,697**

[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.

	2014			
At 31 December (CHF in thousands)	*Level 1*	*Level 2*	*Level 3*	*Total*
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**
Other [2]				**–491**
Total assets				**186,818**

[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)	**2015**	**2014**
Funded status	– 36,774	– 23,401
Pension liability recorded in the statement of financial position		
Other liabilities		
Due after one year	– 36,774	– 23,401
Net amount recognised	**– 36,774**	**– 23,401**
Amounts recorded in shareholders' equity (unamortised)		
Prior service credit	– 1,877	– 2,521
Net actuarial loss	44,102	31,525
Total	**42,225**	**29,004**

In 2016, the Bank estimates that it will amortise TCHF 425 of prior service credit and TCHF 6,797 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	**2016**	**2017**	**2018**	**2019**	**2020**	**2021 – 2025**
Pension plan	14,687	14,535	13,803	13,548	12,524	56,306

10. Other Liabilities

This caption primarily reflects the pension plan's funded status of TCHF 36,774 and TCHF 23,401 as at 31 December 2015 and 2014 respectively. It also comprises deferred compensation related to the Group's jubilee plan amounting to TCHF 2,608 and TCHF 2,405 as at 31 December 2015 and 2014 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 2015, 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 2015, 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.

At 31 December (CHF in thousands)	**2015**	**2014**
ELIGIBLE REGULATORY CAPITAL		
Tier 1 capital	732,556	760,157
of which CET1 capital	732,556	760,157
Tier 2 capital	800	1,845
Total eligible capital	**733,356**	**762,002**
RISK-WEIGHTED ASSETS		
Credit risk	3,115,068	3,123,783
Non counterparty risk	31,948	22,358
Market risk	2,901	426
Operational risk	553,043	542,372
Total risk-weighted assets	**3,702,961**	**3,688,939**
CAPITAL RATIOS		
CET1 ratio	19.8 %	20.6 %
Tier 1 ratio	19.8 %	20.6 %
Total capital ratio	19.8 %	20.7 %

12. Earnings Per Share and Additional Share Information

For the years ended 31 December	**2015**	**2014**
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	145,015	139,850
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	145,015	139,850
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	1,204,773	39,188
Weighted-average numbers of common shares outstanding for basic earnings per share	**28,795,227**	**29,960,812**
Dilution effect number of shares	41,888	32,694
Weighted-average numbers of common shares outstanding for diluted earnings per share	**28,837,115**	**29,993,506**
Basic earnings per share (in CHF)	**5.04**	**4.67**
Diluted earnings per share (in CHF)	**5.03**	**4.66**

The amount of common shares outstanding has changed as follows:

	2015	**2014**
Common shares issued		
Balance at beginning of period	**30,000,000**	**30,000,000**
Issuance of common shares	–	–
Balance at end of period	**30,000,000**	**30,000,000**
Treasury shares		
Balance at beginning of period	**38,277**	**39,215**
Share based compensation	– 36,451	– 938
Purchase [1]	1,801,801	–
Balance at end of period	**1,803,627**	**38,277**
Common shares outstanding	**28,196,373**	**29,961,723**

[1] *In May 2015, the former shareholder, General Electric Company, sold all its remaining shares of Cembra Money Bank, equivalent to 31.5 % of share capital. In an accelerated book-building process the shares were placed with various institutional investors at a price of CHF 55.50 per share. In this process Cembra Money Bank bought back 1.8 million of its own shares for a total consideration of CHF 100.0 million. The shares will be held as treasury shares for the time being.*

13. Income Tax Expense

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

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Current tax expense	29,228	29,822
Deferred tax expense from temporary differences	9,319	7,519
Income tax expense	**38,547**	**37,341**

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:

At 31 December (CHF in thousands)	**2015**	**2014**
ASSETS		
Pension plans	7,723	6,091
Tax goodwill	–	6,463
Other	577	535
Total deferred tax assets	**8,299**	**13,089**
LIABILITIES		
Deferred loan origination fees and costs	– 798	– 713
Total deferred tax liabilities	**– 798**	**– 713**
Net deferred tax assets	**7,501**	**12,376**

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 is considered realisable, however, it 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 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 was 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 amounted to 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. The remaining benefit for the tax period of 2015 was CHF 6.4 million. 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).

In May 2015 the former sole shareholder sold all of its remaining shares, therefore the Group was permitted to retroactively recognise additional amortisable tax goodwill of CHF 77.7 million, resulting in an additional nominal tax benefit of CHF 15.5 million (which is recognised as an adjustment to shareholders' equity in the Group's US GAAP financial statements). 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. Correspondingly, the Group has paid additional Swiss issuance stamp tax of CHF 3.4 million before income tax (CHF 2.7 million after income tax) and capital tax of CHF 0.3 million before income tax.

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 6,374 and TCHF 5,452 as at 31 December 2015 and 2014 respectively. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 31 December 2015, the Group considers the probability of a material loss from this obligation to be remote.

As at 31 December 2015 minimum rental commitments under noncancellable operating leases aggregated TCHF 22,231 for the Group. Amounts payable over the next five years follow below.

CHF in thousands	**2016**	**2017**	**2018**	**2019**	**2020**
Minimum rental commitments	6,924	4,394	3,939	3,590	3,384

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)		**2015**		**2014**
	Carrying amount net	*Estimated fair value*	*Carrying amount net*	*Estimated fair value*
ASSETS				
Loans	2,646,010	2,692,642	2,635,975	2,684,593
LIABILITIES				
Deposits	– 2,246,247	– 2,287,679	– 1,941,030	– 1,976,162
Borrowings	– 1,574,804	– 1,592,643	– 1,399,701	– 1,410,321
Due to affiliates	–	–	– 500,000	– 512,374

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 (former) 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 three securitisations, all 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. This issuance was fully repaid on 23 March 2015. The second securitisation was completed 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. In March 2015, the Group launched its third securitisation transaction and issued fixed-rate senior notes of TCHF 200,000 with a coupon of 0.23 % per annum and an optional redemption date of four years from the date of issuance. The proceeds from this issuance were used to refinance the first securitisation.

