



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

**Holger Laubenthal, CEO**

ZKB Swiss Equities conference, 2 November 2023



# Agenda

- 1. Cembra at a glance**
2. Business performance
3. Outlook

## Appendix

# Cembra at a glance

A leading provider of financing solutions and services in Switzerland



**Over 1 million customers  
in Switzerland**

**Decades of experience in  
Swiss consumer finance**

**Leading positions  
in selected markets**

**Excellent track record  
on execution**

Outstanding  
performance  
since IPO  
30 October  
2013

**15%**

average ROE

**4%**

annual dividend growth

**+66%**

customers

**0.5%**

average NPL<sup>1</sup>

**Four**

successful M&A transactions, and  
cashgate integrated in 11 months

**Resilient**

business model in all economic  
environments

**Strong ESG**

performance, as affirmed by  
leading ESG rating agencies<sup>3</sup>

<sup>1</sup> Non-performing loans | <sup>2</sup> Swissbilling (2017), EFL (2017), cashgate (2019), Byjuno (2022) | <sup>3</sup> MSCI ESG: AAA, Sustainalytics Low ESG Risk (Score 16.1) Top 12%, S&P Global CSA (Score 43, Top 10%)



# Market positions

Serving more than 1 million customers in Switzerland

## Personal loans: 39% market share

30 June 2023, personal loans market

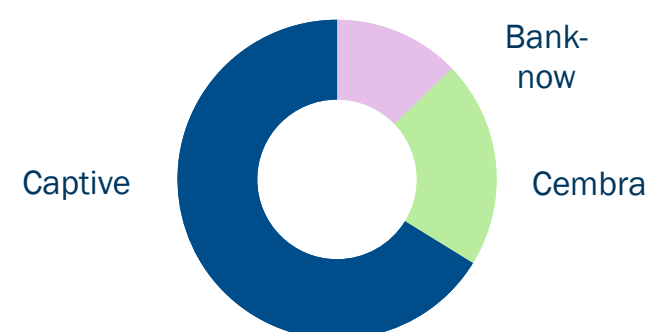


### Leader in personal loans

- 9 branches all over Switzerland
- Diversified distribution channels: branches, online, independent agents/partners
- Premium pricing supported by superior personalised service
- Strong dual brand positioning – Cembra & cashgate

## Auto business: 21% market share

30 June 2023, leasing receivables



### Strong independent player

- Strong independent player – no brand concentration
- Partnerships with about 3,700 dealers
- Focus on used cars: ~30% new and ~70% used cars in portfolio
- Dedicated field sales force with four support centres

## Credit cards: 12% market share

April 2023, credit cards issued



### Attractive portfolio of 1m cards

- High customer value leading to frequent card usage
  - 12% market share in transaction volumes
  - 16% market share in contactless payments
- Mix of co-branding card partnerships 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
- 2.3m (+140%) invoices processed (incl. 1.9m BNPL) in H1 2023

# Strategy 2022 – 2026

## Reimagining Cembra

|                           |                                |   |                                                                                                                                                                                                   |
|---------------------------|--------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strategic ambition</b> |                                | ➞ | We will leverage technology to deliver the most intuitive customer solutions in consumer finance                                                                                                  |
| Core                      | <b>Cembra's DNA</b>            | ➞ | We will draw on the strengths of our world-class credit factory and our leadership in selected markets                                                                                            |
|                           | <b>Operational excellence</b>  | ➞ | 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      | <b>Business acceleration</b>   | ➞ | We will further differentiate our value proposition and enhance our market reach                                                                                                                  |
|                           | <b>New growth opportunity</b>  | ➞ | We will drive embedded finance solutions across products and channels, and we will leverage Swissbilling to grow our 'buy now pay later' business                                                 |
|                           | <b>Cultural transformation</b> | ➞ | We will foster a customer-first mindset and create an agile and learning-oriented organisation in which people work together with confidence and trust                                            |
| <b>Financial targets</b>  |                                | ➞ | We will target an ROE of above 15% from 2024 onwards. We will aim to deliver an increasing dividend, supported by cumulative EPS growth of 20–30% by 2026                                         |

# Embedded finance

Ongoing gradual shift to financing at purchase and post-purchase

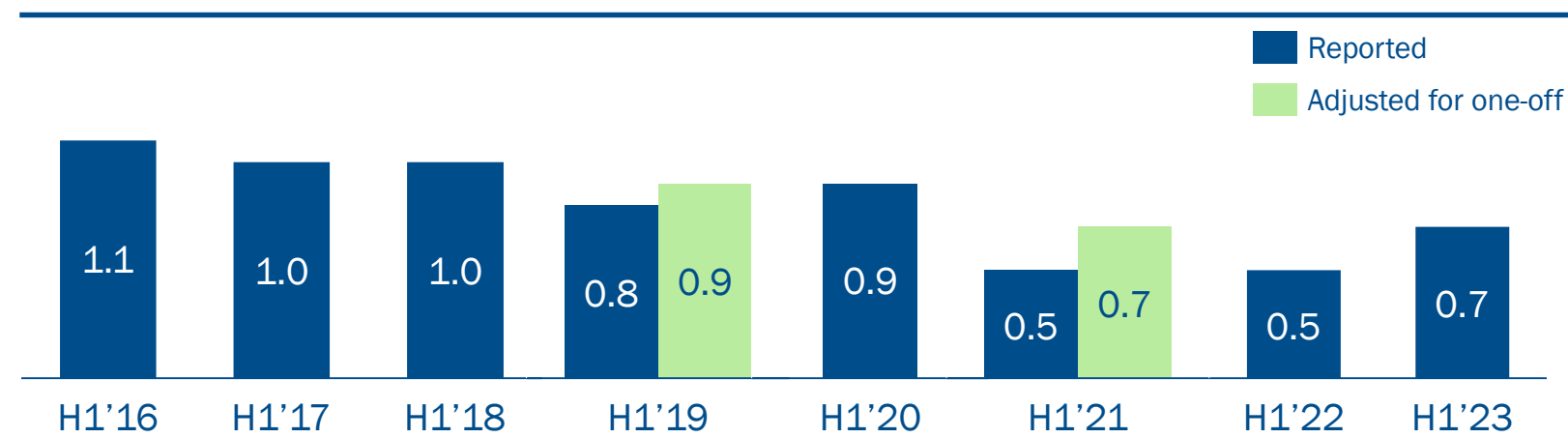
| Instrument              |                                                                                   | Traditional<br>money lending | Embedded finance |               | Embedded finance<br>presence |
|-------------------------|-----------------------------------------------------------------------------------|------------------------------|------------------|---------------|------------------------------|
|                         |                                                                                   | Pre-purchase                 | at purchase      | post-purchase | Cembra                       |
| Personal loans          | Unsecured loans                                                                   | ✓                            | ✓                |               | ●                            |
| Auto leasing and loans  | Leasing/loan product tied to vehicle                                              | ✓                            | ✓                | ✓             | ◐                            |
| Credit card, revolving  | Variable terms on credit card balance                                             | ✓                            | ✓                | ✓             | ●                            |
| Credit card instalments | Card-based; traditional personal loan terms                                       | ✓                            | ✓                | ✓             | ◐                            |
| Invoicing Processing    | Deferred payment typically after 30 days                                          |                              | ✓                |               | ●                            |
| Buy Now Pay Later       | Deferred payment, partly subject to CCA <sup>1</sup>                              |                              | ✓                |               | ◐                            |
| Other                   | Object-bound loans, asset leasing (non-Auto),<br>asset renting, subscription etc. |                              |                  |               | ◑                            |

<sup>1</sup> Not subject to Swiss Consumer Credit Act as long as less than 3 months, < CHF 500, or interest-free for end-user

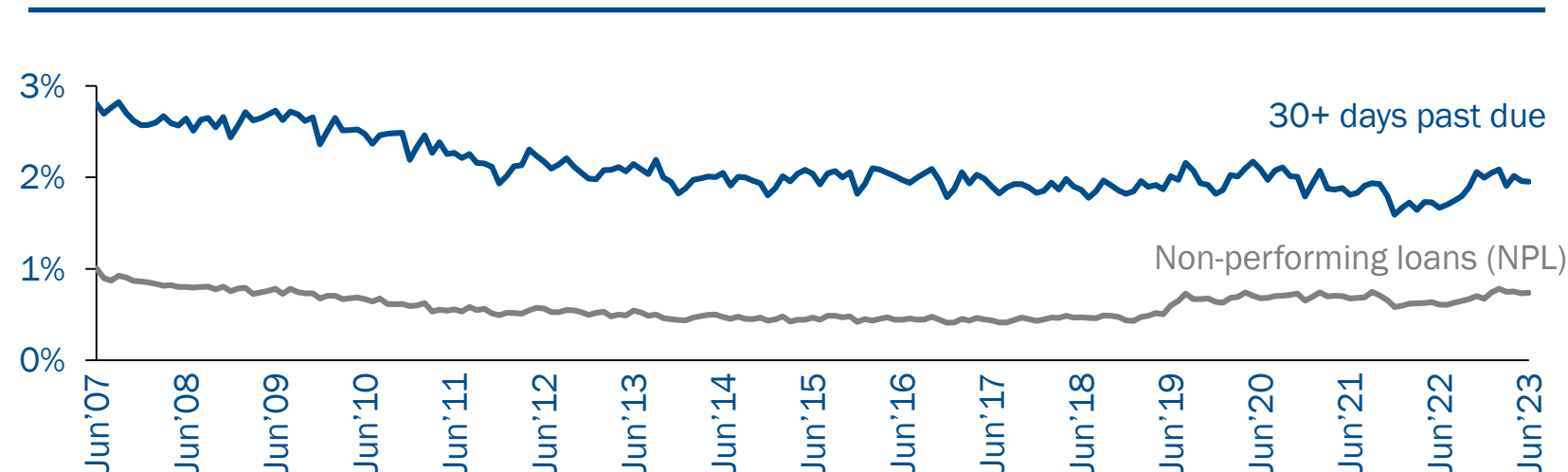
# Long-term risk performance

High quality of assets – loss performance resilient through economic cycles

## Loss rate



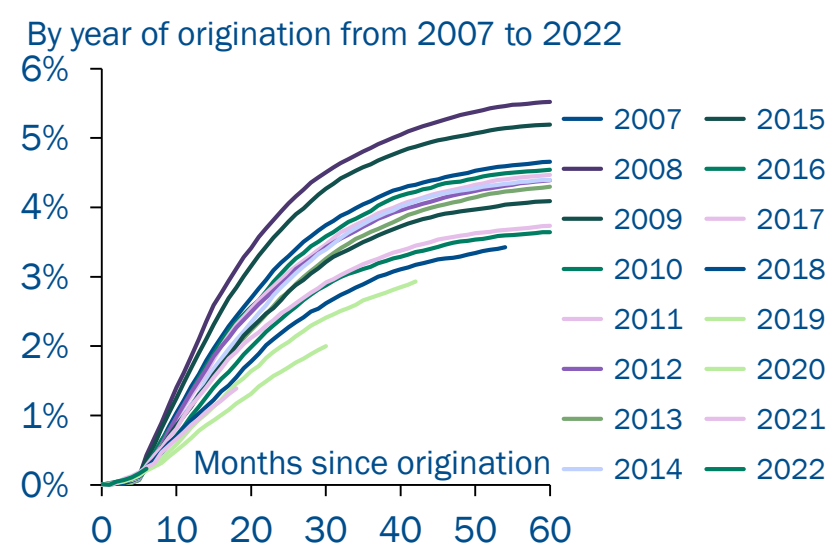
## NPL and delinquencies<sup>1</sup>



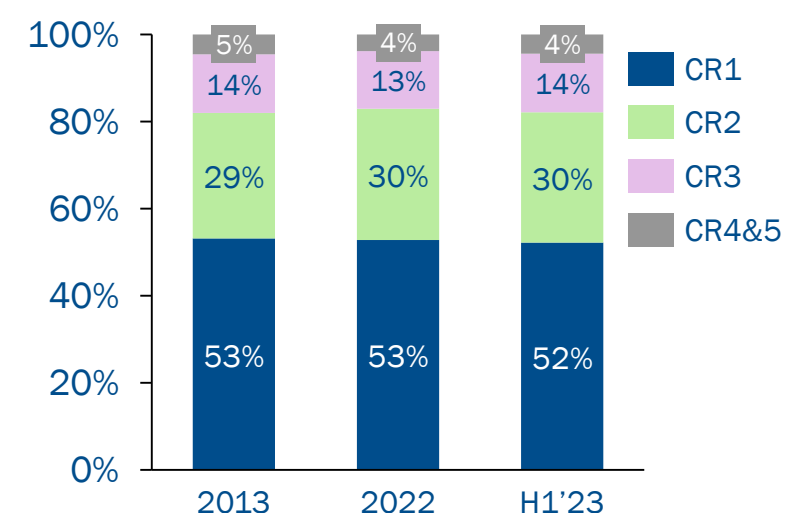
## Risk management characteristics

- Consistent risk appetite and strategies over many years
- Well-diversified portfolios contributing to limited credit losses
- Proven resilience of portfolios during financial crisis 2008/2009 and the Covid-19 pandemic in 2020/2021
- Flexibility to adapt to fast changing macro-economic environment
- Loss rate gradually normalising after Covid-19 pandemic period and expected to remain within mid-term target  $\leq 1\%$

