Cembra

Your Swiss Bank

Cembra

A leading player in financing solutions and services in Switzerland

Holger Laubenthal, CEO
Investora Zürich, September 2023

Agenda

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 in 2013

15%
average ROE

4%
annual dividend growth

+66%
customers

0.5%
average NPL[1]

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

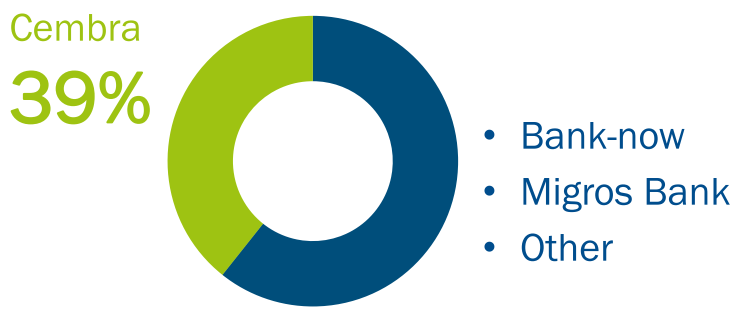
Resilient
business model in all economic environments

Strong ESG
performance, as affirmed by leading ESG rating agencies[3]

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

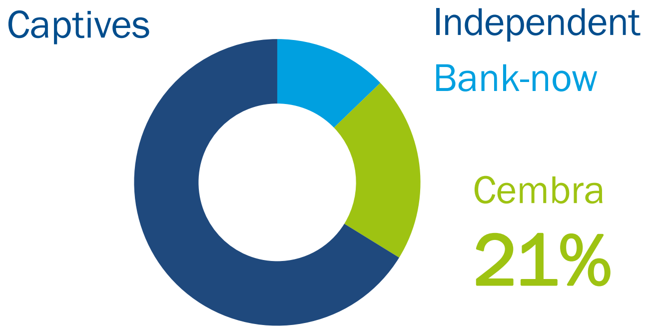
Market positions
Serving more than 1 million customers in Switzerland

Leader in personal loans



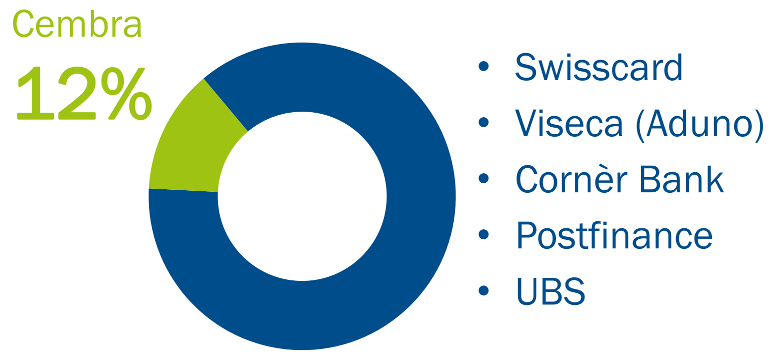
- Diversified distribution channels

Auto leasing: independent player



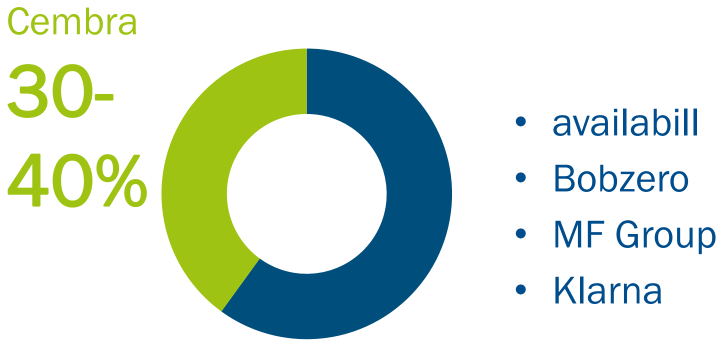
- Partnerships with about 3,700 dealers

Credit cards: >1 million cards issued



- Co-branding partnerships and proprietary offerings

BNPL[1]: strong market position



- More than 2 million invoices processed in H1 2023

Market shares as per 30 June 2023, personal loan receivables, leasing receivables, credit cards issued, billing volume

[1] Buy now pay later - purchase by invoice (online & offline) and invoice financing

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 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

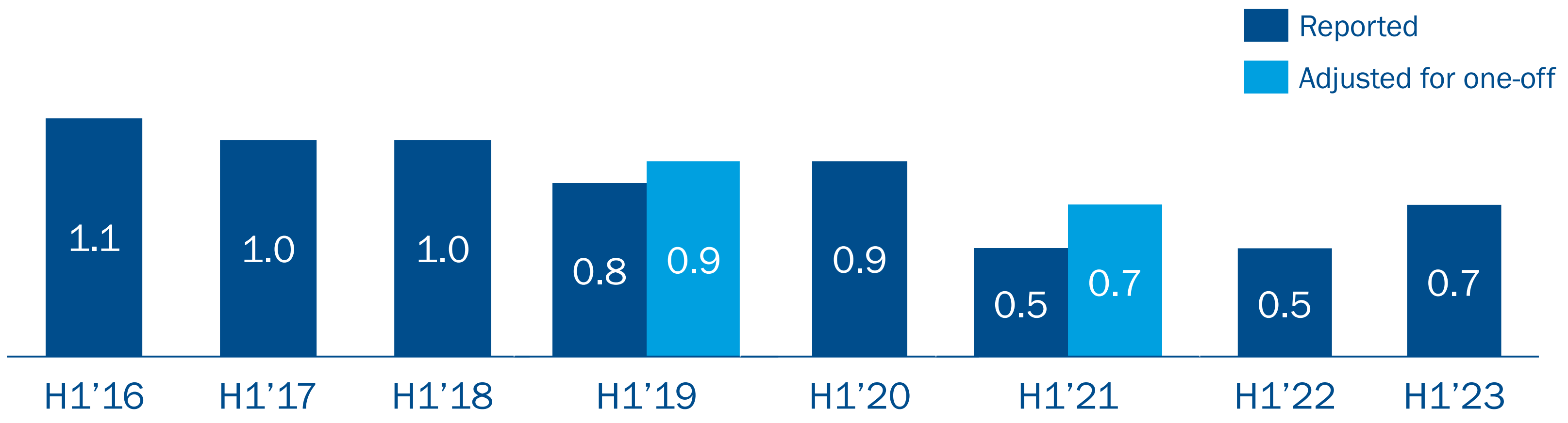
Instrument		Traditional money lending	Embedded finance		Embedded finance presence
		Pre-purchase	at purchase	post-purchase	Cembra
Personal loans	Unsecured loans	✓	✓		●
Auto leasing and loans	Leasing/loan product tied to vehicle	✓	✓	✓	◕
Credit card, revolving	Variable terms on credit card balance	✓	✓	✓	●
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[1]		✓		◕
Other	Object-bound loans, asset leasing (non-Auto), asset renting, subscription etc.				◔

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

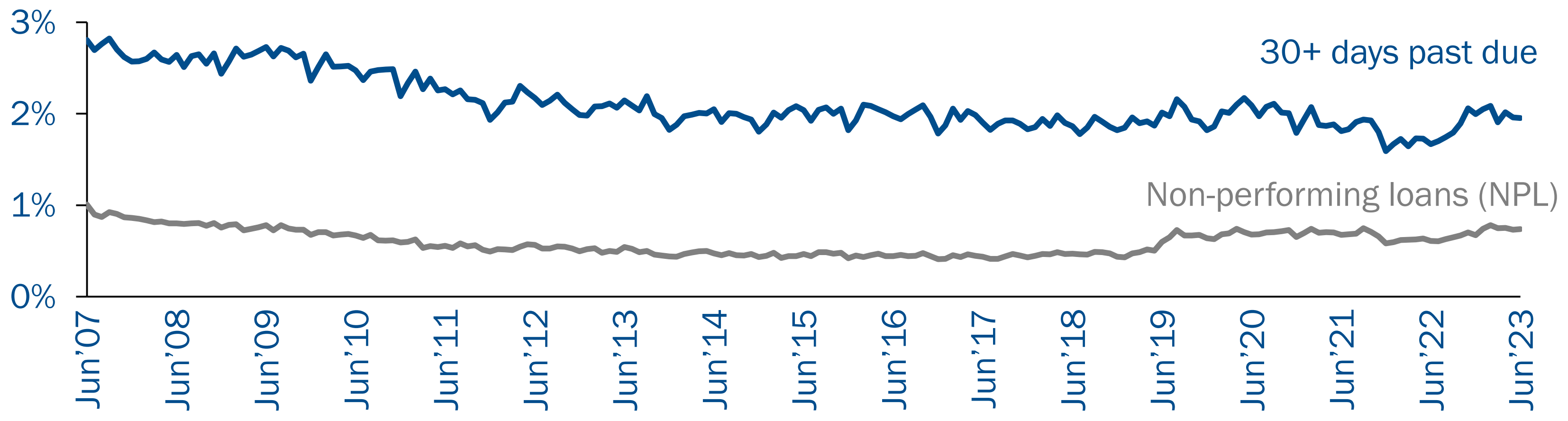
Long-term risk performance

High quality of assets – loss performance resilient through economic cycles

Loss rate



NPL and delinquencies[1]

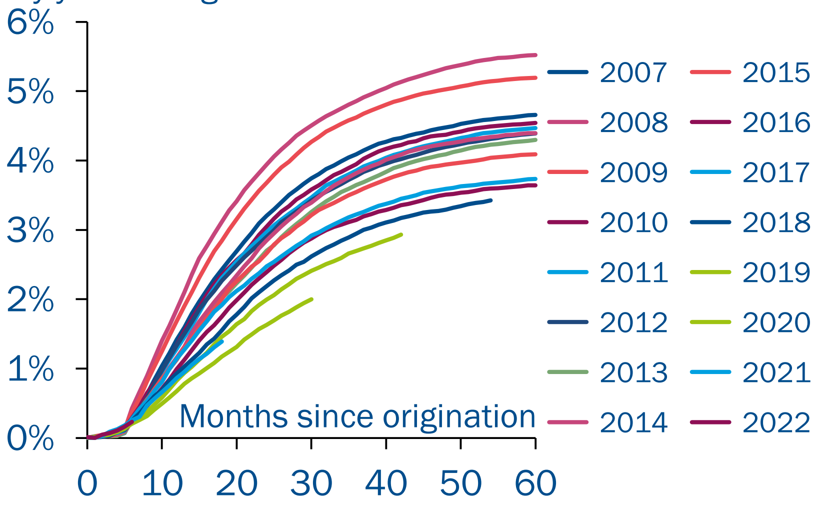


Risk management characteristics

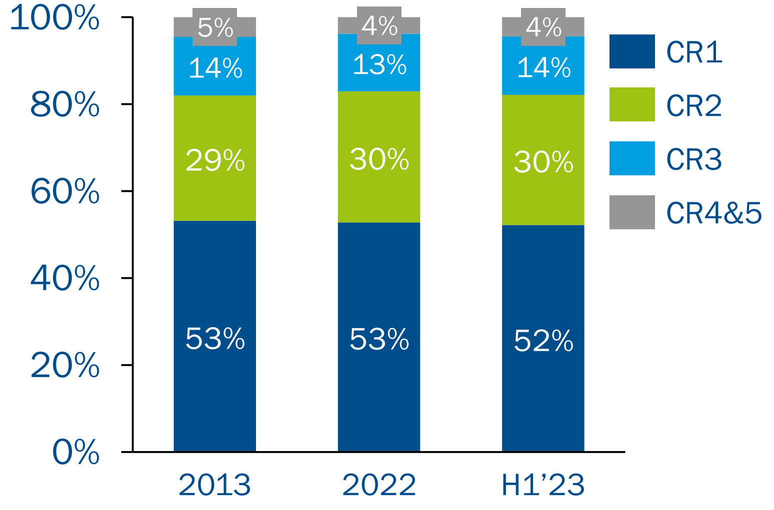
- Consistent risk appetite and strategies over many years
- Well-diversified portfolios contributing to limited credit losses
- Proven resilience of portfolios during financial crisis 2008/2009 and the Covid-19 pandemic in 2020/2021
- Flexibility to adapt to fast changing macro-economic environment
-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