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:

At 31 December (CHF in thousands)	**2015**	**2014**
ASSETS		
Financing receivables, net	486,011	520,741
Other assets	42,266	50,329
Total assets	**528,276**	**571,070**
LIABILITIES		
Accrued expenses and other payables	3,705	5,136
Non-recourse borrowings	400,000	400,000
Total liabilities	**403,705**	**405,136**

Revenues from the consolidated VIEs amounted to TCHF 29,298 in 2015 and TCHF 32,866 in 2014 and respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,133 and TCHF 1,917 and interest expense of TCHF 2,521 and TCHF 3,480 for the years ended 31 December 2015 and 2014 respectively. 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

In May 2015, General Electric Group, the former sole shareholder of the Group, sold its remaining investment in the Group. Since then, General Electric Group is treated as an external party. 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. 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 provided 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 were necessary for the Group to run as a standalone business for a transitional period during which the Group was establishing its own information technology systems. The Group also provided certain limited reverse services to GECC.

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

The Group's total expense for these services was TCHF 2,211 and TCHF 6,123 for the years ended 31 December 2015 and 2014, 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 for the year ended 31 December 2014 . The Group acts as an intermediary between the customers and the former affiliated service provider Lighthouse General Insurance Company Limited.

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

18. Interest Income

The details of interest income are shown below:

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Personal loans	207,924	214,278
Auto leases and loans	85,380	88,198
Credit cards	45,712	39,655
Other	– 675	558
Total	**338,340**	**342,689**

19. Interest Expense

The details of interest expense are shown below:

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Interest expense on ABS	3,014	4,452
Interest expense on deposits	16,248	14,744
Interest expense on debt [1]	17,133	22,481
Total	**36,395**	**41,676**

[1] *Includes former affiliated interest expense in the amount of TCHF 3,034 and TCHF 9,531 for the periods ended 31 December 2015 and 31 December 2014 respectively.*

20. Commission and Fee Income

The details of commission and fee income are shown below:

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Insurance	20,652	21,419
Credit cards	55,491	46,918
Personal loans and other	10,596	10,099
Total	**86,739**	**78,436**

21. General and Administrative Expenses

The details of general and administrative expenses are shown below:

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
GECC assessment / TSA [1]	2,211	6,123
Professional services	10,906	14,537
Marketing [2]	7,701	6,771
Collection fees	6,716	6,493
Postage and stationery	7,696	8,742
Rental expense under operating leases	5,555	5,885
Depreciation and amortisation	4,485	2,475
Information technology	14,632	12,652
Other	1,786	1,832
Total	**61,686**	**65,509**

1 *GECC assessment was replaced by a TSA from 1 November 2013 until 30 October 2015.*
2 *Marketing includes advertising costs, which are expensed as incurred.*

22. Share-Based Compensation

The Group had two share-based compensation programmes in 2015.

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. This programme was fully settled in October 2015.

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 generally receives a number of RSUs every year based on various factors such as goals and performance. For further details related to this programme, please refer to the Compensation Report in the Annual Report 2015. 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 and 9,911 with share price of CHF 59.50 at the grant date 1 March 2015. RSUs issued under this programme will be partially 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 RSUs or the shares in which those RSUs will be settled.

The following table summarises information about restricted stock units outstanding as at 31 December 2015 and 2014 respectively:

	2015		2014	
	Number of RSUs	Weighted average grant date fair value (CHF)	Number of RSUs	Weighted average grant date fair value (CHF)
RSUs outstanding at 1 January	43,345	2,278,371	39,215	1,999,965
Granted	11,455	672,557	9,785	576,043
Vested	– 36,451	– 1,885,224	– 938	– 47,838
Forfeited	– 4,246	– 229,759	– 4,717	– 249,799
RSUs outstanding at 31 December	14,103	835,945	43,345	2,278,371
RSUs expected to vest	**14,103**	**835,945**	**41,544**	**2,184,862**

The fair value of each RSU was determined to be the market price of the Bank's stock on the date of grant. The weighted average grant date fair value of RSUs granted during 2015 for the senior management plan was CHF 59.47 and for the One-Off Share Programme CHF 51.00 per unit respectively.

The total recognised compensation cost related to One-Off Share Programme was TCHF 704 and TCHF 861 in 2015 and 2014, respectively. The Programme was fully settled in 2015.

For the senior management programme the total recognised compensation cost was TCHF 430 and TCHF 252 for the years 2015 and 2014, respectively . The remaining unrecognised cost of TCHF 324 is expected to be recognised over a weighted-average period of 26 months.

23. Supplemental Cash Flow Information

Certain supplemental information related to cash flows is shown below:

For the years ended 31 December (CHF in thousands)	2015	2014
Increase in loans to customers	– 1,671,904	– 1,684,894
Principal collections from customers – loans	1,691,666	1,653,320
Investment in equipment for financing leases	– 729,052	– 793,074
Principal collections from customers – financing leases	745,902	777,656
Net change in credit card receivables	– 70,127	– 75,777
Net increase in financing receivables	**– 33,515**	**– 122,771**

24. Off-Balance Sheet Arrangements

As at 31 December 2015 and 2014, the Group was party to the following off-balance sheet financial instruments. The balances represent the Group's maximum contractual exposure to credit risk resulting from off-balance sheet arrangements:

At 31 December (CHF in thousands)	**2015**	**2014**
Ordinary course of business lending commitments	37,956	39,036
Unused revolving loan facilities	50,719	59,824
Unused credit card facilities	2,479,213	2,261,272

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 uncollateralised 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 23 March 2016, the date at which the financial statements were available to be issued.

