Cembra

Cembra - a leading player in financing solutions and services in Switzerland

Holger Laubenthal, CEO
ZKB Swiss Equity Conference, November 2024

Key messages

Focus on strategy execution. Mid-term targets confirmed

1	H1 2024: Increase in net income (+4%) and net revenues (+6%) driven by repricing measures and selective growth
2	New segment organisation with Lending (Personal loans + Auto) and Payments (Cards + BNPL) delivering
3	Successful full-scale roll-out of the new banking platform for Auto business, with high scalability and advanced automation
4	Cost/income ratio improving, and on track towards <39% target by 2026, fueled by continued growth, higher automation and a further streamlined organisation
5	Provision for losses in line with mid-term target, with continued portfolio steering towards sound risk-return balance
6	Well diversified funding mix following successful launch of digital retail savings products
7	Mid-term targets confirmed[1] – attractive and growing dividend

1 see Outlook p 15

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Agenda

1. **Cembra at a glance**
2. H1 business performance
3. Strategy execution and outlook

Appendix

Cembra at a glance

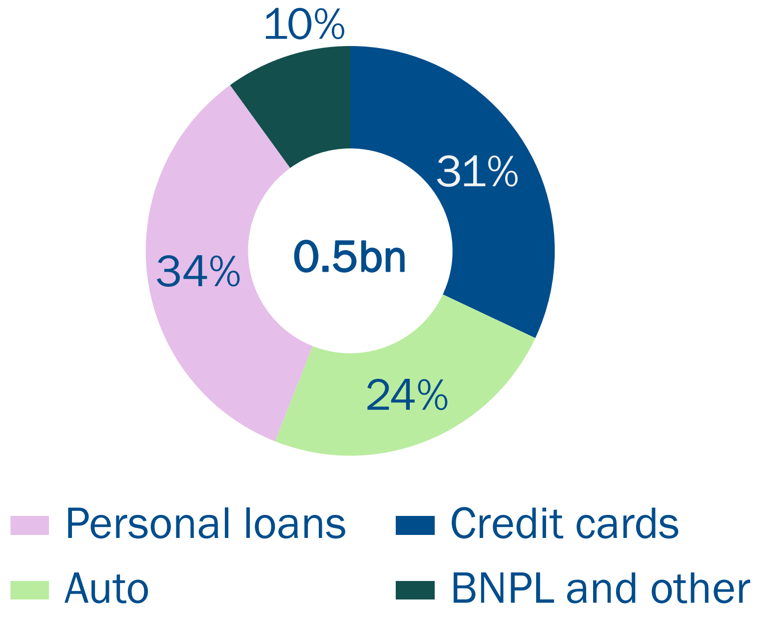
A leading provider of financing solutions and services in Switzerland

Who we are

- A leading independent consumer finance specialist, serving >2 million customers in Switzerland
- Strong positions in personal loans, auto loans & leasing, credit cards and BNPL[1]
- Resilient business model in all economic environments, with NPL[2] consistently below 1%
- Successful integration of four acquisitions since 2017 (EFL, Swissbilling, cashgate, Byjuno)
- Diverse workforce of >900 employees with about 40 nationalities
- Continuous dividend payouts, with average payout ratio of 69% since the IPO
- Strong ESG performance as affirmed by leading ratings[1]
- Standard and Poor's credit rating A–/A-2, stable outlook
- IPO in 2013, listed on Swiss Stock Exchange

Key figures

Net revenues FY 2023 (CHF)



FY 2023 (US GAAP)

- Total assets CHF 8.0bn
- Competitive loss ratio (0.8%) and cost/income ratio (50.9%)
- Return on equity 12.5%
- Tier 1 capital ratio 17.2%
- Market cap ~CHF 2.3bn (September 2024)

1 Buy now pay later | 2 Non-performing loans | 3 AAA by MSCI ESG, Low ESG Risk by Sustainalytics

Market positions
Serving >2 million customers across the business lines Lending and Payments

Lending

Personal loans: 38% market share

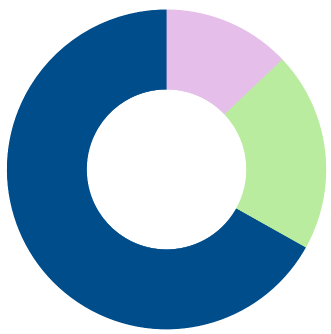
30 June 2024, personal loans market

Leader in personal loans

- 9 branches all over Switzerland
- Diversified distribution channels: branches, online, independent agents/partners
- Premium pricing supported by superior personalised service
- Dual brand positioning (Cembra and cashgate)

Auto business: 19% market share

30 June 2024, leasing receivables



Strong independent player

- Strong independent player – no brand concentration
- Partnerships with about 3,500 dealers
- Focus on used cars: ~27% new and ~73% used cars in portfolio
- Dedicated field sales force with four support centres

Payment

Credit cards: 12% market share

April 2024, credit cards issued

Attractive portfolio of 1m cards

- High customer value leading to frequent card usage
  - 9% market share in transaction volumes
  - 14% market share in contactless payments
- Mix of co-branding card partner-ships and own card offerings

BNPL: 30-40% market share

2023 (own estimates)

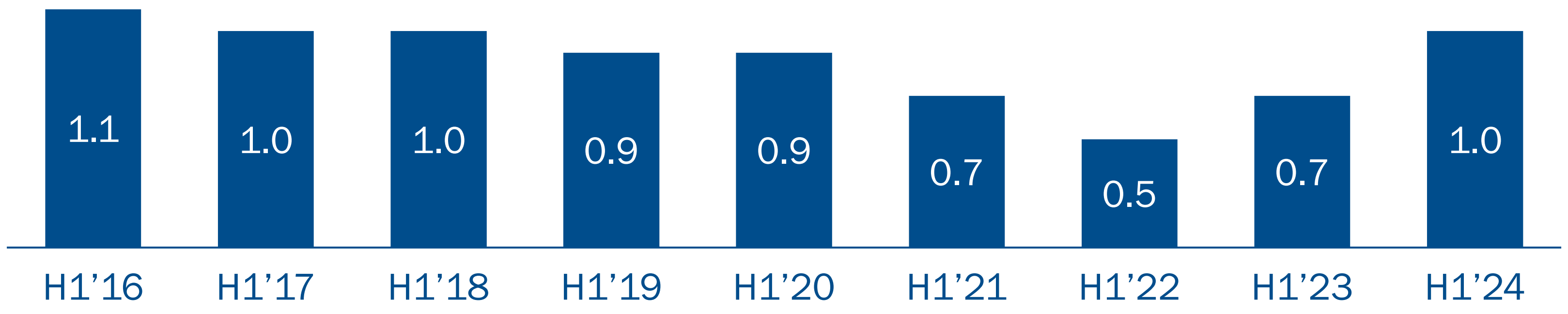
Growth segment Buy now pay later

- Buy now pay later (BNPL): purchase by invoice (online & offline) and invoice financing
- Strong BNPL market growth expected
- H1 2024: 2.4m (+5%) invoices processed (thereof 1.9m BNPL)

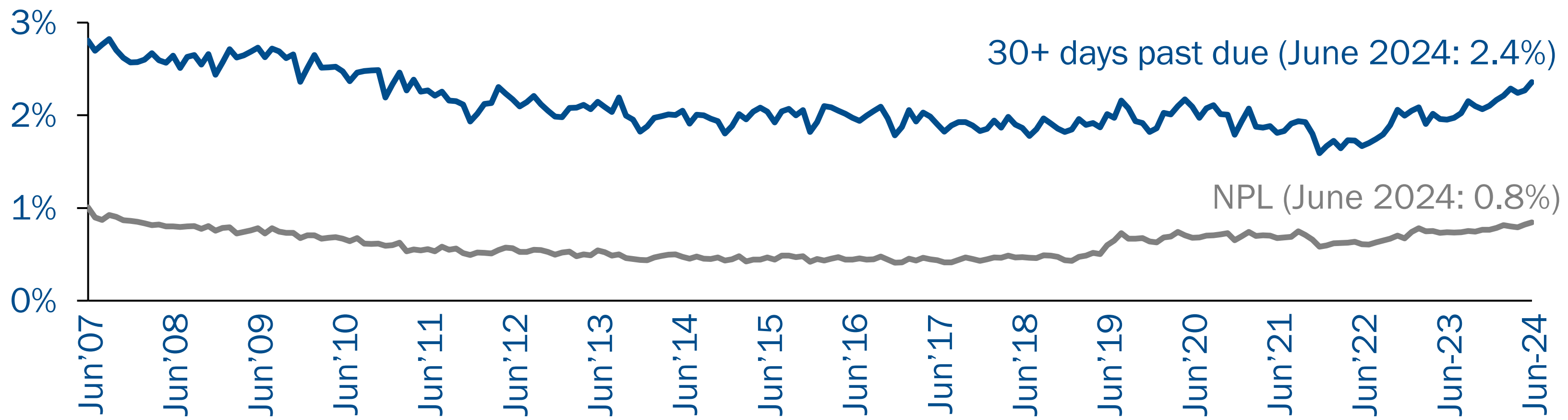
Provision for losses

Continued solid loss performance in line with mid-term target ≤ 1%

Loss rate[1]

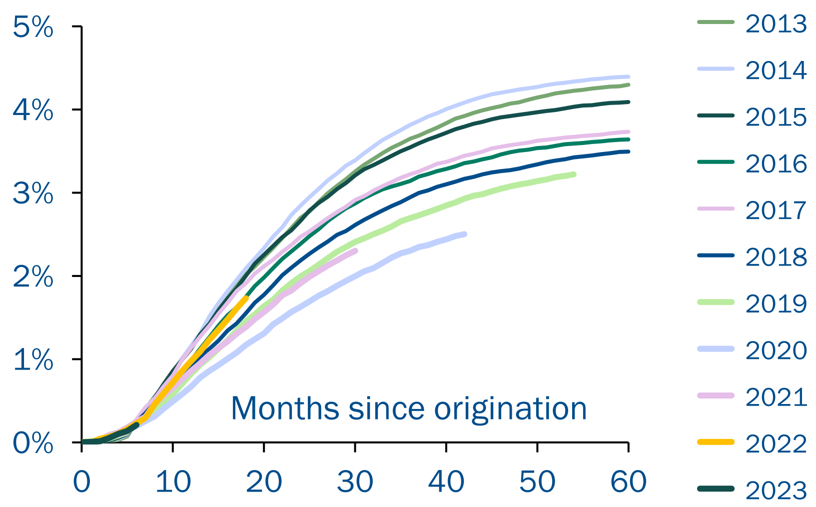


NPL[2] and delinquencies

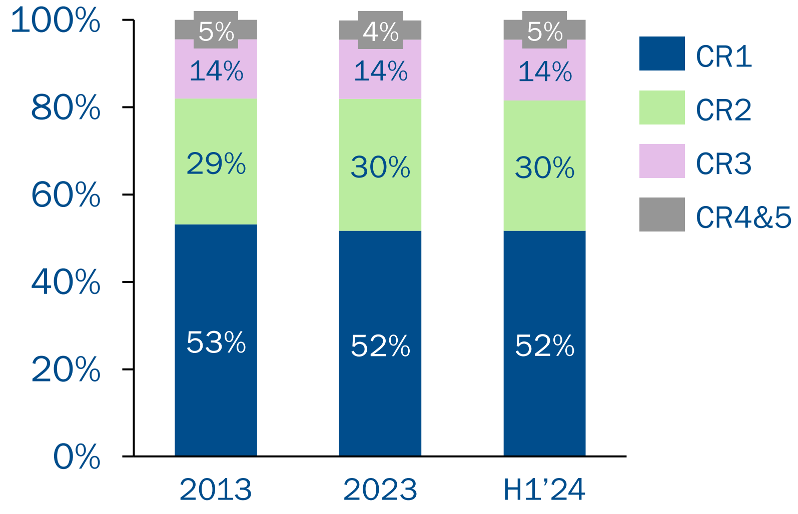


Write-off performance[3]

By year of origination for Bank personal loans and auto



Credit grades[4]



Comments

- Solid loss performance in line with anticipated post-Covid normalisation and guidance
- Slightly adverse macro conditions, affecting customers' debt servicing capacity in specific segments
- Prudent and continuous application of credit risk strategies and risk-based pricing for sound profitability levels in portfolios
- Ongoing portfolio monitoring and management to ensure risk-reward equation within consistent risk appetite framework
- Continued calibration of loss performance towards mid-term targets