Write-off performance[2]

By year of origination from 2007 to 2022



Credit grades[3]



1 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| 2 Based on personal loans and auto leases & loans originated by the Bank | 3 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[2]

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

G

Independent limited assurance of Sustainability Reports (since FY 2021)

External recognition

SUSTAINALYTICS a Morningstar company

Low ESG risk

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

Corporate Sustainability Assessment S&P Global

Top 9%

in diversified financial services (Score 46), January 2022

MSCI ESG RATINGS AAA

CCC B BB BBB A AA AAA

AAA

Rated 1st among listed consumer finance worldwide, May 2023

Bloomberg Gender-Equality Index 2023 Member

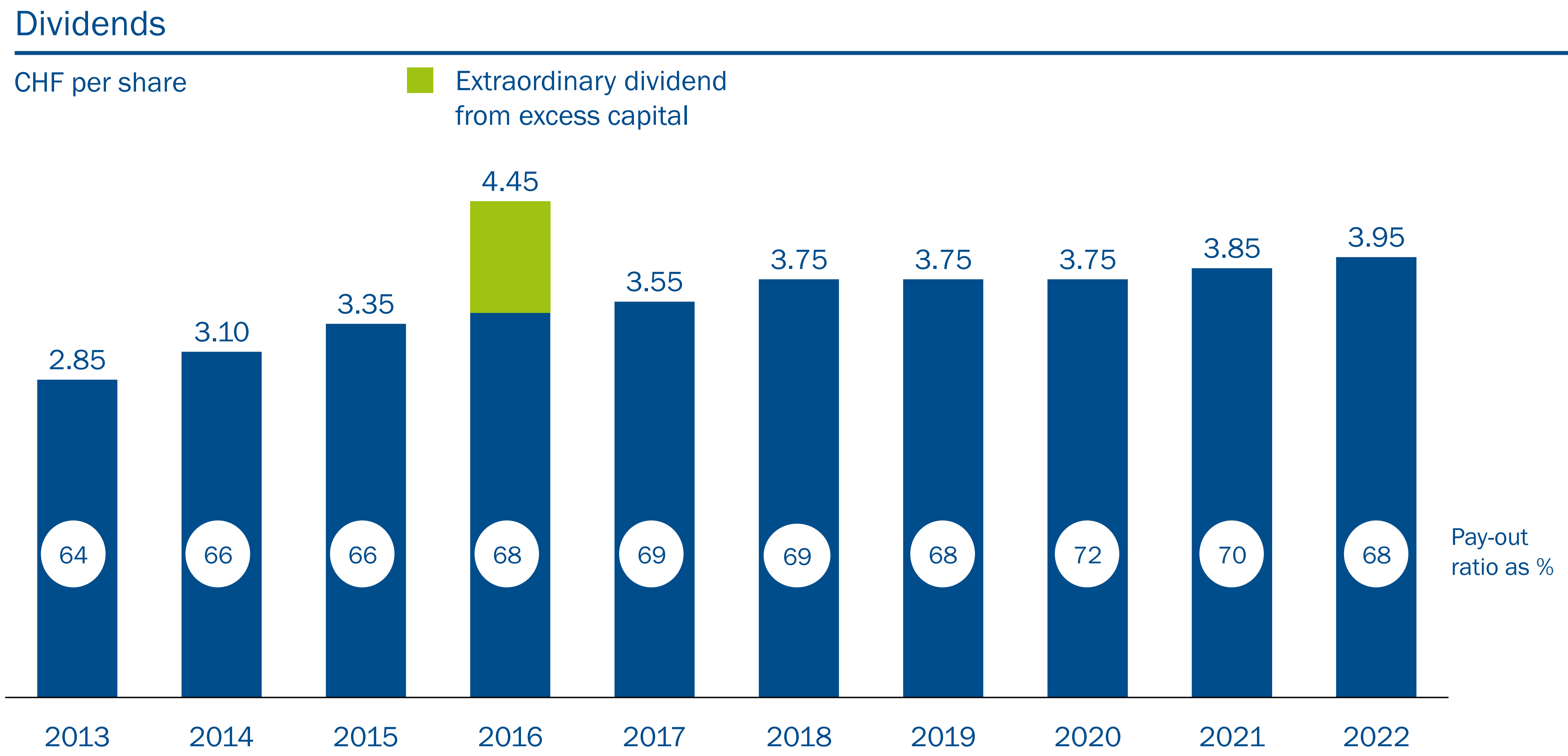
Inclusion

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

1 Net promoter score 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



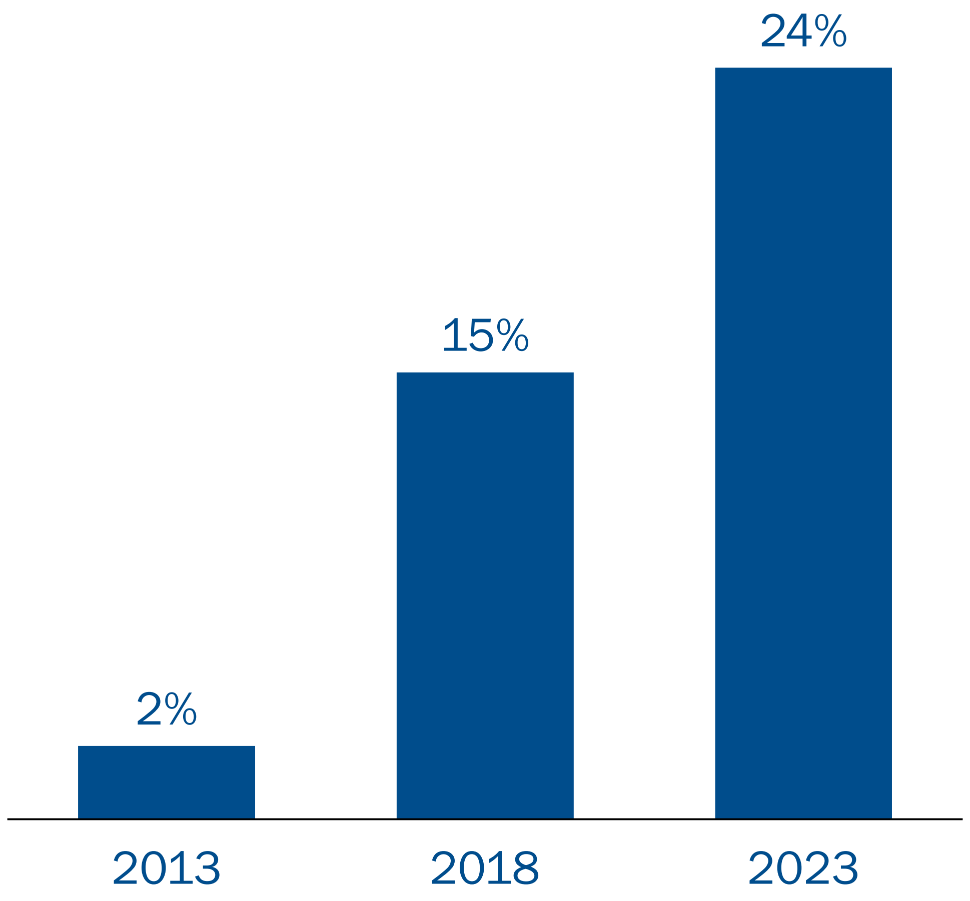
- Total CHF 1.05 billion dividends paid out since the IPO in 2013
- 68% average payout ratio
- Dividend for 2023 of at least CHF 3.95
- Tier 1 capital ratio target 17%
- S&P rating of A– since the IPO

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

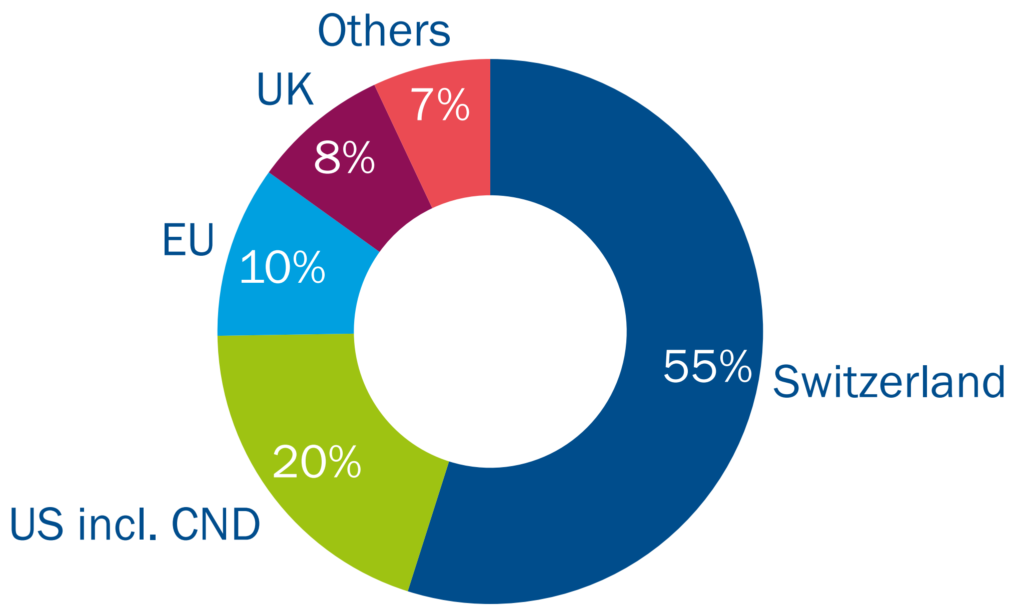
Cembra share

Share of Swiss private shareholders increased since the IPO in 2013

Private registered shareholders[1]



Institutional owners by domicile[2]



Main investors and indices

Significant shareholders
- UBS
- Credit Suisse
- Swisscanto
- BlackRock

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

2023 MSCI ESG Leaders Indexes Constituent

Bloomberg Gender-Equality Index 2023 Member

1 As % of equity capital | 2 Estimates

Agenda

1. Cembra at a glance

2. Business performance

3. Outlook

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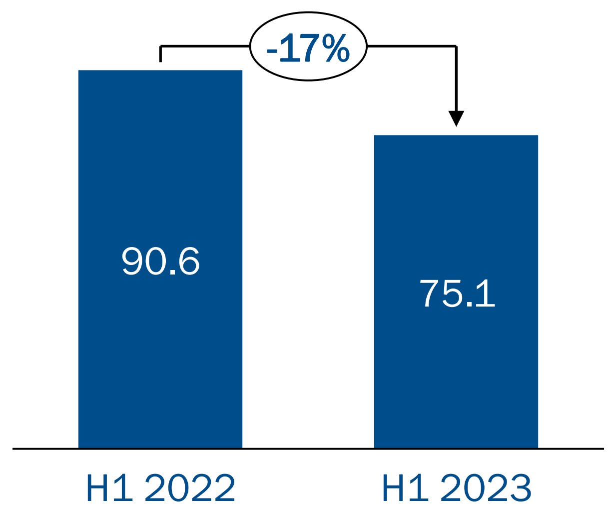
H1 2023 performance
Solid first half year