## Write-off performance<sup>2</sup>



## Credit grades<sup>3</sup>



<sup>1</sup> Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables. The increase of NPL ratio from June 2019 is related to the synchronisation of write-off and collection procedures implemented in June 2019| <sup>2</sup> Based on personal loans and auto leases & loans originated by the Bank | <sup>3</sup> Consumer Ratings (CR) reflect associated probabilities of default for material Bank portfolios

# Sustainability

Strong ESG performance and ratings, and commitment to further improve

## Selected sustainability performance targets

E

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

S

Customer net promoter score of at least +30<sup>2</sup>

G

Independent limited assurance of Sustainability Reports (since FY 2021)

## External recognition



## Low ESG risk

Top 6% (score 16.2) among 245 worldwide peers, May 2022

## Top 10%

in diversified financial services (Score 45), September 2023

## AAA

Rated 1<sup>st</sup> among listed consumer finance worldwide, May 2023

## Inclusion

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

1 Net promoter score on a scale -100 to 100, FY 2022 | 2 Great Place to Work.org | 3 ISS Governance Quality Score of 1 on a scale from 1 to 10, February 2023



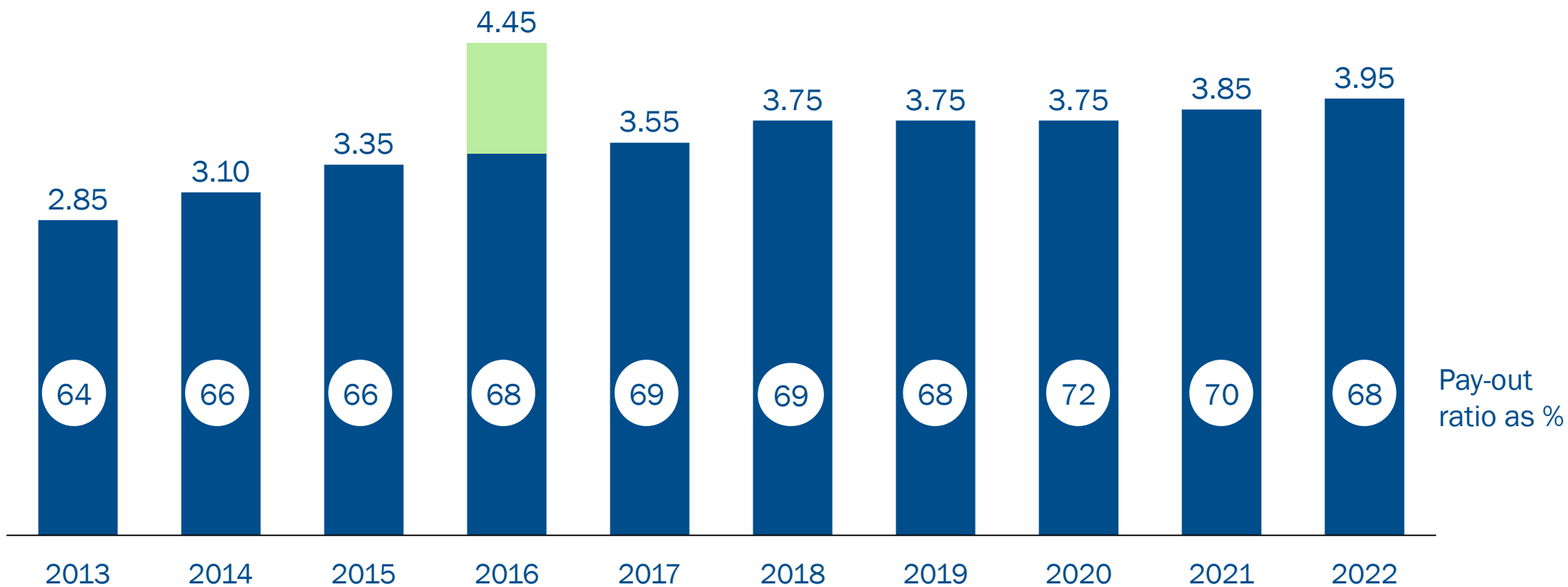
# Dividends

More than CHF 1 billion dividends paid out since the IPO in 2013

## Dividends

CHF per share

Extraordinary dividend  
from excess capital



- Total CHF 1.05 billion dividends paid out since the IPO in 2013
- 68% average payout ratio
- Dividend for 2023 of at least CHF 3.95
- Tier 1 capital ratio target 17%
- 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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# H1 2023 performance

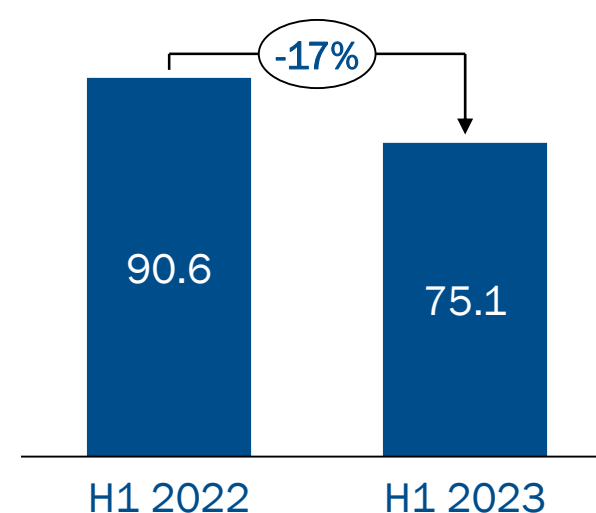
## Solid first half year

### Highlights

- Net income of CHF 75.1 million, 17% lower due to normalisation of loss performance and investment in strategic initiatives
- +2% net financing receivables (+3% adjusted for CECL effect<sup>1</sup>)
- +1% net revenues, with fees +12% due to BNPL
- Cost/income ratio of 53.2%, mainly driven by investments in operational excellence and BNPL acquisition
- Continued strong loss performance, with loss rate at 0.7%
- ROE at 12.2%, and strong Tier 1 capital ratio of 17.6%

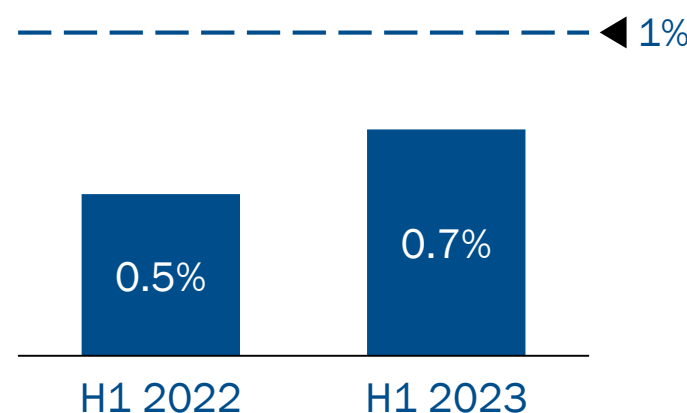
### Net income

in CHF m



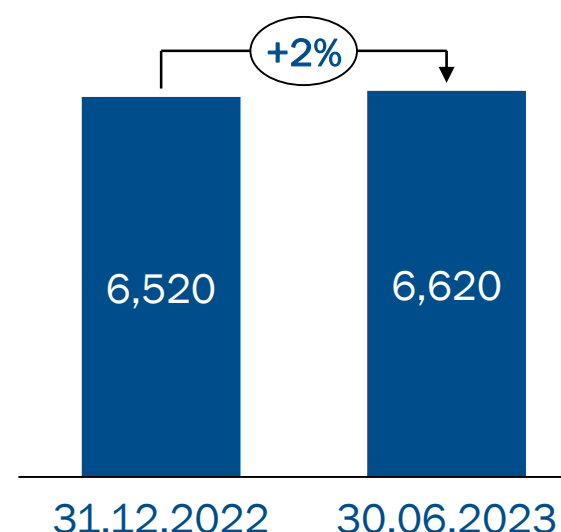
### Loss rate

Mid-term target  $\leq 1\%$



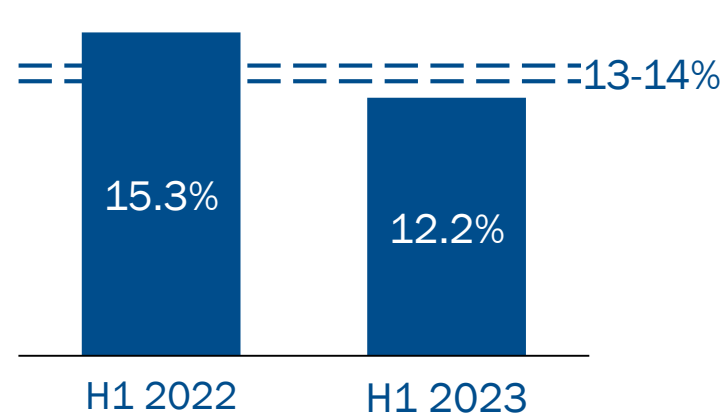
### Net financing receivables

in CHF m



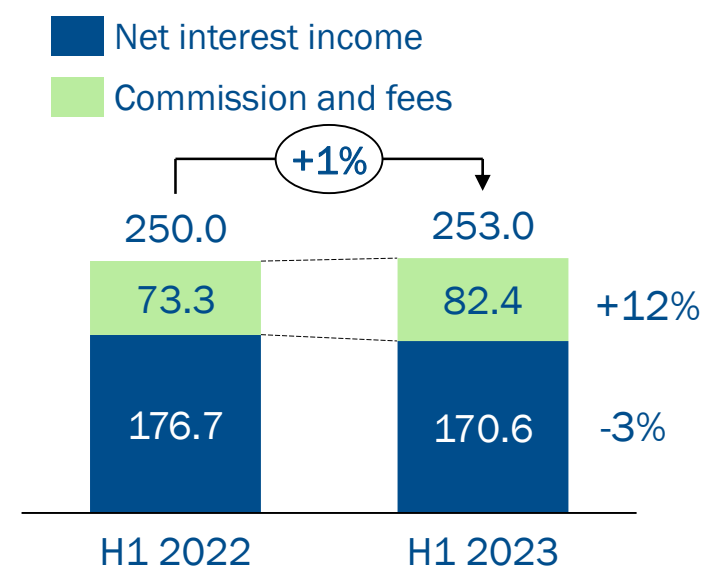
### Return on equity

Target ROE of 13–14% for 2023



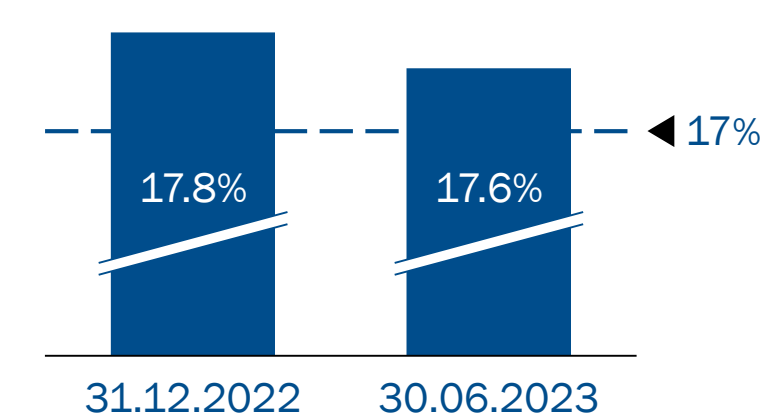
### Net revenues

in CHF m



### Tier 1 capital ratio

Mid-term target of at least 17%



<sup>1</sup> Adjusted for CECL-related day 1-increase of allowance for losses amounting to CHF 64m

# H1 2023 operational highlights

## Progress in strategy implementation

### ► Overall resilient performance

- Focused on selective growth; higher fees compensated lower net interest income
- Repricing measures successfully being implemented
- Continued disciplined risk, funding and expense management while advancing the strategic transformation

### ► Progress in strategy execution

#### ► Operational excellence

- Core banking system for leasing ready to be launched in 2023
- Data centre consolidated and self-service app functionalities enhanced

#### ► Business acceleration

- Continued successful transition to new card offering Certo!
- Instant POS onboarding for credit card partners launched

#### ► New growth opportunities

- CembraPay launched, bundling Swissbilling and Byjuno
- Cooperation with TWINT on track