1 Loss rate is defined as the ratio of provisions for losses on financing receivables to average financing receivables (net of deferred income and before allowance for losses), 2019 and 2021 adjusted for one-offs | **2** Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables | **3** Based on personal loans and auto leases & loans originated by the Bank | **4** Consumer Ratings (CR) reflect associated probabilities of default for material Bank portfolios

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Sustainability

Strong external ESG recognition, and commitment to further improve

Sustainability performance

E
- Reduced Scope 1+2 emissions intensity significantly since 2014
- 100% of electric power from renewable hydro sources
- Opportunity financing electric vehicles

S
- NPS of 21[1] and providing loans under some of the strictest consumer finance laws in Europe
- Diverse workforce with around 40 nationalities
- GPTW trust index of 71%[2] and certified equal pay for equal work

G
- Strong governance structure since the IPO[3]
- Sustainability linked to variable executive compensation since FY 2020
- Sustainability committee chaired by CEO

Selected targets

Reduce Scope 1+2 carbon emissions by 75% by 2025 (basis: 2019)

Customer net promoter score of at least +30[1]

Employee GPTW[2] trust index of at least 70%

Independent limited assurance of Sustainability Reports (since FY 2021)

External recognition

SUSTAINALYTICS
a Morningstar company

Low ESG risk
Top 8% (score 14.3) among >900 diversified financials, May 2024

Corporate Sustainability Assessment
S&P Global

Top 20%
in diversified financial services (Score 41), August 2024

MSCI ESG RATINGS
CCC B BB BBB A AA AAA

AAA
Rated 1st among listed consumer finance worldwide, June 2024

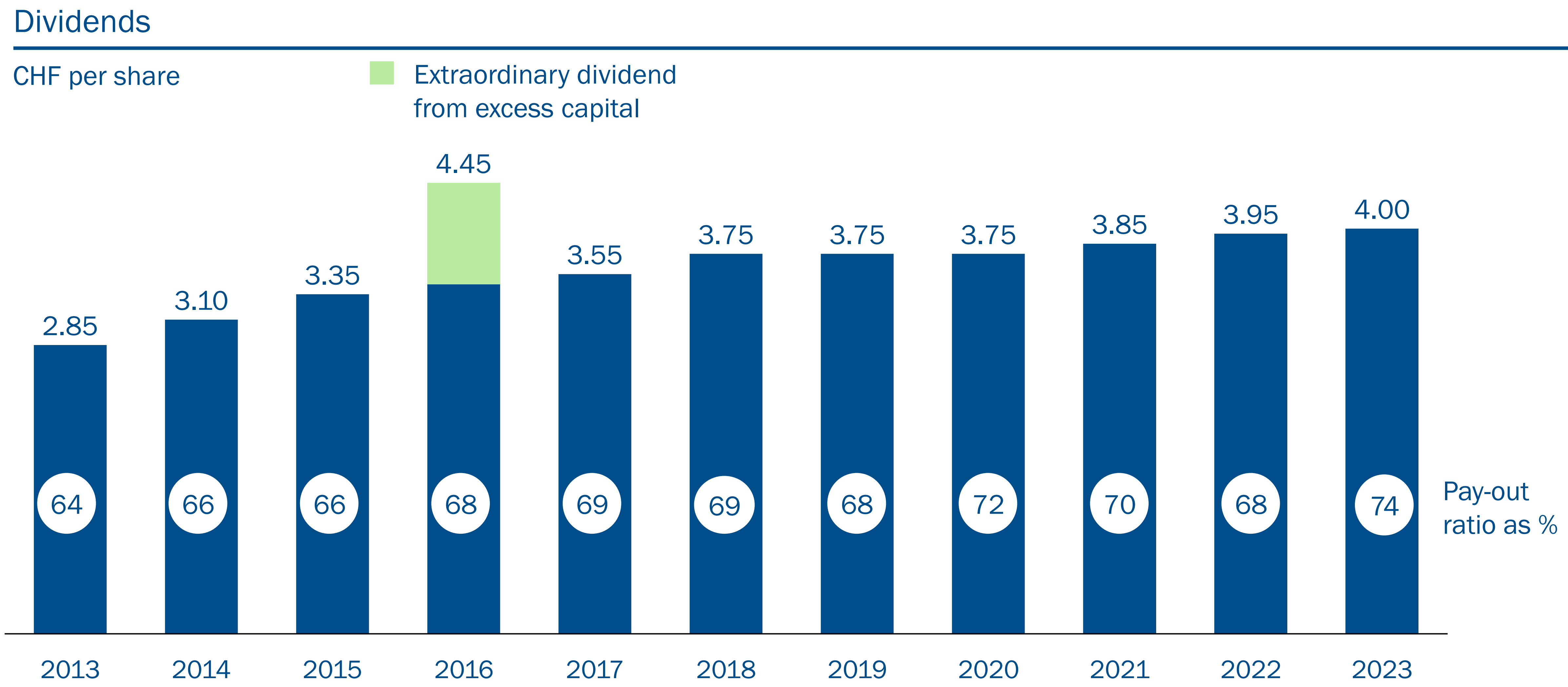
Bloomberg Gender-Equality Index 2023 Member

Inclusion
in the 2023 Bloomberg Gender Equality index as one of 11 Swiss companies, January 2023

1 Net promoter score (from continued measurement) on a scale -100 to 100, FY 2023 | **2** Great Place to Work.org, result for 2022 | **3** ISS Governance Quality Score of 1 on a scale from 1 to 10, January 2024

Dividends

Paid out dividends of CHF 1.2 billion since the IPO in 2013



- 69% average payout ratio since the IPO
- Dividend for 2024 of at least CHF 4.00
- Tier 1 capital ratio target 17%[1]
- S&P rating of A– since the IPO

1 Tier 1 capital ratio target 18% until June 2019, and 2019 target range of 16 - 17% due to acquisition of cashgate

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Appendix

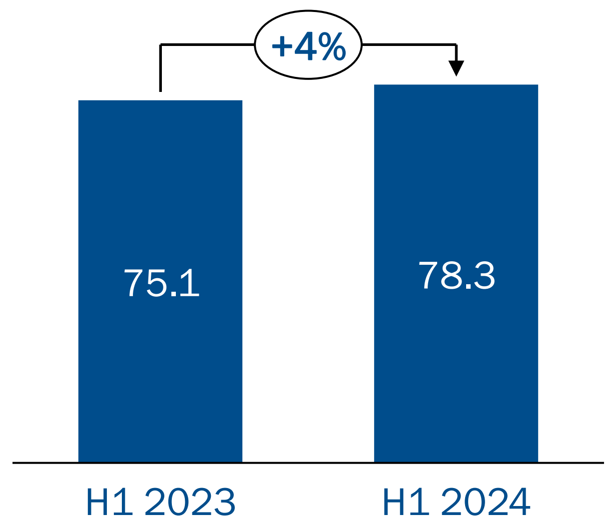
H1 2024 performance
Net revenues +6% and net income +4%

Highlights

- +4% net income CHF 78.3 million
- +6% net revenues growth
- +2% net financing receivables with growth across all products
- Cost/income ratio declining to 50.4% (H1 2023: 53.2%)
- Solid loss performance at 1.0% in line with mid-term target
- ROE at 12.7%, and strong Tier 1 capital ratio of 17.1%

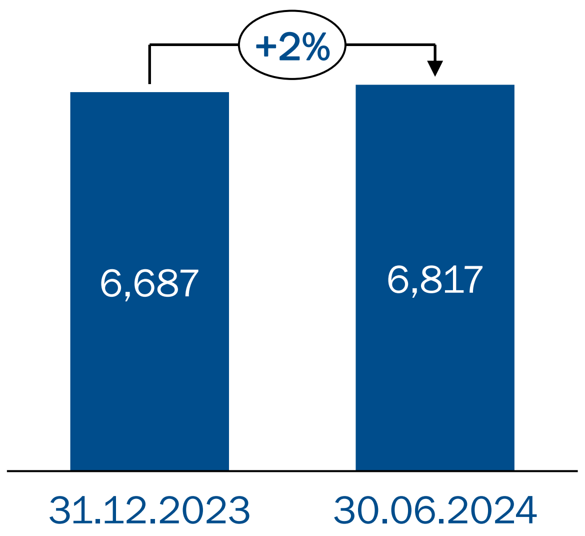
Net income

in CHF m



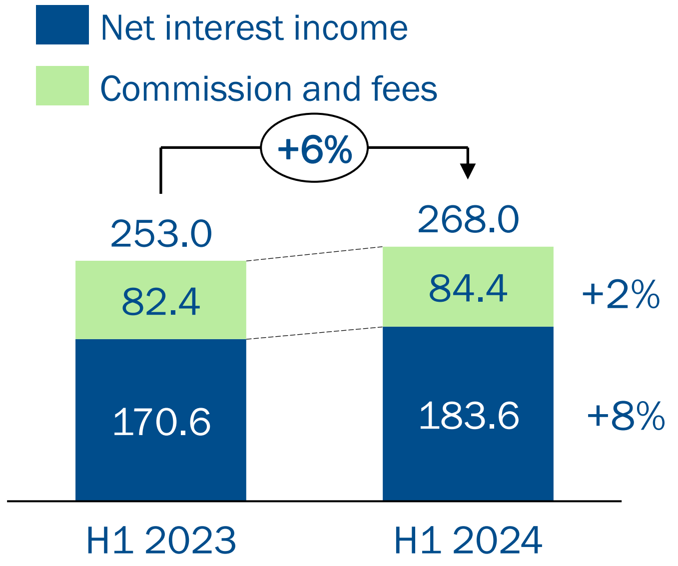
Net financing receivables

in CHF m



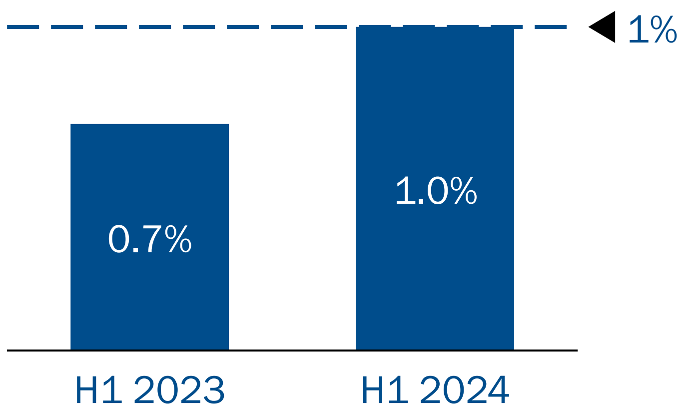
Net revenues

in CHF m



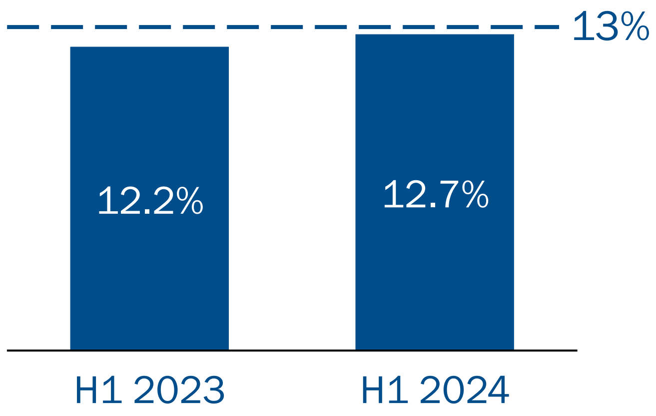
Loss rate

Mid-term target ≤ 1%



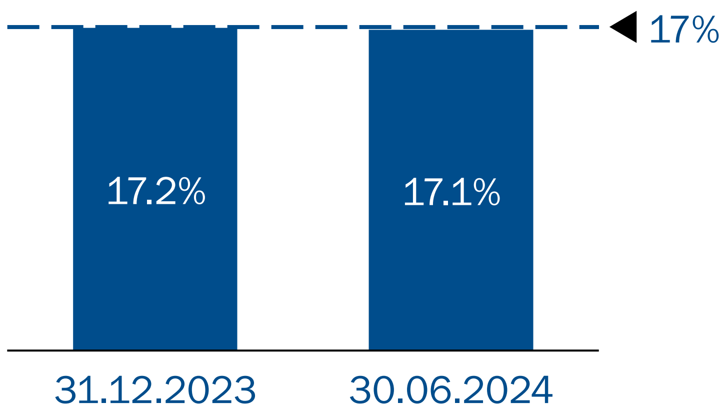
Return on equity

Target ROE of 13–14% for 2024



Tier 1 capital ratio

Mid-term target of at least 17%



H1 2024: Products and markets

Continued profitable growth

Cembra H1 2024

Lending

Personal loans

- Selective growth with net financing receivables (+1%)
- Continued decisive repricing measures, leading the market
- Maximum interest rate increased to 12% as per 1 January 2024
- Market share ~38%