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[1])
- +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%

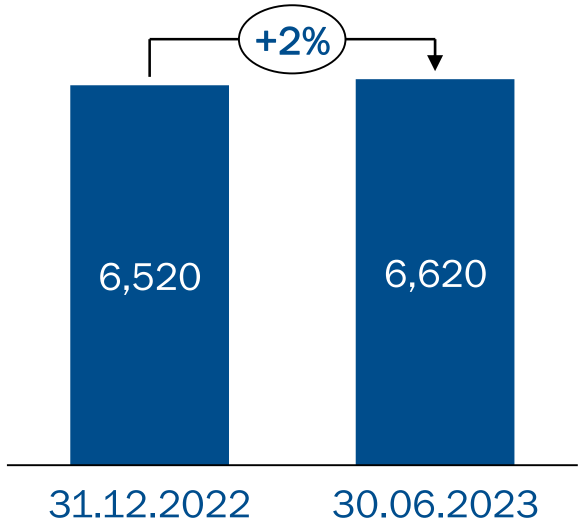
Net income

in CHF m



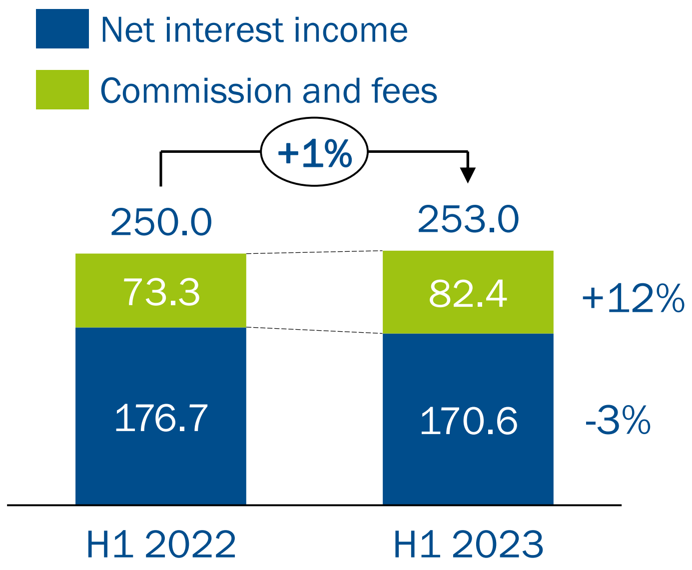
Net financing receivables

in CHF m



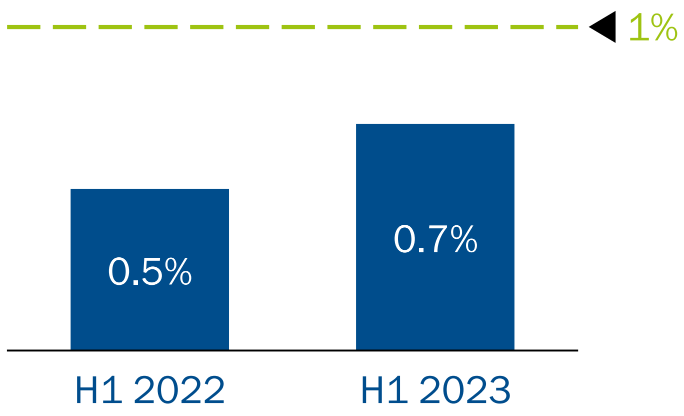
Net revenues

in CHF m



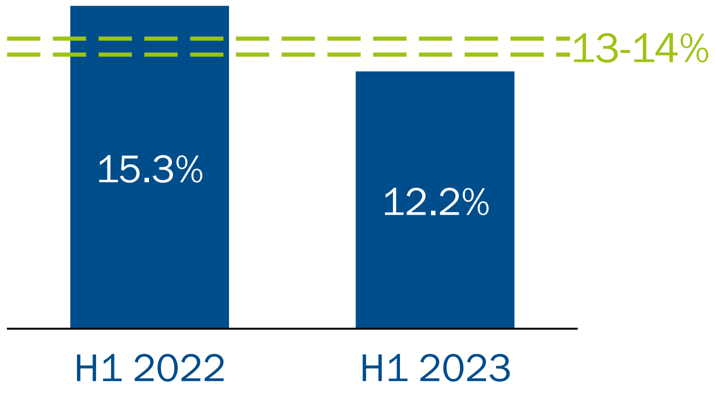
Loss rate

Mid-term target ≤ 1%



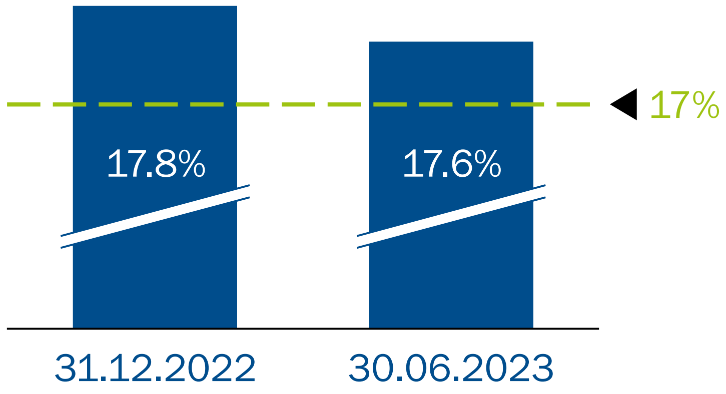
Return on equity

Target ROE of 13–14% for 2023



Tier 1 capital ratio

Mid-term target of at least 17%



1 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

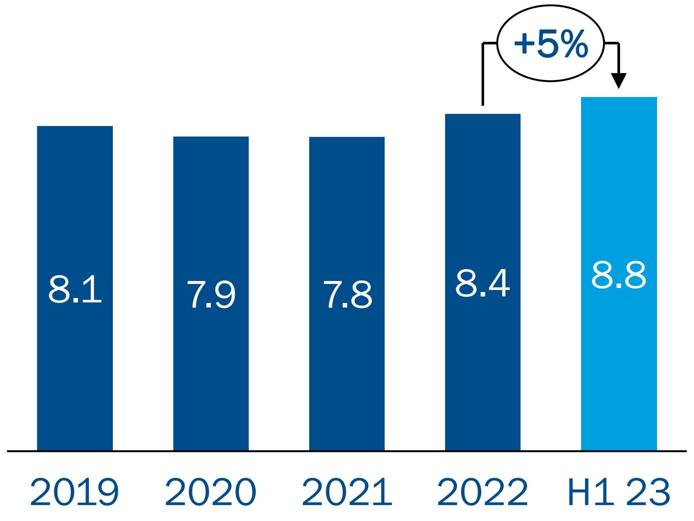
H1 2023 products and markets

Focus on profitable growth

Market environment

Personal loans

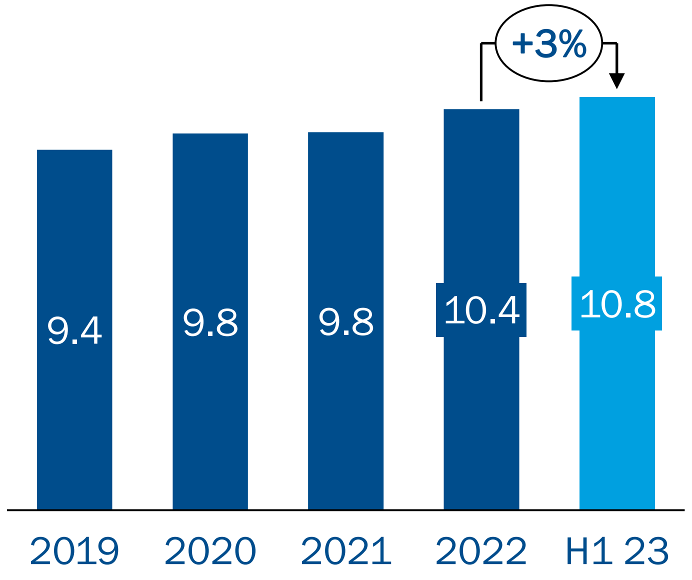
Consumer loans market, in CHF bn



Source: ZEK

Auto loans and leases

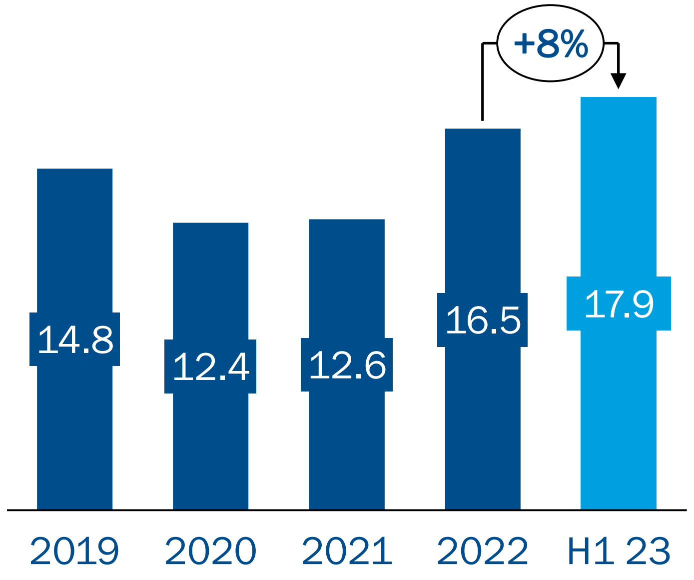
Leasing market, in CHF bn



Source: ZEK

Credit cards

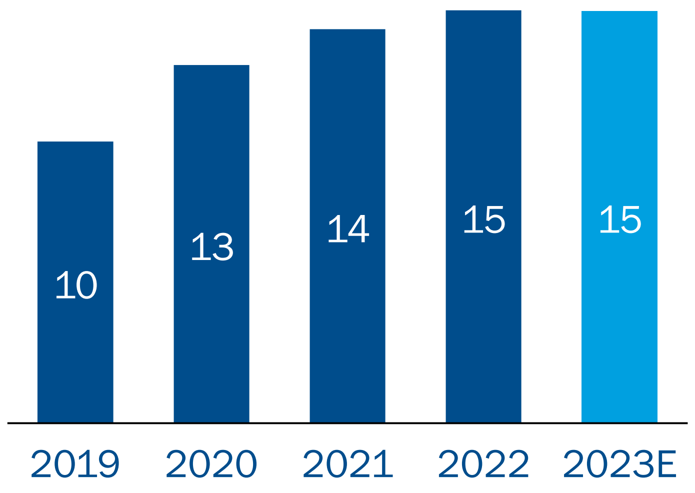
Transaction volumes, in CHF bn (first four months)