#### ► Cultural transformation

- Ongoing execution on organisational readiness and simplification programme (new division in place, KPI's installed)
- Launched new employer branding, and career website

**Certo!**

 **CembraPay**

 **TWINT**



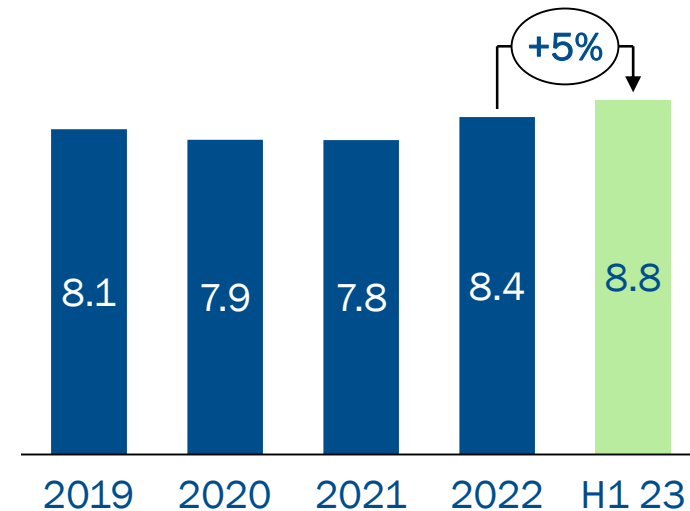
# H1 2023 products and markets

## Focus on profitable growth

### Market environment

#### Personal loans

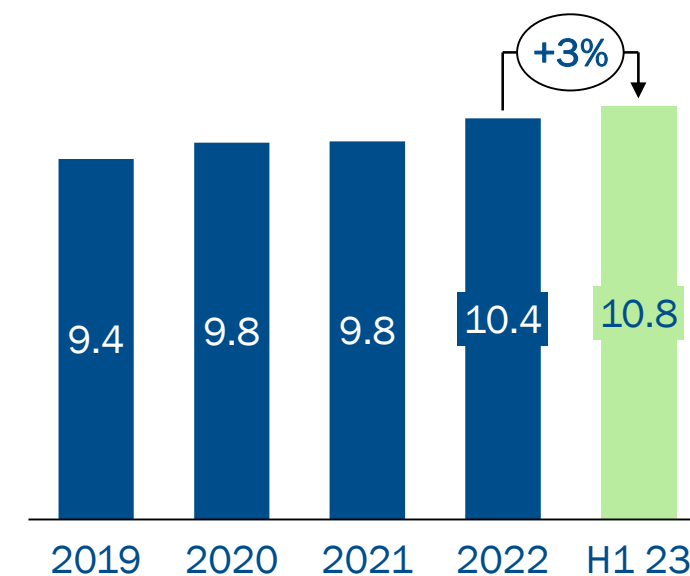
Consumer loans market, in CHF bn



Source: ZEK

#### Auto loans and leases

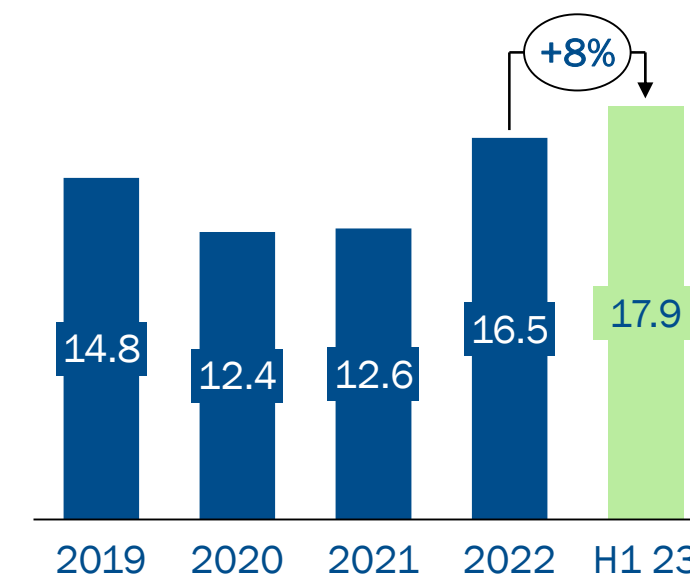
Leasing market, in CHF bn



Source: ZEK

#### Credit cards

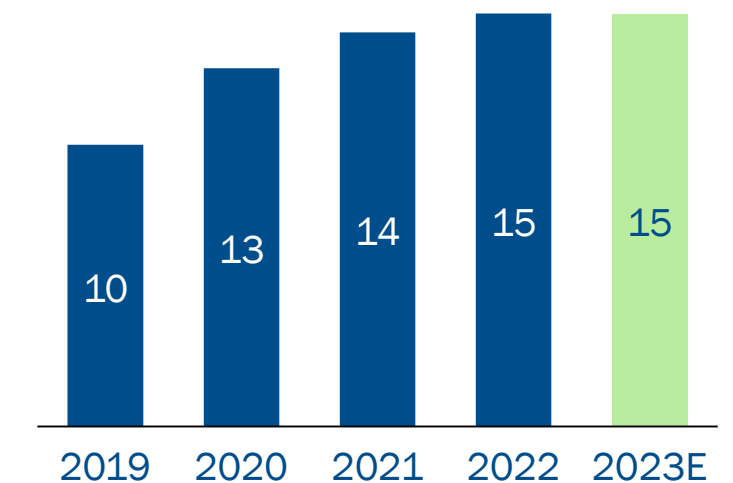
Transaction volumes, in CHF bn  
(first four months)



Source: SNB June 2023

#### Buy now pay later (BNPL)

eCommerce market, in CHF bn (full year)



Sources: Handelsverband.swiss, zhaw,  
2023 Cembra estimate

### Cembra H1 2023

- Net financing receivables up +1% in H1 2023
- Selective growth while continuing the repricing measures
- Market share of 39%

- Net financing receivables +3% in line with market
- Share of used cars financed at 78% (2022 H1: 74%)
- Leasing market share of 21%

- Card revenues, assets and transaction volumes in line with expectation
- Cards issued -1% in H1 to 1,039,000, with own and co-branding cards +7%
- Market share of 12% (cards issued)

- BNPL1 fees +194%
- Billing volume 446m (+134%)
- 2.3m (+140%) invoices processed (thereof 1.9m BNPL)

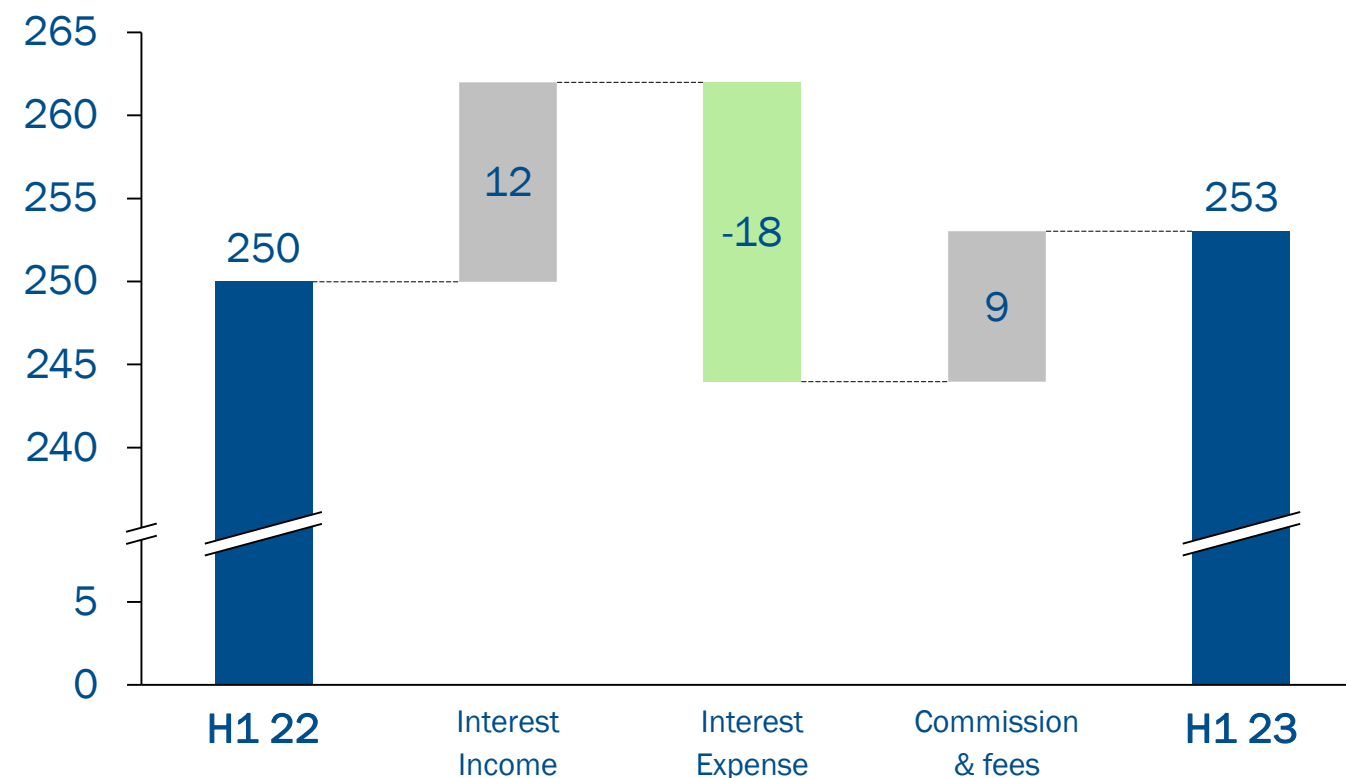
1 BNPL includes Swissbilling SA, and Byjuno AG since November 2022  
November 2023

# H1 2023: Net revenues

Funding cost increase fully offset by repricing and increase in fee income

## Net revenues

In CHF m



## Net Interest Margin (NIM)

(as %)

5.5%

5.1%

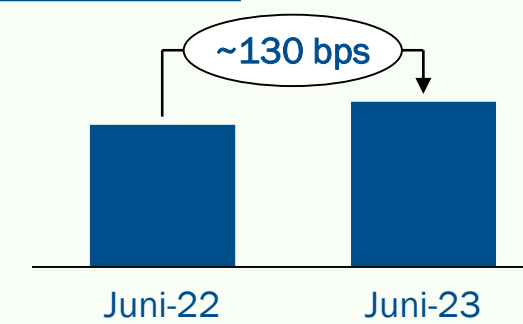
~5.1%

FY 2023

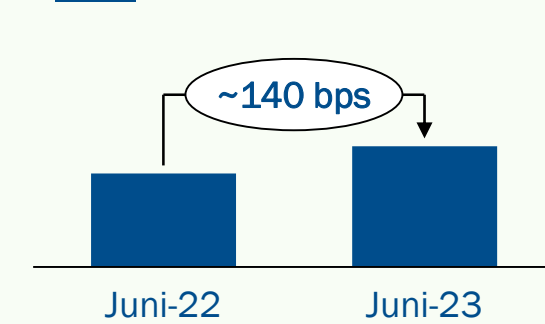
## Comments

- Net revenues: increased interest expenses were fully offset by additional income sources in H1 2023 (as guided in February)
- Increase of interest rate cap in May 2023 will support yield improvements in H2 2023
- Year-on-year average pricing for new business increased by more than 1.3% in personal loans and auto

