



# Cembra Money Bank AG

Zurich, Switzerland

**CHF 220,000,000**

**3.1125% Bonds 2022-2027**

(with reopening clause)

This prospectus (the “**Prospectus**”) relates to an offering (the “**Offering**”) of 3.1125 per cent senior bonds due on 28 April 2027 (the “**Bonds**”, and each a “**Bond**”) to be issued by Cembra Money Bank AG, Bändliweg 20, 8048 Zurich, Switzerland (the “**Company**” or the “**Issuer**” and, together with its Subsidiaries (as defined in the Terms of the Bonds), the “**Issuer's Group**” or the “**Group**”) in the aggregate principal amount of Swiss francs (“**CHF**”) 220,000,000.00, to be issued on or around 28 October 2022. The Bonds will bear interests from 28 October 2022 at 3.1125% *per annum*, payable annually in arrears on 28 April, for the first time on 28 April 2023. See terms and conditions of the Bonds set out in “Terms of the Bonds” (the “**Terms of the Bonds**”).

An investment in the Bonds will involve certain risks, include the risk that holders of the Bonds (the “**Holders**”) will lose parts of or their entire investment in the Bonds. For a discussion of certain risks that potential investors should carefully consider before deciding to invest in any Bonds, see “Material Risks”.

It is expected that the Bonds will be provisionally admitted to trading on the SIX Swiss Exchange as of 27 October 2022. Application will be made for definitive admission to trading and listing of the Bonds on the SIX Swiss Exchange as soon as practicable thereafter and (if granted) will only be granted after the Issue Date. The last trading day for the Bonds on the SIX Swiss Exchange is expected to be 26 April 2027.

Capitalised terms used but not defined below have the meanings assigned to such terms in Terms of the Bonds or elsewhere in this Prospectus.

## *Joint Lead Managers*

Zürcher Kantonalbank

Credit Suisse

Deutsche Bank Aktiengesellschaft, acting through  
Deutsche Bank AG Zurich Branch

Bonds

Swiss Security No.:  
120'636'755

ISIN:  
CH1206367554

Common Code:  
254977560

Prospectus dated 26 October 2022

This Prospectus has been approved by SIX Exchange Regulation Ltd (the “**Swiss Review Body**”) in its capacity as review body pursuant to article 52 of the Swiss Financial Services Act (the “**FinSA**”) on \_\_\_\_\_.  
The Issuer was relying on an exemption pursuant to article 51 para. 2 FinSA. This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as per the date of approval by any Swiss review body (*Prüfstelle*) pursuant to article 52 FinSA.

## IMPORTANT INFORMATION

**This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as per the date of the approval by the Swiss Review Body. Consequently, neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Bonds is correct as of any time subsequent the date indicated in the document containing the same.**

Prospective Holders are expressly advised that an investment in the Bonds entails financial risks (including, without limitation, the risks that (a) there is no prior market for the Bonds and no active trading market may develop, and that (b) the Bond prices may be volatile). Prospective Holders should therefore carefully review the entire content of this Prospectus. For a description of certain further risks see “Material Risks”.

The distribution of this Prospectus and the offering or sale of the Bonds in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus may come are required by the Issuer and the Managers to inform themselves about and to observe such restrictions.

This Prospectus may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. In making an investment decision, prospective Holders must rely on their own examination of the Issuer and the terms and conditions of the Offering, including the merits and risks involved. Prospective Holders should not construe anything in this Prospectus as legal, business or tax advice. Each prospective Holder should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Bonds under applicable laws and regulations.

Further, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

No dealer, salesman or any other person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or the Managers. The Managers have not verified the information contained herein. No representation or warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers or any of their affiliates or advisors or selling agents as to the accuracy or completeness of any information contained in this Prospectus and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers or any of their affiliates or advisors or selling agents as to the past or the future. This Prospectus has been prepared by the Issuer solely for use in connection with the Offering and for the admission to trading and listing of the Bonds on the SIX Swiss Exchange. The Issuer has not authorized the use of this Prospectus for any other purpose.

The Managers and certain of their respective affiliates have provided, and/or may provide in the future, investment banking, commercial banking, advisory and other financial services for the Issuer and its respective affiliates in the ordinary course of business for which it has received and will receive customary fees and reimbursement of expenses.

Neither the delivery of this Prospectus nor any sale of Bonds shall under any circumstances create any implication that there has been no change in the information contained herein or in the affairs of the Issuer since the date hereof.

All references in this document to “Swiss francs” and “CHF” are to the lawful currency of Switzerland.

An investment in the Bonds will involve certain risks, including the risk that holders of the Bonds (the “Holders”) will lose parts of or their entire investment in the Bonds. For a discussion of certain risks that potential investors should carefully consider before deciding to invest in any Bonds, see “Material Risks”.

## SUMMARY

This summary should be read as an introduction to this Prospectus and constitutes a summary within the meaning of article 40 para. 3 and article 43 FinSA. Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole, including any documents incorporated by reference into this Prospectus, and not only this summary. This summary is therefore subject to, and to be read in conjunction with, the remaining information in this Prospectus.

Potential investors in the Bonds should be aware that liability under article 69 FinSA for any inaccurate or misleading information or information furnished in violation of statutory requirements contained in this summary is limited to any such information that is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

### Information on the Issuer

Company name and registered office Cembra Money Bank AG, Bändliweg 20, 8048 Zurich, Switzerland.

For more information on the Issuer and its business, see “*Information about the Issuer and the Group*”.

Legal form The Issuer is a corporation limited by shares (*Aktiengesellschaft*) according to the Swiss Code of Obligations (art. 620 et seqq. CO), registered under the register number CHE-115.295.655 in the Commercial Register of the Canton of Zurich.

Legal Entity Identifier (LEI) 549300ZDHOETLAIVTE82

Issuer’s auditors KPMG AG, Räfelstrasse 28, 8045 Zurich, Switzerland.

### Information on the Terms of the Bonds

*The following is a summary of the key terms of the Bonds. The summary is not exhaustive and potential investors should carefully read the terms and conditions of the Bonds as set out in “Terms of the Bonds”.*

Description and nature of the Bonds CHF 220,000,000 unsecured senior bonds.

Interest rate 3.1125 per cent, payable annually in arrears on 28 April each year, commencing on 28 October 2022.

Duration 4.5 years.

Issue Date 28 October 2022

Maturity Date 28 April 2027, redemption at par.

Early redemption At the Issuer's option in whole, but not in part, at par of the Aggregate Principal Amount plus accrued interest, if any, if 85% of the initial Aggregate Principal Amount of the Bonds has been redeemed or purchased and cancelled at such time in accordance with the Terms of the Bonds.

Covenants *Pari passu* clause, cross-default clause, negative pledge clause as further described in the Terms of the Bonds.

Denomination	CHF 5,000 nominal.
Form of the Bonds	Uncertificated securities ( <i>Wertrechte</i> ) in accordance with article 973c CO and issued as intermediated securities ( <i>Bucheffekten</i> ) within the meaning of the Swiss Intermediated Securities Act. The delivery of individually certificated securities ( <i>Wertpapiere</i> ) is excluded.
Reopening	The Issuer reserves the right to reopen this issue of Bonds at any time.
Swiss Security No. / ISIN / Common Code	120'636'755 / CH1206367554 / 254977560.
Swiss Withholding Tax	Interest payments on the Bonds are subject to Swiss withholding tax of currently 35%. For further information, please refer to "Taxation".
Governing law / jurisdiction	Swiss law / courts of the City of Zurich.
Rating of the Issuer / Bonds	Issuer: A- by S&P / Bonds: A- by S&P.

#### **Information on the Offering and Admission to Trading and Listing**

Offering	Public offering in Switzerland and private placements outside of Switzerland and the United States of America in reliance on Regulation S under the U.S. Securities Act of 1933, as amended (the " <b>Securities Act</b> "), in each case in compliance with applicable laws and regulations. See also "Selling Restrictions".
Issue price	100.000%.
Listing	The Bonds will be provisionally admitted to trading SIX Swiss Exchange with effect from 27 October 2022. Application will be made for the Bonds to be listed on SIX Swiss Exchange in accordance with the standard for Bonds of the SIX Swiss Exchange. The last day of trading is expected to be on 26 April 2027.
Transferability / tradability	No restrictions.
Governing law and jurisdiction	Swiss law / Zurich.
Selling restrictions	In particular U.S.A., EEA and UK. For a more complete description of restrictions on offers, sales and transfers, see "Selling Restrictions".
Joint Lead Managers / Managers	Zürcher Kantonalbank, Credit Suisse, Deutsche Bank Aktiengesellschaft, acting through Deutsche Bank AG Zurich Branch.
Paying Agent	Zürcher Kantonalbank.

## Information on the Prospectus Approval

Swiss Review Body

SIX Exchange Regulation AG.

Prospectus date and approval

This Prospectus is dated 26 October 2022 and was approved by SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 FinSA on the date specified on the front page of this Prospectus.

**This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as per the date of the approval by the Swiss Review Body.**

## SELLING RESTRICTIONS

### General

No action has been or will be taken in any jurisdiction other than Switzerland by the Issuer or the Managers that would or is intended to permit a public offering of the Bonds, or possession or distribution of any offering material in relation thereto, in or from any country or jurisdiction where action for that purpose is required. In addition to the specific selling restrictions set out below, each Manager undertakes to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases or from which it offers, sells or delivers the Bonds or has in its possession or distributes any offering material in respect of the Bonds.

Neither the Company nor any of the Managers has represented that the Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution or possession of this Prospectus (in preliminary proof or final form) and the Offering, sale, purchase or delivery of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Company and the Managers to inform themselves about and to observe any such restrictions, in all cases at their own expense.

This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction (other than Switzerland) that would permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.

### United States of America and United States Persons

- A) The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act).

The Managers have not offered or sold, and will not offer or sell any Bonds constituting part of their allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act (“**Regulation S**”). Accordingly, none of the Issuer, the Managers and their affiliates nor any person acting on their behalf has engaged or will engage in any selling efforts directed to the United States with respect to the Bonds.

Terms used in this paragraph A) have the meanings given to them by Regulation S.

- B) The Managers have not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds, except with their affiliates or with the prior written consent of the Issuer.

### United Kingdom

Each Manager represented and agreed that: (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA would not, if the Company was not an authorised person, apply to the Company.

### European Economic Area and United Kingdom

For the purpose of this section, all references to Regulations and Directives include, in relation to the United Kingdom, those Regulations or Directives as they form part of the domestic law of the United Kingdom by

virtue of the European Union (Withdrawal) Act 2018 or have been implemented in the domestic law of the United Kingdom, as appropriate.

In relation to each Member State of the European Economic Area (each, a “**Member State**”) and the United Kingdom, each Manager has represented and agreed that it has not made and will not make an offer of Bonds which are the subject of the Offering contemplated by this Prospectus to the public in that Member State or the United Kingdom except that it may make an offer to the public in that Member State or the United Kingdom:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any circumstances falling within Article 1(4) of the Prospectus Regulation.

provided that no such offer of Bonds referred to in lit. (a) to (c) shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.



## FORWARD-LOOKING STATEMENTS

This Prospectus contains various forward-looking statements, including statements of future financial and operational developments and results as well as other projections and statements that are forward-looking or contain subjective assessments, regarding the intent, belief or current expectations of the Company or its management, that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented herein. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and/or depend on circumstances that may or may not occur in the future.

The words “believe”, “anticipate”, “plan”, “expect”, “project”, “estimate”, “predict”, “intend”, “target”, “assume”, “may”, “could”, “will” and similar expressions are intended to identify such forward-looking statements and subjective assessments. Such statements are made on the basis of assumptions, estimates and expectations that the Company believes to be reasonable at this time, but may prove to be erroneous or unfounded in the future. The risks and uncertainties facing the Company that could affect the future accuracy of these forward-looking statements include, but are not limited to, the factors discussed under “Material Risks” and elsewhere.