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

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

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

Credit cards
- Card revenues, assets and transaction volumes in line with expectation
- Cards issued -1% in H1 2023 to 1,039,000, with own and co-branding cards +7%
- Market share of 12% (cards issued)

Buy now pay later (BNPL)
- BNPL[1] 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

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3. **Outlook**

Appendix

Execution on strategy 2022–2026

Progress in H1

Our strategic ambition	Review of key initiatives H1 2023		Ongoing key initiatives 2023
Operational excellence	Executing on core banking system for leasing implementation	wip[1]	Establish core banking system readiness
	Moved the data centre and migrated all HQ applications	✓	Roll out New Workplace 365 (phase one)
	Extended self-service capabilities in mobile app	✓	Decommissioning of systems (phase one)
Business acceleration / **New growth opportunities**	**Personal loans**		**Personal loans**
	First in the market to implement price increases	✓	Product differentiation: segment-based products, product bundles
	Launched pilots for embedded finance partnerships	✓	
	Auto		**Auto**
	Continued price adjustments	✓	Roll out new leasing business platform
	Progressing on new distribution partners	wip[1]	
	Cards		**Cards**
	Cards migration and own offering according to plan	✓	Continue transition to Certo!
	Rolled out POS Card Onboarding solution for card partners	✓	Enrich digital experience on app and web
	Buy now pay later		**Buy now pay later**
	Launched "CembraPay" and integrated target operating model	✓	Conclude operational integration, accelerate growth
	Partnership with Twint on track	✓	
Cultural transformation	"Great place to Work 2023" award among companies >250 employees	✓	Embed values in talent development
	Launched new employer branding and career website	✓	Execute on organisational readiness and simplification programme

Strategic programmes

1 wip = work in progress

Outlook
Continued resilient business performance expected in 2023

Outlook 2023[1]

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[2]

ROE
2023: 13–14%
2024–26: >15%

Tier 1 capital ratio
2023: >17%
2024–26: >17%

Dividend per share
for 2023: ≥ CHF 3.95
for 2024–26: increasing[3]

Financing receivables growth
1–3% p.a. /
in line with GDP

Cost/income
2022–23: stable
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 2023 | 2 See Investor Day presentation December 2021 | 3 Based on sustainable earnings growth

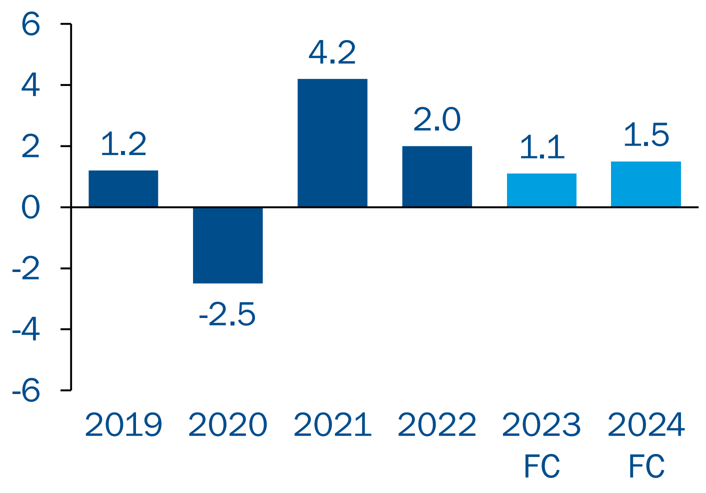
Agenda

Appendix

Macroeconomic outlook
Swiss economy remains resilient

GDP in Switzerland

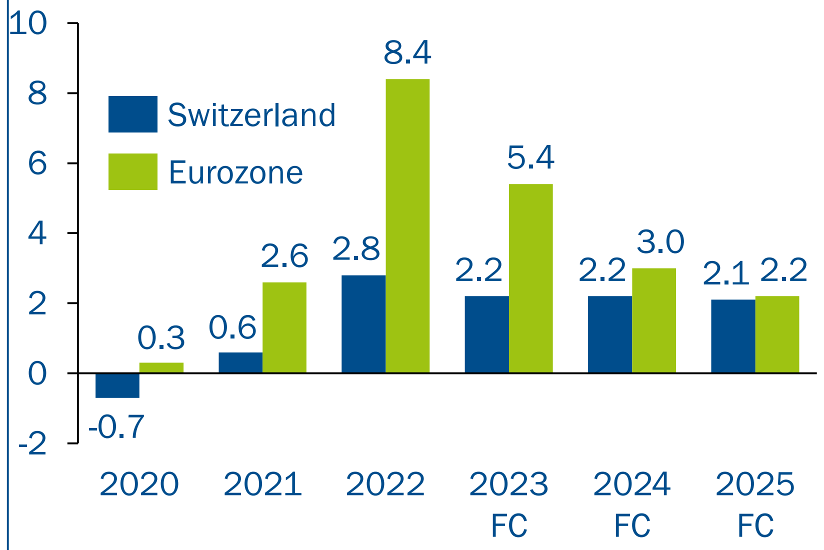
Change vs. previous period as %



Source: SECO June 2023

- In Q1 2023, GDP increased by 0.5% vs.0.0% in Q4 2022
- Swiss economy expected to grow by 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

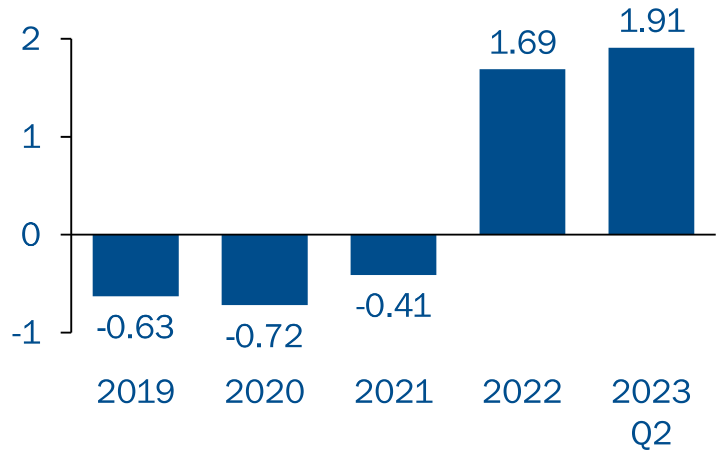


Source: Bloomberg June 2023

- 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 %

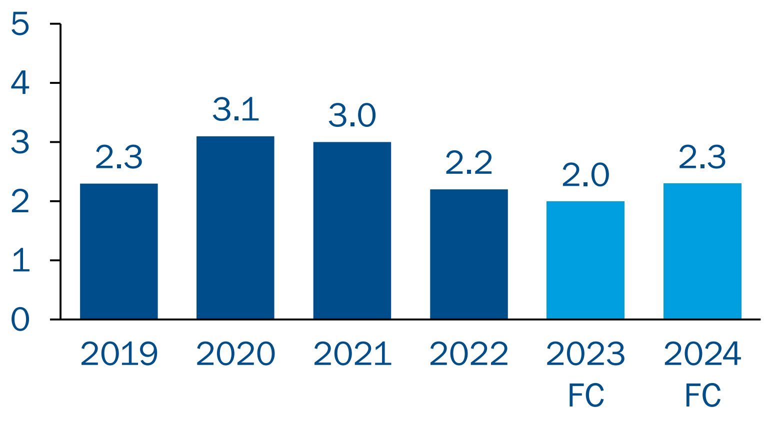


Source: Bloomberg

- 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

Sustainability
Strategy along 5 highly relevant topics, with clear targets

Customer Orientation
Providing high customer value and setting ourselves apart through our outstanding and transparent services as well as our operational excellence

People and Development
Recruitment, education and training, personal development, health promotion, work-life balance, diversity management and embedding Cembra's corporate values

Business Integrity
Compliance with laws and regulations, as well as governance, risk management practices, and ethical business conduct

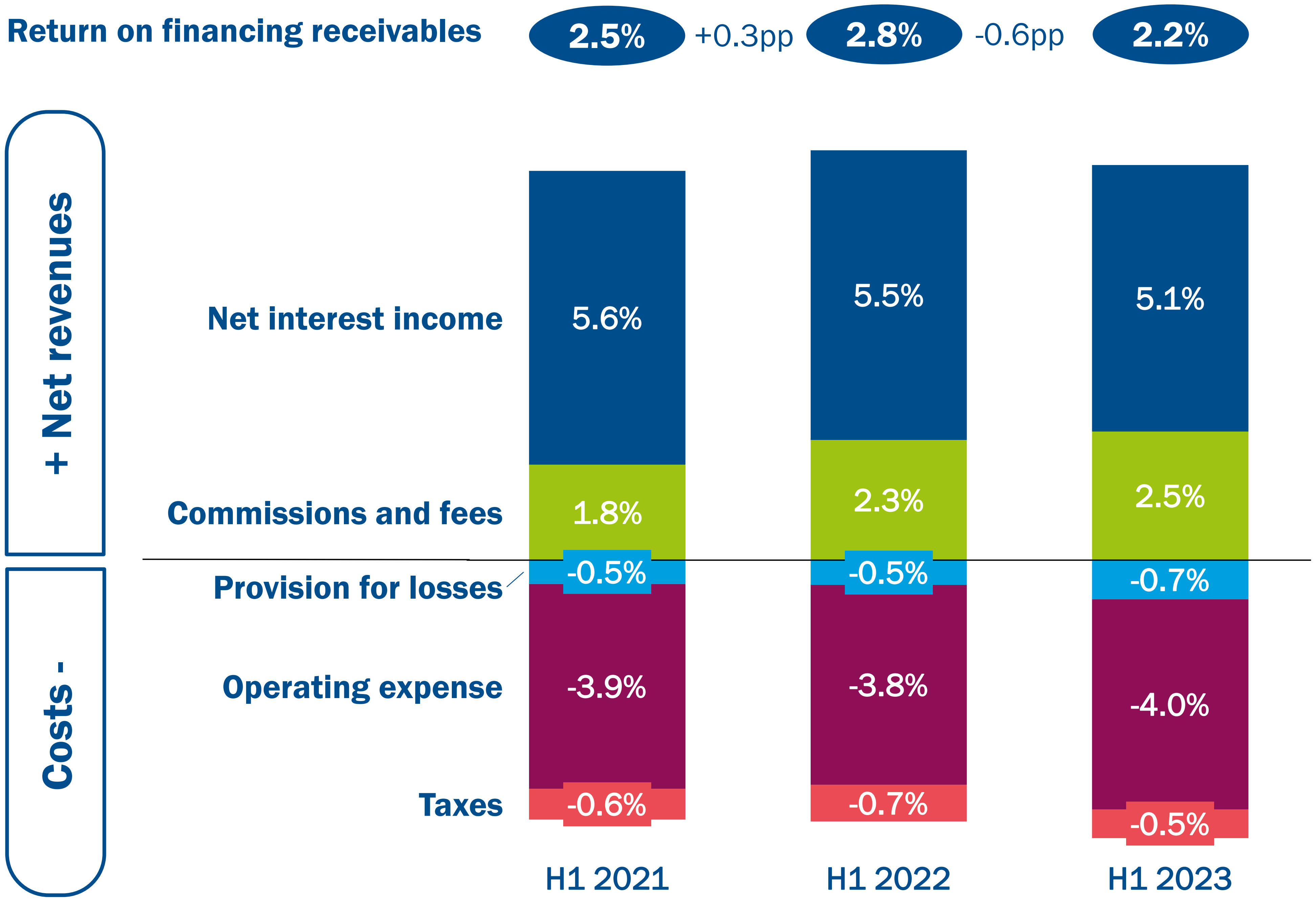
Quality and Integrity of Products and Services
Responsible provision of financing products and services that adhere to strict safety standards