### Personal loans



### Auto



## Outlook FY 2023

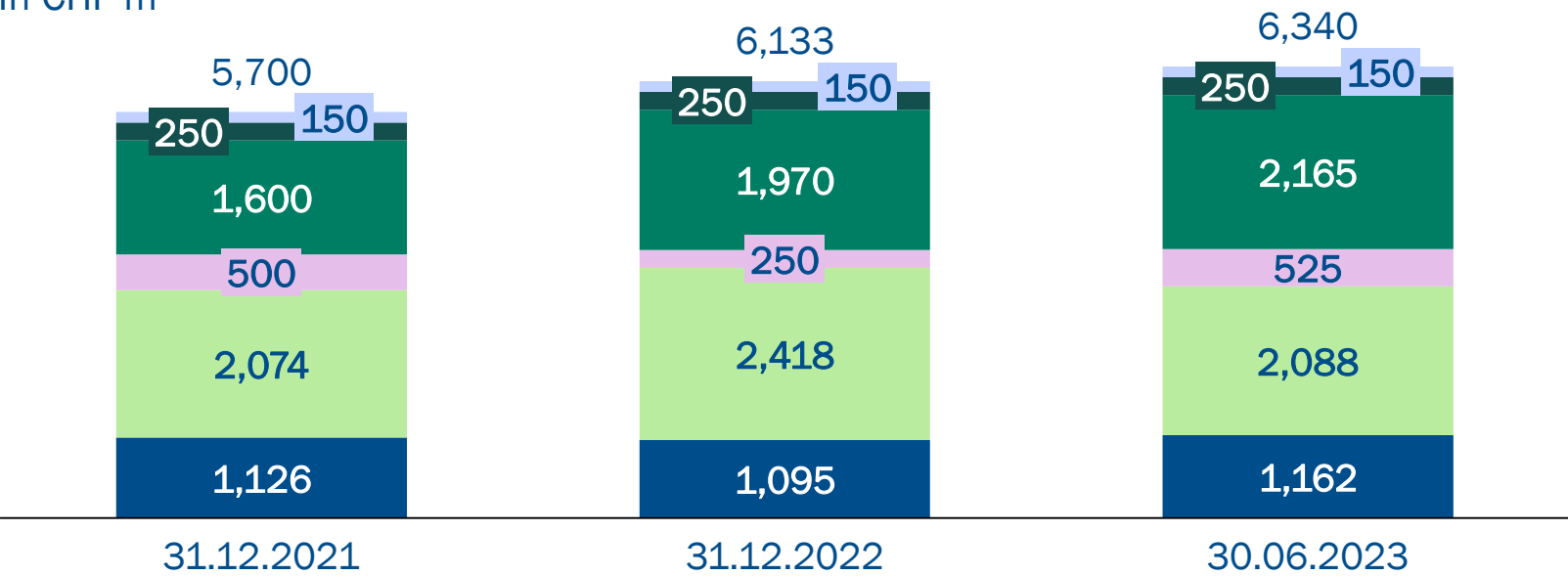
- Net interest margin expected to stabilise at around 5.1%

# H1 2023: Funding

## Balanced and diversified funding profile

### Funding mix

In CHF m<sup>1</sup>



### ALM key figures

|                                        | 31.12.21 | 31.12.22 | 30.06.23 |
|----------------------------------------|----------|----------|----------|
| Average funding cost                   | 0.45%    | 0.50%    | 0.97%    |
| End-of-period funding cost             | 0.44%    | 0.79%    | 1.25%    |
| WA <sup>2</sup> remaining term (years) | 2.5      | 2.1      | 2.5      |
| LCR <sup>3</sup>                       | 1030%    | 336%     | 217%     |
| NSFR                                   | 116%     | 107%     | 110%     |
| Leverage ratio                         | 14.4%    | 13.5%    | 13.4%    |
| Undrawn revolving credit lines         | 400m     | 400m     | 400m     |

### Funding instruments

|                                                                           |                                          |                                                                                                                                                                            |
|---------------------------------------------------------------------------|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-deposits – 49%                                                        | AT1 subordinated                         | One issuance, remaining term to first call of 1.5 yrs. at a rate of 2.50% <sup>4</sup>                                                                                     |
|                                                                           | Convertible bond                         | One issuance, remaining term of 3.1 yrs. at a rate of 0% <sup>4</sup>                                                                                                      |
|                                                                           | Senior unsecured                         | Eleven outstanding issuances, WA <sup>2</sup> remaining term of 3.6 yrs. WA <sup>2</sup> rate of 1.16% <sup>4</sup>                                                        |
|                                                                           | ABS                                      | Two issuances, remaining term of 1.9 yrs. WA <sup>2</sup> rate of 1.35% <sup>4</sup>                                                                                       |
| Deposits – 51%                                                            | Institutional term deposits              | <ul style="list-style-type: none"><li>Diversified portfolio across sectors and maturities</li><li>Book of 100+ investors</li></ul>                                         |
|                                                                           | Retail term deposits and saving accounts | <ul style="list-style-type: none"><li>Circa 15,000 depositors</li><li>Fixed-term offerings 2–10 years</li><li>Saving accounts are on-demand deposits</li></ul>             |
| WA <sup>2</sup> remaining term of 1.8 yrs., WA <sup>2</sup> rate of 1.20% |                                          |                                                                                                                                                                            |
| Off-BS                                                                    | Committed revolving credit lines         | <ul style="list-style-type: none"><li>Four facilities of between CHF 50m and CHF 150m each</li><li>WA2 remaining term of 1.0 yrs., WA2 rate of 0.23%<sup>4</sup></li></ul> |

1 Excluding deferred debt issuance costs (US GAAP) | 2 Weighted average | 3 Weighted average of last 3 months of reporting period | 4 Debt issuance costs not included

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# Execution on strategy 2022–2026

## Progress in H1

### Our strategic ambition

|                      |                                 |
|----------------------|---------------------------------|
| Strategic programmes | <b>Operational excellence</b>   |
|                      | <b>Business acceleration</b>    |
|                      | <b>New growth opportunities</b> |
|                      | <b>Cultural transformation</b>  |

### Review of key initiatives H1 2023

- Executing on core banking system for leasing implementation wip<sup>1</sup>
- Moved the data centre and migrated all HQ applications
- Extended self-service capabilities in mobile app

#### Personal loans

- First in the market to implement price increases
- Launched pilots for embedded finance partnerships

#### Auto

- Continued price adjustments
- Progressing on new distribution partners

#### Cards

- Cards migration and own offering according to plan
- Rolled out POS Card Onboarding solution for card partners

#### Buy now pay later

- Launched “CembraPay”, integrated target operating model
- Partnership with Twint on track

- “Great place to Work 2023” award among companies >250 employees
- Launched new employer branding and career website

### Ongoing key initiatives 2023

- Establish core banking system readiness
- Roll out New Workplace 365 (phase one)
- Decommissioning of systems (phase one)

#### Personal loans

- Product differentiation: segment-based products, product bundles

#### Auto

- Roll out new leasing business platform

#### Cards

- Continue transition to Certo!
- Enrich digital experience on app and web

#### Buy now pay later

- Conclude operational integration, accelerate growth

- Embed values in talent development
- Execute on organisational readiness and simplification programme

<sup>1</sup> work in progress



# Outlook

## Continued resilient business performance expected in 2023

### Outlook 2023<sup>1</sup>

#### Deliver on strategic milestones

- Continue repricing measures and transition to Certo!
- Deliver on operational excellence and transformation, with continued focus on cost benefits realisation
- Continue to integrate and grow BNPL

#### Continued resilient business performance

- Net revenue growth at least in line with GDP
- Stable cost/income ratio
- Continued solid loss performance
- ROE 2023 expected at the lower end of the 13-14% range
- Financial targets until 2026 maintained, 2024 ROE target challenging

### Financial targets until 2026<sup>2</sup>

|                                                                                |                                                                |                                                                                                  |
|--------------------------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>ROE</b><br><br>2023: 13–14%<br>2024–26: >15%                                | <b>Tier 1 capital ratio</b><br><br>2023: >17%<br>2024–26: >17% | <b>Dividend per share</b><br><br>for 2023: ≥ CHF 3.95<br>for 2024–26:<br>increasing <sup>3</sup> |
| <b>Financing<br/>receivables growth</b><br><br>1–3% p.a. /<br>in line with GDP | <b>Cost/income</b><br><br>2022–23: stable<br>2026: <39%        | <b>Risk performance</b><br><br>Loss rate ≤ 1%                                                    |
| <b>Cumulative EPS<br/>growth</b><br><br>20–30% from 2021<br>until 2026         |                                                                |                                                                                                  |

<sup>1</sup> Assuming the Swiss economy continues to grow slightly in 2023 | <sup>2</sup> See Investor Day presentation December 2021 | <sup>3</sup> Based on sustainable earnings growth

# Agenda

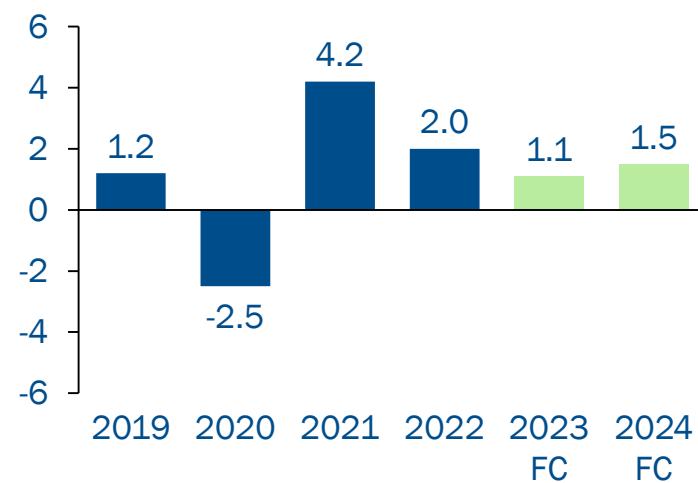
# Appendix

# Macroeconomic outlook

## Swiss economy remains resilient

### GDP in Switzerland

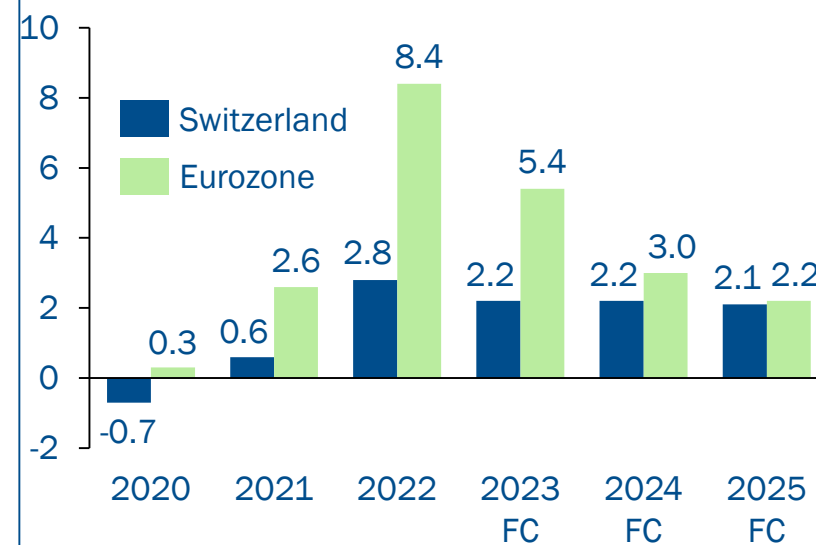
Change vs. previous period as %



Source: SECO June 2023

- In Q1 2023, GDP increased by 0.5% vs. 0.0% in Q4 2022
- Swiss economy expected to grow 1.1% in 2023 and 1.5% in 2024
- Consumer spending forecast to increase by 1.8% in 2023 and increase by 1.2% in 2024

### Swiss vs. Eurozone CPI Inflation

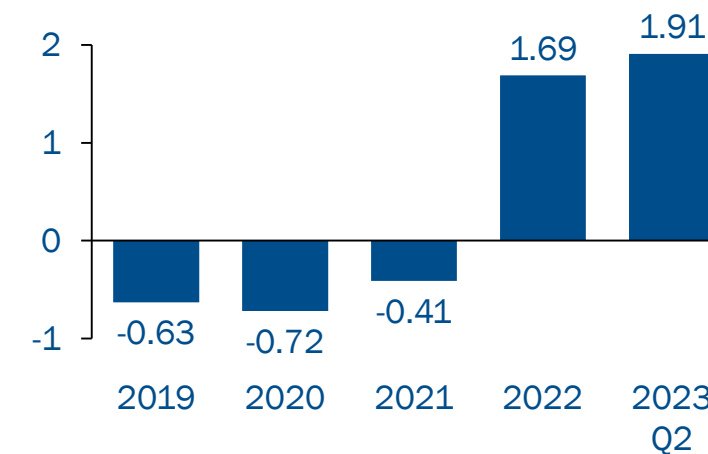


Source: Bloomberg June 2023

- Inflation lower in Switzerland than in the Eurozone due to stronger CHF
- Inflation in Switzerland expected to remain slightly elevated at >2% as higher electricity prices and rents are expected

### CHF interest rates

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

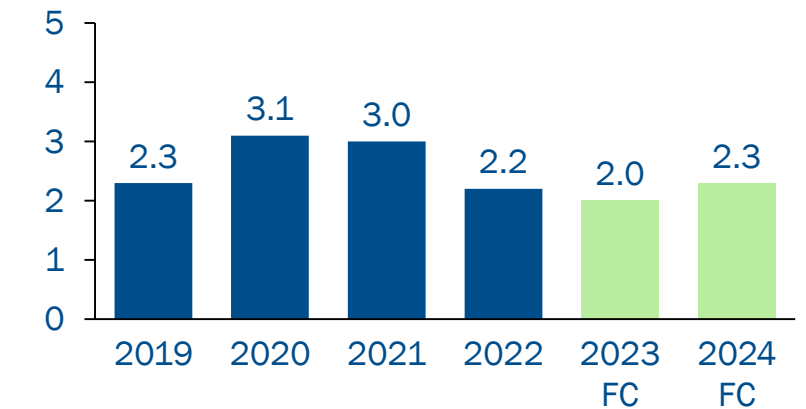


Source: Bloomberg

- The Swiss National Bank increased rates by 250bps from -0.75% to 1.75% in 2022/23
- The CHF interest rate curve started to invert slightly in June