Should any of these risks or uncertainties materialise, or should any underlying assumption prove to be incorrect, actual outcomes may vary materially from those indicated in the forward-looking statements. Prospective investors should therefore not rely on any of these forward-looking statements, which speak only as at the date of this Prospectus. In addition, even if the Group’s results of operations, financial condition and liquidity, the development of the industry in which it operates and the effect of acquisitions on it are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Other than in accordance with the ad hoc publicity rules of the SIX Swiss Exchange, the Issuer assumes no obligation to update such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements.

## NOTICE TO INVESTORS

This Prospectus has been prepared by the Issuer for the purpose of making offers and sales of Bonds outside the United States to non-U.S. persons in reliance on Regulation S. Each investor will be deemed to have represented and agreed that such investor understands that the Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or in a transaction that is exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them in Regulation S.

This Prospectus shall be read and construed on the basis that the annexes hereto are deemed to be incorporated in, and to form part of this Prospectus.

The financial institutions involved in the issuance and Offering are banks, which directly or indirectly have participated, or may participate, in financing transactions or other banking business with the Issuer, which are not disclosed herein.

Investors are advised to familiarise themselves with the entire content of this Prospectus.

### **MiFID II product governance / Retail investors, professional investors and ECPs target market**

Solely for the purposes of the product approval process of any entity which is a manufacturer in relation to the Bonds (pursuant to MiFID II product governance rules), the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties, professional clients and retail clients each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Bonds to retail clients are appropriate - investment advice, portfolio management, non-advised sales and pure execution services - subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.

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## MATERIAL RISKS

*Prospective investors should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information contained in this Prospectus, including, in particular, the specific risk factors set out below, before making an investment decision with respect to the Bonds. The risks described below may not be the only risks to which the Company, the Group and/or the Holders are exposed. Additional risks not presently known or currently deemed immaterial, may also impair the business, results of operations and financial condition of the Company or the Group and/or the Company's ability to fulfil its obligations under the Bonds. The realisation of one or more of these risks could individually or together with other circumstances adversely affect the business, results of operations and financial condition of the Issuer or the Group. In addition, each of the risks set out below could adversely affect the trading price of the Bonds and Holders may lose part or all of their investment.*

*Investment decisions should not be made solely on the basis of the risk warnings set out in this Prospectus since such information cannot serve as a substitute for individual advice and information which is tailored to the requirements, objectives, experience, knowledge and circumstances of each prospective investor individually.*

*Only prospective investors who are fully aware of the risks associated with the investment in the Bonds and who are financially able to bear any losses that may arise, should consider engaging in transactions of this type.*

*The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence and their importance.*

### **Material Risks Related to the Company, to the Group and to the Industry**

#### **Competition in the financial services industry is intense and increasing competition may adversely affect the Group's business**

The industry in which the Group operates is highly competitive and the competitive conditions are expected to continue. The Group's ability to compete depends on many factors, including its reputation, the product offering and quality of its services, product innovation, execution ability, pricing, sales efforts, and the talent of its employees.

In particular, the Group competes with consumer financial services businesses of a number of large international financial institutions as well as with established local and regional competitors based in Switzerland. Many of its competitors are part of larger financial services groups and may therefore have greater access to capital, financial or other resources than the Group. Furthermore, competition might lead to pressure on financial margins.

In addition, there has been some consolidation in the financial services industry in the past and there may be more in the future. If competitors consolidate, the combined businesses may gain economies of scale and develop new products. As a result, they may be able to compete more effectively on the basis of product offerings and price.

The competition the Group faces in respect of a particular product may depend on the level of sophistication that customers have reached. In respect of many products, customers are becoming more demanding and sophisticated in their needs. To the extent the Group is not in a position to satisfy all customers' needs, it is exposed to the risk that competitors may be more successful in attracting and retaining customers, growing their service offerings and, consequently, improving their business, results of operations, financial condition, and/or prospects.

To the extent that the Group does not successfully compete in terms of the development of its customer base, product offering, pricing, performance, distribution channels or service, its business, results of operations, financial condition and/or prospects may be adversely affected as a result.

In the recent years, several new market entrants or existing competitors launched new credit cards or digital and other technology based payment tools with credit features which may substitute conventional credit cards. Some of these competitors may be able to offer services or credit at significantly lower cost than the Group currently does. This may force the Group to lower its fees and/or adapt its products, services or distribution channels in order to retain its customers. If the Group is unable to adequately address these challenges, this could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

**The Group's business is focused on providing credit products principally to individuals and to small businesses**

The Group's revenue is derived almost entirely from the provision of credit products (and insurance sold with those products) to individuals and small businesses in Switzerland. The demand for, and profitability of, the credit products the Group offers may be reduced due to a variety of factors, such as demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that, among other things affect the pricing of, and/or decrease customer access to, or demand for, particular products or the availability of competing products. A significant reduction in the demand for, or the profitability of, such products could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's business is exposed to adverse competitive, economic, political, regulatory or market changes in Switzerland. Such changes could have an influence on the demand for the Group's credit products and their pricing. Moreover, being based almost entirely in Switzerland, the Group's business is subject to greater geographic concentration risks than some of its competitors.

**The Group operates in an industry that is highly regulated and may be adversely affected by legal or regulatory risks and reputational implications from the legal and regulatory environment**

In recent years, there has been increased regulation of the financial services industry in Switzerland that has imposed substantial new or more stringent regulations in different areas such as internal practices, capital requirements, procedures and controls, know your customer rules, disclosure requirements, financial reporting, corporate governance, auditor independence, equity compensation plans, distribution fees and money laundering.

Changes in legislation affecting the Group's business, such as the lowering of maximum annual interest rates chargeable on consumer credit products, could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, the Group is regulated by FINMA and holds a Swiss banking licence that is essential for its continuing operation. In case of non-compliance with regulatory requirements, FINMA may impose enforcement actions, such as reprimand, disgorgement of profits and injunctive relief. Such non-compliance with regulatory requirements may ultimately result in the revocation of the Company's banking licence or other enforcement or insolvency measures being applied.

In addition, non-compliance with banking regulations, including in particular the new or more stringent regulation described above, such as with regards to operational and other risks, money laundering, know your customer rules, etc. may further result in fines and criminal sanctions and may harm the Group's reputation.

### **Swiss consumer protection laws may have an adverse effect on the Group's business**

The Group's business is affected by Swiss consumer protection laws, including the Consumer Credit Act of 23 March 2001, as amended (the "CCA"). The CCA, among other things, sets the maximum effective annual interest rate that may be charged on consumer credit products, specifies information that must be included in a consumer credit agreement and requires the Group to perform a credit capacity check on consumers prior to entering into a credit agreement with them that falls within the scope of CCA.

As of 1 July 2016, the Federal Council lowered the maximum effective annual interest rates that may be charged on consumer credit products from 15% to 10% for cash credits and 12% for credit cards overdrafts. If defined mitigation measures fail to be proven effective and/or if the Federal Council were to further lower these rates, it could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The CCA requirements are subject to interpretation giving courts a considerable discretion in their interpretation. For example, if any court were to find that the Group violated the applicable credit capacity check requirements with respect to any consumer credit product, the Group would not be entitled to any past due or future payments of interest and fees under the credit agreement and it cannot be excluded that such court could find that the Group must repay to the customer all interest and fees already paid thereunder. However, the consumer would remain obliged to repay the original credit amount extended. If the court were to find that there had been a severe violation of the credit capacity check requirements, the customer would not be required to repay the Group for the original credit amount extended and could require the Group to repay all past payments already made under the credit agreement.

The content and form of the information required to be included in a consumer credit agreement under the CCA varies depending on the type of consumer credit product being offered. Even if a consumer credit agreement of the Group fulfils the information requirements of the CCA as to content, it may not necessarily fulfil the information requirements as to form. If a consumer credit agreement does not fully satisfy the applicable CCA information requirements (whether as to content or form), such credit agreement is void. In such a case, the Group would not be entitled to any past due or future payments of interest and fees under the credit agreement and the customer could demand the Group to repay all interest and fees already paid thereunder. However, the customer would remain obliged to repay to the Group the original credit amount extended following the repayment obligations set forth in the consumer credit agreement or in monthly instalments in accordance with the CCA.

Failure to conduct the required credit capacity check or breach of information requirements with respect to a significant volume of the Group's consumer credit agreements could have an adverse effect on the Group's reputation, business, results of operations, financial condition and/or prospects.

### **The Group may fail to adequately maintain and protect customer information**

The Group collects and processes sensitive personal data (including names, addresses, age and other personal data) from its customers and employees as part of the operation of its business and therefore must comply with relevant data protection and privacy laws as well as the Swiss Banking Act, and industry standards. The Group makes use of services of various third party providers in Switzerland and abroad. The Group must comply with all applicable FINMA circulars and data protection and privacy laws in case it outsources any activities. If the Group or any of its service providers in relation to outsourced activities were to violate any regulation applicable to the Group, the Group may be subject to regulatory sanctions, including the revocation or limitation of the Company's banking licence and/or civil or criminal sanctions for violation of banking secrecy and data protection laws.

**The Group is exposed to operational risks and relies on information technology systems and is exposed to the failure of such systems, associated back-up facilities or cyber-security risks**

The Group is exposed to operational risks, i.e., the risk of loss resulting from inadequate or failed internal processes, people, systems, external events or fraud. The Group is exposed to the risk of unexpected losses from such events, caused, e.g., by faulty information systems, unsuitable organizational structures or deficient control systems.

In particular, the Group's business is highly dependent on its information technology systems and those of key service providers and is exposed to any failure of, or interruption to, such systems. Risks arise from errors made in the automated underwriting and credit scoring systems or the confirmation or settlement of transactions or from the improper recording or accounting of transactions. On the market, the number of cyber-attacks increased, and such attacks are more sophisticated in the recent years. Although the Group is continuously implementing tools and processes to manage this growing risk, it may not be excluded that the Group will become the target of such cyber-attacks in the future.

The Group relies heavily on financial, accounting and other data processing systems. If any of these do not function properly or are the subject of a cyber-attack, it could suffer financial loss, business disruption, customer liability, regulatory intervention or damage to its reputation. Although the Group has back-up systems and business continuity measures in place, it cannot be certain that these systems will not fail or will be adequate if needed.

The Group's business depends in particular on the ability to process a large number of transactions efficiently and accurately. Losses can result from inadequate personnel, inadequate or failed internal processes and systems, or from external events that interrupt normal business operations.

The services the Group provides involve the storage and transmission of customers' information. The Group's information technology systems and network infrastructure, or those of third party service providers or its credit card and online affiliate partners, may be exposed to physical damage or cyber-attacks. The Group's customers may be exposed to cyber-attacks resulting in leakage of personal data which may in turn result in fraudulent transactions, with the Group generally bearing the risk of loss in such cases. Such attacks could result in material financial loss, regulatory actions, breach of customer contracts, reputational harm or legal liability, which, in turn, could adversely affect the Group's business, results of operations, financial condition, and/or prospects.

Any security breach, such as a cyber- attack, a malware, or an internal problem with information protection, such as failure to control access to sensitive systems, could impact availability, integrity, confidentiality of data and materially interrupt the Group's business operations or cause compromise of sensitive or confidential information. Such a failure could result in material financial loss, regulatory actions, breach of customer contracts, reputational harm or legal liability, which, in turn, could adversely affect the Group's business, results of operations, financial condition, and/or prospects.

**The Group operates in an industry characterised by continued improvements in operational and information technology infrastructure**

The financial services industry is characterised by continued improvements in operational and information technology infrastructure, including changes in use and customer requirements and preferences, frequent product and service introductions employing new technologies, and the emergence of new industry standards and practices that could render the Group's existing technology infrastructure obsolete or less effective.

There can be no assurance that the Group will be able to anticipate and respond as quickly and in a cost-effective manner to the demand for new services and technologies, and to adapt its infrastructure to technological advancements and changing standards, especially with increasing adoption of technology by consumers in the

pandemic era. Failure to do so could adversely affect the Group's business, results of operations, financial condition, and/or prospects.