On 4 January 2016, the Group signed a TCHF 50,000 revolving credit facility with a Swiss bank. The facility expires at the end of 2018.

On 8 January 2016, the Group made a partial repayment of TCHF 150,000 on a loan to General Electric Group, the former shareholder. The outstanding balance of the loan after repayment amounts to TCHF 100,000 which is due in 2016 and can be contractually extended until 2018. Subsequently, the Group reduced the revolving credit facility granted by the General Electric Group by TCHF 200,000 resulting in an outstanding commitment of TCHF 100,000 which can also be contractually extended until 2018.

On 3 February 2016, the Group signed a TCHF 100,000 revolving credit facility with an international bank. The facility is committed for 3 years and expires in 2019.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of Shareholders 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 shareholders' equity and cash flows, and notes thereto (pages 108 to 144) for the years ended 31 December 2015 and 2014.

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 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 2015 and 2014 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, 23 March 2016

Individual Financial Statements

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Balance Sheet

At 31 December (CHF in thousands)	Notes	2015	2014
ASSETS			
Liquid assets		565,652	617,739
Amounts due from banks		6,041	3,814
Amounts due from customers	7.1	3,634,535	3,674,419
Financial investments	7.2	22,705	203
Accrued income and prepaid expenses		52,939	48,352
Participations		90	60
Tangible fixed assets		31,843	22,154
Other assets	7.3	8,903	14,517
Total assets		**4,322,708**	**4,381,258**
Total subordinated claims	7.9	97,672	162,217
LIABILITIES			
Amounts due to banks		410,000	971,500
Amounts due in respect of customer deposits		1,248,121	1,173,675
Cash bonds		1,138,633	845,499
Bond issues and central mortgage institution loans		624,804	449,701
Accrued expenses and deferred income		40,326	49,902
Other liabilities	7.3	32,698	37,654
Provisions	7.6	1,677	2,515
Bank's capital	7.7	30,000	30,000
Statutory capital reserves		276,500	369,500
of which tax-exempt capital contribution reserve		276,500	369,500
Statutory retained earnings reserves		15,000	15,000
Voluntary retained earnings reserves		438,000	292,000
Own shares	7.11	– 100,093	– 1,952
Profit carried forward		264	236
Profit (result of the period)		166,778	146,028
Total liabilities		**4,322,708**	**4,381,258**
Total subordinated liabilities		–	–
OFF-BALANCE-SHEET TRANSACTIONS			
Contingent liabilities	7.1	37,956	39,036
Irrevocable commitments	7.1	6,374	5,452

Income Statement

For the years ended 31 December (CHF in thousands)	Notes	2015	2014
RESULT FROM INTEREST OPERATIONS			
Interest and discount income	8.1	359,432	362,353
Interest and dividend income from financial investments		70	–
Interest expense	8.1	– 33,874	– 38,196
Gross result from interest operations		**325,628**	**324,157**
Changes in value adjustments for default risks and losses from interest operations		– 32,888	– 31,599
Subtotal net result from interest operations		**292,740**	**292,558**
RESULT FROM COMMISSION BUSINESS AND SERVICES			
Commission income from other services		112,427	103,362
Commission expense		– 69,331	– 63,931
Subtotal result from commission business and services		**43,096**	**39,431**
OTHER RESULT FROM ORDINARY ACTIVITIES			
Other ordinary income		4,035	4,132
Other ordinary expenses		–	–
Subtotal other result from ordinary activities		**4,035**	**4,132**
OPERATING EXPENSES			
Personnel expenses	8.2	– 101,051	– 97,582
General and administrative expenses	8.3	– 49,955	– 60,326
Subtotal operating expenses		**– 151,006**	**– 157,908**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		– 4,490	– 2,481
Operating result		**184,375**	**175,732**
Extraordinary income	8.4	13,144	1,563
Taxes	8.5	– 30,741	– 31,267
Profit (result of the period)		**166,778**	**146,028**

Appropriation of Profit

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Profit	166,778	146,028
Profit carried forward	264	236
Distributable profit	**167,042**	**146,264**
Reclassification from statutory capital reserves	94,464	93,000
Total available to the General Meeting	**261,506**	**239,264**
Appropriation of profit		
Allocations to statutory retained earnings reserves	–	–
Allocations to voluntary retained earnings reserves	– 167,000	– 146,000
Dividends declared	– 94,464	– 93,000
of which distributed from distributable profit	–	–
of which distributed from statutory capital reserves	– 94,464	– 93,000
New profit carried forward	**42**	**264**

Statement of Changes in Equity

CHF in thousands	Bank's capital	Statutory capital reserves	Statutory retained earnings reserves	Voluntary retained earnings reserves and profit carried forward	Own Shares	Result of the period	Total
Equity at 1 January 2015	**30,000**	**369,500**	**15,000**	**292,236**	**– 1,952**	**146,028**	**850,812**
Appropriation of profit 2014	–	–	–	–	–	–	–
Allocation to legal reserves	–	–	–	–	–	–	–
Allocation to voluntary reserves	–	–	–	146,000	–	– 146,000	–
Dividends	–	– 93,000	–	–	–	–	– 93,000
Net change in profit carried forward	–	–	–	28	–	– 28	–
Acquisition of own shares	–	–	–	–	– 98,141	–	– 98,141
Profit (result of the period)	–	–	–	–	–	166,778	166,778
Equity at 31 December 2015	**30,000**	**276,500**	**15,000**	**438,264**	**– 100,093**	**166,778**	**826,449**

Notes to the Individual Financial Statements

1. The Company, Legal Form and Domicile of the Bank

Cembra Money Bank AG (the "Bank") is a public company under the Swiss law. The services are rendered at the Bank's headquarters in Zurich as well as through 25 branches in Switzerland.