### Swiss unemployment rate

As %, average per period



Source: SECO June 2023

- Unemployment rate was at 1.9% in June 2023
- Unemployment is expected to slightly decrease to 2.0% in 2023 and increase again to 2.3% in 2024

Source: SECO (Swiss State secretariat for economic affairs) June 2023, Bloomberg, SNB, ECB

# H1 2023: Profitability by source

Decline of net interest margin offset by growing share of fee business

Return on financing receivables

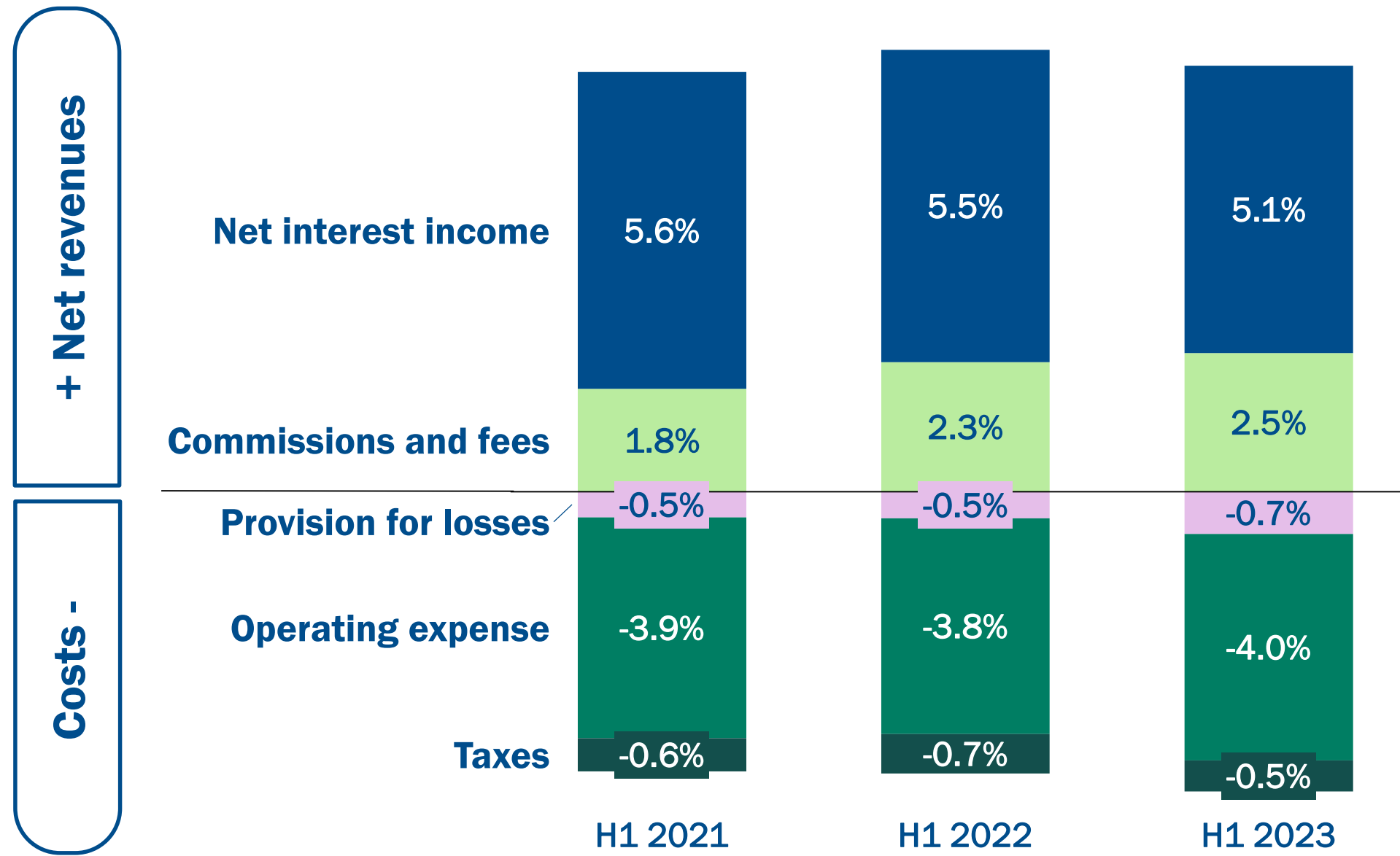
2.5%

+0.3pp

2.8%

-0.6pp

2.2%



## Comments H1 2023

- **Net interest income** affected by higher interest expenses, partly compensated by price increases in auto and personal loans since mid-2022 and other interest income (from cash/investment portfolio)
- **Commissions and fees:** increase driven by BNPL revenues
- **Provision for losses** driven by continued normalisation from Covid-19-related underwriting and higher reserving for asset growth due to adoption of CECL
- **Operating expense** higher due to Operational Excellence projects and Byjuno running and integration costs

# H1 2023: P&L

In CHF m

|                                 |          | H1 2023      | H1 2022      | as %       |
|---------------------------------|----------|--------------|--------------|------------|
| Interest income                 |          | 200.9        | 188.9        | 6          |
| Interest expense                |          | -30.3        | -12.3        | >100       |
| Net interest income             | <b>1</b> | 170.6        | 176.7        | -3         |
| Insurance                       |          | 12.2         | 11.9         | 2          |
| Credit cards                    | <b>2</b> | 43.3         | 47.5         | -9         |
| Loans and leases                |          | 7.2          | 6.9          | 5          |
| BNPL                            | <b>3</b> | 19.0         | 6.5          | >100       |
| Other                           |          | 0.7          | 0.6          | 19         |
| Commission and fee income       |          | 82.4         | 73.3         | 12         |
| <b>Net revenues</b>             |          | <b>253.0</b> | <b>250.0</b> | <b>1</b>   |
| Provision for losses            | <b>4</b> | -25.1        | -15.0        | 67         |
| Operating expense               | <b>5</b> | -134.5       | -122.0       | 10         |
| <b>Income before taxes</b>      |          | <b>93.4</b>  | <b>113.0</b> | <b>-17</b> |
| Taxes                           |          | -18.4        | -22.4        | -18        |
| <b>Net income</b>               |          | <b>75.1</b>  | <b>90.6</b>  | <b>-17</b> |
| <b>Earnings per share (EPS)</b> |          | <b>2.56</b>  | <b>3.09</b>  | <b>-17</b> |

## Key ratios

|                           |       |       |
|---------------------------|-------|-------|
| Net interest margin       | 5.1%  | 5.5%  |
| Cost/income ratio         | 53.2% | 48.8% |
| Effective tax rate        | 19.7% | 19.8% |
| Return on equity (ROE)    | 12.2% | 15.3% |
| Return on tangible equity | 15.6% | 18.8% |
| Return on assets (ROA)    | 2.0%  | 2.5%  |

## Comments

- 1** Higher interest income driven by price increases in Auto and Personal loans as well as other interest income (interest-bearing cash/investment portfolio), offset by higher financing expenses.  
For details see slide on 'Net revenues by source'
- 2** Decrease driven by lower transaction volumes, offset by successful migration to proprietary card programme
- 3** Increase driven by the acquisition of Byjuno and organic growth at Swissbilling
- 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 page 29 and at [www.cembra.ch/financialreports](http://www.cembra.ch/financialreports)

# H1 2023: Operating expenses

In CHF m

|                                       |   | H1 2023      | H1 2022      | as %       |
|---------------------------------------|---|--------------|--------------|------------|
| Compensation and benefits             | 1 | 69.7         | 67.1         | 4          |
| Professional services                 | 2 | 11.0         | 8.7          | 26         |
| Marketing                             | 3 | 6.5          | 6.2          | 5          |
| Collection fees                       | 4 | 7.6          | 5.0          | 51         |
| Postage and stationery                | 5 | 5.3          | 6.1          | -13        |
| Rental exp. (under operating leases)  | 6 | 3.2          | 3.6          | -12        |
| Information technology                | 7 | 25.4         | 20.0         | 27         |
| Depreciation and amortisation         | 8 | 13.8         | 12.3         | 12         |
| Other                                 | 9 | -7.9         | -6.9         | 15         |
| <b>Total operating expenses</b>       |   | <b>134.5</b> | <b>122.0</b> | <b>10%</b> |
| <b>Cost/income ratio</b>              |   | <b>53.2%</b> | <b>48.8%</b> |            |
| <b>Full-time equivalent employees</b> |   |              |              |            |
| Excluding Byjuno acquisition          | 1 | 950          | 916          | +4         |
|                                       |   | 906          | 916          | -1         |

## Comments

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>1</b> Increase in line with higher number of FTEs mainly related to the Byjuno acquisition, with 30 FTE in Riga, Latvia, internalised since April 2023</p> <p><b>2</b> Driven by Operational Excellence costs and higher BNPL-related expenses</p> <p><b>3</b> Increase due to additional marketing activities and spend stimulation for credit cards</p> <p><b>4</b> Increase mainly driven by BNPL outsourcing cooperation in collections</p> <p><b>5</b> Postage expense driven by continued digitisation of customer interaction</p> | <p><b>6</b> Driven by branch closures in 2022</p> <p><b>7</b> Increase driven by ongoing projects, mainly the implementation of the new core banking solution</p> <p><b>8</b> Mainly driven by the amortisation of Byjuno intangibles</p> <p><b>9</b> Decrease largely driven by capitalisation related to strategic projects</p> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## Outlook FY 2023

- Stable cost/income ratio expected compared to FY 2022 (50.6%), with improvements in H2 mainly expected from cost management, lower Byjuno integration costs and initial benefits from Operational Excellence.



# Credit cards

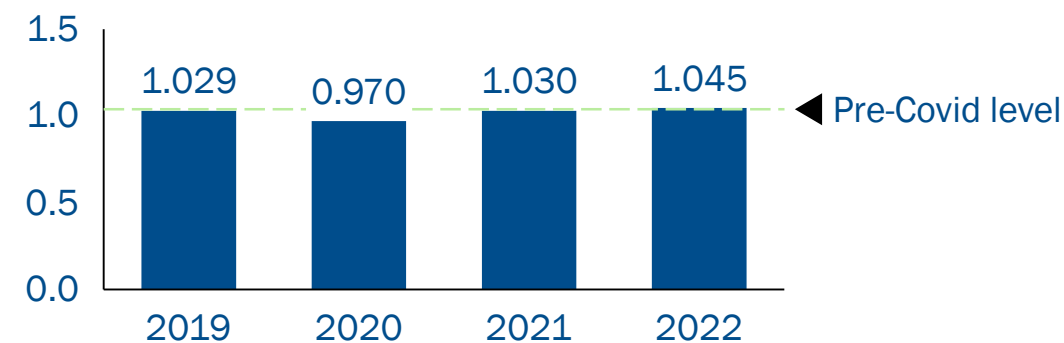
About 60% of transition portfolio migrated, in line with expectations

## FY 2023 credit cards guidance

- Cembra expects cards assets and revenues to at least be in line with pre-Covid (FY 2019) levels from 2023 on