**The Group is exposed to reputational risks related to its operations, third parties and the financial services industry as a whole**

The Group is exposed to the risk that threatened or actual legal proceedings, misconduct, operational failures, negative publicity and press speculation, whether or not valid, may harm its reputation and create disproportionate negative media coverage of it or some or all of its employees, directors, credit card or online affiliate partners, auto dealers or independent agents. The Group's reputation could also be adversely affected, for instance, if its products fail to meet customers' expectations. Negative publicity resulting from legal proceedings could also result from failure in the Group's information technology systems, loss or theft of customer data or confidential information, failure in its risk management or internal control procedures, failure or alleged failure in the Group's obligations, failure of its products to comply with regulatory requirements, or fraud or misconduct committed by customers or one of its employees, directors, credit card or online affiliate partners, auto dealers or independent agents.

The Group is also exposed to adverse publicity or speculation relating to the financial services industry as a whole. Financial scandals unrelated to it or questionable ethical conduct by a competitor may taint the reputation of the financial services industry as a whole or specific financial products also offered by the Group, and affect the perception of investors, public opinion and the attitude of regulators.

Any damage to its reputation, or to the reputation of the financial services industry, could cause existing customers to withdraw from doing business with, and lead potential customers to be reluctant to do business with, the Group. Any resulting damage to the Group's reputation could cause disproportionate damage to its business regardless of whether the negative publicity or speculation is factually accurate. Negative publicity may result also in greater regulatory scrutiny or in negative influences on the perception of the Company by rating agencies. In some circumstances, negative publicity may result in a gradual increase in the Group's cost of funding as it refinances its indebtedness.

Any of these negative effects could adversely affect the Group's reputation, business, results of operations, financial condition, and/or prospects.

**The Group may be subject to litigation, regulatory and other sanctions and harm to its reputation as a result of employee, independent agent or auto dealer misconduct or errors that are difficult to detect and deter**

The Group is exposed to risk of fraud and misconduct by its employees, independent agents and auto dealers. There have been a number of highly publicised cases involving fraud or other misconduct by employees of financial services firms in the past. The Group's employees could execute transactions that exceed authorised limits or commit the Group to unacceptable risks or divert funds from the Group. In addition, the Group's employees, independent agents or auto dealers could use information about the Group, confidential customer information or other confidential information provided by third parties to the Group for personal or other improper purposes, as well as misrepresent or conceal improper activities from the Group. Employee, independent agent and auto dealer errors expose the Group to the risk of material losses, in particular if errors are not detected promptly and/or the related transactions cannot be reversed without adverse consequences. Such errors may be more likely to occur if the Group expands its business to new products and new technological systems.

Misconduct by any of the Group's employees, former employees, independent agents or auto dealers could subject it to financial losses or regulatory sanctions and seriously harm its reputation. It may not be possible to



deter or detect such misconduct and the precautions the Group takes to prevent and detect this activity may not be effective in all cases.

The Group's employees, independent agents and auto dealers may also commit errors or take actions that could subject the Group to financial claims for negligence or otherwise, as well as regulatory actions. Such errors or actions could result in unforeseen business risk, losses, and regulatory and other sanctions, could seriously damage the Group's reputation and expose it to litigation, including financial losses resulting from the need to reimburse customers or business partners or as a result of fines or other regulatory sanctions. Any delinquencies or trading errors on the part of any of the Group's employees, independent agents and auto dealers could, therefore, have an adverse effect on its reputation, business, results of operations, financial condition and/or prospects.

The current legal regime in Switzerland does not provide for class actions or similar collective claims in principle. Collective claims facilitate to claim damages and are in particular less expensive for claimants. The Swiss law regime currently in force requires that each individual who suffered a damage raises a claim. However, in 2018, the Federal Council proposed amendments to the Swiss Civil Procedure Code that introduce collective claims. As the amendments regarding collective claims were highly controversial, the Federal Council decided to carve-out this part from the amendments and to debate it separately. If adopted, the Group may be exposed to novel claims and/or claims with higher amounts. These claims could therefore have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

**The Group is exposed to the risk of fraudulent behaviour of customers, depositors, merchants, auto dealers, independent agents, credit card partners, online affiliate partners, suppliers and others**

The Group is exposed to the risk that customers, depositors, merchants, auto dealers, independent agents, credit card partners, online affiliate partners, suppliers and others with which it deals will behave fraudulently. The Group diligently seeks to manage this risk and takes steps to detect any such fraud wherever possible. However, the Group may not detect all such fraudulent activity, and, even where it does, may not be able to prevent or recover losses incurred. Significant or regular fraudulent activity may have an adverse effect on the Group's business, results of operations, financial condition, and/or prospects.

**The Group's business depends on the accuracy and completeness of information about existing customers and applicants**

In deciding whether to approve loans or to enter into other transactions with existing customers or applicants, the Group must rely on information and documentation furnished to it by or on behalf of the existing customer or applicant (for example by auto dealers or independent agents), including financial information. The Group may also rely on representations of existing customers and applicants, auto dealers or independent agents as to the accuracy and completeness of that information and/or documentation. If any of this information and/or documentation is inaccurate (whether intentionally or otherwise) and such inaccuracy is not detected prior to the Group advancing funds or granting auto leases, the value of the personal loan, auto lease and loan, credit card or any other receivable may be significantly lower than expected. Whether an inaccurate statement is made, or inaccurate document is produced, by the existing customer, applicant, auto dealer or independent agent, the Group generally bears the risk of loss associated with the inaccuracy. The Group's controls and processes may not have detected or may not detect all inaccurate information and/or documentation provided by or on behalf of its existing customers and applicants. Any such inaccurate information and/or documentation could adversely affect the Group's business, results of operations, financial condition and/or prospects.

**The Group's business is dependent on its relationships with credit card partners, auto dealers and merchants, independent agents and online affiliate partners**

The Group has a number of key business relationships, such as with Conforama, Touring Club Schweiz, FNAC, LIPO, IKEA and SPAR for its credit card business. The credit card partnership with Migros was terminated as of June 2022. As announced in July 2022, the Group launched a range of successor products (Certo!) for the holders of the Cumulus credit cards as well as potential new customers.

In addition, the Group has arrangements with auto dealers, independent agents, online affiliate partners and suppliers. Failure by these third parties to continue to generate business, or a failure by the Group to maintain these, or establish new relationships, could have an adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

**The Group could be exposed to adverse changes in tax laws or practice**

Future changes in tax laws, e.g. following international tax developments of the Organisation for Economic Cooperation and Development or changes in the application of tax rules e.g. in the area of transfer pricing, could result in additional taxes. In addition, The Group may become subject to tax audits which could cause the amount of our tax payable to increase materially and may result in penalties or interest.

**The Group is exposed to adverse changes in general economic, political and market conditions, pandemics and natural disasters**

In addition to the risks specific to the offering of financial services in which the Group is engaged, its business is also exposed to general downturns in economic, political and market conditions, pandemics and natural disasters. Any such change or event may have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. The Group's financial performance is particularly subject to a reduction in the overall consumer consumption caused by the materialization of any such event. The Group may not exclude that, to the extent it relies directly or indirectly on a third party for a service, it may face a disruption of such services, which may impact its performance. Disruptive events might be unpredictable for the Group.

In recent years, financial markets have been adversely affected, including by the global financial crisis and recession, the European sovereign debt crisis, sovereign credit rating downgrades, acts of terrorism, the COVID-19 pandemic, wars and natural disasters and there is a significant risk that similar disruptions will recur in the future.

The impact of the COVID-19 pandemic on financial markets and global supply chains and the forced closures of many businesses has had a direct impact on the Group's business. The mid- and long-term impact of the COVID-19 pandemic on the economy and the business of the Group may currently not be foreseen and could have an adverse effect on the Group's business in the future.

Uncertain political or economic prospects such as the current war in Ukraine with consequent increase of energy prices and higher inflation may result in a decline in the use of products offered by the Group. In addition, the Group may experience events such as lowered access to funding market, changing customer-spending behaviors, changes in market sentiment, materialization of cyber risk, disruption of 3rd party services or other material events outside of a control of the Group.

**The residual value of a leased vehicle may not be reclaimed in full or at all by the Group upon sale**

In connection with its auto lease business, the Group purchases vehicles and resells them in accordance with the lease contract. The risk that the re-sale value of any lease vehicle may be less than the remaining outstanding balance at the time such lease agreement is terminated, at contractual end or during contract term is borne by the Group. This risk is mitigated by the Group's right under the dealer agreements to oblige a dealer to repurchase a lease vehicle at the contractually defined price set out in such dealer agreement upon termination

of the lease agreement related to such dealer agreement. However, there is no assurance that the respective values of the leased vehicles to which the purchased lease assets relate have not depreciated or will not depreciate at a rate greater than the rate at which they were expected to do so on the date of origination. Reasons for a lower residual value of purchased lease assets which may have a negative impact on new vehicle sales or used vehicle supply include, among others, developments in the vehicle market, the actual or perceived quality, safety or reliability of certain brands, recalls by manufacturer, the shifting of consumer preferences, including environmental considerations, engine issues or potential bans for certain vehicles, such as diesel ones, a general deterioration of the economic conditions in Switzerland or damages of a vehicle which impair the vehicle's value. In addition, the market for leased vehicles in Switzerland is limited and the Group may not be able to sell a vehicle at expected terms or at all. Any such scenario could have an adverse effect on the amount recovered upon a sale of a leased vehicles, upon default by a lessee or at the end of the term of a lease agreement.

### **The Group is exposed to credit risk**

The Group is exposed to the risk that customers holding its credit products may not make interest, fee, instalments and/or principal payments due in a timely manner, in part or in their entirety, and that if they fail to do so the Group may not be able to enforce any security interest it might have. The obligations owed to the Group under its personal loan and credit card products, as well as a portion of those owed under its auto loan products, are unsecured. Only the obligations owed to the Group under its auto leases and some of its auto loans are secured. Vehicles may be lost, damaged or stolen and as such the Group may not be able to recover the full value of its secured loans and leases even where it successfully enforces its security. The Group may be exposed to the risk that auto dealers with whom it has contracted will not be able to fulfil their repurchase obligations. Furthermore, the Group does not conduct an extensive due diligence on a purchased lease asset but rather relies on representations and warranties of a seller which is obliged to indemnify the Group in case of a breach. However, such indemnifications are not secured. If the seller is not able to indemnify the Group in case of a breach of representations or warranties, this could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Consumer lending in Switzerland is mature and the Group has policies in place to assess the credit risk of borrowers. However, there can be no guarantee that the Group will accurately evaluate the credit risk of borrowers. If losses due to customer and counterparty defaults significantly exceed the amounts of the Group's provisions, this could have an adverse effect on its business, results of operations, financial condition and/or prospects.

### **The Group's business is exposed to interest rate risk, liquidity and refinancing risk**

Most of the Group's existing interest-earning assets and interest-bearing liabilities bear interest at fixed rates. However, the fact that such assets and liabilities mature at different times may expose the Group to the risk of a pricing mismatch between the two. The Group has policies in place to mitigate this interest rate risk, but these policies may be inadequate or ineffective. In addition, the legal limits on the effective annual interest rate chargeable on consumer credit products may prevent the Group from maintaining profitability across all products in an increasing interest rate environment. These factors could result in the Group's profit margins on credit products being reduced. Increasing interest rates will also make credit products in general less attractive to existing customers and applicants. On the other hand, the Group may not be able to take full advantage of declining interest rates in the future as it is primarily exposed to fixed rate liabilities.

There is no assurance that the Company's assigned credit rating remains the same in the future. If rating agencies downgrade the Company's rating, the Group may only be able to borrow debt at less favourable conditions or not at all.