2. Accounting and Valuation Principles

General Principles

Accounting and valuation principles for the statutory individual financial statements are based on the Code of Obligations, the Banking Law, its relevant regulation and the Circular 15/1 of the Swiss Financial Market Supervisory Authority FINMA. The individual financial statements with reliable assessment describe the economic situation of the Bank in the way that enables third parties to make a reliable opinion. The individual financial statements can contain hidden reserves.

The numbers published in the notes are rounded, however they are calculated on not rounded numbers, therefore rounding differences can occur.

General Valuation Principles

The financial statements are prepared under going concern assumption. Assets and liabilities are to be valued on the assumption that the enterprise will continue as a going concern.

Assets result from past business transactions or events. They are tangible or intangible assets under the control of the Bank, from which the Bank is likely to benefit or future cash inflow is probable. Asset values must be capable of being determined in a reliable manner. If no sufficiently reliable estimate is possible, then the asset is considered as contingent.

Liabilities result from past business transactions or events where future cash outflow is probable (e.g. due to the purchase of goods or services, liabilities resulting from the provision of guarantees, or liability claims for services rendered). The amount required to meet the liability (settlement value) must be determined or estimated reliably. Where this is not possible, liabilities are considered as contingent liabilities.

The items included in a balance sheet line item are valued on an individual basis. The transitional provision requiring implementation of individual valuation for participations, tangible fixed assets and intangible assets by 1 January 2020, is not applied.

Offsetting of assets and liabilities as well as income and expense is generally not permitted. The exceptions are made for: offsetting value adjustments that are directly attributable to individual assets against the respective assets; for receivables and payables as long as they are related to similar transactions with the same counterparty, in the same currency and the same or earlier maturity of the receivables that do not result in counterparty risk.

Liquid Assets

Liquid assets are recorded at nominal value.

Amounts Due from Banks, Amounts Due from Customers

Amounts due from banks and customers are recorded at nominal value less value adjustments.

The allowance for losses on financing receivables represents the Bank'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 Bank'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 Bank'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 Bank has stopped accruing interest.

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

For personal loans and auto leases and loans, the Bank 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 Bank 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 Bank 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 Bank 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.

Changes in value adjustments for default risks and losses from interest operations 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.

Delinquent receivables are classified as regular when outstanding installments and interest are paid in a timely manner according to contractual terms and when further credit worthiness criteria are fulfilled as well. The release of allowance is recorded through the income statement position "Change in value adjustments for default risks from interest operations".

Amounts Due to Banks, Amounts Due to Customers in Savings and Deposit Accounts

Those items are recorded at nominal value.

Financial Investments

Financial assets comprise debt securities held to maturity and vehicles that have been acquired as a result of credit transactions and are designated for resale. Financial investments valued according to the principle of the lower of cost or market value: an upwards revaluation to the acquisition cost at maximum is required where the market value has fallen below the acquisition cost and then recovers. The balance of adjustments in the book value is to be recorded under the position "other ordinary income" or "other ordinary expenses", as applicable.

Debt securities held to maturity are valued at acquisition cost with premium or discount amortised to maturity under accrual method. Value adjustments for default risks are recorded in income statement unter position "Change in value adjustments for default risks from interest operations".

Participations
Participations are equity securities owned by the bank in undertakings, where those securities are held with the intention of a permanent investment irrespective of the percentage of voting shares held. Participations are valued individually at acquisition cost less economically necessary value adjustments. At every balance sheet date participations are tested for impairment. This test results from indicators that individual assets may be impaired. In such case realisable value of the asset is determined, which is the higher of net market value and utility value. An asset is impaired if the book value is higher than realisable value. In case of impairment the book value is written down to realisable value and the impairment charge is recorded in the position "Value adjustments on participations and depreciation and amortisation of fixed assets and intangible assets".

Tangible Fixed Assets
Investments in tangible fixed assets are capitalised, when they are used for more than one accounting period and exceed a threshold of CHF 3,000. Tangible fixed assets are recorded at acquisition cost less accumulated depreciation. Depreciation is recognised in accordance with a schedule on a straight line over the useful life of the asset and recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".
On every balance sheet date fixed assets are tested on impairment. This test results from indicators that individual assets may be impaired. In such case realisable value of the asset is determined, which is the higher of net market value and utility value. An asset is impaired if the book value is higher than realisable value. In case there is an impairment, the book value is reduced to the realisable value and the value adjustment is recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The estimated useful life of the fixed asset categories is following:

- Buildings	40 years
- Leasehold improvements	lease term
- Office equipment	5 – 10 years
- Hardware	3 years
- Software	5 years

Provisions
Legal and factual obligations are valued on a regular basis. When a value outflow is probable and can be measured reliably, then a corresponding provision is established.

Existing provisions are assessed at every balance sheet date. Provisions are recorded in the income statement position "Changes in provisions and other impairments and losses". Based on the new assessment, provisions are increased, retained or released. Provisions are released through income statement in case they are not economically necessary anymore and cannot be used for similar exposures.

Taxes
Current taxes are recurring, as a rule annual income and capital taxes. Transaction-based taxes are not included in current taxes. Liabilities resulting from current income and capital taxes are disclosed under "Accrued expenses". The current income and capital tax expense is disclosed under "Taxes" in the income statement.