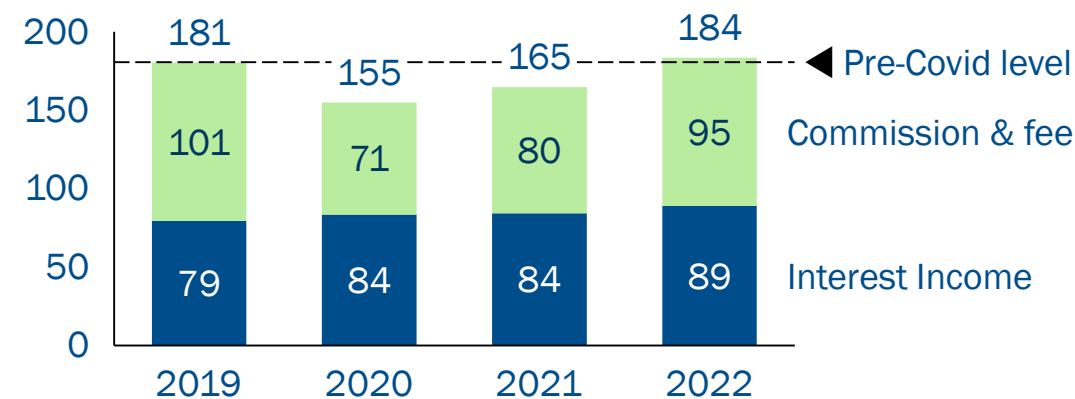
## Cards net financing receivables

In CHF bn



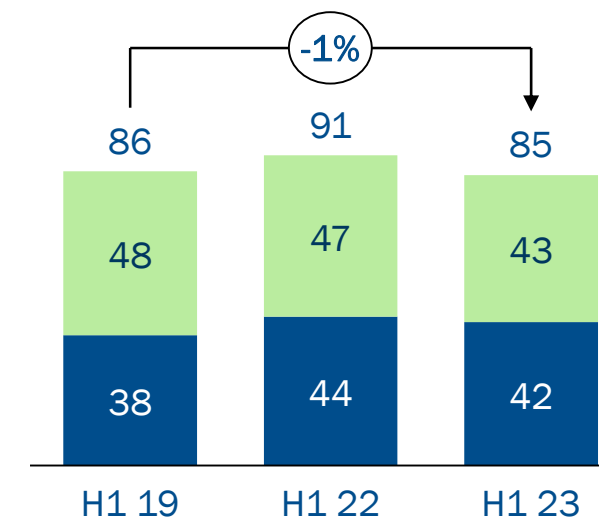
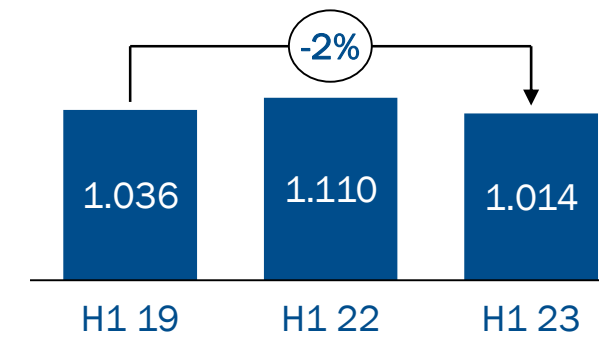
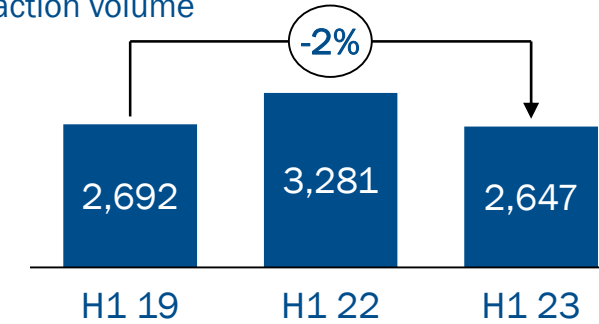
## Cards revenues

In CHF m



## H1-2023 cards vs 2019 pre-Covid

Transaction volume



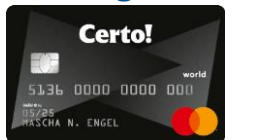
## Co-branding and proprietary card offerings

### Proprietary credit cards (B2C)<sup>1</sup>

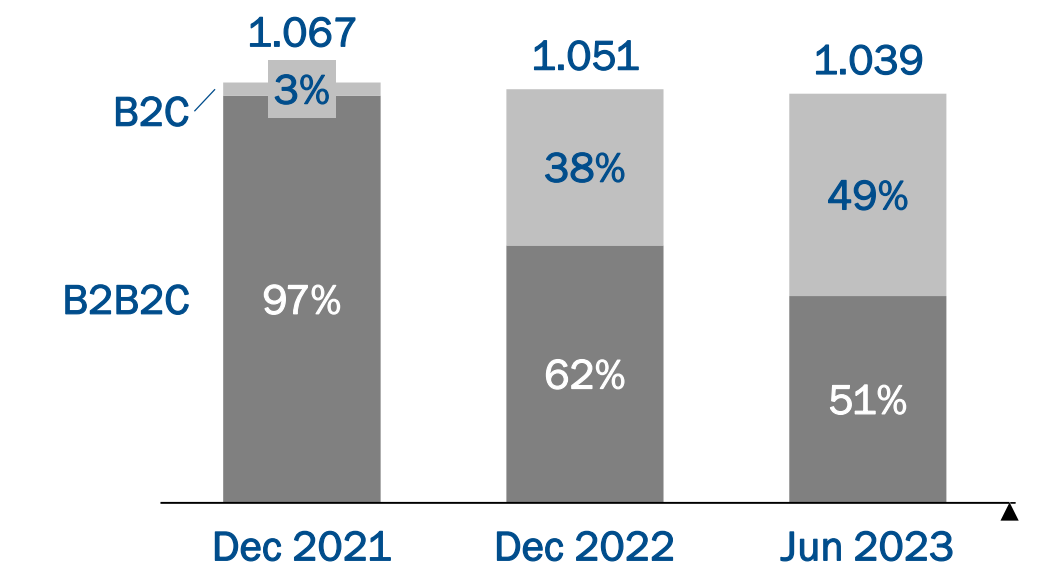
- Cembra migrated about 60% of the transition portfolio until mid-July 2023



B2C migration offer



Cards issued (m)