Further, a default by a financial market participant (whether or not it is one with whom the Group has direct dealings) could lead to significant liquidity problems, losses or defaults by other financial institutions because the commercial soundness of many financial institutions may be closely related to each other as a result of credit, trading, clearing or other relationships between financial institutions. The risk is sometimes referred to as “systemic risk” and may adversely affect financial intermediaries and banks with which the Group interacts regularly, including those banks with which the Group deposits its cash reserves, and could, as a result, also indirectly adversely affect the Group. Although the Group has a diverse range of funding sources with a diversified maturity profile and policies in place to deal with liquidity risk and refinancing risk, these policies may be inadequate or ineffective during volatile and changing markets with fast rising interest rates and/or other macroeconomic or external crisis scenarios.

Any of the above factors may have an adverse effect on the Group’s business, results of operations, financial condition and/or prospects.

### **The Group may fail to implement an adequate risk management framework**

In doing business, the Group is exposed to numerous risks, including but not limited to credit risks, liquidity and funding risks and risks in connection with information security, cyber security or data privacy. The Group maintains a risk management framework in order to control its risks. Although the Group constantly assesses and further develops its risk management, processes and controls, it may fail to identify or underestimate risks and to implement adequate measures given the complexity of risk management. If the Group's risk management proves to be insufficient, this may result in an adverse effect on its business, results of operations, financial condition and/or prospects.

### **The Group's failure to retain key personnel in management and the information technology department could adversely affect the Group's operating performance**

The Group's success depends to a great extent on the ability and experience of its key personnel, in particular in its management and information technology department but also other critical functions. The loss of the services of certain key personnel particularly to competitors, could have an adverse effect on the Group's results of operations. The failure to retain a sufficient number of qualified employees could significantly impede the Group's financial plans, growth and other objectives and have an adverse effect on the Group's results of operations. The Group may be able to retain key personnel only if it increases retention payments and otherwise increases the compensation the Group pays to its key personnel.

### **The implementation of the final Basel III standards ~~will~~may change the rules for calculating capital requirements not only for credit and market risk but also for operational risk**

The **Basel Framework** is the full set of standards of the Basel Committee on Banking Supervision (BCBS), which is the primary global standard setter for the prudential regulation of banks. On 7 December 2017, the Basel Committee on Banking Supervision published a document finalising the Basel III reforms, also known informally as Basel IV. The document concludes the proposals and consultations ongoing since 2014 in relation to credit risk, credit value adjustment risk, operational risk, output floors and leverage ratio. The key objective of the revisions is to reduce excessive variability of risk-weighted assets (the “RWA”). The revisions to the regulatory framework are intended to help restore credibility in the calculation of RWA by (i) enhancing the robustness and risk sensitivity of the standardised approaches for credit risk and operational risk, which will facilitate the comparability of banks’ capital ratios, (ii) constraining the use of internally modelled approaches and (iii) complementing the risk-weighted capital ratio with a finalised leverage ratio and a revised and robust capital floor. The implementation date is expected to be 1 January 2023, with the output floor phased from 1 January 2023 to 1 January 2028. In this context, the Basel Committee on Banking Supervision also published the results of the cumulative quantitative impact study (QIS) and concluded that the aggregate capital shortfall

as a result of the revisions is €90.7bn. Such changes may adversely impact any number of areas of the Group's operations and activities and could have a material adverse effect on the Group's capital requirements.

The Swiss Financial Market Supervisory Authority (FINMA) is adjusting its implementing regulations in the area of capital requirements for banks. Switzerland is thereby adopting the last improvements to banking regulation foreseen by the international Basel III standards following the last financial crisis. These final Basel III standards change the rules for calculating capital requirements, particularly for credit and market risks as well as for operational risks. With the aim to ensure that from 2028 the risk-based capital requirements for banks with models (IRB) approaches are not below 72.5% of the requirements calculated using standardized approaches based on so-called output floor, to reduce the degree of freedom for models approaches subject to approval which banks use to calculate their capital requirements for credit and market risks and to leave single standardized approach to calculate the requirements for operational risks.

In December 2010, the Basel Committee on Banking Supervision introduced certain liquidity requirements when it published the "International framework for liquidity risk measurement, standards and monitoring" (the "**Basel III Liquidity**"). The Group is required to maintain a Liquidity Coverage Ratio ("**LCR**") of high-quality liquid assets to estimated stressed short-term funding outflows and a Net Stable Funding Ratio (the "**NSFR**"), both of which are intended to ensure that it is not overly reliant on short-term funding and that it has sufficient long-term funding for illiquid assets. Increased capital requirements and higher liquidity requirements make certain lines of business less attractive and may reduce the Company's or Group's overall ability to generate profits. The LCR and NSFR calculations make assumptions about the relative likelihood and amount of outflows of funding and available sources of additional funding in a market or firm-specific stress situation. There can be no assurance that in an actual stress situation the Group's funding outflows would not exceed the assumed amounts.

Future changes in Switzerland's requirements for risk-based capital, leverage ratios or liquidity ratios, whether pertaining to the minimum levels required for Swiss banks generally or the Company and its Group specially or to the calculation thereof, or changes in liquidity requirements could have a material adverse effect on the Group's business and could affect its competitive position.

## **Material Risks Related to the Bonds**

*The specific risks of investing in the Bonds can only be assessed on the basis of a thorough and detailed assessment and analysis of the Terms of the Bonds and the individual situation of the prospective Holder. To understand the risks associated with an investment in the Bonds, each prospective Holder has to thoroughly and in detail assess and analyse the Terms of the Bonds and the implications the various features of the Bonds have for the prospective Holder in its individual situation. For example, among other features, the Terms of the Bonds provide that the Bonds are redeemable prior to their scheduled maturity at the Issuer's option in certain circumstances.*

### **An investment in the Bonds carries risks and investors may lose the funds invested in the Bonds**

An investment in the Bonds carries, *inter alia*, the risks outlined in this Prospectus. The investors therefore may lose the funds invested in the Bonds. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of the purchase of the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Prospectus, including the merits and risks involved.

### **The Issuer can incur additional debt**

The Terms of the Bonds do not contain a restriction on the amount or type of further securities or indebtedness (except as provided in the negative pledge in Condition 7(b)) that the Issuer may issue, incur or guarantee.

There is no certainty that the Issuer or any of its Group companies will not create, incur, assume or guarantee additional indebtedness and that such debt may not be privileged, either by virtue of securities granted by the Issuer or by way of structural subordination of the Bonds.

### **No prior market for the Bonds**

Prior to this Offering, there has been no public market for the Bonds. Application for the listing and trading of the Bonds according to the Standard for Bonds on the SIX Swiss Exchange will be made. The Issuer cannot be certain that an active and liquid trading market for the Bonds will develop or be sustained or that the market price of the Bonds will not decline. Even if such trading market will develop, it may not provide enough liquidity to allow a Holder to trade or sell the Bonds easily, or the Bonds may trade at unfavorable prices. Such trading market may also fail to continue throughout the term of the Bonds. Neither the Issuer nor any of the Managers is under an obligation to provide a bid or offer price for the Bonds. Therefore, Holders may not be able to sell the Bonds easily at prices reasonably acceptable to them, or at all, and potential investors should only invest in the Bonds if they can hold them until their Maturity Date.

The liquidity of any market will depend upon the number of Holders, the market for similar securities, the interest of securities dealers in making a market in the Bonds and other factors.

### **Volatility of the market price of the Bonds**

The market price of the Bonds may be subject to substantial fluctuations. The market price of the Issuer's bonds has experienced volatility in the past, and may continue to fluctuate substantially, depending upon many factors, including, but not limited to:

- market expectation concerning the Group's performance or financial condition;
- fluctuations in the Group's financial position or operating results;
- fluctuations of interest rates in general;
- general market and economic conditions;
- unstable political situations, unpredictable political events and developments, such as the current situation in Ukraine
- impacts on the economy from pandemic risks, such as COVID-19;
- a downgrade or potential downgrade of the Issuer's credit ratings;
- announcements by the Group and developments affecting the Group, its business, customers and suppliers and the markets in which the Group competes;
- changes in Group management and/or the Board of Directors;
- price and volume of the markets where the Bonds are traded;
- investor perception of the success and impact of the Offering;
- future offerings of equity securities or conversion rights into equity securities of the Group; and/or
- the factors listed herein under "Risks Related to the Company, to the Group and to the Industry".

As a result of these or other factors, the Bonds may trade at prices significantly below their market price at the commencement of the Offering.

In addition, security markets in general have from time to time experienced significant price and volume fluctuations. Such fluctuations, as well as the economic situation of the financial markets as a whole, can have a substantial negative effect on the market price of the Bonds, regardless of the operating results or the financial position of the Group. Developments in, and changes to recommendations by securities analysts regarding the Group's industry segments may also influence and introduce volatility to the price of the Bonds in the market. Any such market fluctuations may adversely affect the trading price of the Bonds.

#### **The Issuer may be unable to redeem the Bonds**

Upon maturity of the Bonds or upon occurrence of an Event of Default, the Holders may require the Issuer to redeem all of the outstanding Bonds (see Conditions 3 and 8 of the Terms of the Bonds). If such an event were to occur, or at maturity of the Bonds, no assurance can be given that the Issuer will have sufficient funds or would be able to arrange financing to pay the redemption amount for all Bonds that are to be redeemed. The Issuer's ability to redeem the Bonds in such event may be limited by law or the terms of other debt instruments. Also, the Issuer may be required to refinance its debt in order to make such payments.

#### **Change of law**

The Terms of the Bonds and this Prospectus are based on Swiss law (including tax law) in effect as at the date of this Prospectus and the description of the effects thereof. Such laws and the interpretation thereof have been and are subject to change. No assurance can be given as to the impact of any possible judicial decision or change to Swiss law (including tax law) or administrative practice in Switzerland after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Bonds.

#### **The Bonds are expected to be assigned credit ratings which may not reflect all of the risks, these are not recommendations to buy, hold or transfer the Bonds and may be subject to revision, suspension or withdrawal at any time**

The Bonds are rated A-by S&P. Holders face the risk that the ratings may not reflect the potential impact of all risks associated with the Issuer's structure, the market in which the Issuer operates and any additional risk factors which may affect the value of the Bonds. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Bonds.

#### **In certain instances the Terms of the Bonds may be amended without the consent of a Holder**

Certain statutory provisions of Swiss law may apply to the Bonds, which allow for the calling of meetings of the Holders to consider matters affecting their interests. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. In addition, the Issuer and the Holder Representative may agree to any amendment to the Terms of the Bonds that is (i) formal, minor or technical in nature and, in the reasonable opinion of such parties, not materially prejudicial to the interests of the Holders or (ii) necessary to correct a manifest error or (iii) in connection with the substitution of the Issuer.

#### **The risk of failing to deal with any potential conflicts of interest could adversely affect the value of the Bonds**

The Issuer, any of its affiliates or the Managers may participate in transactions related to the Bonds in some way, for their own account or for account of a client. Such transactions may not serve to benefit the investors and may have a positive or negative effect on the value of the Bonds. Furthermore, companies affiliated with the Issuer may become counterparties in hedging transactions relating to obligations of the Issuer stemming

from the Bonds. As a result, conflicts of interest can arise between companies affiliated with the Issuer, as well as between these companies and Investors, in relation to obligations regarding the calculation of the price of the Bonds and other associated determinations.

The Issuer, any of its affiliates or the Managers may receive non-public information relating to the Bonds, and neither the Issuer, any of its affiliates nor any of the Managers undertake to make this information available to prospective investors and/or Holders. Such activities could present conflicts of interest and may affect the value of the Bonds.

### **Risk-hedging transactions**

The ability to eliminate or to restrict the risks of the Bonds arising from their purchase by concluding any hedging transactions during their lifetime depends mainly on the market conditions and the terms and conditions of the specific security. As a consequence, such transactions – if at all possible – may be concluded at unfavourable market prices to the effect that corresponding losses may arise.