Off-balance Sheet
Off-balance sheet items are recorded at nominal value. For foreseeable risks provisions are built in the balance sheet.

Own Shares
Acquired own shares are recorded initially at cost value on the purchase date under "Own shares" as a negative position in the shareholders' equity. There is no subsequent measurement.

Realised gain from the sale of own shares is recorded under "Statutory retained earnings reserve". The position "Own shares" is reduced for the sale at acquisition cost value.

Pension Liability

The employees of the Bank are insured at the pension fund of the Bank. The pension liabilities as well pension assets to cover these liabilities are transferred to a legally independent foundation. The organisation, management and financing of the pension plan are done in accordance with applicable regulations, the articles of the foundation as well as the valid pension regulations. The entire pension and post-retirement benefit plans of the Bank are based on a defined contribution principle.

The Bank bears the pension cost of the employees and their survivors in accordance with applicable regulations. The employer's contributions to the pension and post-retirement benefit plans are recorded under "Personnel expenses" of the corresponding reporting period.

The Bank assesses at every balance sheet date if there is an economic benefit or an economic liability against the pension plan. It is based on the contractual agreements and annual reports of the pension fund prepared under FER 26 in Switzerland, as well as other calculations relevant to the assessment of financial situation as well as existing over/underfunding of the plan.

Share-based Compensation

The Bank has share-based compensation programmes in place. The Bank 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 fair value of the shares at grant date and is recognised over the requisite service period with a corresponding credit to equity. Any differences at settlement are recorded as "Personnel expenses". For details to share-based compensation please refer to the Compensation Report.

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 2015 compared to previous year.

Recording of Transactions

All transactions concluded by the balance sheet date are recorded at trade date in the books and valued according to valuation principles as described above.

Treatment of Overdue Interest

Overdue interest and corresponding commissions are not recorded as interest income. As such are considered interest and commissions that are due for more than 90 days but not paid. From this point of time, the future interest and commissions are no longer recorded as "Interest and discount income" until there is no overdue interest outstanding. Overdue interest is not cancelled retroactively. The interest due from the period up to 90 days (due, unpaid and accrued interest) is written off through the position "Changes in value adjustments for default risks and losses from interest operations".

Foreign Currency Translation

Transactions in foreign currencies are booked at respective daily exchange rates. At the balance sheet date assets and liabilities are translated at closing exchange rates. Foreign currency translation gains and losses are recorded in the income statement. As of balance sheet date, the Bank has no significant foreign exchange exposures.

3. Risk Management

Risk is broadly defined as the possibility that an uncertain event or outcome results in adverse variations of profitability or in losses. In the process of performing its function as a financial intermediary, the Bank exposes itself to various categories of risk, such as credit risk, asset and liability management risk, operational risk and other risks.

The Bank ensures relevant legal and regulatory requirements are complied with at all times. In accordance with its strategic objectives, risk profile, risk appetite and tolerance levels, the Bank prudently takes, controls and monitors its risks.

The Bank actively, comprehensively and systematically manages risk and promotes a strong risk culture across all business areas. The established risk management process comprises four 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.

The Board of Directors is ultimately responsible for determining the Bnk's risk strategy, risk appetite and corresponding tolerance levels. It ensures that an adequate and effective internal control system is in place to continually assess and control material risks and oversees the Bank's risk profile and implementation of the risk management framework and strategies.

The Bank has set regulations governing the risk management and control processes. These ensure all material risks are recorded, mitigated and supervised. These processes are supported by a framework of approved policies and directives, which describe the principles guiding the Bank's attitude and propensity to risk.

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

Credit Risk

Credit risk is the risk to earnings or capital that may arise from the potential that a borrower or counterparty may fail to honour its contractual obligations. The obligations include, for example, interest, fees and principal repayment. A consequent loss may be partial or complete and may arise at any time from a number of isolated or interlinked circumstances. The Bank is exposed to credit risk on all its lending products.

As per the delegation from the Board of Directors, the Credit Committee serves as the decision-making body for credit decisions and regularly reviews the Bank's credit risk performance. The Credit Committee is responsible for making credit decisions on individual counterparties and existing programme renewals which are not within the authority delegated to the Chief Risk Officer (CRO) but within the authority determined by the Board of

Directors. Credit decisions that exceed the Credit Committee's authority would need to be approved by the Board of Directors. The Credit Committee is chaired by the CRO who, along with the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), are mandatory members for decision making.

The guidelines for credit decisions for new product introductions, existing programme renewals, as well as the individual counterparty credit approvals are described within a credit competency policy. Delegated credit competency authorities are actively monitored and reviewed regularly to ensure alignment with the risk appetite.

The Bank maintains a stringent underwriting process, which is continually monitored and optimised to ensure that credit risk is adequately managed. Prior to granting credit, the customer's creditworthiness, credit capacity and, where applicable, collateral are assessed. The customer's creditworthiness is evaluated by an automated internal credit risk rating system (scorecard) by leveraging available information about the customer. This ensures consistent and systematic decision making across all lending products.

The credit capacity of consumers is further evaluated according to the legal regulations of the Swiss Consumer Credit Act. Internal models determine the credit amount based on the risk profile of the customer. Manual underwriting complements the automated system decision in cases where additional information may be required.

The quality of portfolios and specific customer segments are thoroughly and periodically assessed. The quality and performance of new business is monitored to ensure that the credit approval process continues to effectively mitigate credit risk and underwriting procedures are being correctly followed. Scorecards are regularly monitored and back-tested 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 behaviours and to ensure optimal resource allocation and effective mitigation of credit risk.