Environmental Stewardship
Optimizing processes and outputs that have an environmental impact

Most relevant topics	Customer orientation	Quality and integrity of products and services	People and development	Environmental stewardship	Business integrity
Commitment	We strive for satisfied customers who reward us through high retention and loyalty	We are a responsible provider of financing products and services	We are a Great Place to Work (GPTW)[1]	We reduce our environmental footprint per employee	We take a zero tolerance approach to non-compliance
Key performance indicators	Net promoter score of at least +30 on a scale from -100 to +100	Qualitative assessment of lending portfolio quality metrics	GPTW employee trust index of at least 70%	Reduce Scope 1+2 emissions until 2025 by 75% (basis 2019)	Qualitative assessment of reported complaints and cases
Assessment 2022	Net promoter score of 26 (2021: 28)	Continued solid asset quality metrics	Employee trust index of 71% in 2022 (2020: 71%), measured every two years	Reported scope 1+2 emissions on track to reach 2025 target	No cases reported

H1 2023: Profitability by source

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



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	1	170.6	176.7	*-3*
Insurance		12.2	11.9	*2*
Credit cards	2	43.3	47.5	*-9*
Loans and leases		7.2	6.9	*5*
BNPL	3	19.0	6.5	*>100*
Other		0.7	0.6	*19*
Commission and fee income		82.4	73.3	*12*
Net revenues		**253.0**	**250.0**	***1***
Provision for losses	4	-25.1	-15.0	*67*
Operating expense	5	-134.5	-122.0	*10*
Income before taxes		**93.4**	**113.0**	***-17***
Taxes		-18.4	-22.4	*-18*
Net income		**75.1**	**90.6**	***-17***
Basic earnings per share (EPS)		**2.56**	**3.09**	***-17***

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 (ROTE)	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'

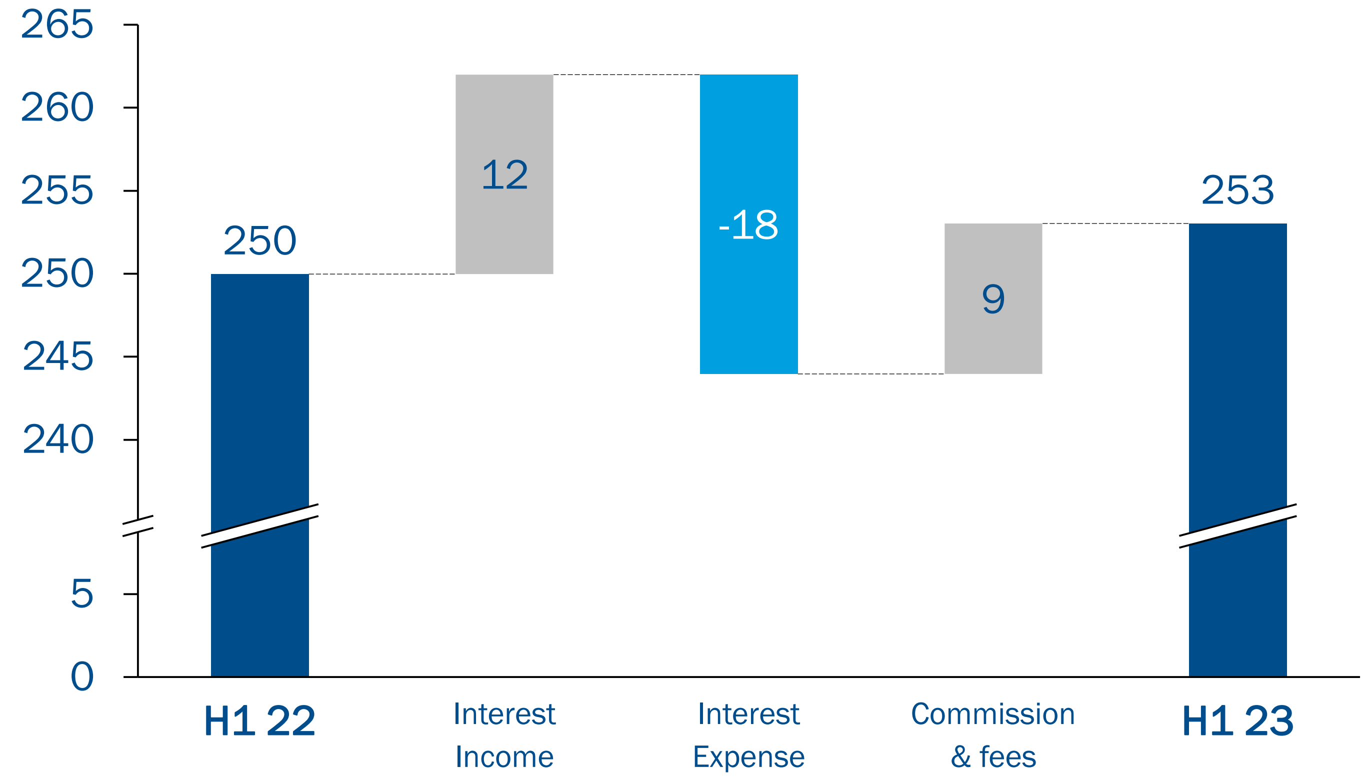
For a glossary including alternative performance figures see appendix page 29 and at www.cembra.ch/financialreports

Net revenues

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

Net revenues

In CHF m



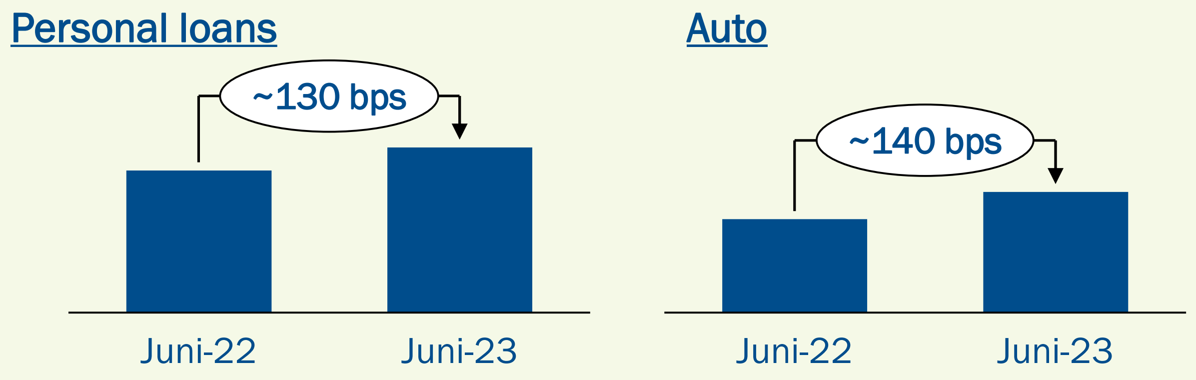
Net Interest Margin (NIM) FY 2023

(as %)

5.5% 5.1% ~5.1%

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



Outlook FY 2023

- Net interest margin expected to stabilise at around 5.1%

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*
Total operating expenses		**134.5**	**122.0**	***10%***
Cost/income ratio		**53.2%**	**48.8%**	
Full-time equivalent employees	1	**950**	**916**	***+4***
Excluding Byjuno acquisition		906	916	*-1*

Comments

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

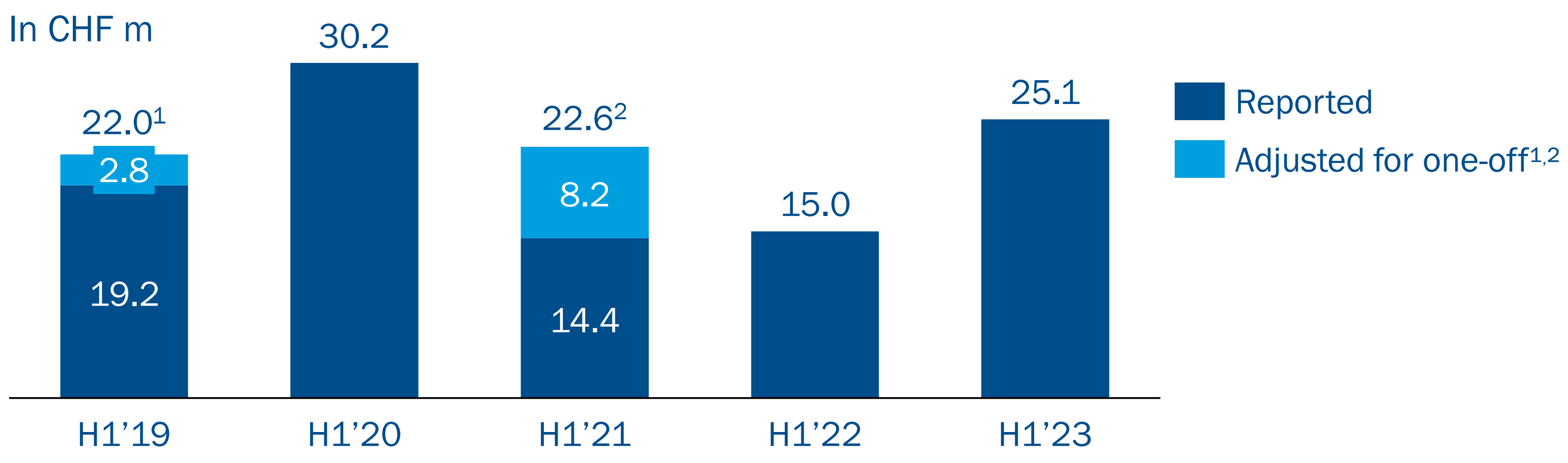
Outlook FY 2023

- 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.