Prospective investors should therefore not rely on the ability to conclude transactions at any time during the term of the Bonds that will allow them to offset or limit relevant risks.

### **Inflation risk**

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Bond. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

### **Holders may be exposed to exchange rate risks.**

The settlement currency of the Bonds may not be the currency of the home jurisdiction of an investor. In this case, such Holder will be exposed to an exchange rate risk between the settlement currency and the Holder's home currency. Exchange rate fluctuations between a Holder's home currency and the settlement currency may adversely affect Holders who intend to convert proceeds from the sale of the Bonds into their home currency. As a result, such Holders may lose some or all of their initial investment.

### **Further factors influencing the value of the Bonds**

The value of a Bond is determined not only by changes in market prices but also by several other factors. More than one risk factor can influence the value of the Bonds at any one time, so that the effect of an individual risk factor cannot be predicted. Moreover, more than one risk factor may have a compounding effect that is also unpredictable. No definitive statement can be made with respect to the effects of combined risk factors on the value of the Bonds.

The market value of the Bonds will be affected by the creditworthiness (as may be expressed by a rating assigned by a rating agency) of the Issuer and a number of additional factors including market interest and yield rates. The Holders may not be able to sell the Bonds or may only be able to sell the Bonds at a discount, which could be substantial, from the Issue Price or the purchase price paid by such purchaser or not be able to sell the Bonds at all.



## GENERAL INFORMATION ABOUT THE OFFERING AND THE BONDS

### Authorisation

By way of board of directors' resolution, the board of directors of the Issuer (the "**Board of Directors**") authorised on 24 August 2022 the issue of these Bonds. In addition, the Issuer will enter into a bond purchase agreement with Zürcher Kantonalbank, Credit Suisse AG and Deutsche Bank Aktiengesellschaft, acting through Deutsche Bank AG Zurich Branch on or around 26 October 2022 regarding the purchase of the Bonds by the Managers (the "**Bond Purchase Agreement**") and a paying agency agreement with Zürcher Kantonalbank on or around 26 October 2022 regarding the payments to be made under the Terms of the Bonds. Under the terms of the Bond Purchase Agreement, Zürcher Kantonalbank, Credit Suisse AG and Deutsche Bank Aktiengesellschaft, acting through Deutsche Bank AG Zurich Branch will undertake to offer the Bonds for purchase by the relevant investors having made a subscription for the Bonds by way of a public offering in Switzerland and private placements outside of Switzerland and the United States of America in reliance on Regulation S under the Securities Act, in each case in compliance with applicable laws and regulations.

### Use of net proceeds

The Issuer intends to use the net proceeds of CHF 219,409,600 from the Offering (the "**Net Proceeds**") for general corporate purposes.

### Issue Price

The issue price of the Bonds is 100.000% (before commissions and expenses) of the aggregate principal amount of the Bonds.

### Listing

The Bonds will be provisionally admitted to trading SIX Swiss Exchange with effect from 27 October 2022. Application will be made for the Bonds to be listed on SIX Swiss Exchange in accordance with the standard for Bonds of the SIX Swiss Exchange. The last day of trading is expected to be on 26 April 2027.

Zürcher Kantonalbank has been appointed by the Issuer as its representative to lodge the listing application for the Bonds with SIX Exchange Regulation Ltd in accordance with article 58a of the listing rules of SIX Exchange Regulation.

### Principal Paying Agent

Zürcher Kantonalbank is acting as principal paying agent for the Bonds.

### Transferability / Tradability

No restrictions, other than set out herein, in particular "Selling Restrictions".

### Foreign Investment and Exchange Control Regulations in Switzerland

Other than in connection with government sanctions imposed on certain persons and organisations from the Republic of Iraq, the Islamic Republic of Iran, the Central African Republic, Lebanon, Libya, Sudan, the Democratic Republic of Congo, Myanmar (Burma), Somalia, Syria, Guinea, Guinea-Bissau, Zimbabwe, Belarus, the Democratic People's Republic of Korea (North Korea), Yemen, Burundi, the Republic of South Sudan, the Republic of Mali, Venezuela, Nicaragua, persons and organisations with connections to Osama bin

Laden, the “Al-Qaeda” group or the Taliban and certain persons in connection with the assassination of Rafik Hariri as well as measures to prevent the circumvention of international sanctions in connection with the situation in Ukraine, there are currently no government laws, decrees or regulations in Switzerland that restrict the export or import of capital, including, but not limited to, Swiss foreign exchange controls on the payment of interest, to non-resident holders of the Shares.

### **Documents available**

Copies of this Prospectus are available free of charge from Zürcher Kantonalbank, IHKT, P.O. Box, 8010 Zurich, Switzerland (e-mail: [prospectus@zkb.ch](mailto:prospectus@zkb.ch)).

## INFORMATION ABOUT THE ISSUER AND THE GROUP

### **Name, registered office and principal place of business**

Cembra Money Bank AG, Bändliweg 20, 8048 Zurich, Switzerland.

### **Incorporation, registration, duration**

The Issuer was founded on 17 December 2009 under Swiss law and is registered in the Commercial Register of the Canton of Zurich since that date. Its current registration number (UID) is CHE-115.295.655.

The Issuer's duration is unlimited as per its articles of incorporation dated 22 April 2021 (the “**Articles of Incorporation**”).

### **Applicable legal system; legal form**

Swiss law. The Issuer is established as a company limited by shares (*Aktiengesellschaft*) under the Swiss Code of Obligations (articles 620 et seqq. CO).

### **Purpose**

According to article 2 of the Articles of Incorporation, the purpose of the Company is to operate a bank. The Issuer's scope of business comprises all types of banking activities in Switzerland and in the Principality of Liechtenstein as well as in the border areas between Switzerland and its neighbouring countries, in particular: (a) the grant of secured and unsecured loans and credits of all kinds, in particular consumer and mortgage loans, the credit card business, the leasing business, the refinancing of leasing businesses and the brokering of services related to these activities, such as residual debt insurances; (b) acceptance of monies as is customary for a bank, in particular in the form of deposit accounts, medium term bonds and fixed deposits.

The Issuer may acquire, hold and dispose of real estate, incorporate branches and subsidiaries in Switzerland and abroad, invest in other enterprises, process data for third parties and effect all financial, commercial and other transactions that are related to the performance of the purpose of the Issuer.

### **Legal Entity Identifier (LEI)**

549300ZDHOETLAIIVTE82.

### **Group**

The consolidated accounts of the Group comply with the Swiss Code of Obligations, the Swiss Banking Act and its implementing ordinance and FINMA accounting guidelines and have been prepared according to the true and fair view principle.

The Group comprises the Issuer as the parent company and its wholly owned subsidiaries:

- SWISSBILLING SA;
- Fastcap AG;
- eny Credit GmbH;
- Swiss Auto Lease 2020-1 GmbH;
- Swiss Auto Lease 2019-1 GmbH; and
- Swiss Auto Lease 2016-1 GmbH in Liquidation.

## **Change of Issuer**

In accordance with Condition 9 of the Terms of the Bonds, the Issuer has the right, subject to the consent of the Holders' Representative, to substitute the issuer provided that the new issuer is in a position to fulfil all obligations arising from or in connection with the Bonds, and the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations.

## **Information about the Board of Directors, management and auditors**

### **Board of Directors**

The Board of Directors is entrusted with the ultimate direction of the Issuer's business and the supervision of the persons entrusted with the Issuer's management. It represents the Issuer towards third parties and manages all matters which not been delegated to another body of the Issuer by law, the Articles of Incorporation or by other regulations.

The Board of Directors is constituted by the following members:

Dr. Felix Weber	Chairperson of the Board of Directors
Thomas Buess	Member Compensation and Nomination Committee
Marc Berg	Member Compensation and Nomination Committee
Jörg Behrens	Member Audit and Risk Committee
Alex Finn	Member Audit and Risk Committee
Susanne Klöss-Braekler	Member Compensation and Nomination Committee
Dr. Monica Mächler	Chairperson Audit and Risk Committee

The business address of the members of the Board of Directors is Bändliweg 20, 8048 Zurich, Switzerland.

### **Group management**

Under the control of the Board of Directors, the CEO, together with the other members of the Group management, conducts the operational management of the Group pursuant to the organisational regulations and reports to the Board of Directors on a regular basis.

The Group management comprises the following members:

Holger Laubenthal	Chief Executive Officer
Pascal Perritaz	Chief Financial Officer
Eric Anliker	General Counsel
Volker Gloe	Chief Risk Officer
Alona Eiduka	Chief Operating Officer
Peter Schnellmann	Chief Sales and Distribution Officer

The business address of the members of the group management is Bändliweg 20, 8048 Zurich, Switzerland.

## Independent Auditors

The auditors are elected by the shareholders' meeting on an annual basis. The current auditors are KPMG AG (CHE-106.084.881), Raffelstrasse 28, 8045 Zurich, Switzerland. KPMG's audit oversight body is the Federal Audit Oversight Authority (*Eidgenossische Revisionsaufsichtsbehorde*). KPMG's registration number with the Federal Audit Oversight Authority is 501403.

## Capital

The registered share capital of the Issuer amounts as of the date of this Prospectus to CHF 30,000,000. It is divided into 30,000,000 registered shares with a nominal value of CHF 1.00 each. Each share carries one vote in the Issuer's meetings of shareholder. The shares rank *pari passu* in all respects with each other, including with respect to dividends, to a share in the liquidation proceeds in case of a liquidation of the Issuer, and to subscription rights (*Bezugsrechte*).

## Authorised Capital

Pursuant to article 4 of the Articles of Incorporation, the Issuer has the following authorised share capital:

<sup>1</sup> *The Board of Directors is authorised to increase the share capital, at any time until 22 April 2023, up to a maximum amount of CHF 3,000,000 by issuing up to 3,000,000 fully paid in registered shares with a par value of CHF 1.00 each. An increase of the share capital (i) by means of an offering underwritten by a financial institution, a syndicate of financial institutions or another third party or third parties, followed by an offer to the then-existing shareholders of the Company, and (ii) in partial amounts shall be permissible.*

<sup>2</sup> *The subscription and acquisition of the new shares and any subsequent assignment of the shares shall be subject to the restrictions of Article 8 of these Articles of Incorporation.*

<sup>3</sup> *The Board of Directors shall determine the time of the issuance, the issue price, the manner in which the new shares are to be paid in, the conditions for the exercise of the pre-emptive rights and the allotment of pre-emptive rights that have not been exercised, and the date from which the shares carry dividend rights. The Board of Directors shall have the right to restrict or deny any trade with pre-emptive rights. It may allow pre-emptive rights that have not been exercised to expire, and it may place such rights or shares with respect to which the pre-emptive rights have not been exercised at market conditions or may use them in another way in the interest of the Company.*

<sup>4</sup> *The Board of Directors is further authorised to withdraw or limit the pre-emptive rights of the shareholders and allot them to individual shareholders or third parties if:*

- (a) the new shares are to be used for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of such transactions, or for the financing of new investment plans of the Company; or*
- (b) the new shares are to be used for the purpose of broadening the shareholder constituency of the Company in connection with the listing of new shares on foreign stock exchanges or, for purposes of the participation of strategic partners of the Company; or*
- (c) if, in the determination of the issue price of the new shares, the market price is taken into account.*

*If, in connection with acquisitions of enterprises or investments, the Company enters into commitments under convertible bonds or warrant bonds, the Board of Directors shall be entitled to issue shares under the exclusion of the pre-emptive rights of current shareholders in order to honour the commitments under such bonds."*

## Conditional Share Capital

Pursuant to article 5 of the Articles of Incorporation, the Issuer has the following conditional share capital for conversion rights and/or warrants:

*“<sup>1</sup> The share capital may be increased by an amount not to exceed CHF 3,000,000 by the issuance of up to 3,000,000 fully paid registered shares with a nominal value of CHF 1.00 each, (a) through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments by the Company or one of its group companies and (b) through the exercise of warrant rights granted to the shareholders by the Company or one of its group companies. The Board of Directors may use warrant rights not taken up by shareholders for other purposes in the interest of the Company. The pre-emptive rights of the shareholders are excluded in connection with the issuance by the Company or any of its group companies of bonds or other financial market instruments which are linked to conversion rights and/or the issuance of warrants. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.*