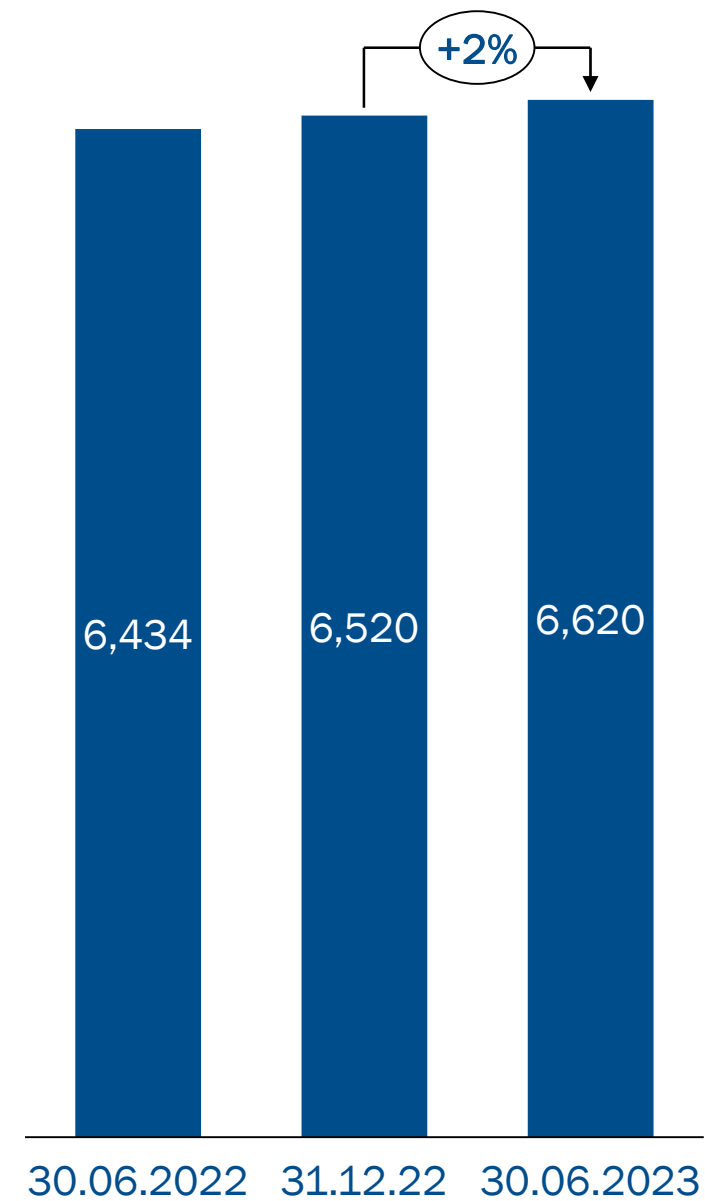


<sup>1</sup> B2C includes Certo! card range and Cembra Mastercard

# H1 2023: Net financing receivables

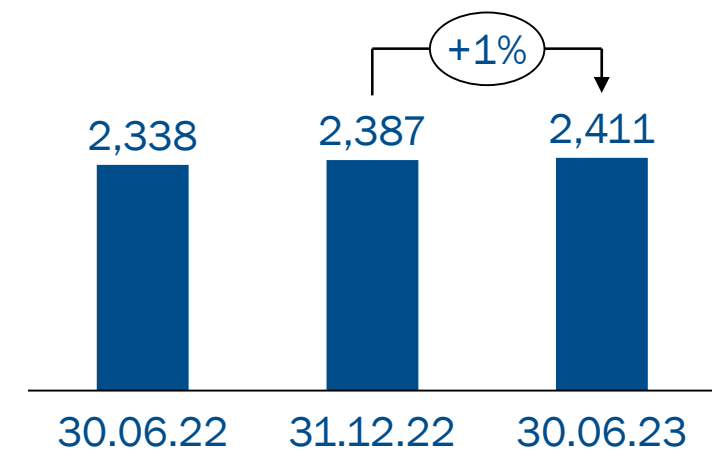
In CHF m

## Net financing receivables

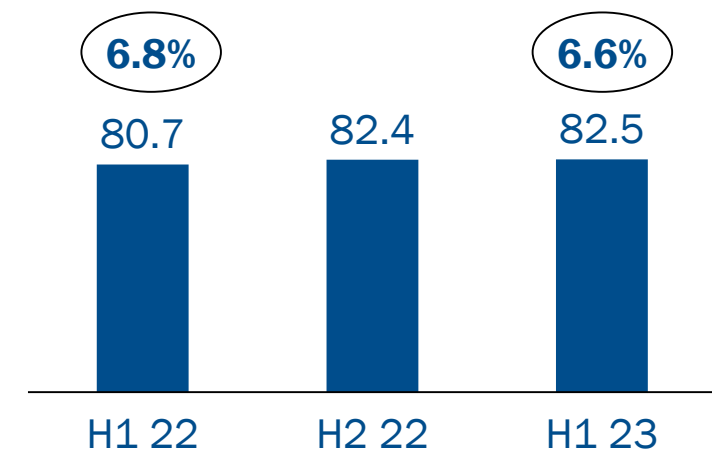


## Personal loans

Net financing receivables

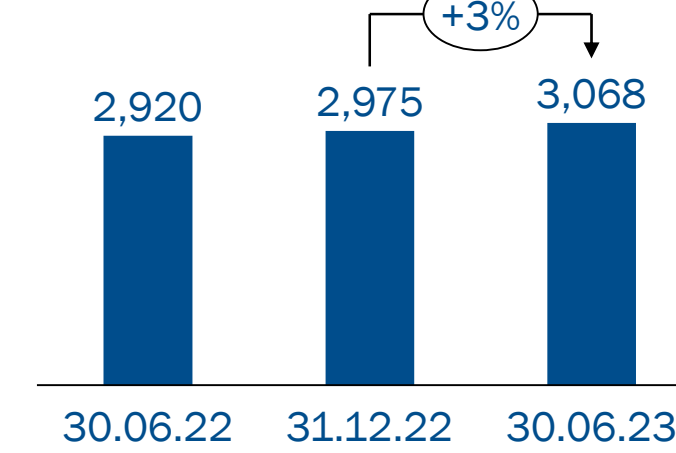


Yield (2pt avg) and interest income

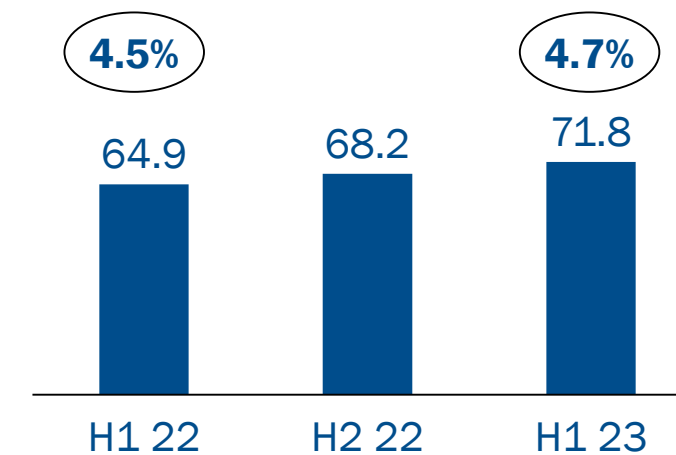


## Auto leases and loans

Net financing receivables

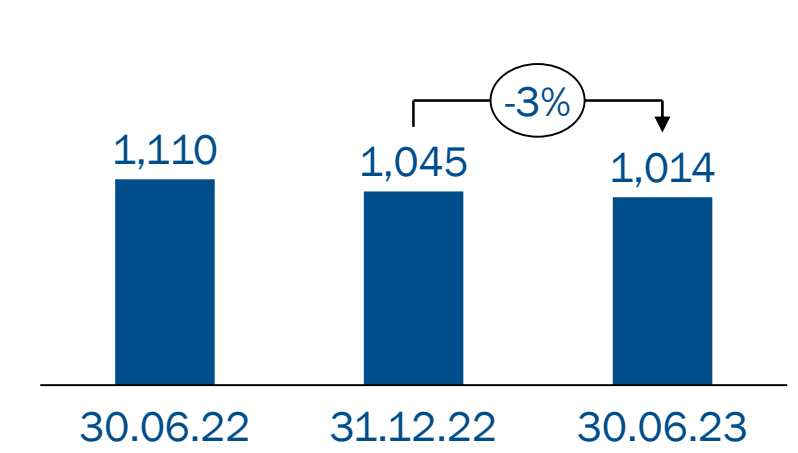


Yield (2pt avg) and interest income

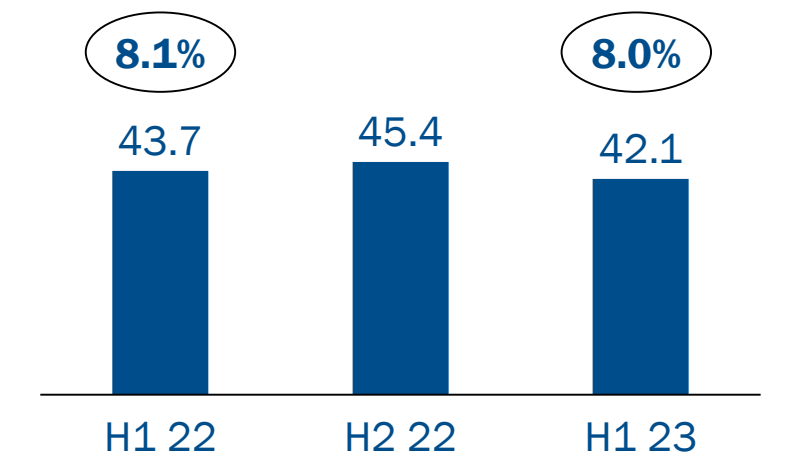


## Credit cards

Net financing receivables



Yield (2pt avg) and interest income



# H1 2023: Balance sheet

In CHF m

| <b>Assets</b>                       |   | 30.06.23     | 31.12.22     | as %     |
|-------------------------------------|---|--------------|--------------|----------|
| Cash and equivalents                |   | 600          | 633          | -5       |
| Financing receivables               |   | 6,780        | 6,612        | 3        |
| Allowance for losses                | 1 | 159          | 92           | 73       |
| <b>Net financing receivables</b>    | 2 | <b>6,620</b> | <b>6,520</b> | <b>2</b> |
| Personal loans                      |   | 2,411        | 2,387        | 1        |
| Auto leases and loans               |   | 3,068        | 2,975        | 3        |
| Credit cards                        |   | 1,014        | 1,045        | -3       |
| BNPL                                |   | 128          | 114          | 13       |
| Other assets                        |   | 516          | 501          | 3        |
| <b>Total assets</b>                 |   | <b>7,736</b> | <b>7,653</b> | <b>1</b> |
| <b>Liabilities and equity</b>       |   |              |              |          |
| Funding                             | 3 | 6,333        | 6,126        | 3        |
| Deposits                            |   | 3,250        | 3,513        | -7       |
| Short- & long-term debt             |   | 3,082        | 2,613        | 18       |
| Other liabilities                   |   | 225          | 253          | -11      |
| <b>Total liabilities</b>            |   | <b>6,557</b> | <b>6,379</b> | <b>3</b> |
| Shareholders' equity                | 4 | 1,179        | 1,274        | -8       |
| <b>Total liabilities and equity</b> |   | <b>7,736</b> | <b>7,653</b> | <b>1</b> |

## Comments

- 1 Day-1 increase of 64m due to adoption of CECL in US GAAP (see appendix p25)
- 2 Higher net financing receivables mainly driven by strong demand for consumer financing products:
  - Personal loans (+1%): driven by solid volume performance with increases in market demand
  - Auto (+3%): driven by strong volume performance mainly due to vehicle price development
  - Cards (-3%): driven by lower activity on the remaining Cumulus portfolio, offset by continued successful Certo! migration
  - BNPL (+13%): assets are growing related to higher volumes in invoice financing in online sales in H1
- 3 Funding increased largely in line with growth in financing receivables
- 4 Shareholders' equity decreased driven by the dividend payment in April 2023 (-116m) and CECL impact (-54m)

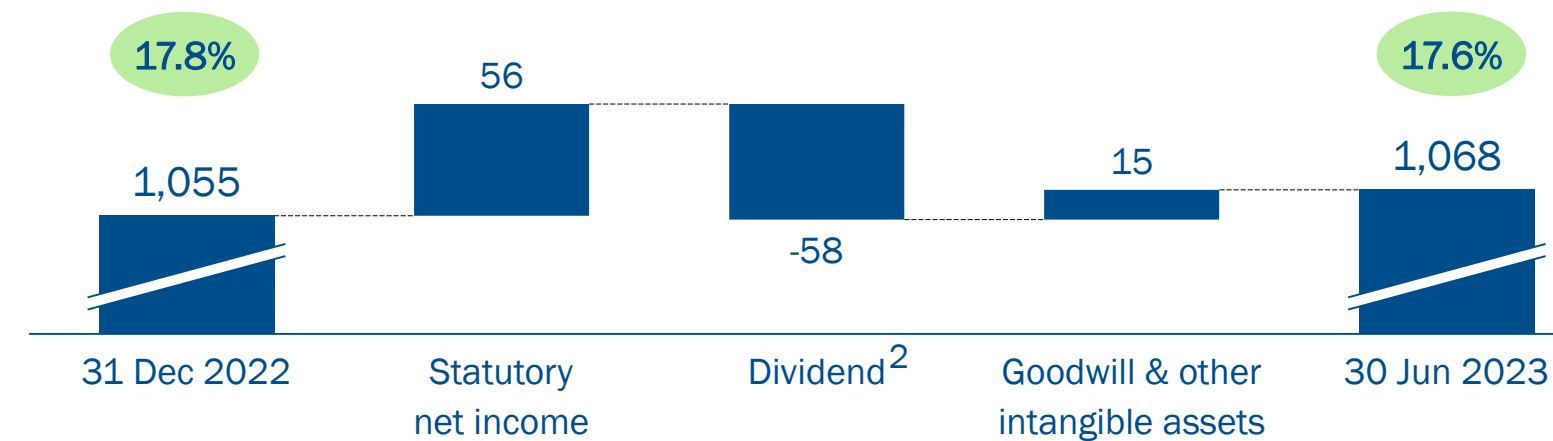
Note: Financing receivables (excl. allowance for losses): Personal loans CHF 2,517m; Auto leases and loans CHF 3,091m, Credit cards CHF 1,038m, BNPL CHF 134m

# H1 2023: Capital position

Strong Tier 1 capital ratio of 17.6% and attractive dividend policy

## Tier 1 capital walk<sup>1</sup>

In CHF m

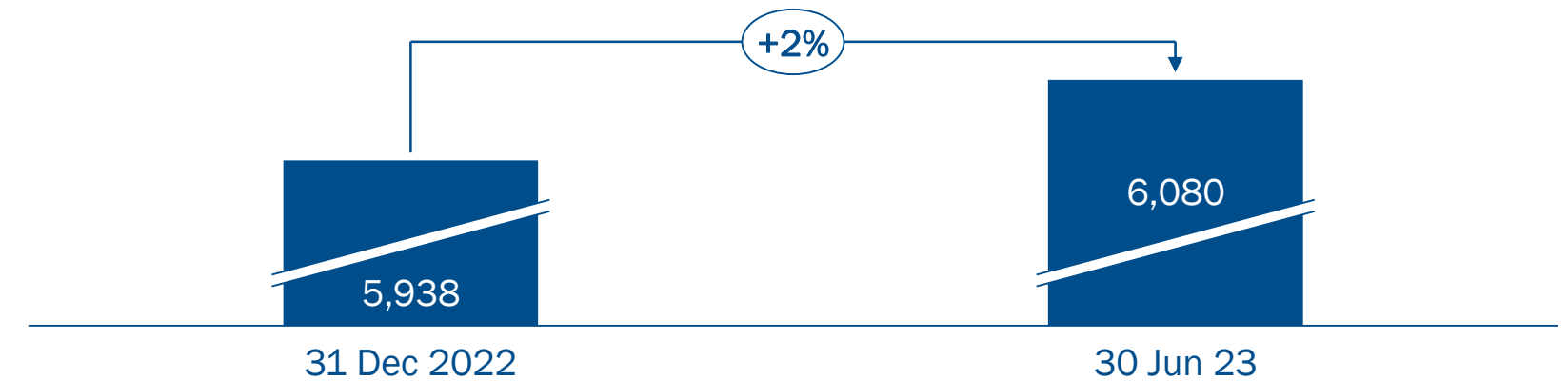


## Comments

- Mid-term Tier 1 capital ratio<sup>3</sup> target of 17%
- CET 1 ratio 15.1% as of 30 June 2023 (31 December 2022: 15.2%)
- Temporary exemption from quantitative consolidation for BNPL legal entities
- Adoption of US GAAP standard for the Group regulatory reporting as per FINMA requirement by year-end 2023
- FINMA's final Basel III (aka "Basel IV") standards: impact on the Tier 1 capital ratio of about -0.5pp to -1.0pp by year-end 2024 expected
- Capital ratio expected to be slightly above 17% at year-end 2022

## Risk-weighted assets

In CHF m



## Comments

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

## Dividend policy

- Cembra intends to pay a dividend of at least CHF 3.95 for 2023 and growing thereafter based on sustainable earnings growth

<sup>1</sup> Derived from the Bank's statutory consolidated financial statements | <sup>2</sup> Assumption solely for calculation purposes

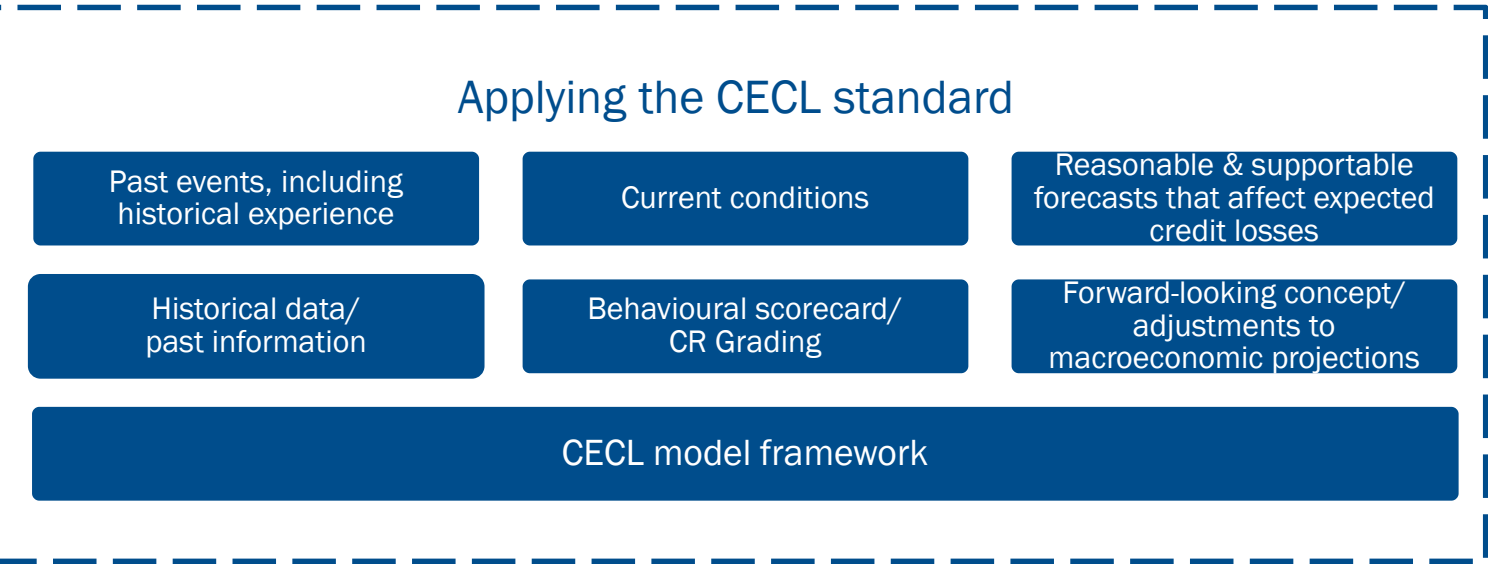
<sup>3</sup> Tier 1 capital ratio excluding Tier 2 capital of 0.3% related to CECL-related provision for defaulted risks | For share data see appendix "The Cembra share"