Auto loans and leases

- Strong partner proposition: net financing receivables growth +2%
- Decisive pricing adaptations continued
- Launch of leasing platform for all auto dealers
- Market share (leasing) ~19%

Payments

Credit cards

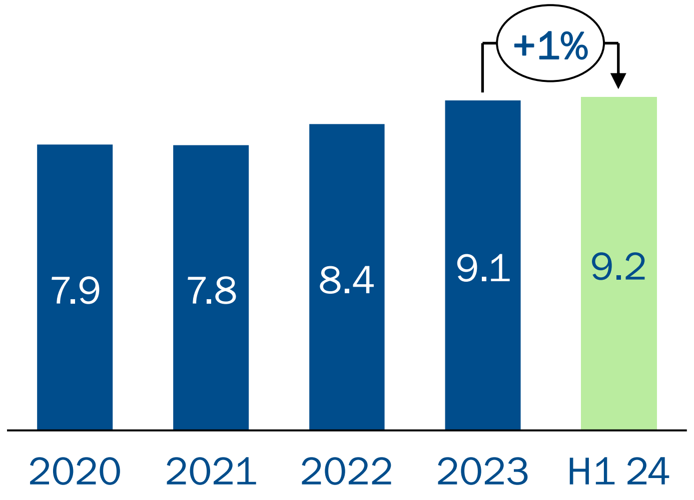
- Net financing receivables +3%
- Credit card revenues +15% year-on-year
- Number of cards issued stable
- Cembra app with enhanced self-service features for >420k users
- Market share[1] ~12% (April 2024)

Buy now pay later (BNPL)

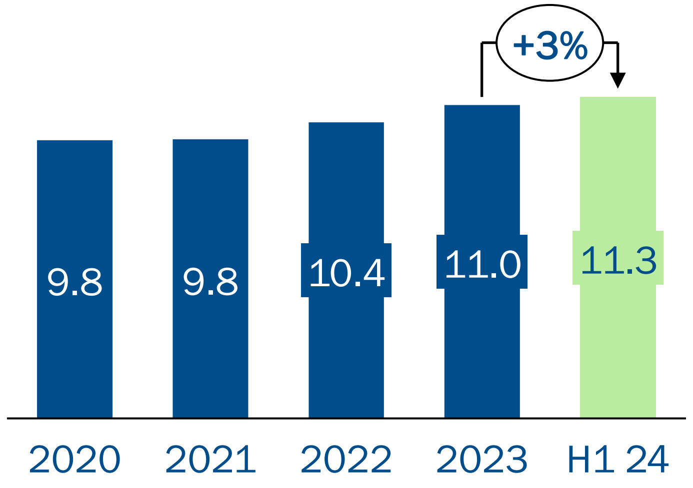
- Focus on profitable partnerships and legal merger to one entity completed
- BNPL fees flat at CHF 19.1m
- Billing volume CHF 407m (-9%)
- 2.4m invoices processed (thereof 1.9m BNPL)
- TWINT: roll-out to 5m users
- Market share ~30-40%

Market

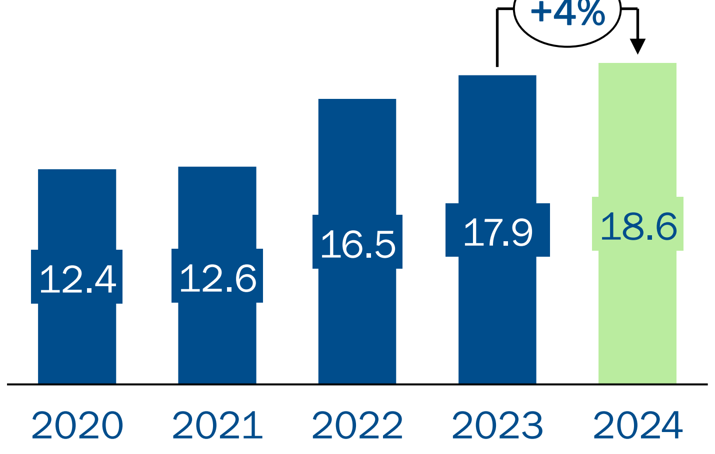
Consumer loans market, in CHF bn



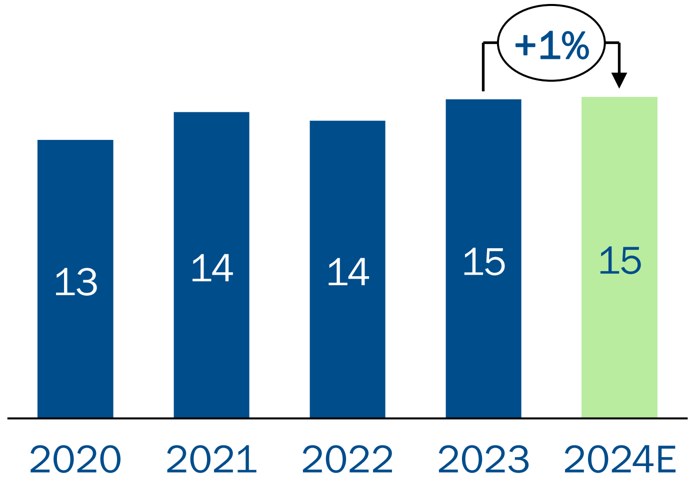
Leasing market, in CHF bn



Transaction volumes, in CHF bn (first 4 months)



eCommerce market, in CHF bn



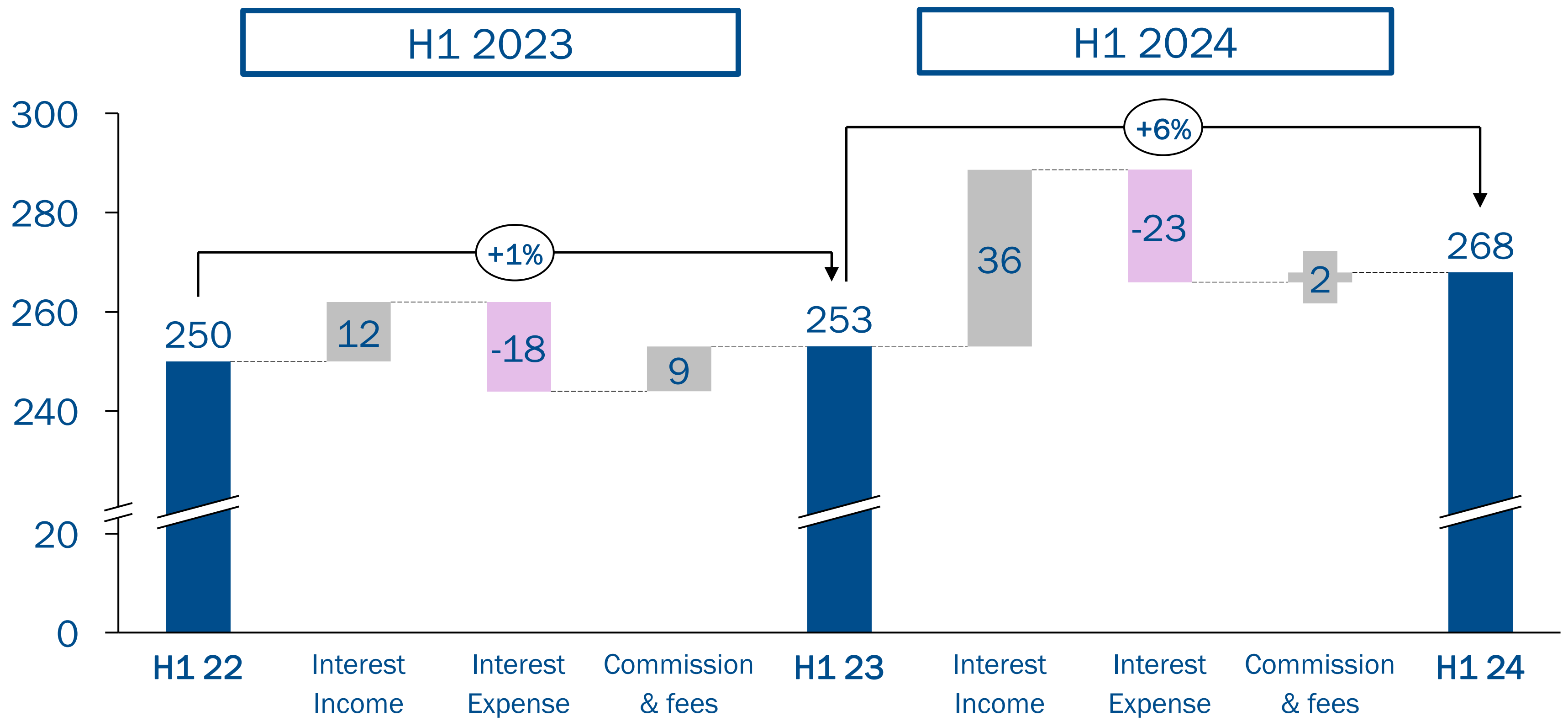
Sources: ZEK, SNB April 2024, Handelsverband.swiss, zhaw | 1 Credit cards issued

H1 2024: Net revenues and net interest margin

Net interest margin rebound continued

Net revenues

In CHF m



Net interest margin (NIM)

H1 2022	FY 2022	H1 2023	FY 2023	H1 2024
5.5%	5.5%	5.1%	5.2%	5.3%

Comments

- Net revenues +6% due to increase in interest income, partly offset by interest expense
- Q4 2023 as a turning point in fully offsetting increase of interest expenses with additional interest income
- Net interest margin (NIM) stabilised and continuously improved since H1 2023, driven by yield increase following repricing measures for new business and other interest income from interest-bearing cash and investment portfolio

Outlook 2024 - 2025

- NIM expected to rebound to about 5.5% (2022 level) in the mid term

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Appendix

Review strategy execution
Progress in line with targets

Strategic initiatives H1 2024

Cembra's DNA
- Continued implementing repricing measures as well as strong cost discipline
- Sustainability: AAA rating by MSCI ESG confirmed

Operational excellence
- New Auto operating platform with increased scalability
- Launched new savings product platform in H1 and generated net inflows of ~CHF 200 million
- Established service centre in Riga, Latvia

Business acceleration
- Leasing platform live with full auto dealer base
- Executing on the refreshed cards strategy
- Enhanced value propositions for partnerships

New growth opportunity
- TWINT "pay later" proposition rolled out to 5m users
- CembraPay legal merger to one BNPL entity

Cultural transformation
- New Lending and Payments organisation established
- Brand refresh and new marketing campaign

Financial targets achievement

KPI	Targets 2022-26[1]	2022 2023		H1 2024	
Financing receivables growth	1–3% p.a. / in line with GDP	+4% +5%	✓	+2%	✓
Tier 1 capital ratio	>17%	17.8% 17.2%	✓	17.1%	✓
Cost / income ratio	2022–23: stable 2026: < 39%	51% 51%	✓	50.4%	✓
Loss performance	Loss rate ≤ 1%	0.6% 0.8%	✓	1.0%	✓
Return on equity	2022–23: 13–14% 2025–26: ≥15%[2]	13.7% 12.5%	✗	2024E on track	✓
Cumulative EPS growth	20–30% from 2021 until 2026	On track	✓	On Track	✓
Attractive and increasing dividend	for 2021: ≥ CHF 3.75 for 2022–26: increasing	3.95-4:00	✓	n/a	

1 Investor Day December 2021 | 2 previously 2024-26

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Outlook

Continued resilient business performance expected in 2024

Outlook 2024[1]

Deliver on strategic priorities

- **Lending:** Continued delivery of profitable growth in auto leasing and personal loans
- **Payments:** Accelerate growth by increasing product density, accelerating customer engagement and upgraded partner propositions
- **Operational excellence:** Deliver on operational excellence and transformation, with continued focus on cost benefits realisation