*<sup>2</sup> The acquisition of shares through the voluntary or mandatory exercise of conversion rights and/or warrants and each subsequent transfer of the shares shall be subject to the restrictions of Article 8 of these Articles of Incorporation.*

*<sup>3</sup> In connection with the issuance by the Company or one of its group companies of bonds or other financial market instruments which are linked to conversion rights and/or warrants, the Board of Directors is authorised to restrict or deny the advance subscription rights of shareholders if such issuance is made for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, or participations or for new investments or for the issuance on national or international capital markets. If advance subscription rights are denied by the Board of Directors, the following shall apply: the bonds or other financial market instruments which are linked to conversion rights and/or warrants shall be issued at the relevant market conditions and new shares shall be issued at market conditions, under consideration of the current price on the stock exchange of the shares of the Company and/or comparable financial instruments having a market price. Conversion rights may be exercised during a maximum 20-year period, and warrants may be exercised during a maximum 10-year period, in each case from the date of the respective issuance. The advance subscription rights of the shareholders may be granted indirectly.”*

Pursuant to article 6 of the Articles of Incorporation, the Issuer has the following conditional share capital for employee options:

*“<sup>1</sup> The share capital may be increased by an amount not to exceed CHF 900,000 through the issuance of up to 900,000 fully paid registered shares with a nominal value of CHF 1.00 each by the issuance of new shares to members of the Board of Directors, members of the Management Board and employees of the Company and group companies. The pre-emptive rights of the shareholders of the Company shall be excluded. The shares or rights to subscribe for shares shall be issued to members of the Board of Directors, members of the Management Board and employees of the Company or group companies pursuant to one or more regulations to be issued by the Board of Directors. Shares or subscription rights may be issued at a price lower than that quoted on the stock exchange.*

*<sup>2</sup> The acquisition of shares within the context of employee share ownership and each subsequent transfer of the shares shall be subject to the restrictions of Article 8 of these Articles of Incorporation.”*

### **Listing of the Shares**

The shares of the Company are listed in accordance with the International Reporting Standard on SIX Swiss Exchange under the symbol “CMBN”.

## Capital adequacy requirements

The FINMA Circular 2011/2 “Capital buffer and capital planning – banks” fleshes out FINMA’s supervisory practices concerning the capital buffer and the additional capital in accordance with Capital Adequacy Ordinance (CAO, SR 952.03). It also contains further details on the countercyclical buffers as defined in the CAO as well as the guidelines on implementing further requirements under Pillar 2, in particular relating to the internal capital planning process. FINMA reviews the allocation of institutions and financial groups to one of the five categories set out in the Banking Ordinance (SR 952.02) at the end of the calendar year on the basis of their supervisory reporting and capital statement with effect from the next fiscal year.

The Group belongs to the “category 4” as defined by the Banking Ordinance. As of 31 December 2021, the applicable capital regulatory requirements for a category 4 bank are set by FINMA at 11.2% (Annexe 8, CAO). The Group aims to consistently maintain ~~at~~ a capital base that is well above this mark, defining a mid-term minimum target for its Tier 1 capital ratio of 17% for the Group. As of 31 December 2021, the Group’s Tier 1 capital ratio was 18.9% (31 December 2020: 17.7%).

For further information about the capital adequacy requirements please refer to “Index to Financial Information”.

## Outstanding conversion and option rights and bonds

As of the date of this Prospectus, the Issuer does not have any option rights outstanding. One convertible bond is outstanding as per the below.

At the date of this Prospectus, the Issuer has the following bonds outstanding:

ISIN	Type	Currency	Nominal	Coupon	Term
CH0336587735	Senior unsecured	CHF	200mn	0.18%	2016/2023
CH0385997090	Senior unsecured	CHF	200mn	0.25%	2017/2024
CH0367206718	Senior unsecured	CHF	150mn	0.375%	2017/2025
CH0419042475	Senior unsecured	CHF	125mn	0.875%	2018/2026
CH0485252784	AT1 Bonds	CHF	150mn	2.5%	2019/-
CH0486598227	Convertible Bonds	CHF	250mn	0%	2019/2026
CH0419041345	Senior unsecured	CHF	250mn	0%	2019/2023
CH0419041352	Senior unsecured	CHF	175mn	0.285%	2019/2027
CH0419041659	Senior unsecured	CHF	200mn	0.15%	2019/2026
CH1141700414	Senior unsecured	CHF	200mn	0.4175%	2021/2028
CH1189217735	Senior unsecured	CHF	250mn	1.1833%	2022/2025

The convertible bonds (ISIN CH0486598227) confer a conversion right with reference to registered shares with the then applicable nominal value of the Issuer.

In addition, subsidiaries of the Issuer have issued the following asset-backed securities:

Subsidiary	ISIN	Type	Currency	Nominal	Coupon	Term
Swiss Auto Lease 2020-1	CH0525158454	ABS (auto lease)	CHF	250mn	0%	2020/2024

### Own shares

As of 17 October 2022, the Group held 656'757 own shares.

### Major Shareholders

The table below sets out the shareholders of the Company holding more than 3% of the voting rights of the Company based on the share capital recorded in the Commercial Register of the Canton of Zurich according to the notifications that the Company received as of 17 October 2022. The information is based on the information provided by the respective shareholders to SIX Swiss Exchange and the Company.

<i>Shareholder</i>	<i>% of voting rights (purchase position)</i>	<i>% of voting rights (sale position)</i>
UBS Fund Management (Switzerland) AG	5.41%	0%
Credit Suisse Funds AG	3.0006%	0%
Swisscanto Fondsleitung AG	3.0539%	0%

As of 17 October 2022, the Company held 656'757 own shares corresponding to 2.19% of the voting rights in the Company based on the share capital recorded in the Commercial Register of the Canton of Zurich. These shares constitute a purchase position pursuant to article 14 para. (1)(a)(1) of the Ordinance of the FINMA on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 3 December 2015, as amended (the "FMIO-FINMA"). The Company held in addition a sale position, corresponding to a total of 6.89% of the voting rights based on the share capital registered in the Commercial Register of the Canton of Zurich pursuant to article 14 para. (1)(b)(1) and (2) FMIO-FINMA, consisting of (i) conversion rights embedded in the convertible bonds of the Company in the aggregate principal amount of CHF 250 million (ISIN: CH0486598227), corresponding to 6.82%, (ii) rights under management participation plans of the Company, corresponding to 0.049%, and (iii) shares to be delivered to members of the Board of Directors, corresponding to 0.016%, in each case of the voting rights based on the share capital registered in the Commercial Register of the Canton of Zurich.

Further information on major shareholders of the Company may be found under [https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/.](https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/)

### Dividends

The Issuer has paid the following dividends in CHF for the past five fiscal years to holders of shares in the Company:

Business Year	2021	2020	2019	2018	2017
Dividend per share in CHF	3.85	3.75	3.75	3.75	3.55



## **Ratings**

The Issuer is rated A- by S&P.

The Bonds are rated A- by S&P.

## **Notices**

Notices in relation to the Issuer will be published in the Swiss Official Gazette of Commerce.

All notices in relation to the Bonds will be published in electronic form on the internet site of SIX Swiss Exchange under the section headed “Official Notices” (currently: <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/>).

## **Business activities**

The Group is a leading Swiss provider of financing solutions and offers also term deposits and saving products. The Group is subject to prudential supervision by FINMA, holds a banking licence and provides a range of financing products and services. Headquartered in Zurich, the Group operates almost entirely in Switzerland through a nationwide network of 9 branches as well as through other distribution channels, such as the internet, credit card partners (including Conforama, Fnac, Touring Club Schweiz, LIPO, IKEA and SPAR), independent intermediaries and auto dealers. As of 31 December 2021, the Group employed approximately 916 employees (FTEs) and served more than one million customers. The Group’s product offering includes unsecured personal loans, auto leases and loans, credit cards and insurance products sold with these products as well as invoice financing.

Due to a very satisfactory underlying loss performance as well as the one-time sale of previously written-off financing receivables, the provision for losses decreased by CHF 16.1 million, or 29%, to CHF 40.3 million as of 31st Dec 2021.

### **Personal loans**

The Group offers general purpose unsecured loans to retail customers. Personal loan financing receivables amounted to CHF 2,292 million as at 31 December 2021 and led the Group to become the leader in 2021 with a market share of 41% in Switzerland’s the personal loans segment.

### **Auto leases and loans**

The Group offers leases and loans to finance the purchase of, both new and used vehicles (primarily cars but also other auto vehicles including light commercial vehicles, motorcycles and caravans) to private and self-employed individuals and small businesses. The Group also offers an inventory finance product for car dealers on a limited scale. The Group’s auto lease and auto loan portfolio is diversified by geography within Switzerland, brand and auto dealer.

The Group’s auto lease and auto loan products are distributed throughout Switzerland and, to a very limited extent, Liechtenstein. The Group works with around 3,800 auto dealers in Switzerland. The Group relies on providing service excellence, a personalised, flexible and efficient service through its dedicated sales force consisting of 24 sales area managers and the employees at its four service centres.

Auto leases and loans net financing receivables amounted to CHF 2,820 million as at 31 December 2021. With a stable leasing market share of 21% in 2021 the Group qualifies as a strong independent player in Switzerland.

## **Credit cards**

The Group began offering credit cards in November 2006 through its cooperation with Migros, the largest retailer in Switzerland. The cooperation was terminated by 30th June 2022 and replaced by the Group's proprietary successor product Certo. In addition, the Group runs programmes with Conforama, Touring Club Schweiz, FNAC, LIPO, IKEA and SPAR. It also has its own brand credit card which is primarily offered as an additional product through its branches. All credit cards issued by the Group are Mastercard credit cards and the Issuer holds a Mastercard licence. To differentiate itself from its competitors, the Group has developed its own in-house transaction processing network which allows partner retailers to benefit from reduced processing fees when compared to other Mastercard-processed transactions. The Group also offers an e-service platform for its customers to check their account details and activity online.

The Group earns income on its credit card products from interest charges and various fees such as annual fees, foreign exchange fees, cash withdrawal fees, reminder fees, card replacement fees, processing fees from credit card partners using the Group's network and interchange fees through the Mastercard programme.

As at 31 December 2021, the Group offered six different partner credit cards (in addition to the Cembra credit card) with 1.1 million credit cards in circulation which lead to an increase of the credit cards net financing receivables of 6% to 1,030 million CHF.

## **Buy Now Pay Later (BNPL)**

The Group provides, via its subsidiary Swissbilling, invoicing and factoring services to Swiss merchants. Swissbilling founded in 2011 and bought by the Issuer in 2017, offers an invoice service for online shops as well as an offline tool to transmit invoices to Swissbilling, which is used by merchants to offer an additional payment method including instalments or as a mean to outsource the invoice handling or secure liquidity.

In 2021, Swissbilling was profitable and has delivered expected benefits.

## **Insurance**

The Group provides insurance products as an intermediary. Alongside to the personal and auto loans and auto leasing as well as the credit card products, the Group offers financial protection in case of involuntary unemployment, accident, illness or disability. Furthermore the Group offers their credit card customers travel and flight accident insurance and card protection insurance and financial protections in case of death. Cembra recently announced a partnership with Zurich Insurance for combining car insurance with leasing products..

## **Deposits and savings**

The Group has a well-balanced and diversified funding profile. Besides outstanding conversion and option rights and bonds the Group historically offered saving products, such as savings accounts and term deposits to retail customers in order to finance its business activities as described above. Since 2010, the Group has extended its offering of term deposit products to institutional customers. As at 31 December 2021, the Group held a total of CHF 1,126 million in retail deposits (direct and custody) and savings accounts and CHF 2,074 million in institutional deposits. The Group's deposit and savings account customers are resident in Switzerland and only Swiss residents are accepted as new customers. Direct retail deposits and retail savings are both covered by the Swiss deposit protection scheme up to CHF 100,000 per customer.