The Bank's customer base comprises primarily of 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.

The credit risk metrics and portfolio performance reports are reviewed by the Credit Committee monthly. Summaries of the Bank's credit risk performance are reported to the Audit Committee and Board of Directors quarterly.

Asset and Liability Management

Asset and liability management (ALM) forms part of the Bank's risk management framework and can be considered as the coordinated management of various inherent risk types, such as liquidity, funding and market risk, in order to achieve the Bank's objectives whilst operating within prudent and predetermined risk limits and concentrations. The decision-making committee for asset and liability management activities, as per the delegation from the Board of Directors, is the ALCO. The ALCO has overall responsibility for the administration of finance policies, its monitoring and reporting. The ALCO is chaired by the CFO and requires the mandatory attendance of the CEO and CRO.

Liquidity and Funding Risk

Liquidity risk is defined as the risk of the Bank not having sufficient funds, or only being able to secure them at excessive costs, to meet contractual obligations when they fall due and support normal business activities. The Bank 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 Bank's liquidity risk appetite is defined by the Board of Directors and forms the basis for the Bank-internal liquidity risk management strategy, the liquidity related directives and the risk steering and control process. The 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 appetite.

As an independent listed entity, the Bank aims to maintain a highly conservative liquidity profile; this approach is viewed as an essential safeguard in protecting the reputation of the Bank 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 Bank maintains a robust stable funding structure. In order to withstand an extended period of limited access to the wholesale funding markets, the Bank proactively seeks reduced reliance on short term, potentially volatile sources of funding. The Bank 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.

Market Risk

Market risk encompasses the risk of financial losses due to adverse movements in the market prices. The Bank's business model leads to a very limited exposure to market risk factors. The Bank's main source of market risk is interest rate risk ("IRR"). IRR is the risk of a potential reduction in earnings and/or capital that stems from changes in the prevailing market interest rates that is borne by interest-sensitive assets, liabilities and capital.

IRR has various primary components and is not simply linked to falling or rising rates of interest. Due to the Bank's predominately fixed interest rate assets and liabilities, it is mainly exposed to re-pricing risk. This is the risk of adverse consequence due to increasing or decreasing interest rates because of difference in time of when these rate changes affect the Bank's assets and liabilities. The Bank faces relatively low option and basis risk. Consequently, the Bank focuses IRR monitoring on re-pricing risk.

The Bank actively monitors and manages IRR performance against internally defined triggers. As per the regulatory requirement, the Bank reports forecasted values of economic value of equity (lifetime) and earnings at risk (next 12 months) on a weekly basis. As of 31 December 2015, the Bank does not employ hedging instruments to manage IRR.

Operational Risk and Other Risks

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 Bank recognises the importance of the effective management of operational risks and has implemented appropriate processes to manage them.

Key instruments:
- Annual Risk & Control Self-Assessment ("RCSA"): bank-wide assessment of the likelihood of risks and their potential impact.
- Key Risk Indicators ("KRI"): regularly monitored risk metrics that serve as early warning indicators for potentially material risks.
- Loss Data Collection ("LDC"): historical dataset of loss events used to identify high risk areas.

The Bank 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 and the Bank has implemented an enhanced and comprehensive framework dealing with protecting client identifying data.

4. Methods Used for Identifying Default Risks and Determining the Need for Value Adjustments

For its lending products, the Bank 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.

For private customers the consumer rating is derived from an application credit score that is calculated through one of the Bank'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.

5. Events after the Balance Sheet Date

The Bank has evaluated subsequent events from the financial position date through 23 March 2016 the date at which the financial statements were available to be issued.

On 4 January 2016, the Bank signed a TCHF 50,000 revolving credit facility with a Swiss bank. The facility expires at the end of 2018.

On 8 January 2016, the Bank made a partial repayment of TCHF 150,000 on a loan to General Electric Bank, the former shareholder. The outstanding balance of the loan after repayment amounts to TCHF 100,000 which is due in 2016 and can be contractually extended until 2018. Subsequently, the Bank reduced the revolving credit facility granted by the General Electric Bank by TCHF 200,000 resulting in an outstanding commitment of TCHF 100,000 which can be contractually extended until 2018.

On 3 February 2016, the Bank signed a TCHF 100,000 revolving credit facility with an international bank. The facility is committed for 3 years and expires in 2019.

6. Reasons that led to the Premature Resignation of the Auditor

The external auditor is elected for a period of one year at the General Meeting. The General Meeting has elected KPMG AG, Zurich as the statutory auditors of the Bank.

KPMG AG was first appointed as statutory auditors in 2005. The auditors have not prematurely resigned from their function.

7. Notes to the Balance Sheet

7.1 Collateral for Financing Receivables and Off-Balance Sheet and Impaired Financing Receivables

The collateral for financing receivables and off-balance sheet is as follows:

At 31 December 2015 (CHF in thousands)	Secured by mortgage	Other collateral	Unsecured	Total
Financing receivables				
Amounts due from customers	–	324,719	3,309,816	3,634,535
Total financing receivables	**–**	**324,719**	**3,309,816**	**3,634,535**
Prior year	–	321,776	3,352,643	3,674,419
Off-balance sheet				
Contingent liabilities	–	–	37,956	37,956
Irrevocable commitments	–	–	6,374	6,374
Total off-balance sheet	**–**	**–**	**44,330**	**44,330**
Prior year	–	–	44,488	44,488

Impaired financing receivables are as follows:

At 31 December 2015 (CHF in thousands)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments[1]
Impaired loans / receivables	**15,015**	**966**	**14,049**	**–**
Prior year	15,429	1,446	13,983	–

1 *The Bank has only allowance for losses that is calculated on the total of financing receivables. See note 7.6. for details.*

The net debt amount remained stable against prior year, which is in line with the development of receivables.