Continued resilient business performance

- H2 2024 net revenues expected to continue to outpace GDP growth
- Net interest margin to further slightly increase, cost/income ratio FY 2024 expected below 49% and loss performance of around 1%
- As a result, increased net income and ROE between 13% and 14% expected in 2024

Financial targets until 2026[2]

ROE

2024: 13–14%[3]
2025–26: ≥15%

Tier 1 capital ratio

2024–26: >17%

Dividend per share

for 2024–26: increasing[4]

Financing receivables growth

1–3% p.a. / in line with GDP

Cost/income

2026: <39%

Risk performance

Loss rate ≤ 1%

Cumulative EPS growth

20–30% from 2021 until 2026

1 Assuming the Swiss economy continues to grow slightly in 2024 | 2 Investor Day December 2021 | 3 previously >15% | 4 based on sustainable earnings growth

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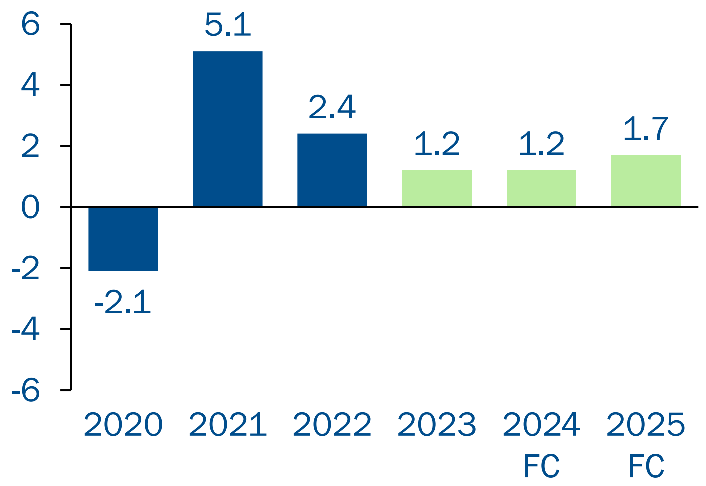
Appendix

Macroeconomic outlook
Swiss economy expected to remain resilient

GDP in Switzerland

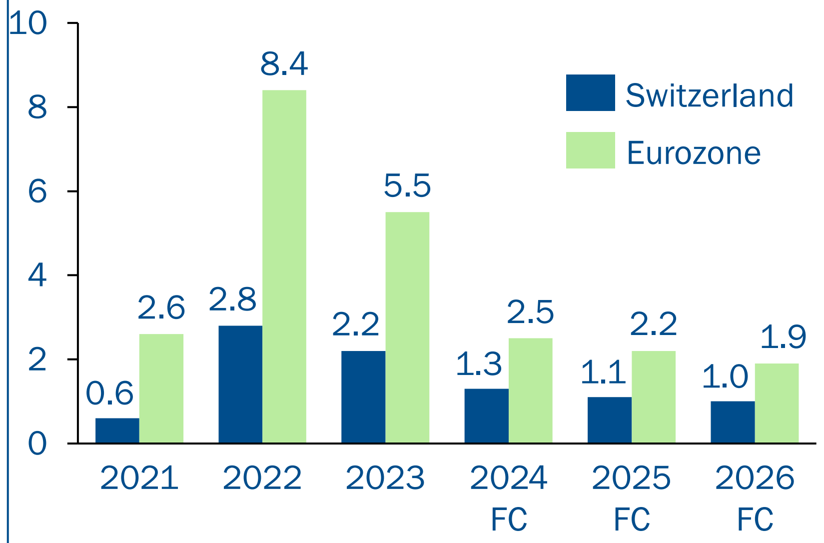
Change vs. previous period as %



Source: SECO June 2024

- Swiss economy is expected to grow 1.2% in 2024 and 1.7% in 2025
- Consumer spending is forecast to increase by 1.3% in 2024 and 1.4% in 2025

Swiss vs. Eurozone CPI Inflation

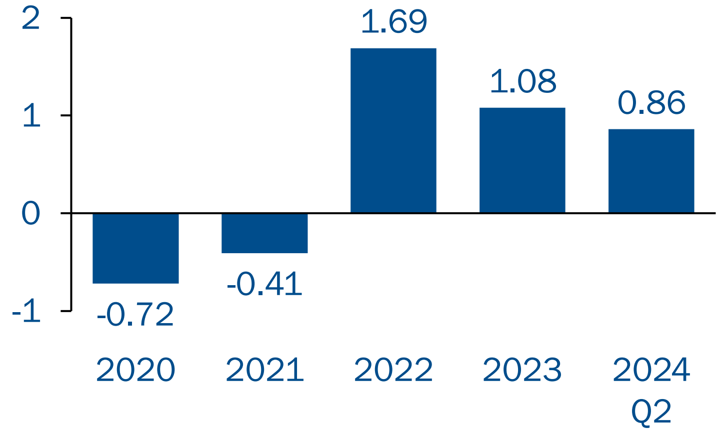


Source: BFS/ SNB, Eurostat/ECB June 2024

- The strong Swiss Franc helped to dampen inflation further in Switzerland and to stay below the Eurozone's
- Swiss inflation is not expected to leave the target range of price stability of 0% - 2% in the foreseeable future

CHF interest rates

End-of-period 3-year swap rates as %

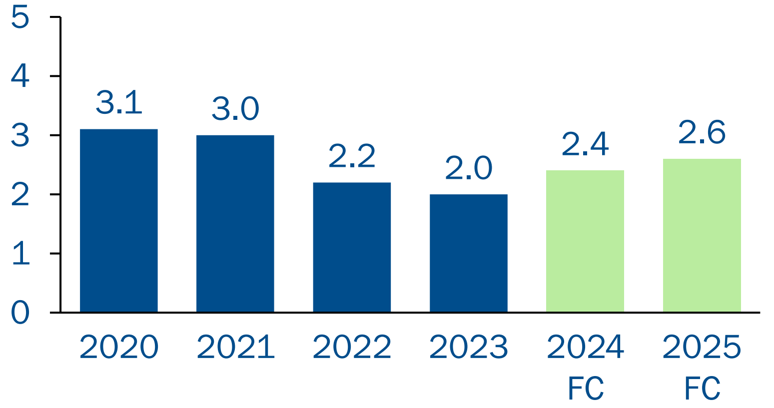


Source: Bloomberg Finance L.P

- Since January 2024 Swiss National Bank's policy rate decreased by 50bps from 1.75% to 1.25%
- Policy rate is slightly higher than 3-year swap rate.
- A further interest rate cut of 25bps is expected in 2024

Swiss unemployment rate

As %, average per year



Source: SECO June 2024

- Unemployment rate 2.3% in June 2024
- Unemployment expected to increase to 2.4% in 2024 and to 2.6% in 2025

H1 2024 P&L

Increase in net income driven by revenue growth

In CHF m

		H1 2024	H1 2023	as %
Interest income		236.6	200.9	*18*
Interest expense		-52.9	-30.3	*75*
Net interest income	1	183.6	170.6	*8*
Insurance		12.1	12.2	*0*
Credit cards	2	45.6	43.2	*5*
Loans and leases		7.6	7.3	*4*
BNPL	3	19.1	19.1	*0*
Other		0.1	0.7	*-87*
Commission and fee income		84.4	82.4	*2*
Net revenues		**268.0**	**253.0**	***6***
Provision for losses	4	-35.2	-25.1	*40*
Operating expense	5	-135.2	-134.5	*1*
Income before taxes		**97.6**	**93.4**	***4***
Taxes		-19.3	-18.4	*5*
Net income		**78.3**	**75.1**	***4***
Earnings per share (EPS)		**2.67**	**2.56**	

Key ratios

Net interest margin	5.3%	5.1%
Cost/income ratio	50.4%	53.2%
Effective tax rate	19.8%	19.7%
Return on equity (ROE)	12.7%	12.2%
Return on tangible equity	15.4%	15.3%
Return on assets (ROA)	1.9%	2.0%

Comments

1 Higher interest income in all products driven by repricing measures for new business as well as other interest income from cash and investment securities, offset by higher interest expenses

For details see slides on 'Net revenues' and 'funding'

2 Increase in credit card fees driven by repricing measures and achieving our ambition of retaining attractive customer segments

3 Stable BNPL fees as a result of portfolio consolidation retaining profitable and strategic partnerships

4 For details see slide on 'Provision for losses'

5 For details see slide on 'Operating expenses'

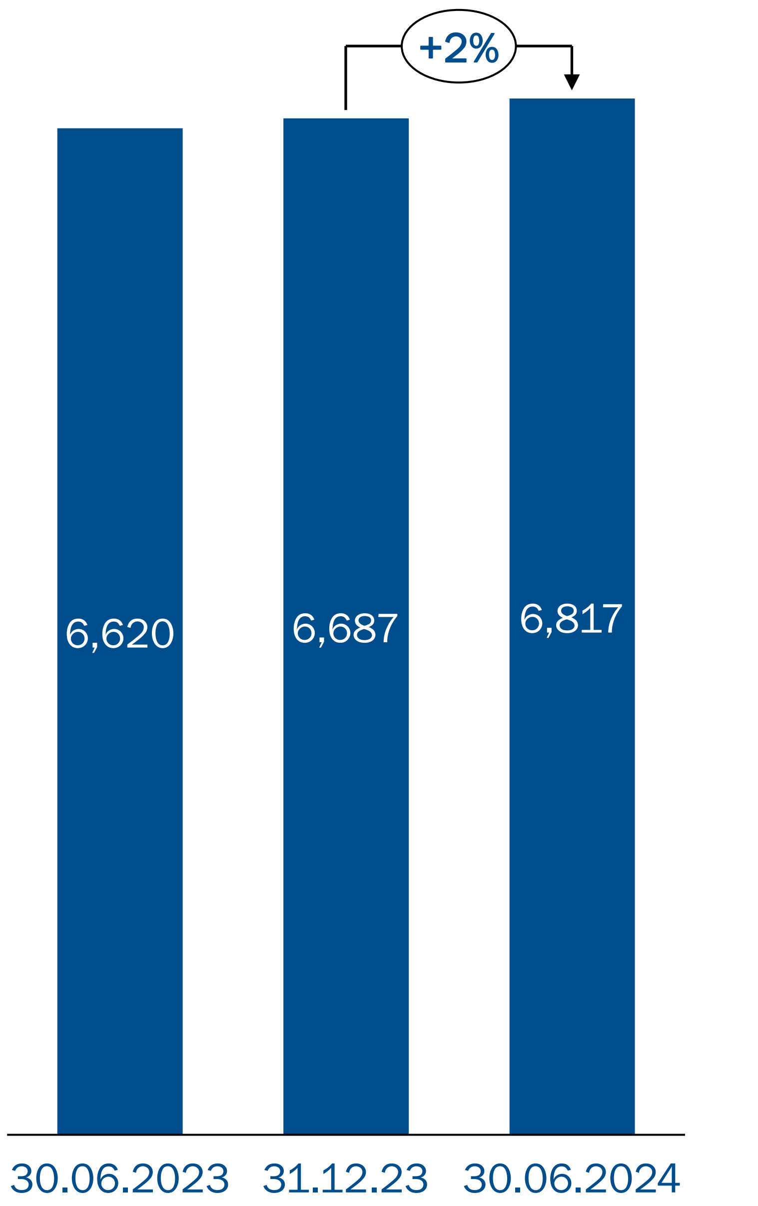
For a glossary including alternative performance figures see appendix and at www.cembra.ch/financialreports