## **Prospects**

The Group operates in an attractive market where demand is robust and growing. The pandemic has accelerated the shift from cash to other payment options. There is also a trend towards more flexible payment and financing options that are directly embedded in the purchasing process (embedded finance). As a market leader and with its unique expertise, Cembra is well positioned to tap into these trends. The Group's strategic ambition is to

provide consumers and business partners with the most intuitive payment and financing solutions in Switzerland through its use of technology and continued strong customer service.

Drawing on its strengths – its proven credit factory, a customer base of over one million customers in Switzerland and decades of experience in the consumer finance business, – the Group has defined four strategic programmes to achieve its strategic and financial ambitions:

- Operational Excellence through radical simplification and technology transformation to deliver a seamless digital customer experience and to significantly increase efficiency through standardisation and automation.
- Business Acceleration by improved value proposition and enhanced market reach to further increase differentiation through flexible offerings; remain consistently aligned with changing customer needs.
- New growth opportunity: 'buy now pay later' as an attractive new business. With Swissbilling, the Group is already well positioned to tap into this growth and has successfully implemented initial BNPL solutions for IKEA and other business partners.
- Cultural Transformation: to create an agile, learning-oriented organisation and collaborative organisation in which people work together with confidence and trust.

For 2022 the Group expects to deliver an overall resilient business performance with revenues recovering in line with economic growth. The Group expects a solid loss performance for 2022 with a temporary return on equity target of 13%-14% in 2022 and 2023. The mid-term financial targets are a return on equity of above 15% from 2024 onwards by cumulative earnings per share growth of 20-30% by 2026

As of 1 January 2023, the Group is required to change from incurred to expected Credit Loss Standard (CECL) based on US GAAP accounting standard ASC 326 – “Financial instruments – Credit losses” as published by the FASB. This CECL change will impact the Balance Sheet, Profit & Loss, Risk-Weighted Assets, Capital Ratios, Interest Rate Risk (IRR) and Liquidity risk metrics.

The 2022 Swiss GAAP impact of this implementation along with that of the Byjuno acquisition on the Group's Tier 1 Capital ratio is explained in the presentation published on the [Cembra](#) Investor Relations page under the “Acquisition of Byjuno and Q3 2022 Trading update”. ~~As of 31st December 2022, the~~ The Group is targeting a Tier 1 capital ratio target of at least 17% as of 31st December 2022.

The outlook above is subject to uncertainties as laid out in the section “Forward-Looking Statements”.

### **Court, arbitration and administrative proceedings**

The Group is, from time to time, involved in various claims and lawsuits incidental to the ordinary operations of its business. Other than as disclosed in this Prospectus, the Group is currently not involved in any court, arbitral or administrative proceedings that are of material importance to its assets and liabilities or profits and losses nor, as far as the Group is aware, are any such proceedings threatened.

### **Recent developments**

As announced on 30th September, Cembra has signed a share-purchase agreement to buy Byjuno AG and its sister company Intrum Finance Services AG from Intrum AG. The transaction is expected to close in the fourth quarter of 2022 subject to customary closing conditions. Reference is made to the press release dated 30th Sept 2022 which is incorporated by reference into this Prospectus.

On May 19, 2022, the Company announced, on the one hand, the extension of the partnership with furniture retailer Conforama and multimedia retailer FNAC, and the new cooperation with SPAR Switzerland. Starting in summer 2022, the Company will also be issuing a new credit card with SPAR.

On 24 February 2022, the Company announced via press release that Niklaus Mannhart, Chief Operation Officer and Member of the Management Board, has decided to leave the Company by the end of August 2022 at the latest to take up new professional challenge with large banking group in Switzerland.

On 17 January 2022, the Company announced via press release that Dr Emanuel Hofacker, General Counsel and Member of the Management Board, has decided to leave the Company by the end of June 2022 at the latest to take up a new professional challenge.

Other than as disclosed in this Prospectus, including the Financial Statements (as defined below), no significant developments occurred in the operations and net financial liabilities of the Issuer since 31 December 2021.

**No material changes**

Except as disclosed in this Prospectus, there has been no material change in the assets and liabilities, financial positions or profits and losses of the Issuer since 31 December 2021.

## **RESPONSIBILITY STATEMENT**

The Issuer, Cembra Money Bank AG, Zurich, accepts responsibility for all information contained in this Prospectus and confirms that the information contained herein is correct to the best of its knowledge and that no material facts have been omitted.

Zurich, 26 October 2022

Cembra Money Bank AG

## TERMS OF THE BONDS

The terms and conditions of the bonds (each a "**Condition**", and together the "**Terms of the Bonds**") issued by Cembra Money Bank AG, Bändliweg 20, 8048 Zurich, Switzerland (the "**Issuer**"), are as follows:

### 1 Amount and Reopening, Form of the Bonds, Denomination, Custodianship and Transfer of the Bonds

- (a) The initial aggregate principal amount of the Bonds of Swiss francs (CHF) 220,000,000.00 (in words: two hundred twenty million Swiss francs) is divided into bonds (each a "**Bond**" and collectively the "**Bonds**") with denominations of CHF 5,000 (five thousand Swiss francs) each (the "**Principal Amount**").

The Issuer reserves the right to reopen and increase the aggregate Principal Amount at any time and without prior consultation of or permission of the holders of the bonds (the "**Holders**" and, individually, a "**Holder**") through the issuance of further bonds which will be fungible with the Bonds (i.e. identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).

- (b) The Bonds are issued as uncertificated securities (*Wertrechte*) in accordance with art. 973c of the Swiss Code of Obligations.

Such uncertificated securities (*Wertrechte*) will then be entered by the Principal Paying Agent into the main register (*Hauptregister*) of SIX SIS or any other intermediary in Switzerland recognised for such purposes by SIX Swiss Exchange (SIX SIS or any such other intermediary, the "**Intermediary**"). Once the uncertificated securities (*Wertrechte*) are registered in the main register (*Hauptregister*) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*) (the "**Intermediated Securities**") in accordance with the provisions of the Swiss Intermediated Securities Act of 3 October 2008, as amended (*Bucheffektengesetz*).

- (c) So long as the Bonds are Intermediated Securities (*Bucheffekten*), the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

- (d) The records of the Intermediary will determine the number of Bonds held through each participant of that Intermediary. In respect of Bonds held in the form of Intermediated Securities, the Holders will be the persons holding the Bonds in a securities account (*Effektenkonto*) which is in their name, or in case of intermediaries (*Verwahrungsstellen*), the intermediaries (*Verwahrungsstellen*) holding the Bonds for their own account in a securities account (*Effektenkonto*) which is in their name.

- (e) The conversion of the uncertificated securities (*Wertrechte*) into a permanent global certificate (*Globalurkunde*) or individually certificated bonds (*Wertpapiere*) is excluded. Neither the Issuer nor the Holders nor the Principal Paying Agent nor any third party shall at any time have the right to effect or demand the conversion of the uncertificated securities (*Wertrechte*) into, or the delivery of a permanent global certificate (*Globalurkunde*) or individually certificated securities (*Wertpapiere*). No physical delivery of the Bonds shall be made.

### 2 Interest

The Bonds bear interest from (but excluding) 28 October 2022 (the "**Issue Date**") until (and including) the Maturity Date at the rate of 3.1125 per cent *per annum* of their Principal Amount (the CHF amount in respect of each Bond so calculated being the "**Interest Amount**"), payable annually in arrears on 28

April of each year (each an "**Interest Payment Date**"), for the first time on 28 April 2023. Interest on the Bonds is computed on the basis of a 360-day year of twelve 30-day months.

### **3 Redemption, Purchase and Cancellation**

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Issuer undertakes to repay all outstanding Bonds at the Principal Amount, together with unpaid accrued interest to such date, without further notice on 28 April 2027 (the "**Maturity Date**").

(b) Early Redemption at the Option of the Issuer

Subject to a period of not less than thirty (30) nor more than sixty (60) days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Issue Date and prior to the Maturity Date, in whole, but not in part only, at the Principal Amount together with any accrued, but unpaid interest, if any, to (but excluding) the date determined by the Issuer for early redemption, if eighty-five (85) per cent or more of the aggregate Principal Amount have been redeemed or purchased and cancelled at the time of such notice.

(c) Purchases

The Issuer may, either directly or indirectly, at any time purchase Bonds at any price, in the open market or otherwise. Any purchase shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Holders alike.

(d) Cancellation

All Bonds which are redeemed or surrendered for cancellation shall forthwith be cancelled. All Bonds so cancelled cannot be reissued or resold.

(e) Notice

Where the provisions of this Condition 3 provide for the giving of notice by the Issuer to the Principal Paying Agent, such notice shall be deemed to be validly given if made in writing with all required information to the Principal Paying Agent within the prescribed time limit. Such notices shall be announced to the Holders as soon as practicable pursuant to Condition 10. Such notices shall be irrevocable.

### **4 Payments**

The amounts required for payments with respect to the Bonds will be made available in good time in freely disposable CHF which will be placed at the free disposal of the Principal Paying Agent on behalf of the Holders. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Holders will not be entitled to any additional sum in relation thereto. All payments with respect to the Bonds will be made to the Holders in CHF without collection costs.

The receipt by the Principal Paying Agent of the due and punctual payment of the funds in CHF as above provided shall release the Issuer of its payment obligations under the Bonds to the extent of such payments.

If the Bonds are not redeemed when due, interest shall continue to accrue until (and including) the day when the Bonds are redeemed.

## **5 Statute of Limitations**

Claims for interest payments shall become time-barred in accordance with Swiss law presently after a period of five (5) years and claims for the redemption of Bonds after a period of ten (10) years, calculated from their respective due dates.

## **6 Taxation**

All payments in respect of the Bonds are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently levied at a rate of thirty-five (35) per cent.

## **7 Status of the Bonds and Negative Pledge**

### **(a) Status**

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer, rank *pari passu* among themselves and with all other unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.

### **(b) Negative Pledge**

So long as any Bonds remain outstanding, the Issuer will not, directly or indirectly, create any guarantee, mortgage, lien, pledge, charge or other form of encumbrance or security interest (each a "**Security**"), other than a Permitted Security, upon the whole or any part of its present or future assets or revenues, to secure any Relevant Debt or to secure any guarantee or indemnity in respect of any Relevant Debt, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds:

(i) are secured equally and ratably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or

(ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the Holders' Representative,

*provided that* the Issuer may, directly or indirectly, create any Security for Secured Financing if, immediately after giving effect to the issuance of such Secured Financing,

(iii) the aggregate principal amount of outstanding Secured Financing is below the Secured Financing Cap, or

(iv) subject to the provision below, the Secured Financing Ratio is below 35%,  
*provided further* that if the aggregate principal amount of Secured Financing is above the Secured Financing Cap and the Secured Financing Ratio is above 30%, the Issuer shall, within three months from the issuance of such Secured Financing, either reduce the aggregate principal amount of Secured Financing below the Secured Financing Cap or reduce the Secured Financing Ratio below 30%.