H1 2023: Provision for losses

Continued strong loss performance

Provision for losses

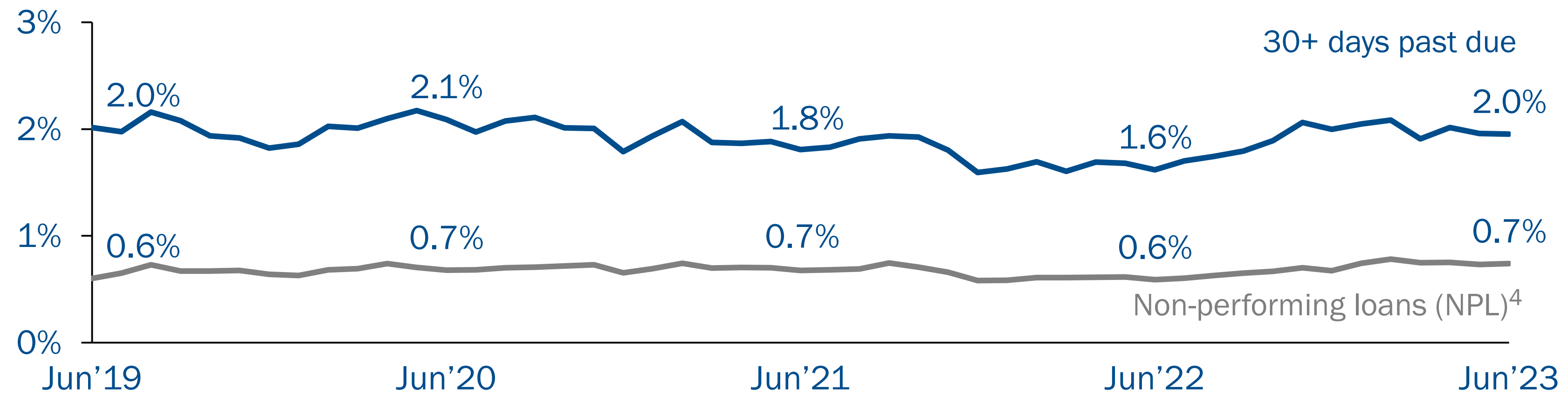


	H1'19	H1'20	H1'21	H1'22	H1'23
Loss rate[3]	**0.8%** (0.9%[1])	**0.9%**	**0.5%** (0.7%[2])	**0.5%**	**0.7%**
30+ days past due	2.0%	2.1%	1.8%	1.6%	2.0%
NPL[4]	0.6%	0.7%	0.7%	0.6%	0.7%

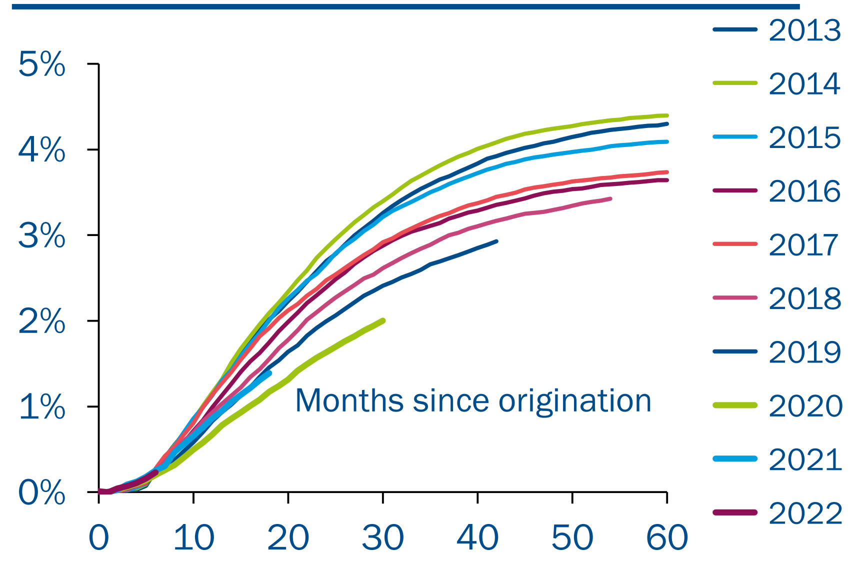
Comments

- Strong loss performance supported by prudent credit risk management and diligent loss mitigation
- Continuous focus on soundness of risk strategies to address increased uncertainty of macro-economic outlook and anticipate potential negative effects
- Implementation of CECL under US GAAP in 2023 drives higher reserves requirements compared to same reporting period in prior year
- The anticipated normalisation of the loss performance after the Covid-19 pandemic is expected to continue in line with mid-term target for the loss rate of ≤1%

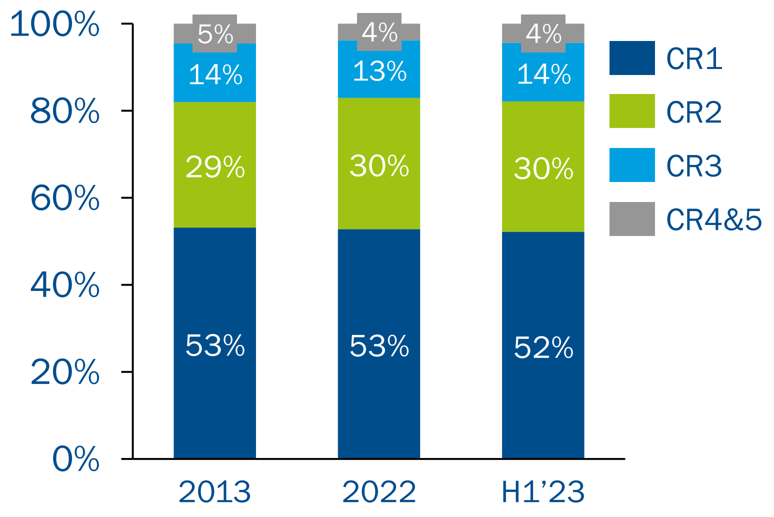
30+ days past due/NPL



Write-off performance[5]



Credit grades[6]

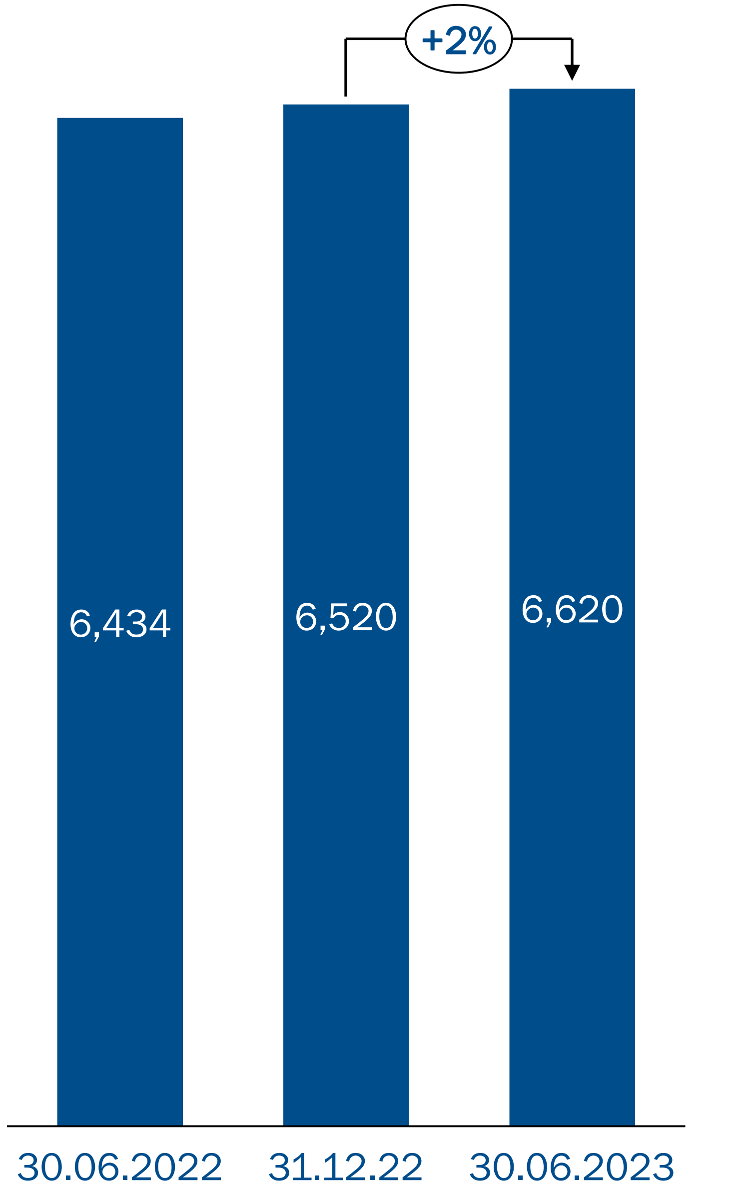


1 Excluding the one-off impact related to synchronisation of write-off and collection procedures | **2** Excluding impact of 8.2m of loan sale in H1'21 | **3** Loss rate is defined as the ratio of provisions for losses on financing receivables to average financing receivables (net of deferred income and before allowance for losses) | **4** Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables | **5** Based on personal loans and auto leases & loans originated by the Bank | **6** Consumer Ratings (CR) reflect associated probabilities of default for material Bank portfolios