H1 2024: Net financing receivables and yield development

Repricing measures favourably impacting yield

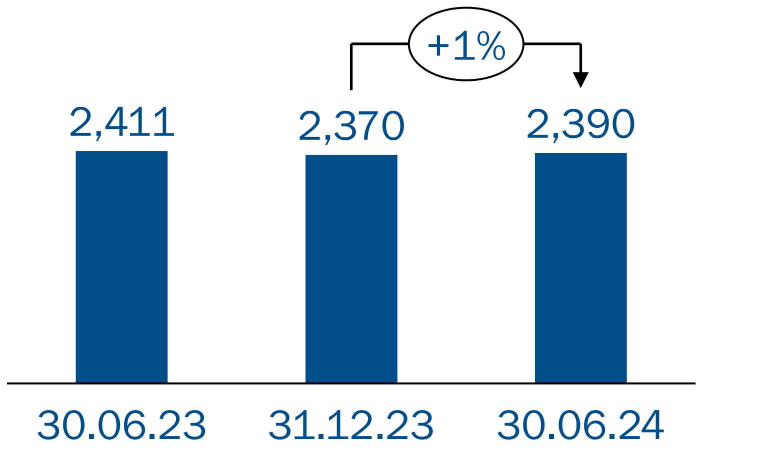
In CHF m

Net financing receivables

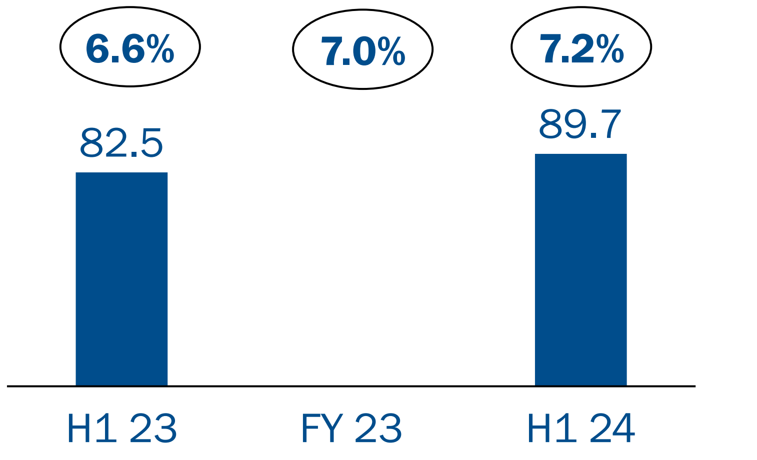


Personal loans

Net financing receivables

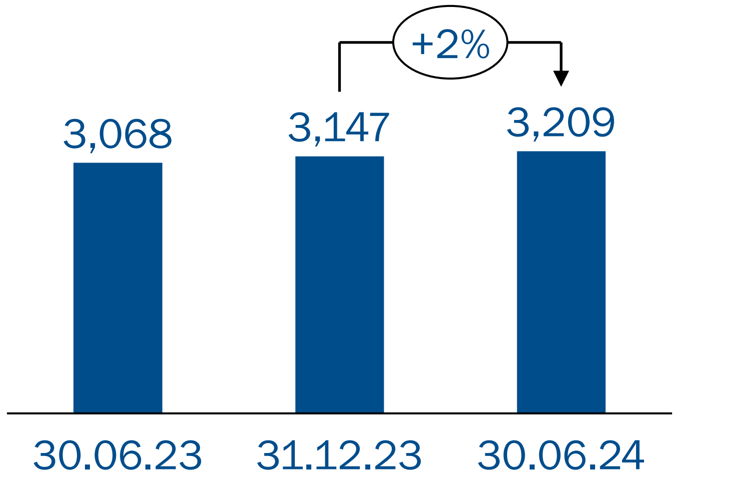


Yield (2pt avg) and interest income

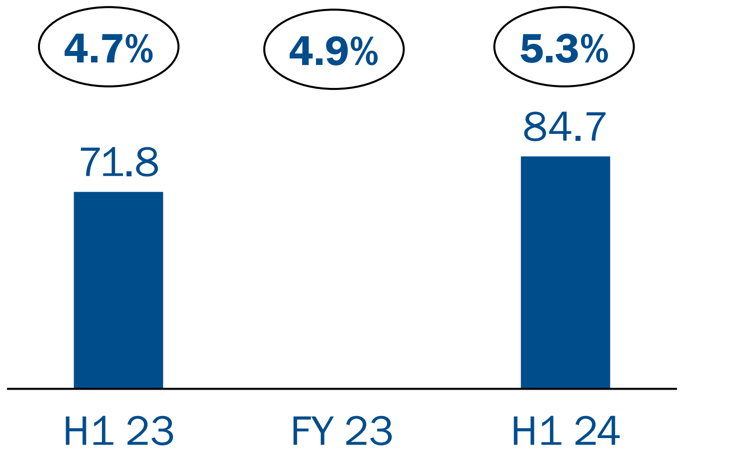


Auto leases and loans

Net financing receivables

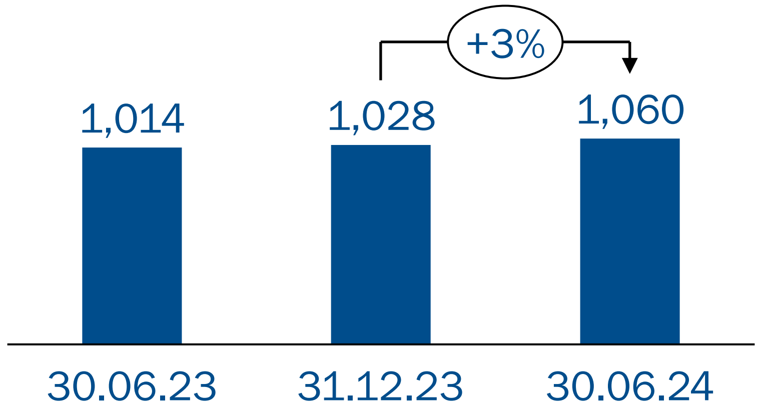


Yield (2pt avg) and interest income

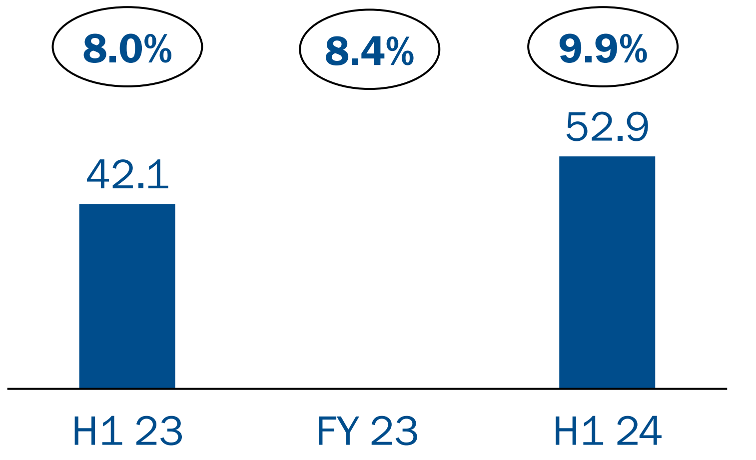


Credit cards

Net financing receivables



Yield (2pt avg) and interest income



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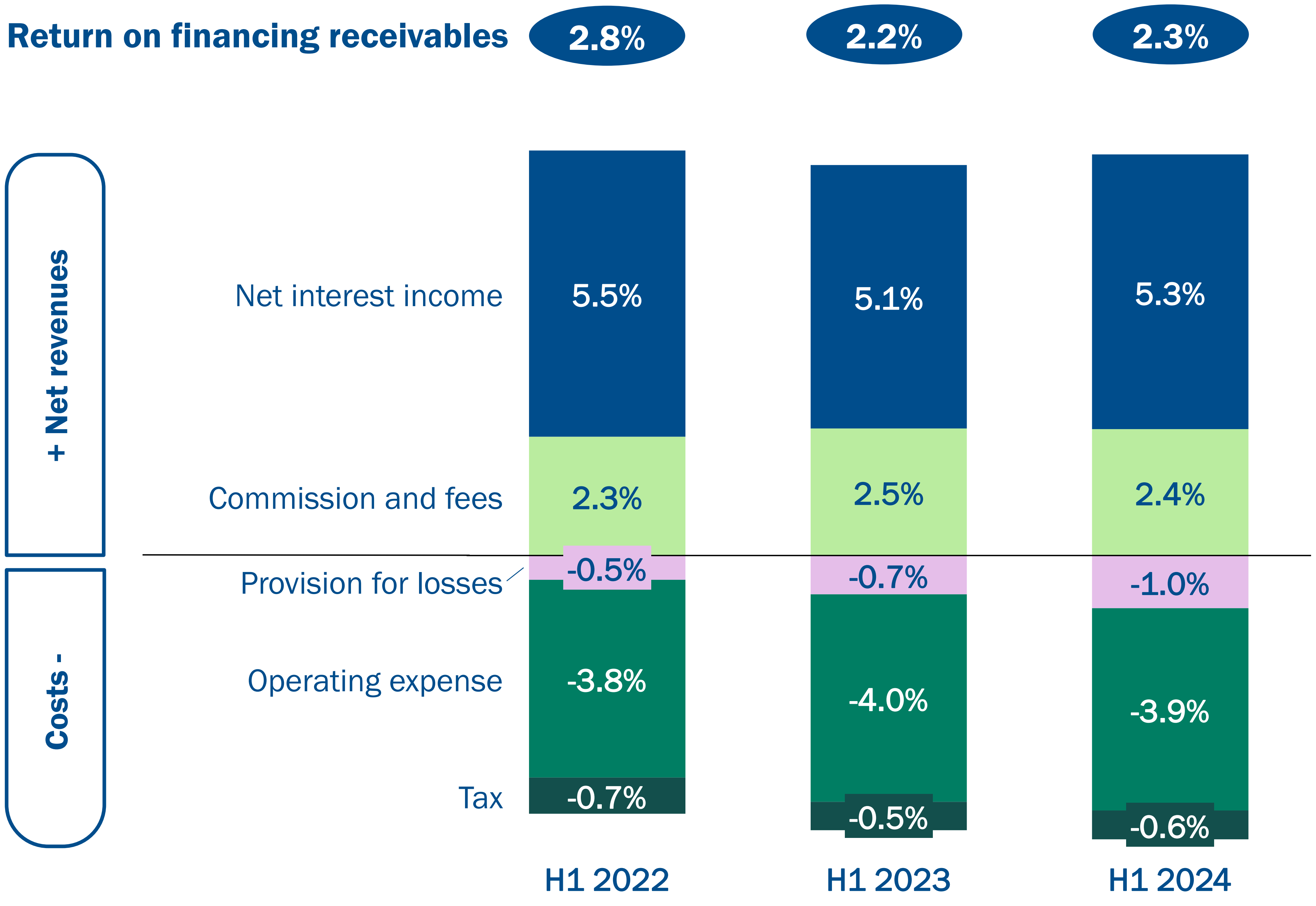
H1 2024 profitability by source

Increase of net interest margin offset by continued loss normalisation



Comments H1 2024

- **Net interest income** affected by higher interest expense, compensated by price increases in financing receivables since mid-2022 and other interest income (interest-bearing cash/investment portfolio)
- **Commission and fees:** decrease due to volume decline offset by effective repricing measures and concentrating the portfolio into profitable customer segments
- **Provisions for losses** driven by continued normalisation towards the historic trend ≤1%
- **Operating expense** higher due to investments in strategic transformation and restructuring expenses executing on strategic initiatives

H1 2024 operating expenses

Diligent execution, -5% year on year in second half of 2023[1]

In CHF m

		2023	2022	as %
Compensation and benefits	1	137.0	135.5	*1*
Professional services	2	20.8	22.0	*-5*
Marketing	3	11.7	15.7	*-26*
Collection fees	4	15.0	10.7	*40*
Postage and stationery	5	10.2	15.0	*-32*
Rental exp. (under operating leases)	6	6.2	6.7	*-8*
Information technology	7	50.6	43.9	*15*
Depreciation and amortisation	8	27.5	26.0	*6*
Other	9	-16.3	-18.1	*-10*
Total operating expenses		**262.6**	**257.5**	*2%*
Cost/income ratio		**50.9%**	**50.6%**	
Full-time equivalent employees	1	**902**	**929**	**-3**

Comments

1. Increase driven by acquisition of Byjuno and consolidation of CembraPay Latvia team since Q2 2023. Reduced FTE driven by integration within BNPL and diligent hiring management
2. Decrease driven by lower utilisation of external service providers
3. Normalisation of marketing spend compared with card launches in H2 2022
4. Increase mainly driven by BNPL outsourcing cooperation in collections
5. Decrease driven by continued digitisation and one-off expenses related to the card launches in H2 2022
6. Decrease driven by reduction of office rental space
7. Increase driven by strategic projects, and CembraPay-related IT costs
8. Increase mainly driven by the amortisation of CembraPay intangibles
9. Decrease largely driven by capitalisation related to strategic projects and pension fund costs