# Current expected credit losses (CECL)

## US GAAP implementation as of 1 January 2023

### Change from incurred to expected credit loss standard

|                              | Incurring loss concept                                                                                                                                                      | CECL                                                                                                                                        |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Probability of default (PD): | <ul style="list-style-type: none"><li>Incurring loss period of 12 months for all portfolios except revolving portfolios with an effective life &lt;12months.</li></ul>      | <ul style="list-style-type: none"><li>PD must cover the maximum contractual period (lifetime) the bank is exposed to credit risk.</li></ul> |
| Loss given default (LGD):    | <ul style="list-style-type: none"><li>Based on expected recoveries up to 72 months</li></ul>                                                                                | <ul style="list-style-type: none"><li>Lifetime recovery cash flows are discounted by effective interest rate</li></ul>                      |
| Forward-looking:             | <ul style="list-style-type: none"><li>Allowance for losses represented credit losses for which the loss-causing event had already incurred at the reporting date.</li></ul> | <ul style="list-style-type: none"><li>Macroeconomic factors are considered for future loss expectations.</li></ul>                          |

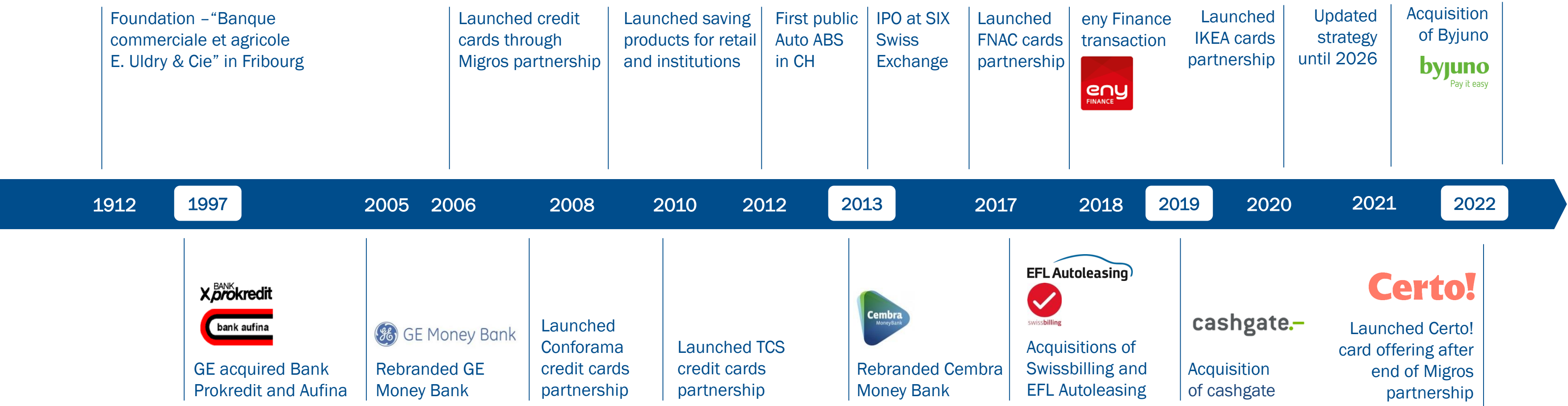


### Financial impact

Implementation of CECL as of 1 Jan 2023, based on US GAAP ASC 326, required by FASB and as of 31. Dec 2022 under FINMA Accounting Ordinance 952.024.1

|                      | US GAAP (1 Jan 2023)                                                                                                                                                                               | Statutory (31 Dec 2022)                                                                                                                                                                              |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assets & liabilities | <ul style="list-style-type: none"><li>CHF 64m Increase of allowance for losses for on-balance sheet exposure, and increase of provision of CHF 3m for off-balance sheet exposure (day 1)</li></ul> | <ul style="list-style-type: none"><li>Increase of allowance for losses of CHF 64m for on-balance sheet exposure and increase of provision of CHF 3m for off-balance sheet exposure (day 1)</li></ul> |
| Equity               | <ul style="list-style-type: none"><li>Recognition through re-tained earnings CHF 54m</li></ul>                                                                                                     | <ul style="list-style-type: none"><li>N/A</li></ul>                                                                                                                                                  |
| P&L                  | <ul style="list-style-type: none"><li>No day 1 impact</li><li>Higher reserve requirements lead to higher P&amp;L impacts of future asset increases/decreases</li></ul>                             | <ul style="list-style-type: none"><li>Adoption led to higher reserves, built up through P&amp;L</li></ul>                                                                                            |
| Capital metric       | <ul style="list-style-type: none"><li>N/A</li></ul>                                                                                                                                                | <ul style="list-style-type: none"><li>One-off impact on Tier 1 ratio of 0.7pp in 2022</li></ul>                                                                                                      |

# History





# 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 <sup>1</sup>                                                                 |
| Net interest margin (NIM)        | Net interest income divided by 2-point-average financing receivables <sup>1</sup>                                                             |
| Fee/income ratio                 | Commission and fee income divided by net revenues                                                                                             |
| Cost/income ratio                | Operating expense divided by net revenues                                                                                                     |
| Average cost per employee        | Compensation and benefit expense divided by 2-point average 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 <sup>1</sup>                                                                      |
| 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 <sup>1</sup> . 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 <sup>1</sup>                                                                       |
| 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 <sup>1</sup>                                                                               |
| Payout ratio                     | Dividend divided by net income                                                                                                                |

<sup>1</sup> 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

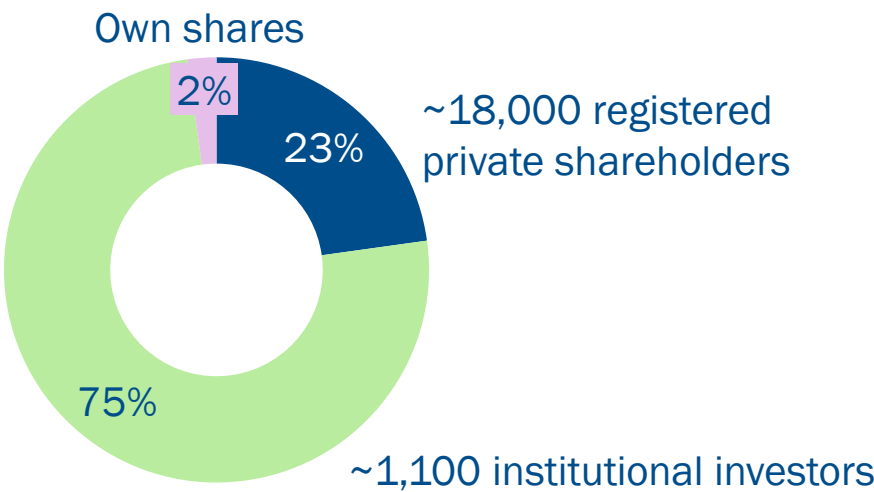
| US GAAP                          | 2014  | 2015  | 2016              | 2017  | 2018  | 2019   | 2020   | 2021  | 2022  | H1 2023 |
|----------------------------------|-------|-------|-------------------|-------|-------|--------|--------|-------|-------|---------|
| Net revenues (CHF m)             | 379   | 389   | 394               | 396   | 439   | 480    | 497    | 487   | 509   | 253     |
| Net income (CHF m)               | 140   | 145   | 144               | 145   | 154   | 159    | 153    | 161   | 169   | 75      |
| Cost/income ratio (%)            | 42.5  | 41.5  | 42.5              | 42.4  | 44.0  | 48.3   | 49.8   | 50.6% | 50.6% | 53.2%   |
| Net fin receivables (bn)         | 4.1   | 4.1   | 4.1               | 4.6   | 4.8   | 6.6    | 6.3    | 6.2   | 6.5   | 6.6     |
| Equity (CHF m)                   | 842   | 799   | 848               | 885   | 933   | 1,091  | 1,127  | 1,200 | 1,274 | 1,179   |
| Return on equity (%)             | 17.0  | 17.7  | 17.4              | 16.7  | 16.9  | 15.7   | 13.8   | 13.9  | 13.7  | 12.2    |
| Return on tangible equity (%)    | 17.2  | 18.1  | 18.0              | 17.3  | 17.8  | 18.5   | 17.7   | 17.3  | 17.1  | 15.6    |
| Tier 1 capital (%)               | 20.6  | 19.8  | 20.0              | 19.2  | 19.2  | 16.3   | 17.7   | 18.9  | 17.8  | 17.6    |
| Employees (FTE)                  | 702   | 715   | 705               | 735   | 783   | 963    | 928    | 916   | 929   | 950     |
| Credit rating (S&P)              | A–    | A–    | A–                | A–    | A–    | A–     | A–     | A–    | A–    | A–      |
| Earnings per share (CHF)         | 4.67  | 5.04  | 5.10              | 5.13  | 5.47  | 5.53   | 5.21   | 5.50  | 5.77  | 2.56    |
| Dividend per share (CHF)         | 3.10  | 3.35  | 4.45 <sup>1</sup> | 3.55  | 3.75  | 3.75   | 3.75   | 3.85  | 3.95  | n/a     |
| Share price (CHF, end of period) | 55.00 | 64.40 | 74.20             | 90.85 | 77.85 | 106.00 | 107.20 | 66.45 | 76.90 | 74.20   |
| Market cap (CHF bn) <sup>2</sup> | 1.7   | 1.9   | 2.2               | 2.7   | 2.3   | 3.2    | 3.2    | 2.0   | 2.3   | 2.2     |

<sup>1</sup> Including extraordinary dividend CHF 1.00 | <sup>2</sup> Based on total shares

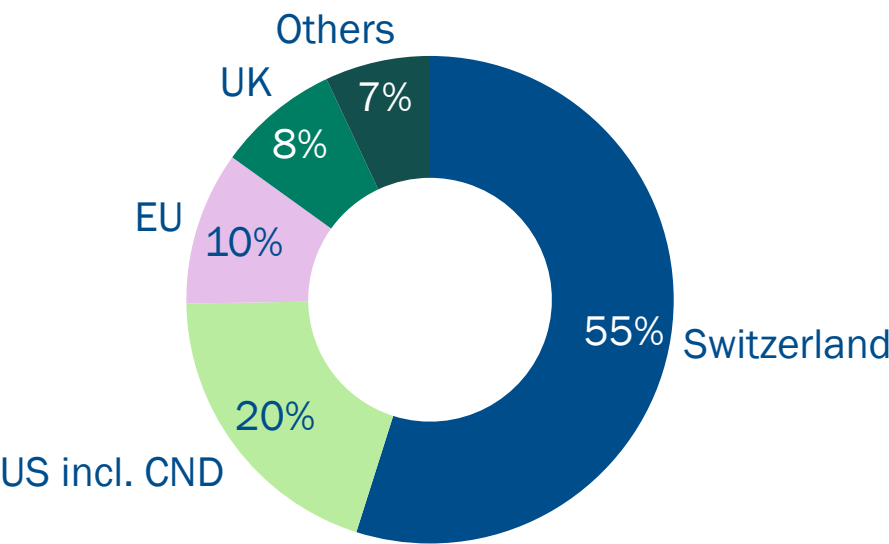
# The Cembra share

## Shareholder structure

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



## Institutional owners by domicile<sup>1</sup>



## Main investors and indices

- Holdings >5% of share capital**
- UBS Fund Management (Switzerland)
  - Credit Suisse Funds AG

- Holdings >3% of share capital**
- BlackRock Inc.
  - Swisscanto Fondsleitung AG

**Selected indices:**



- SPI, Euro Stoxx 600
- Bloomberg Gender Equality Index
- MSCI ESG Leaders Indexes Constituent

## Share data

|                                               | H1 2023    | FY 2022    |
|-----------------------------------------------|------------|------------|
| Number of shares                              | 30,000,000 | 30,000,000 |
| Treasury shares                               | 665,649    | 656,757    |
| Treasury shares as %                          | 2.2%       | 2.2%       |
| Shares outstanding                            | 29,334,351 | 29,343,243 |
| Weighted-average number of shares outstanding | 29,342,739 | 29,352,136 |

<sup>1</sup> Estimates

# Cautionary statement regarding forward-looking statements

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.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Group’s actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions; legislative, fiscal and regulatory developments; general economic conditions in Switzerland, the European Union and elsewhere; and the Group’s ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Group, its directors, officers and employees expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this presentation and these materials and any change in the Groups’ expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable laws or regulations.

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## Corporate events

|                  |                                                  |
|------------------|--------------------------------------------------|
| 22 February 2024 | FY 2023 results                                  |
| 14 March 2024    | Publication 2023 Annual Report (English version) |
| 24 April 2024    | Annual General Meeting 2024                      |

## Further information

Visit our website

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## Investor conferences, roadshows and calls

|                 |                                             |
|-----------------|---------------------------------------------|
| 2 November 2023 | ZKB Swiss Equities conference, Zurich       |
| 11 January 2024 | Baader Swiss Equities conference, Bad Ragaz |

If you would like to set up a call with us please email [investor.relations@cembra.ch](mailto:investor.relations@cembra.ch)

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