H1 2023: Net financing receivables

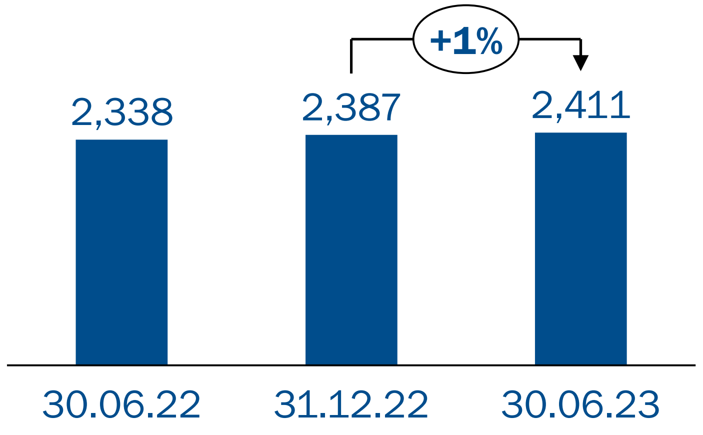
In CHF m

Net financing receivables

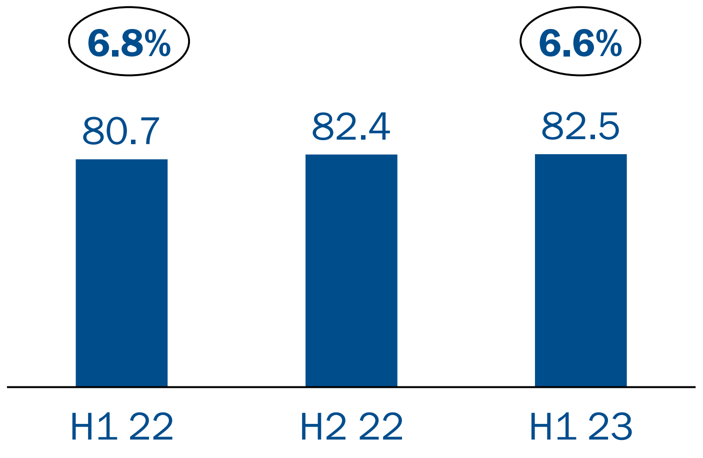


Personal loans

Net financing receivables

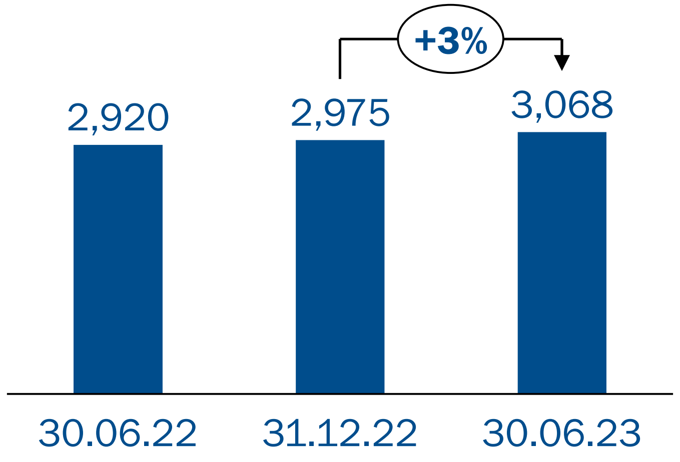


Yield (2pt avg) and interest income

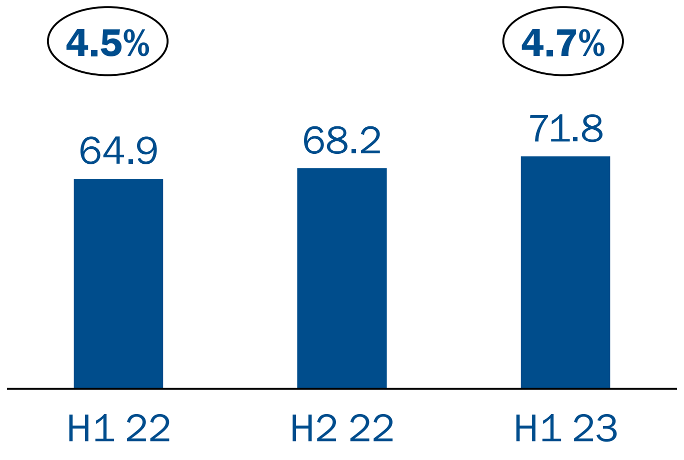


Auto leases and loans

Net financing receivables

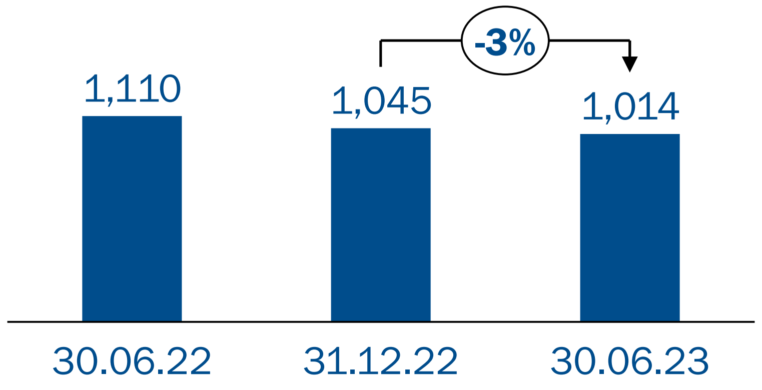


Yield (2pt avg) and interest income

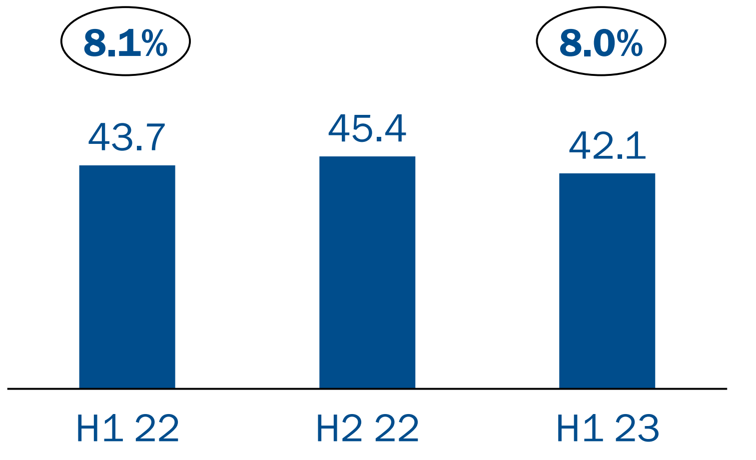


Credit cards

Net financing receivables



Yield (2pt avg) and interest income



H1 2023: Credit cards

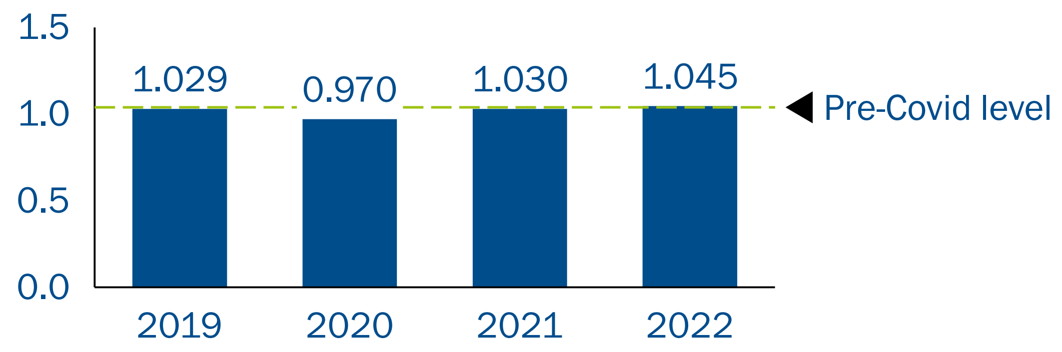
About 60% transition portfolio migrated, in line with expectations

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

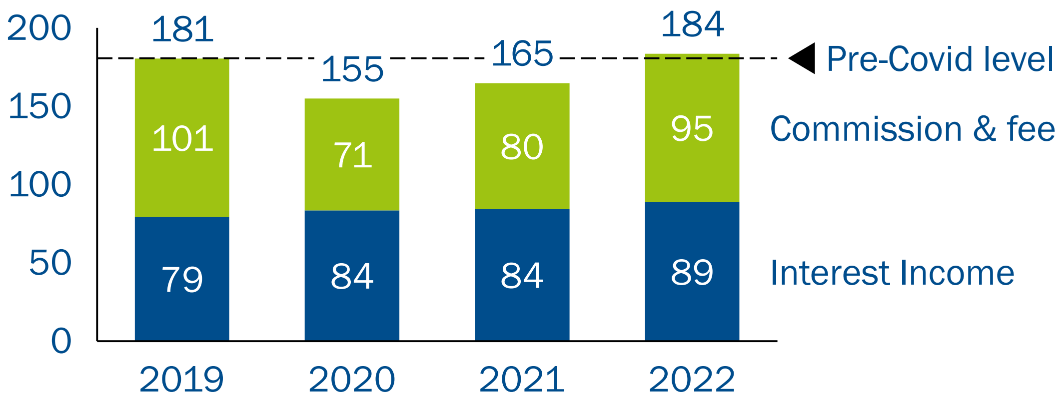
Cards net financing receivables

In CHF bn



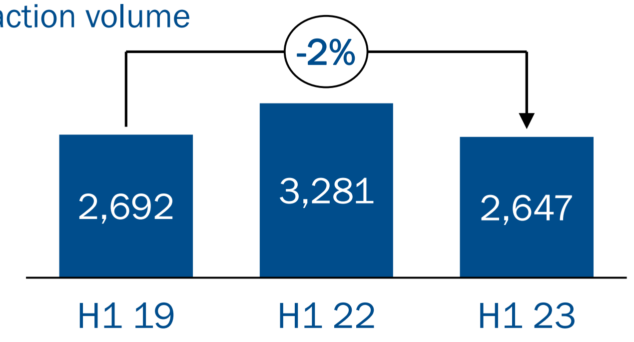
Cards revenues

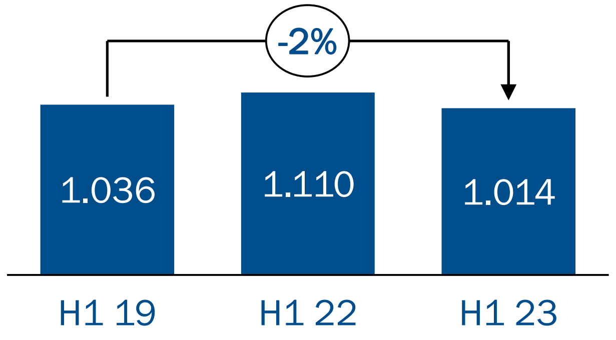
In CHF m

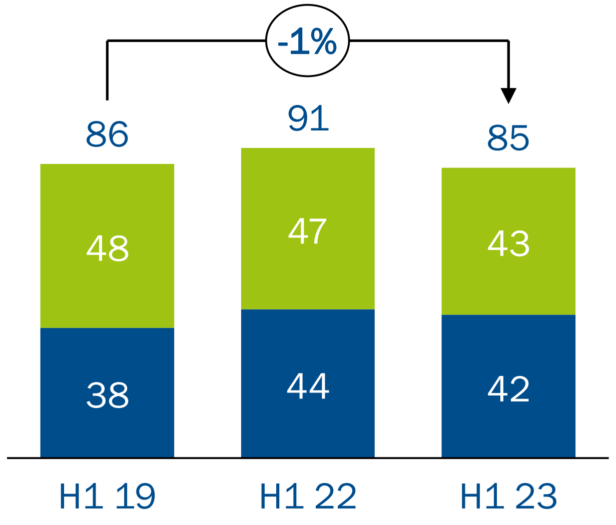


H1-2023 Cards vs 2019 Pre-Covid

Transaction volume





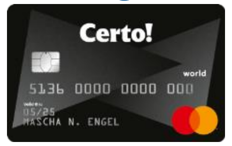


Co-branding and proprietary card offerings

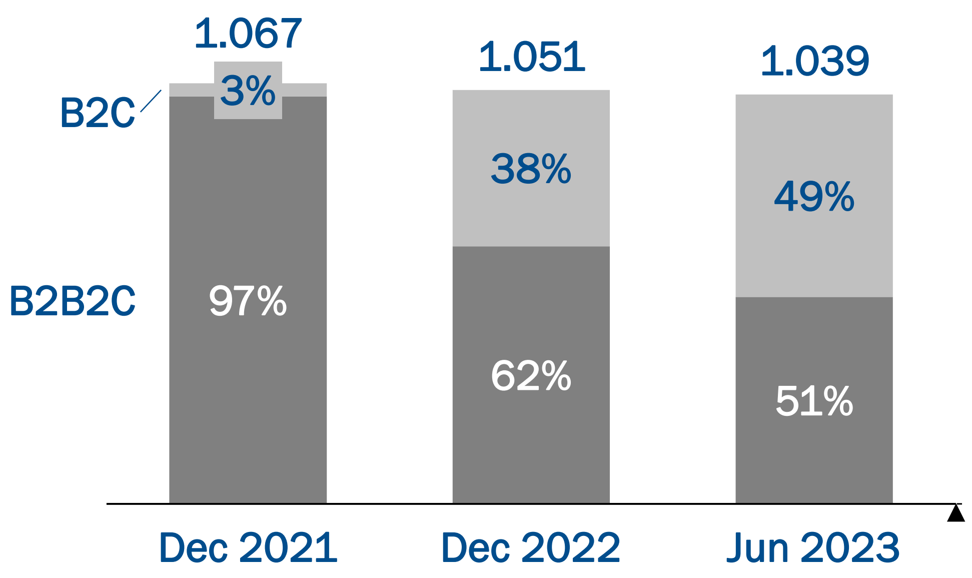
Proprietary credit cards (B2C)[1]

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

B2C migration offer



Cards issued (m)



1 B2C includes Certo! card range and Cembra Mastercard

H1 2023: Balance sheet

In CHF m

Assets		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*
Net financing receivables	2	**6,620**	**6,520**	***2***
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*
Total assets		**7,736**	**7,653**	***1***

Liabilities and equity				
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*
Total liabilities		**6,557**	**6,379**	**3**
Shareholders' equity	4	1,179	1,274	*-8*
Total liabilities and equity		**7,736**	**7,653**	***1***

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)