1 Operating expenses H2 2023: CHF 128.1m and H2 2022: CHF 135.5m

Cembra

H1 2024 balance sheet
Net financing receivables +2%

In CHF m

Assets		30.06.24	31.12.23	as %
Cash and equivalents		**981**	**922**	**6**
Financing receivables[1]		6,971	6,844	*2*
Allowance for losses		-153	-157	*-2*
Net financing receivables	1	**6,817**	**6,687**	**2**
Personal loans		2,390	2,370	*1*
Auto leases and loans		3,209	3,147	*2*
Credit cards		1,060	1,028	*3*
BNPL		158	141	*12*
All other assets		481	479	*0*
Total assets		**8,279**	**8,088**	**2**

Liabilities and equity				
Funding	2	**6,784**	**6,595**	**3**
Deposits		3,885	3,497	*11*
Short-term & long-term debt		2,898	3,098	*-6*
All other liabilities		286	244	*17*
Total liabilities		**7,069**	**6,838**	**3**
Shareholders' equity	3	1,210	1,250	*-3*
Total liabilities and equity		**8,279**	**8,088**	**2**

Comments

1 Increase in net financing receivables:

- Personal loans +1% due to selective growth with strict underwriting and repricing measures
- Auto +2% largely in line with market trend
- Cards +3% driven by steady increase of outstanding balances
- BNPL +12% driven by the trend towards longer repayment duration products

2 Acceleration of retail deposits growth due to a revamped digital savings offering launched in January 2024.

For details see slide on 'Funding'

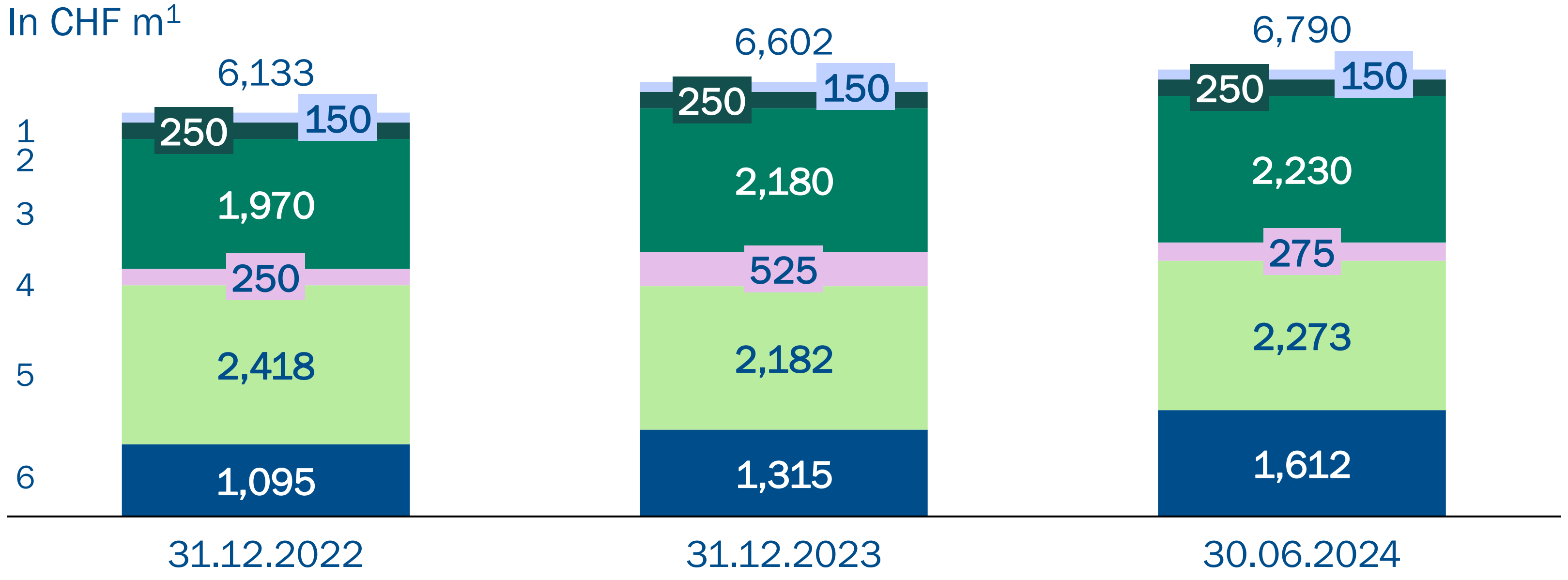
3 Shareholders' equity decreased by 3% driven by the dividend payment in April 2024 (CHF 117m)

1 Financing receivables (excl. allowance for losses): Personal loans CHF 2,493m; Auto leases and loans CHF 3,235m, Credit cards CHF 1,078m, BNPL CHF 164m

H1 2024: Funding

Further diversified, with retail funding growing

Funding mix



ALM key figures

	31.12.22	31.12.23	30.06.24
Average funding cost	**0.50%**	**1.18%**	**1.58%**
Average funding cost, net[2]	0.50%	1.01%	1.33%
End-of-period funding cost	0.79%	1.47%	1.62%
WA[3] remaining term (years)	**2.1**	**2.4**	**2.5**
LCR[4]	336%	348%	890%
NSFR	107%	113%	124%
Leverage ratio	13.5%	12.6%	12.4%
Undrawn revolving credit lines	400m	400m	400m

Funding instruments

Non-deposits – 43%

1 - AT1 subordinated	One issuance, remaining term to first call 0.4 years at 2.50%[1]
2 - Convertible bond	One issuance, remaining term 2.1 years at 0%[1]
3 - Senior unsecured	Eleven outstanding issuances, WA[2] remaining term of 3.7 years WA[2] at 1.59%[1]
4 - ABS	One security, remaining term of 2 years WA[2] at 2.58%[1]

Deposits – 57%

5 - Institutional term deposits
- Diversified portfolio across sectors and maturities
- Book of 100+ investors

6 - Retail term deposits and saving accounts
- Circa 16,500 depositors
- Fixed-term offerings 2–10 years
- Saving accounts are on-demand deposits

WA[2] remaining term of 1.9 years, WA[2] rate of 1.55%

Other

Contingency funding
- Four revolving credit lines of between CHF 50m and 150m each, WA[2] remaining term of 1.2 years, WA[2] rate of 0.22%[1]
- CHF 118m repo-eligible HQLA investments

1 Excluding deferred debt issuance costs (US GAAP) | 2 Net of income from cash & equivalents and financial investments | 3 Weighted average | 4 Weighted average of last 3 months of reporting period

Cembra

H1 24 segment results

In CHF m

H1 2024	Lending	as % *Year-on-year*	Payments	as % *Year-on-year*	Group
Interest income	181.5	*15*	55.1	*27*	236.6
Interest expense	-43.6	*75*	-9.3	*74*	-52.9
Net interest income	137.9	*4*	45.8	*20*	183.6
Commission and fee income	18.8	*-2*	65.6	*4*	84.4
Net revenues	**156.7**	***3***	**111.3**	***10***	**268.0**
Provision for losses	-31.4	*41*	-3.9	*35*	-35.2
Operating expense	-72.7	*-1*	-62.5	*3*	-135.2
Income before taxes	**52.6**	***-6***	**45.0**	***20***	**97.6**
Taxes	-10.4	*-5*	-8.9	*20*	-19.3
Net income	**42.2**	***-6***	**36.1**	***20***	**78.3**

Comments

1 **Lending net income at CHF 42.2m** (-6%) driven by higher provision for losses (+41%) partly offset by higher net revenues (+3%) and slightly lower operating expenses (-1%).

Net interest income (+4%) due to continuous asset repricing since 2022 offsetting the higher interest expense. Commission and fees slightly lower due to insurance income and other fees.

2 **Payments net income at CHF 36.1m** (+20%) driven by 10% increase in net revenue, offsetting the increase in provision for losses and operating expenses.

Net interest income growth of +20%, driven by successfully repricing the credit cards book in the beginning of the year.

Credit card fees growth of +5% resulting from organic growth of the existing partnerships and successful pricing activities across the portfolio, offsetting volume decline.

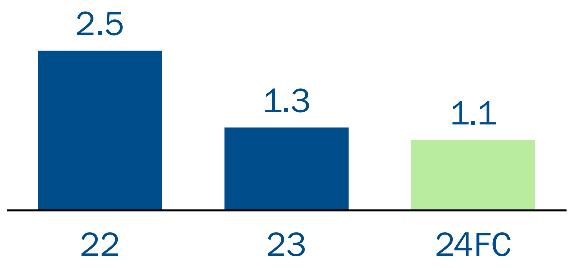
1 Starting 2024, Cembra changed its management structure resulting in implementation of operating reportable segments. Prior-period single reportable operating segment results have been revised to reflect the new organisation. See Group Interim Condensed Consolidated Financial Statements 2024, Note 4 Operating segments | 2 Indirect revenues and expenses that are attributable to each segment are generally allocated based on respective net revenues, financing receivables, FTE or other relevant measures. Therefore, interest income from interest-bearing cash/investment portfolio has been allocated to operating segment interest income.

Consumer finance market trends

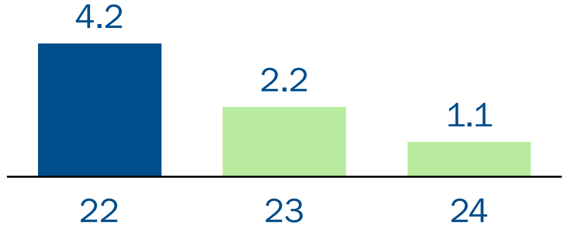
Attractive markets in Lending and Payments

Macro view (as %)

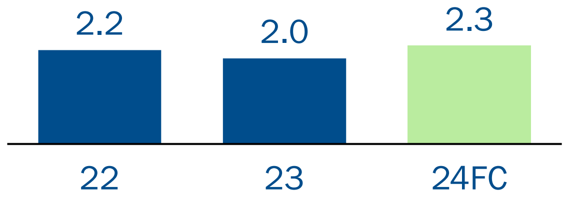
Swiss GDP growth



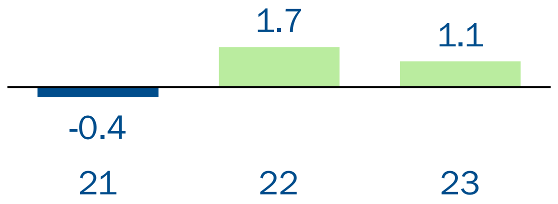
Private consumption growth



Unemployment rate



CHF 3y SWAP interest rate

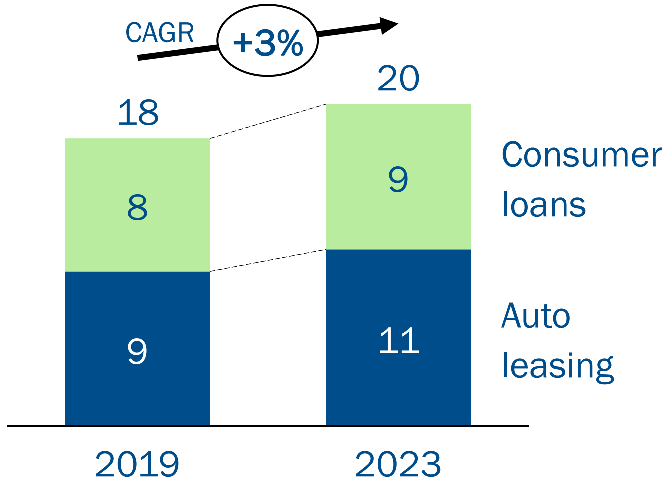


- Resilient Swiss economy; private consumption a reliable driver
- Attractive labour market
- H2 2023 a turning point in interest rate expectations
- Online retail matured; off-line renaissance post-pandemic
- Continued digitisation investments; data/insights and AI gaining momentum