7.2 Financial Investments

At 31 December (CHF in thousands)	Book value 2015	Book value 2014	Fair value 2015	Fair value 2014
Debt securities held to maturity	22,600	–	22,394	–
Repossessed vehicles held for sale	105	203	105	203
Total	**22,705**	**203**	**22,499**	**203**

The breakdown of counterparties by rating is following:

At 31 December 2015 (CHF in thousands)	AAA to AA–	A+ to A–	BBB+ to BBB–	Lower than B–	Not rated
Book value of debt securities	**–**	**22,600**	**–**	**–**	**–**

The Bank uses the rating classes of Fitch and Moody's.

7.3 Other Assets and Liabilities

	2015		2014	
At 31 December (CHF in thousands)	Other assets	Other liabilities	Other assets	Other liabilities
Indirect taxes	2,321	2,157	5,250	3,409
Settlement accounts	1,168	29,661	2,576	33,652
Amounts due from the sale of insurance products	2,443	–	3,262	–
Various assets and liabilities	2,971	880	3,429	593
Total other assets and liabilities	**8,903**	**32,698**	**14,517**	**37,654**

7.4 Liabilities to Own Pension Plans

At 31 December (CHF in thousands)	2015	2014
Amounts due in respect of customer deposits	–	942
Total due to own pension plans	**–**	**942**

The pension fund does not hold any equity instruments of the Bank.

7.5 Economic Position of Own Pension Plans

At 31 December (CHF in thousands)			2015		Influence of ECR on personnel expenses	
Employer contribution reserves (ECR) [1]	**Nominal value**	**Waiver of use**	**Net amount**	**Net amount end of prior year**	**2015**	**2014**
Pension plan	2,915	–	2,915	2,915	–	–
Total due to own pension plans	**2,915**	**–**	**2,915**	**2,915**	**–**	**–**

[1] *Based on audited financial statements 2014 and 2013 of Employer Pension Plan of Cembra Money Bank AG in accordance with FER 26 and material changes during the reporting period*

The employer contribution reserves are recorded at nominal value according to pension plan statement under the positon "Other assets" in the balance sheet. The nominal value of employer contribution reserve is not discounted. Ordinary interest rate is applied to employer contribution reserve. The interest is recorded in the personnel expense. There are no unrecognised employer contribution reserves.

At 31 December (CHF in thousands)							
Economic benefit / obligation and pension expense [1]	**Overfunding / underfunding at 31.12.2015**		**Economic interest of the bank**	**Change in economic interest versus prior year**	**Contributions paid 2015**		**Pension expense in personnel expense**
		2015	**2014**			**2015**	**2014**
Employer sponsored funds / schemes	–	–	–	–	–	–	–
Pension plans without overfunding / underfunding	–	–	–	–	–	–	–
Pension plans with overfunding	17,263	–	–	–	7,061	7,061	7,034
Pension plans with underfunding	–	–	–	–	–	–	–

[1] *Based on audited financial statements 2014 and 2013 of Employer Pension Plan of Cembra Money Bank AG in accordance with FER 26 and material changes during the reporting period*

All regular employees of the Bank are insured in the pension fund of the Bank. Temporary employees are exempt. The plan is a defined contribution plan. The accounting of the pension plan follows the guidelines of Swiss GAAP FER 26. There are no further obligations of the employer.

7.6 Value Adjustments and Provisions

CHF in thousands	Balance at 31 December 2014	Use in conformity with designated purpose	Reclassifications	Recoveries, past due interest	New provisions charged to income	Releases to income	Balance at 31 December 2015
Value adjustments and provisions for default risks	44,701	– 103,023	–	60,864	64,925	– 24,014	43,453
Provision for pension benefit obligations	–	–	–	–	–	–	–
Other provisions	2,515	– 3,356	–	1,487	3,565	– 2,534	1,677
Total value adjustments and provisions	**47,216**	**– 106,379**	**–**	**62,350**	**68,490**	**– 26,548**	**45,129**

Value adjustments and provisions for default risks are related to financing receivables. Please refer to Risk Management section for details. Other provisions contain provisions for fraud losses, litigation and others.

7.7 Bank's Capital

	2015			2014		
Bank's capital	**Total par value in CHF**	**Number of shares**	**Capital eligible for dividend in CHF**	**Total par value in CHF**	**Number of shares**	**Capital eligible for dividend in CHF**
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

Share capital is fully paid in. There are no special rights related to share capital.

7.8 Share and Option Holdings of the Members of the Board of Directors, the Management Board and the Employees

	Equity shares				Options (RSUs)			
	Number at 31.12.		Value (CHF) at 31.12.		Number at 31.12.		Value (CHF) at 31.12.	
	2015	2014	2015	2014	2015	2014	2015	2014
Members of the Board of Directors	19,450	9,000	1,252,580	495,000	–	–	–	–
Members of the Management Board	11,255	–	724,822	–	10,218	15,132	605,322	805,943
Employees	–	–	–	–	3,885	28,213	230,624	1,472,428
Total	**30,705**	**9,000**	**1,977,402**	**495,000**	**14,103**	**43,345**	**835,945**	**2,278,371**

The Bank had two share-based compensation programmes in 2015.

In connection with the IPO, the Bank has established a One-Off Share Programme as an incentive instrument eligible for active employees at the time of IPO. Under this programme, each of the Bank'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 Bank under the One-Off Share Programme was 39,215 based on the offer price of CHF 51.00. This program vested and fully settled on 31 October 2015.