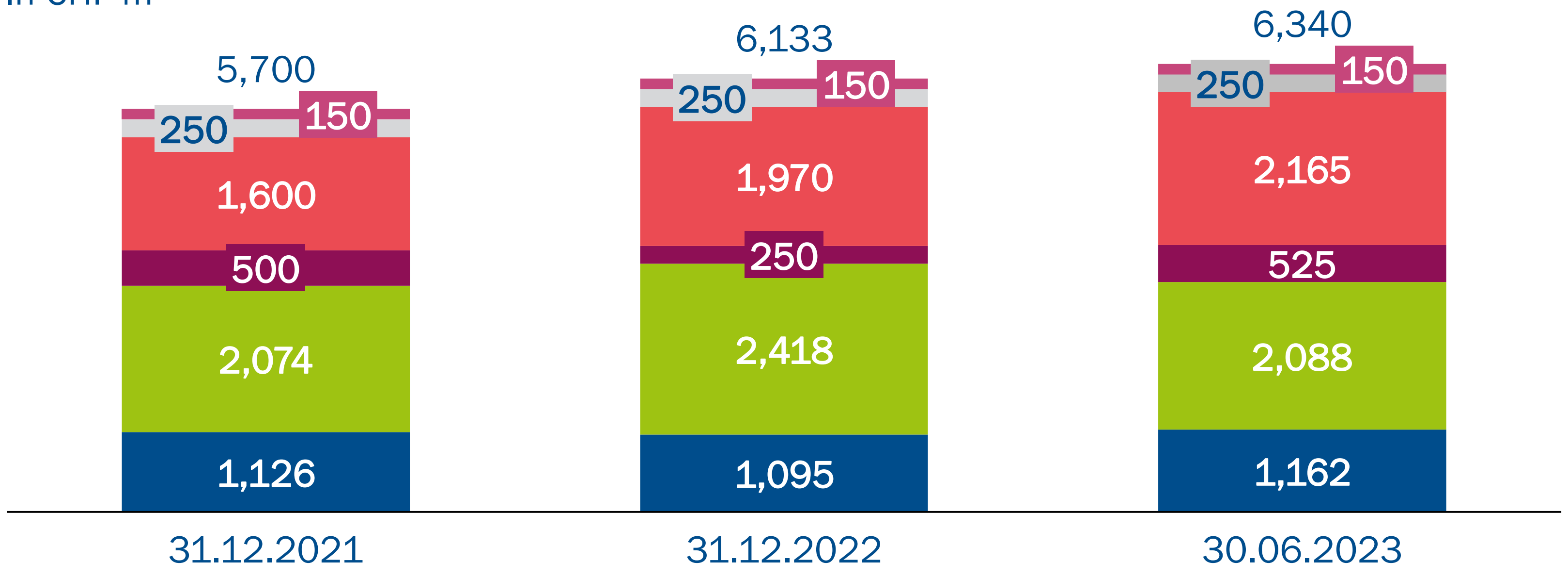
Note: Financing receivables (excl. allowance for losses): Personal loans CHF 2,517m; Auto leases and loans CHF 3,091m, Credit cards CHF 1,038m, BNPL CHF 134m

H1 2023: Funding

Balanced and diversified funding profile

Funding mix

In CHF m[1]



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[2] remaining term (years)	**2.5**	**2.1**	**2.5**
LCR[3]	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%[4]
	Convertible bond	One issuance, remaining term of 3.1 yrs. at a rate of 0%[4]
	Senior unsecured	Eleven outstanding issuances, WA[2] remaining term of 3.6 yrs. WA[2] rate of 1.16%[4]
	ABS	Two issuances, remaining term of 1.9 yrs. WA[2] rate of 1.35%[4]
Deposits – 51%	Institutional term deposits	Diversified portfolio across sectors and maturities; Book of 100+ investors
	Retail term deposits and saving accounts	Circa 15,000 depositors; Fixed-term offerings 2–10 years; Saving accounts are on-demand deposits
Off-BS	Committed revolving credit lines	Four facilities of between CHF 50m and CHF 150m each; WA[2] remaining term of 1.0 yrs., WA[2] rate of 0.23%[4]

Deposits: WA[2] remaining term of 1.8 yrs., WA[2] rate of 1.20%

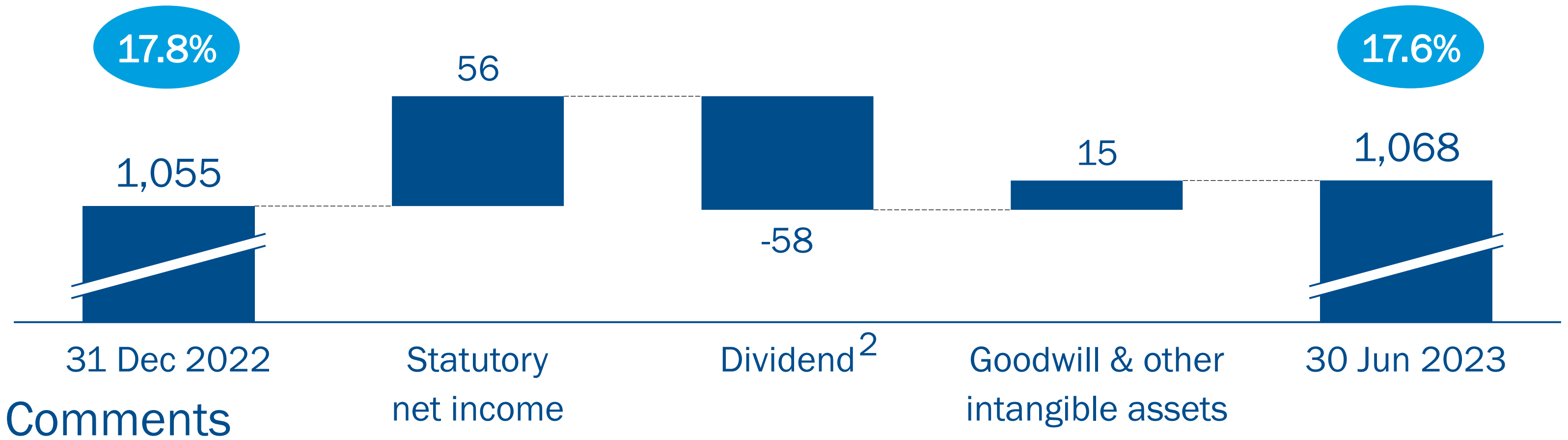
1 Excluding deferred debt issuance costs (US GAAP) | 2 Weighted average | 3 Weighted average of last 3 months of reporting period | 4 Debt issuance costs not included

H1 2023: Capital position

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

Tier 1 capital walk[1]

In CHF m

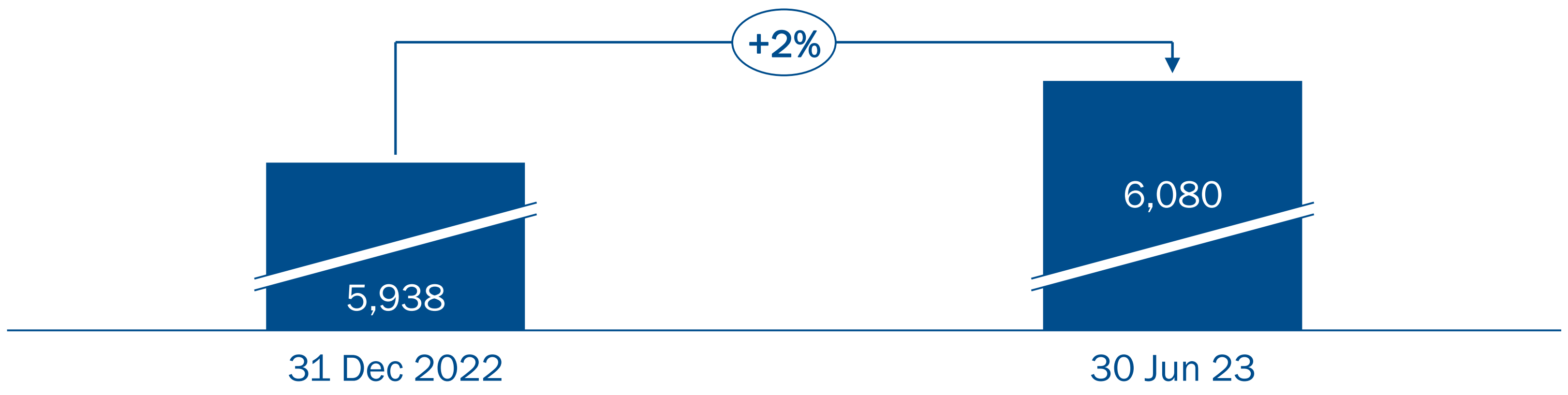


Comments

- Mid-term Tier 1 capital ratio[3] target of 17%
- CET 1 ratio 15.1% as of 30 June 2023 (31 December 2022: 15.2%)
- Temporary exemption from the 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

1 Derived from the Bank's statutory consolidated financial statements | 2 Assumption solely for calculation purposes
3 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

Main differences

	Incurred loss concept	CECL
Probability of default (PD):	Incurred loss period of 12 months for all portfolios except revolving portfolios with an effective life <12months.	PD must cover the maximum contractual period (lifetime) the bank is exposed to credit risk.
Loss given default (LGD):	Based on expected recoveries up to 72 months	Lifetime recovery cash flows are discounted by effective interest rate
Forward-looking:	Allowance for losses represented credit losses for which the loss-causing event had already incurred at the reporting date.	Macroeconomic factors are considered for future loss expectations.

Applying the CECL standard

Past events, including historical experience	Current conditions	Reasonable & supportable forecasts that affect expected credit losses
Historical data/ past information	Behavioural scorecard/ CR Grading	Forward-looking concept/ adjustments to macroeconomic projections

CECL model framework

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	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)	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)
Equity	Recognition through re-tained earnings CHF 54m	N/A
P&L	No day 1 impact Higher reserve require-ments lead to higher P&L impacts of future asset increases/decreases	Adoption led to higher reserves, built up through P&L
Capital metric	N/A	One-off impact on Tier 1 ratio of 0.7pp in 2022

History

Foundation – "Banque commerciale et agricole E. Uldry & Cie" in Fribourg

Launched credit cards through Migros partnership

Launched saving products for retail and institutions

First public Auto ABS in CH

IPO at SIX Swiss Exchange

Launched FNAC cards partnership

eny Finance transaction

Launched IKEA cards partnership

Updated strategy until 2026

Acquisition of Byjuno

1912 | 1997 | 2005 | 2006 | 2008 | 2010 | 2012 | 2013 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022

GE acquired Bank Prokredit and Aufina

Rebranded GE Money Bank

Launched Conforama credit cards partnership

Launched TCS credit cards partnership

Rebranded Cembra Money Bank

Acquisitions of Swissbilling and EFL Autoleasing

Acquisition of cashgate

Launched Certo! card offering after end of Migros partnership

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	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[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	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[1]	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)[2]	1.7	1.9	2.2	2.7	2.3	3.2	3.2	2.0	2.3	2.2

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

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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

22 February 2024	FY 2023 results
14 March 2024	Publication 2023 Annual Report
24 April 2024	Annual General Meeting 2024

Investor conferences, roadshows and calls

14 September 2023	Investora conference, Zurich
18 September 2023	Baader Investment conference, Munich
2 November 2023	ZKB Swiss Equities conference, Zurich
16 November 2023	Credit Suisse Swiss Equities conference, Zurich

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