Sources: Seco December 2023, Bloomberg

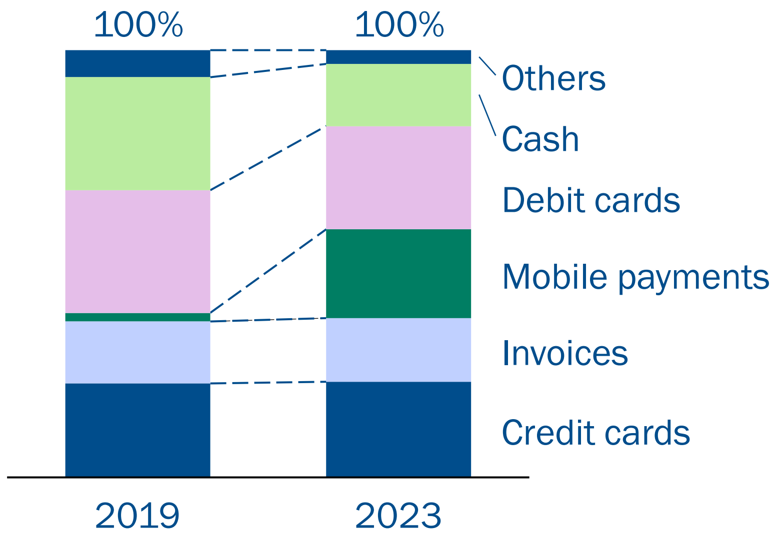
Trends in lending

Addressable lending market, in CHF bn



- Steady growth supported by long-term market fundamentals and leasing penetration
- Interest rate hikes ended era of 'free money'
- Increasing focus on cash generation, profitability favouring more established business models

Trends in payments



- Continued trend towards cashless payment; share of mobile payments increasing
- Cards/invoice/BNPL product proximity
- Consumers seeking flexible, seamless payments/financing options at POS
- Underlying need for short term credit intact

Source: Swiss Payment Monitor 2023

Cembra

Strategy 2022 – 2026

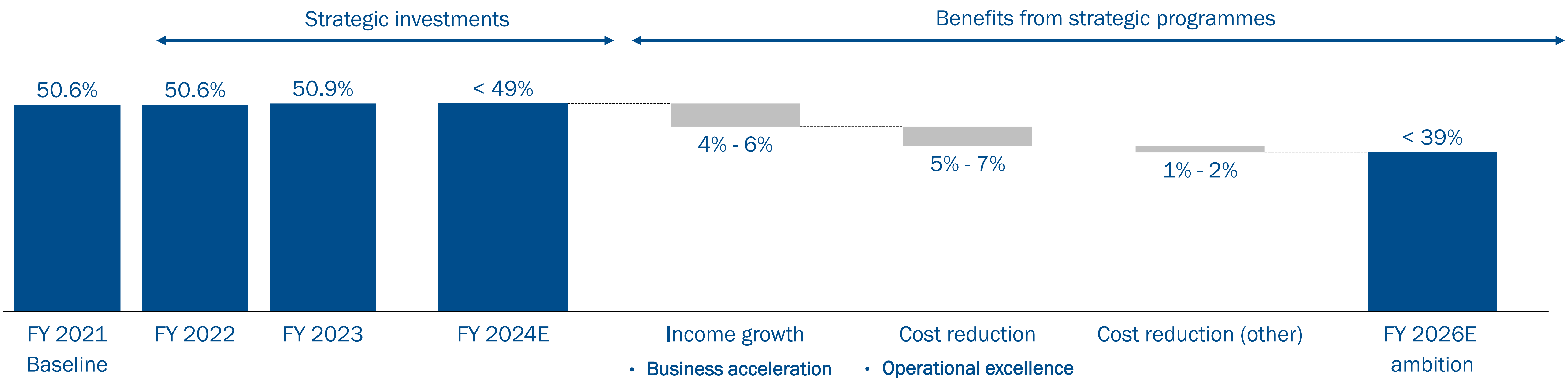
Reimagining Cembra

Key messages

Strategic ambition		We will leverage technology to deliver the most intuitive customer solutions in consumer finance
Core	**Cembra's DNA**	We will draw on the strengths of our world-class credit factory and our leadership in selected markets
Strategic programmes	**Operational excellence**	We will radically simplify our operating model and invest to transform our technology landscape in order to further improve customer service and reduce the cost base by more than CHF 30 million
Strategic programmes	**Business acceleration**	We will further differentiate our value proposition and enhance our market reach
Strategic programmes	**New growth opportunity**	We will drive embedded finance solutions across products and channels, and we will leverage Swissbilling to grow our 'buy now pay later' business
Strategic programmes	**Cultural transformation**	We will foster a customer-first mindset and create an agile and learning-oriented organisation in which people work together with confidence and trust
Financial targets		We will target an ROE of ≥ 15% from 2025 onwards. We will aim to deliver an increasing dividend, supported by cumulative EPS growth of 20–30% by 2026

Cost/income ratio development
< 39% target by 2026 confirmed

Cost / income ratio



- Business acceleration
- New growth opportunity

- **Operational excellence** (automation, service delivery, IT infrastructure)

FTE

950	902	877	846	~ 830
30 Jun 23	31 Dec 23	30 Jun 24	1 July 24	31 Dec 24

Restructuring costs of about CHF 3-5m expected in 2024, and CHF 2.7m incurred in H1. For details see slide on 'Operating expenses'

Business lines Lending and Payments

Two distinct business lines addressing market opportunities

Business characteristics Lending and Payments

	Lending	Payments
Market dynamics	More stable and predictable	More dynamic and innovative
Transaction attributes	Occasional, with distinct use cases	Frequent, with high customer proximity
Financing terms	2-8 years	Shorter term
Capital needs	Moderate (RWA 75%)	Capital light

New simplified organisation

Business lines

Lending

Personal loans and Auto leases & loans

Payments

Credit cards and BNPL

Functions

Operations

Technology

Finance

Risk

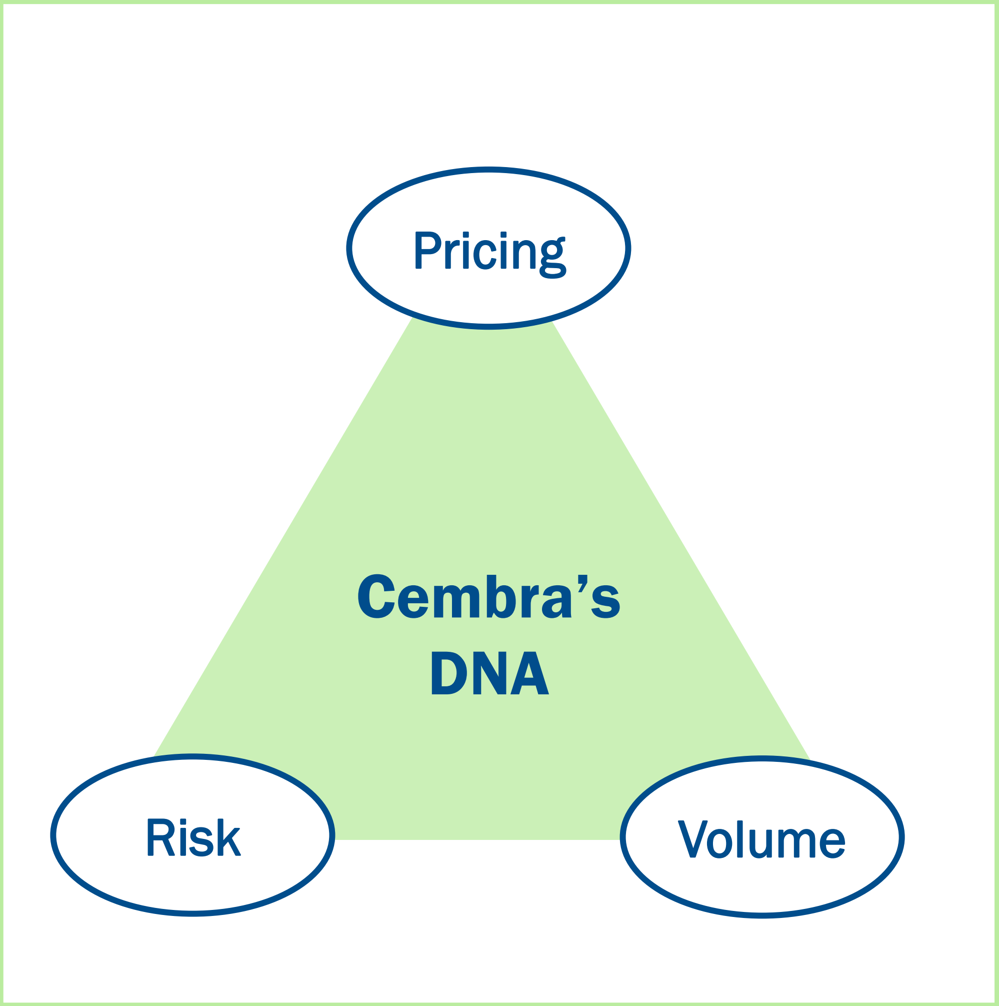
Legal & compliance

People & culture

Business line Lending

Continued delivery on profitable growth and leveraging new platforms

Leverage DNA to drive profitability



	Personal loans	Auto
Cembra's DNA	Continuously calibrate price/volume/risk equation to drive profitable growth	
Operational excellence	• Initiate platform renewal to accelerate digitisation of services • Drive distribution and operational efficiencies	• Full roll-out of new platform • Improve services, diversify products, increase efficiency
Business acceleration	• Leverage customer analytics for profitable growth • Continuous channel/ acquisition mix adjustment	• Further enhance best-in-class distribution model • 3,700+ dealers, digital distribution, select importer relationships

Lending growth ≥ GDP; pricing discipline for NIM bounce-back

Business line Payments (I)

Market trends creating opportunities, and Cembra well-positioned to capitalise

Legend: ↗ Strengthening ✓ Strong ✓✓ Leading

Key trends	Description	Cembra's position	
Digital mobile payment / Click-to-Pay	Easy payment options with mobile app, irrevocable digitisation trend	400k+ users; continuing to expand services and engagement options	✓
Offering convergence (BNPL, instalments, instant issuing)	Consumer demand, embedded finance solutions driving offering convergence	Cembra in unique position given product breadth; truly differentiated	✓✓
Instant / Debit payment	Direct and instant payments, debit push by banks	Underlying need for credit remains; opportunity to link credit card	↗
One-stop-shopping / Merchant interface	Comprehensive solution at interface key source of value – embedded finance	Significant opportunity to expand existing and add new relationships for high value-add offering	✓✓
AI / Data driven commerce	Integration in value proposition and product design – "customer segment of one"	Accelerating trend; opportunity to capitalise on insights for 2m+ customers	✓
Automation, efficiency in operational activities	Focus on efficient processing and system capabilities	Operational excellence programme in place, further efficiency focus	✓
Loyalty	Key success driver for retailers across spectrum	Extensive co-brand experience; strengthening expertise	↗

Business line Payments (II)

Building on unique capabilities to accelerate growth

Foundation

Insights on more than 2 million customers[1]

Distinctive B2B2C distribution capabilities

Unique combined cards & BNPL offering

One organisation, with platforms in place

Targeted programmes

Increase product density

- Issuing push with **new proposition for BNPL customers**
- Establish Cembra **app as central point of engagement** across services

Accelerate customer engagement

- Launch **data-driven customer engagement platform** for 1-to-1 interaction
- Enhance analytics for **advanced segmentation** and modular, **tailored offerings**
- **Revamp loyalty proposition**

Upgrade partner proposition

- Extend, multiply **bundled offering & embedded finance** solutions
- **Partner segmentation** for tailored solutions

Ambition

Cross-selling

15-20% BNPL customer penetration[2]