The second programme was set up for the senior management team in March 2014. Under this programme, each member of the Bank's senior management team generally receives a number of RSUs every year based on various factors such as goals and performance. Further details to share based compensation can be found in the Compensation Report.

7.9 Related Parties

CHF in thousands	2015	2014
Amounts due from related companies	99,055	163,062
Amounts due to related companies	239	264

There are no off-balance items from related parties. Related party transactions are concluded at arm's length conditions.

There are following transactions with governing bodies:

At 31 December (CHF in thousands)	2015	2014
Amounts due from members of governing bodies	10	3
Amounts due to members of governing bodies	376	331

The governing bodies conclude usual banking transactions at personnel conditions.

7.10 Holders of Significant Participations

The following parties hold participations with more than 5 % of voting rights:

			2015			2014
Significant shareholders with voting rights	**Total par value in CHF**	**Number of shares**	**Share as %**	**Total par value in CHF**	**Number of shares**	**Share as %**
Cembra Money Bank AG	1,803,627	1,803,627	6.0	38,277	38,277	0.1
Allianz SE	1,748,347	1,748,347	5.8	–	–	–
UBS Fund Management	1,623,913	1,623,913	5.4	–	–	–
GE Capital Swiss Funding AG, Zürich	–	–	–	9,460,785	9,460,785	31.5

7.11 Own Shares

Treasury shares (number)	**2015**	**Average transaction price (CHF)**
Balance at 1 January	**38,277**	
Purchase	1,801,801	55.50
Share based compensation	– 36,451	51.00
Balance at 31 December	**1,803,627**	

Own shares were purchased at fair value during the reporting period.

Non-distributable Reserves

CHF in thousands	**2015**	**2014**
Non-distributable statutory capital reserves	–	–
Non-distributable statutory retained earnings reserves	15,000	15,000
Total non-distributable reserves	**15,000**	**15,000**

The statutory retained earnings reserves and the statutory capital reserves, to the extent they do not exceed one-half of the share capital, may be used only to cover losses or for measures designed to sustain the company through difficult times, to prevent unemployment or to mitigate its consequences.

7.12 Holdings of the Governing Bodies and Compensation Report

Board of Directors

At 31 December		2015		2014	
Name	**Function**	**Number of shares**	**Number of RSUs**	**Number of shares**	**Number of RSUs**
Dr. Felix A. Weber	Chairperson	7,250	–	2,000	–
Christopher M. Chambers	Vice-Chairperson	5,000	–	5,000	–
Denis Hall	Member	–	–	–	–
Richard Laxer [1]	Member	n/a	n/a	–	–
Dr. Monika Mächler [2]	Member	–	–	n/a	n/a
Prof. Dr. Peter Athanas	Member	–	–	–	–
Urs D. Baumann	Member	7,200	–	2,000	–

[1] *until 1 September 2015*
[2] *from 29 April 2015*

Management Board

At 31 December		2015		2014	
Name	**Function**	**Number of shares**	**Number of RSUs**	**Number of shares**	**Number of RSUs**
Robert Oudmayer	CEO	3,880	4,842	–	5,758
Antoine Boublil	CFO	2,271	1,508	–	2,889
Volker Gloe	CRO	2,218	1,316	–	2,732
Dr. Emanuel Hofacker	General Counsel	631	1,045	–	911
Daniel Frei	Sales Leader Cards	2,255	1,507	–	2,842

For details refer to the Compensation Report.

8. Notes to the Income Statement

8.1 Negative Interest Revenue

Negative interest on assets is recorded as a reduction of interest income. Negative interest on liabilities is recorded as a reduction of interest expense.

For the years ended 31 December (CHF in thousands)	2015	2014
Negative interest on assets (reduction of interest income)	2,029	–
Negative interest on liabilities (reduction of interest expense)	41	–
Total	**2,069**	**–**

8.2 Personnel Expenses

For the years ended 31 December (CHF in thousands)	2015	2014
Salaries	83,176	81,823
of which share-based compensation and alternative forms of variable compensation	1,134	1,113
Social security benefits	14,446	13,201
Other compensation	3,429	2,558
Compensation and benefits	**101,051**	**97,582**

8.3 General and Administrative Expenses

For the years ended 31 December (CHF in thousands)	2015	2014
Office space expenses	7,530	8,083
Expenses for furniture and fixtures	1,374	5,212
Expenses for information and communication technology	16,316	10,082
Audit fees	1,195	1,130
Other operating expenses	23,540	35,819
Total	**49,955**	**60,326**

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

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Sale of a portfolio of loss certificates	217	1,205
Tax goodwill amortisation	12,677	–
Other income	250	358
Total	**13,144**	**1,563**

8.5 Current and Deferred Taxes

For the years ended 31 December (CHF in thousands)	**2015**	**2014**
Current tax expense	30,741	31,267
Income tax expense	**30,741**	**31,267**

The effective tax rates of the Bank for each of the two years ended 31 December was approximately 21%.
There were no deferred taxes.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders 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, statement of changes in equity and notes (pages 148 to 168) for the year ended 31 December 2015.

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 2015 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, 23 March 2016

Information for Shareholders

Cembra Money Bank AG Registered Shares

Stock exchange listing	SIX Swiss Exchange
ISIN	CH0225173167
Security Number	22517316
Par value	CHF 1.00
Number of shares	30,000,000

Ticker Symbols

Bloomberg	CMBN SW
Reuters	CMBN.S

Credit Ratings

Credit Suisse	Mid A
Standard & Poor's	A– (long-term)
Standard & Poor's	A–2 (short-term)
Bank Vontobel	A–
Zürcher Kantonalbank	A–

Financial Calendar

Annual General Meeting	27 April 2016

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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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