Extended B2B2C partnerships

5-10 distribution partners/year

Top-line growth

5-10% annual revenue growth 2024-26

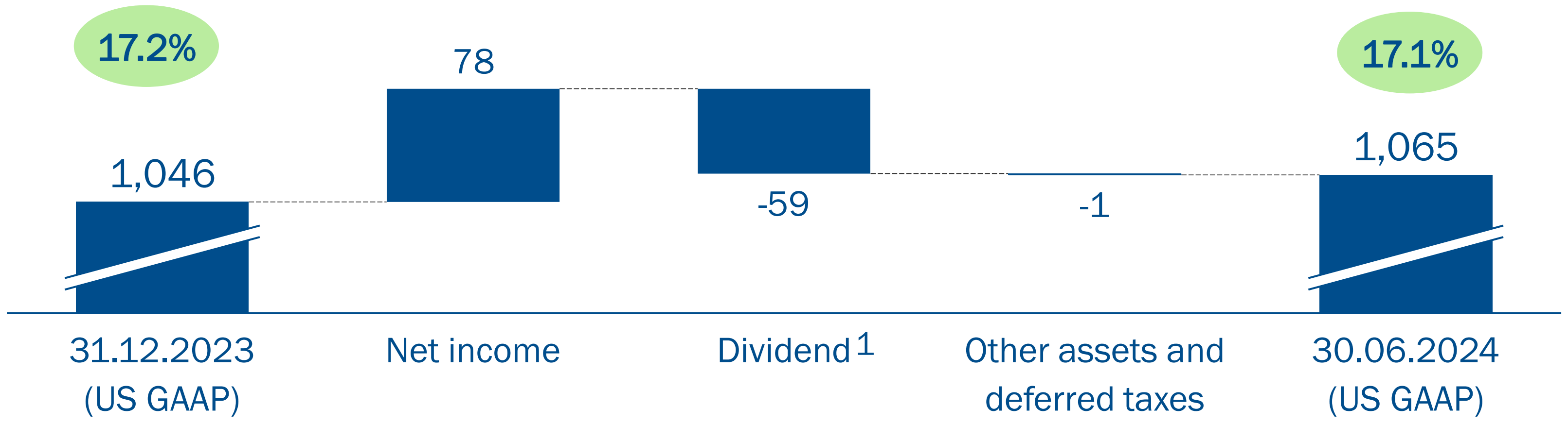
1 Cembra serves more than 2 million customers in Switzerland across the business lines Lending and Payments | 2 Cembra products to BNPL customers

H1 2024: Capital position

Tier 1 capital ratio of 17.1%

Tier 1 capital walk

In CHF m

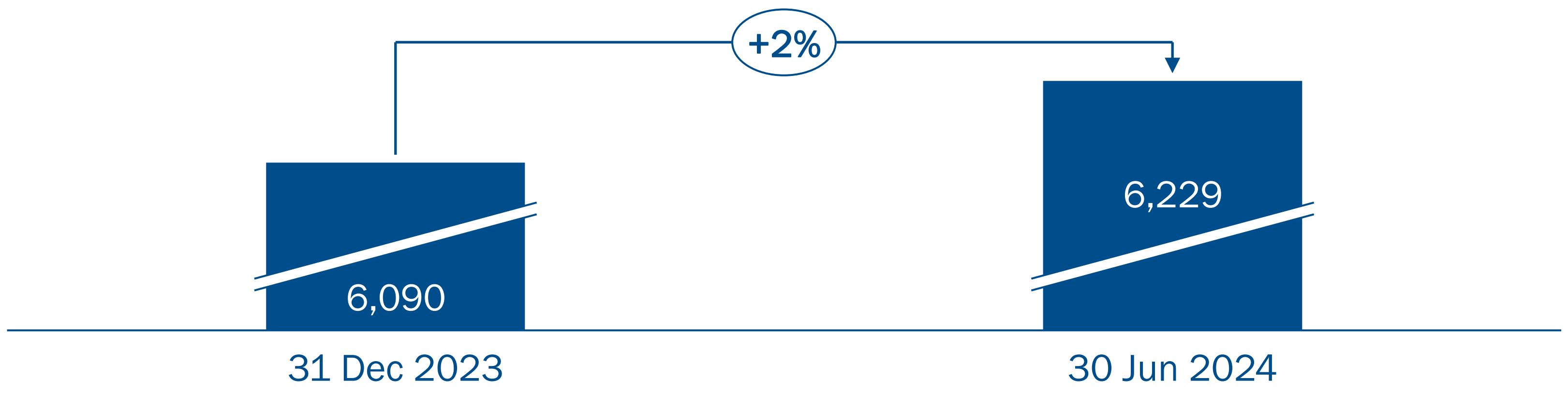


Comments

- US GAAP standard for the Group regulatory reporting implemented as per FINMA requirement, incl. BNPL legal entities as of 31 Dec 2023
- Mid-term Tier 1 capital ratio target of 17%
- CET 1 ratio 14.7% as of 30 Jun 2024 (31 Dec 2023: 14.7%)
- FINMA's final Basel III (aka "Basel IV") standards: impact on the Tier 1 capital ratio between -0.5pp to -1.0pp for FY 2025 expected and based on the Capital Adequacy Ordinance's latest adoption, effective from 1 Jan 2025 onwards

Risk-weighted assets

In CHF m



Comments

- Risk-weighted assets increased in line with net financing receivables

Dividend policy

- Cembra intends to pay a dividend of at least CHF 4.00 for 2024 and growing thereafter based on sustainable earnings growth

1 Assumption solely for calculation purposes

Glossary of key figures
including alternative performance measures

To measure its performance, Cembra uses some key figures that are not defined under US GAAP. This glossary provides definitions of alternative performance measures (APM) and other key figures

Key figures (including APM)	Definition
Yield	Interest income divided by 2-point-average financing receivables[1]
Net interest margin (NIM)	Net interest income divided by 2-point-average financing receivables[1]
Fee/income ratio	Commission and fee income divided by net revenues
Cost/income ratio	Operating expense divided by net revenues
Average cost per employee (FTE)	Compensation and benefit expense divided by 2-point average employee (FTE)
Net financing receivables	Financing receivables less allowance for losses. For details see full-year Financial Report note 4
Return on financing receivables	Net income divided by 2-point-average financing receivables[1]
Non-performing loans (NPL) ratio	Over 90 days past due divided by financing receivables. For details see full-year Financial Report notes 2 and 4
Over-30-days-past-due ratio	Over 30 days past due divided by financing receivables. For details see full-year Financial Report notes 2 and 4
Loss rate	Provision for losses divided by 2-point-average financing receivables[1]. For details see full-year Financial Report notes 2 and 4
Funding liabilities	Outstanding debt and deposits excluding deferred debt issuance costs
Average funding cost	Interest expense divided by 2-point average funding, with funding excluding deferred debt issuance costs (US GAAP)
End-of-period funding cost	Volume-weighted average interest rate of outstanding debt and deposits at end of period
Weighted average remaining term	Weighted average remaining maturity of outstanding debt and deposits at end of period in years
Effective tax rate	Income tax expenses divided by Income before income taxes
Return on equity (ROE)	Net income divided by 2-point-average shareholders' equity[1]
Return on tangible equity (ROTE)	Net income divided by 2-point-average tangible equity, with tangible equity = shareholders' equity – goodwill – intangible assets
Return on assets (ROA)	Net income divided by 2-point-average total assets[1]
Payout ratio	Dividend divided by net income

1 If the reported period is not a full year (e.g. a half year), the key figure will be made comparable to a full-year equivalent

Key figures over 10 years

US GAAP	2015	2016	2017	2018	2019	2020	2021	2022	2023	H1 2024
Net revenues (CHF m)	389	394	396	439	480	497	487	509	516	268
Net income (CHF m)	145	144	145	154	159	153	161	169	158	78
Cost/income ratio (%)	41.5	42.5	42.4	44.0	48.3	49.8	50.6	50.6	50.9	50.4
Net fin receivables (bn)	4.1	4.1	4.6	4.8	6.6	6.3	6.2	6.5	6.7	6.8
Equity (CHF m)	799	848	885	933	1,091	1,127	1,200	1,274	1,250	1,210
Return on equity (%)	17.7	17.4	16.7	16.9	15.7	13.8	13.9	13.7	12.5	12.7
Return on tangible equity (%)	18.1	18.0	17.3	17.8	18.5	17.7	17.3	17.1	15.7	15.4
Tier 1 capital (%)	19.8	20.0	19.2	19.2	16.3	17.7	18.9	17.8	17.2	17.1
Employees (FTE)	715	705	735	783	963	928	916	929	902	877
Credit rating (S&P)	A–	A–	A–	A–	A–	A–	A–	A–	A–	A–
Earnings per share (CHF)	5.04	5.10	5.13	5.47	5.53	5.21	5.50	5.77	5.39	2.67
Dividend per share (CHF)	3.35	4.45[1]	3.55	3.75	3.75	3.75	3.85	3.95	4.00	n.a.
Share price (CHF, end of period)	64.40	74.20	90.85	77.85	106.00	107.20	66.45	76.90	65.60	76.70
Market cap (CHF bn)[2]	1.9	2.2	2.7	2.3	3.2	3.2	2.0	2.3	2.0	2.3

1 Including extraordinary dividend CHF 1.00 | **2** Based on total shares

History

1912 – Foundation as "Banque commerciale et Agricole E. Uldry & Cie" in Fribourg

1997 – GE acquired Bank Prokredit & Aufina

2005 – Rebranded GE Money Bank

2006 – Launched credit cards through Migros partnership

2008 – Launched Conforama credit cards partnership

2008 – Launched saving products for retail and institutions

2010 – Launched TCS credit cards partnership

2012 – First public Auto ABS in CH

2013 – IPO at SIX Swiss Exchange

2013 – Rebranded Cembra Money Bank

2017 – Launched FNAC cards partnership

2017 – Acquisitions of Swissbilling and EFL Autoleasing

2018 – eny Finance transaction

2019 – Launched IKEA cards partnership

2019 – Acquisition of cashgate

2020 – Updated strategy 2022-26

2021 – Acquisition of Byjuno

2021 – Launched proprietary Certo! card offering

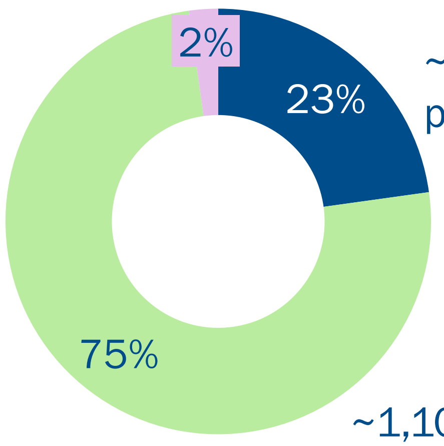
2022 – Cembra brand refresh and launch of CembraPay

2023 – Launched partnership with TWINT

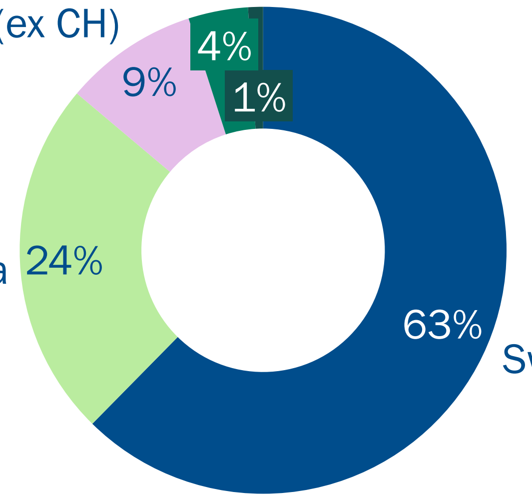
The Cembra share

Shareholder structure

Based on nominal share capital of CHF 30m, as %



Institutional owners by domicile[1]



Main investors and indices

Holdings >10% and <15% of share capital

- UBS Fund Management (Switzerland) incl. Credit Suisse funds

Holdings >3% and <5% of share capital

- Swisscanto Fondsleitung AG
- BlackRock, Inc.

Selected indices:

- Swiss Performance Index
- Stoxx Europe 600 Index

1 estimates

Share data	FY 2023	FY 2022
Number of shares	30,000,000	30,000,000
Treasury shares	665,135	656,757
Treasury shares as %	2.2%	2.2%
Shares outstanding	29,334,865	29,343,243
Weighted-average number of shares outstanding	29,338,682	29,352,136

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This presentation by Cembra Money Bank AG (“the Group”) includes forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve matters that are not historical facts. The Group has tried to identify those forward-looking statements by using the words “may”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “believe”, “seek”, “plan”, “predict”, “continue” and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Group believes them to be reasonable at this time, may prove to be erroneous.

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The numbers in this presentation are rounded; therefore rounding differences may occur.

Calendar and further information

Visit us at www.cembra.ch/investors

Corporate events

20 February 2025	Full-year results 2024
20 March 2025	Annual Report 2024
24 April 2025	Annual General Meeting 2025

Investor conferences, roadshows and calls

6 November 2024	ZKB Swiss Equities conference, Zurich
9 January 2025	Baader Swiss Equities conference, Bad Ragaz
10 January 2025	Octavian Swiss Equities seminar, Davos
21 February 2025	Roadshow Zurich

If you would like to set up a call with us please email investor.relations@cembra.ch

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