## **8 Events of Default**

If any of the following events (each event an "**Event of Default**") shall occur, the Holders' Representative has the right but not the obligation, on behalf of the Holders, to declare all outstanding



Bonds to be due and repayable as specified in this Condition 8, at the Principal Amount, together with accrued, but unpaid interest, if any, by serving a written notice of default upon the Issuer, but only in case of the occurrence of any of the following events:

- (a) there is a failure by the Issuer to pay the Principal Amount or the Interest Amount on any of the Bonds, when due and such failure continues for a period of twenty (20) calendar days; or
- (b) a default is made in the performance or observance of any material covenant, condition or provision which is to be performed by the Issuer under the Terms of the Bonds (other than the covenant pursuant to Condition 7(b)) and (except where the Holders' Representative certifies in writing that, in its opinion, such default is not capable of remedy, when no such notice or continuation as is mentioned below shall be required) such default continues for a period of twenty (20) calendar days following the service by the Holders' Representative on the Issuer, of notice requiring such default to be remedied; or
- (c) there is a breach of the covenant pursuant to Condition 7(b) and such breach is not remedied within three months of the earlier of (i) the Issuer notifying the Holders' Representative, and (ii) the Issuer becoming aware of the breach; or
- (d) any other present or future indebtedness of the Issuer for or in respect of monies borrowed is not paid when due (otherwise than, where permitted under the terms of the relevant indenture or agreement, at the option of the relevant debtor) and such failure continues for a period of at least five (5) calendar days or, as the case may be, within any applicable grace period, or becomes due and payable prior to its stated maturity as a result of an event of default (howsoever described), or any security in respect of any such indebtedness becomes enforceable or any guarantee of, or indemnity in respect of such indebtedness given by the Issuer is not honored when due and called upon or, as the case may be, within any applicable grace period, provided that no such event shall be taken into account for the purposes of this Condition 8(d) unless such indebtedness, either alone or when aggregated with other indebtedness subject to such events which shall have occurred and are continuing shall at any time equal or exceed the amount of at least CHF 50,000,000 or its equivalent in any other currency or currencies (calculated on the basis of the middle spot rate for the relevant currency against CHF as quoted by any leading bank at the place of payment of such debt on the day on which this Condition 8(d) operates); or
- (e) any guarantee, mortgage, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person but not the serving of a payment order (*Zahlungsbefehl*) provided that the aggregate amount of the relevant indebtedness in respect of which such guarantee, mortgage, lien or other encumbrance was created or permitted to subsist equals or exceeds CHF 50,000,000 or its equivalent in any other currency or currencies (calculated on the basis of the middle spot rate for the relevant currency against CHF as quoted by any leading bank at the place of payment of such debt on the day on which this Condition 8(e) operates), and any such steps taken are not abandoned or discontinued within twenty (20) calendar days of being taken; or
- (f) the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes a stay of execution, a postponement of payments (*Stillhaltevereinbarung*), a general assignment or an

arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments (*Stillhaltevereinbarung*) is agreed or declared in respect of or affecting all or a substantial part of (or a particular type of) the debts of the Issuer; or

- (g) the Issuer alters its legal or commercial structure through bankruptcy, liquidation, disposal of all or substantially all of its assets, change in the objects of the legal entity and/or commercial activities or merger (otherwise than the disposal of assets in connection with Secured Financing), in so far as the relevant action, in the Holders' Representative's opinion, has a material adverse effect on the capacity of the Issuer to meet its obligations under the Terms of the Bonds, unless the Holders' Representative considers the situation of the Holders as adequately protected based on securities created or other steps taken by the Issuer; or
- (h) a dissolution or merger involving the Issuer as a result of which the Issuer is not the surviving legal entity, unless the successor legal entity assumes all the Issuer's liabilities in respect of the Bonds.

The Issuer shall inform the Holders' Representative without delay that any event mentioned under paragraphs (b) through (h) has occurred and provide the Holders' Representative with all necessary documents and information in connection therewith.

If an Event of Default occurs, the Holders' Representative has the right but not the obligation to serve a written notice of default (the "**Default Notice**"), such notice having the effect that the Bonds shall become immediately due and payable at the Principal Amount together with accrued but unpaid interest, if any, on the day the Default Notice is given.

Upon the occurrence of an Event of Default, the Holders' Representative may invite the Holders in accordance with art. 1157 seq. of the Swiss Code of Obligations to a Holders' meeting for the taking of a resolution on the serving of a Default Notice, provided the Holders' Representative has not served such Default Notice itself. The legally valid resolution of the Holders' meeting to serve a Default Notice, shall replace the right reserved by the Holders' Representative according to these Terms of the Bonds to serve a Default Notice on behalf of the Holders. If the Holders' meeting votes against the serving of a Default Notice, the right to serve such Default Notice shall revert to the Holders' Representative whereby the Holders' Representative shall not be bound by the resolution of the Holders' meeting if and to the extent that new circumstances arise or become known which require a revised assessment of the facts.

## **9 Substitution of the Issuer**

The Issuer may, without the consent of the Holders, at any time substitute itself in respect of all rights and obligations arising under or in connection with the Bonds with any Swiss legal entity of which all shares carrying voting rights are directly or indirectly held by the Issuer (the "**New Issuer**"), provided that:

- (a) the New Issuer is in the opinion of the Holders' Representative in a position to fulfil all payment obligations arising from or in connection with the Bonds, and
- (b) the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations in respect to the obligations of the New Issuer under the Bonds in form and content satisfactory to the Holders' Representative.

In the event of a substitution of the Issuer, the Issuer shall be entitled to make the necessary amendments to these Terms of the Bonds to reflect the substitution of the Issuer with the consent of the Holders' Representative.

In the event of a substitution of the Issuer, notice of such substitution shall be made in accordance with the provisions of Condition 10.

#### **10 Notices**

All notices regarding the Bonds shall be published by Zürcher Kantonalbank on behalf and at the expense of the Issuer (i) on the internet site of SIX Swiss Exchange (where notices are currently published under the address <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html#/>), (ii) otherwise in accordance with the regulations of the SIX Swiss Exchange or (iii) on any other appropriate communication platform in case that the Bonds are delisted.

#### **11 Listing**

Application will be made for the admission to trading and listing of the Bonds on the SIX Swiss Exchange for the whole duration of the Bonds.

#### **12 Governing Law and Jurisdiction**

The Terms of the Bonds and the Bonds shall be governed by and construed in accordance with the substantive laws of Switzerland (i.e. without regard to the principles of conflict of laws).

Any dispute which might arise based on the Terms of the Bonds and the Bonds shall be settled in accordance with Swiss law and shall fall within the exclusive jurisdiction of the courts of the city of Zurich, the place of jurisdiction being Zurich 1.

The above-mentioned jurisdiction is also exclusively valid for the declaration of cancellation of Bonds.

#### **13 Amendment to the Terms of the Bonds**

The Terms of the Bonds may be amended by agreement between the Issuer and the Holders' Representative provided that in the sole opinion of the Holders' Representative such amendment is of a formal, minor or technical nature, is made to correct a manifest error or is not materially prejudicial to the interests of the Holders. Notice of any such amendment shall be published in accordance with Condition 10.

#### **14 Role of Managers**

Each of Zürcher Kantonalbank, Credit Suisse AG, Deutsche Bank Aktiengesellschaft, acting through Deutsche Bank AG Zurich Branch will act as joint lead managers (the “**Joint Lead Managers**” or the “**Managers**”). Zürcher Kantonalbank has been appointed by the Issuer as the Principal Paying Agent and as the Listing Agent with respect to the Bonds and it will or may also act on behalf of or for the benefit of the Holders as Holders' Representative, but only in such cases stated explicitly in these Terms of the Bonds. In any other cases, none of the Managers is obliged to take or to consider any actions on behalf of or for the benefit of the Holders.

#### **15 Severability**

If at any time one or more of the provisions of the Terms of the Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

#### **16 Definitions**

“**Business Day**” means any day (other than Saturday or Sunday) on which banks are open the whole day for business in Zurich

**"Consolidated Net Financing Receivables"** at any date means the consolidated net financing receivables of the Issuer at that date calculated in accordance with US GAAP as applied in the Issuer's consolidated audited annual and interim financial statements.

**"Consolidated Secured Financing"** at any date means the consolidated aggregate principal amount outstanding of asset backed bonds and any secured loans, securitisation or other secured financing arrangement of any sort, in each case to the extent backed or secured by financing receivables, of the Issuer at that date calculated in accordance with US GAAP as applied in the Issuer's consolidated audited annual and interim financial statements.

**"Holders' Representative"** means Zürcher Kantonalbank in its capacity as representative of the Holders.

**"Listing Agent"** means Zürcher Kantonalbank, appointed as recognised representative pursuant to art. 58a of the listing rules of the SIX Exchange Regulation to file the listing application (including the application for provisional admission to trading) for the Bonds with the SIX Swiss Exchange.

**"Permitted Security"** means any Security (and any Security created in substitution for any such Security) relating to the financing, refinancing or the acquisition of any specified asset or assets, but only to the extent that such security secures obligations arising from the financing, refinancing or acquisition of such specified assets.

**"Principal Paying Agent"** means Zürcher Kantonalbank in its function as principal paying agent. If, at any time during the life of the Bonds, the Principal Paying Agent shall resign or become incapable of acting as Principal Paying Agent or as Holders' Representative as contemplated by these Terms of the Bonds or shall be adjudged bankrupt or insolvent, the Principal Paying Agent may be substituted by a duly licensed major Swiss bank or Swiss branch of a major foreign bank chosen by the Issuer. In the event of such a replacement of the Principal Paying Agent, all references to the Principal Paying Agent shall be deemed to refer to such replacement. Notice of such a replacement shall be made in accordance with the provisions of Condition 10.

**"Relevant Debt"** means any present or future Secured Financing and any other indebtedness of the Issuer represented or evidenced by, notes, bonds, debentures, loan stock or other securities which for the time being are or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter market or other securities market.

**"Secured Financing"** means any present or future issue of asset backed bonds, secured loans, securitisation or other secured financing arrangement of any sort of the Issuer or any Subsidiary, but excluding, for the avoidance of doubt, any secured or asset backed securities issued, but retained by the Issuer and/or any Subsidiary and not held by third party investors.

**"Secured Financing Cap"** means CHF 2,000,000,000.00.

**"Secured Financing Ratio"** at any date means, the ratio (as a percentage) of (x) Consolidated Secured Financing to (y) Consolidated Net Financing Receivables at that date.

**"Subsidiary"** means, in relation to the Issuer at any particular time, any person: (i) whose affairs and policies the Issuer controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of such person or otherwise; or (ii) whose financial statements are, in accordance with applicable law and US GAAP, consolidated with those of the Issuer.

**"SIX SIS"** means SIX SIS Ltd, the Swiss clearing and settlement organisation, Baslerstrasse 100, 4600 Olten, or any successor organisation accepted by the SIX Swiss Exchange.

**"SIX Swiss Exchange"** means SIX Swiss Exchange Ltd, Hardturmstrasse 201, 8005 Zurich or any successor organisation.

**"SIX Exchange Regulation"** means SIX Exchange Regulation Ltd, Hardturmstrasse 201, 8005 Zurich or any successor organisation.

**"Zürcher Kantonalbank"** means Zürcher Kantonalbank, Bahnhofstrasse 9, 8001 Zurich.

## TAXATION

### Taxation in Switzerland

The following is only a general description of certain Swiss tax considerations relating to the Bonds in summary form. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in Switzerland or elsewhere (and does not consider any other taxes than those of Switzerland) and does not constitute tax advice.

Prospective purchasers of the Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. This summary is based upon the Swiss tax laws as in effect on the date of this Prospectus and is subject to any change in law or practice that may take effect after such date or with retroactive effect.

### Swiss Federal Withholding Tax

#### Deduction

Each payment of interest on the Bonds (but not repayment of principal) will be subject to deduction of Swiss federal withholding tax (*Verrechnungssteuer*) by the Company, currently at a rate of 35%. The same applies for any accrued interest upon early redemption.

#### Refund

A holder of a Bond who resides in Switzerland and who at the time a taxable payment on the Bond is due is the beneficial owner of the taxable payment and, in the case of a holder who is an individual holding the Bond privately, duly reports the gross taxable payment in his or her tax return, and, in the case of a holder who is a legal entity, or who is an individual, holding the Bond as part of a business situated in Switzerland, for which he or she is required to keep accounting books, includes such payment as earnings in the income statement, is entitled to a full refund of or a full tax credit for the Swiss federal withholding tax, provided that certain other conditions are met.

A holder of a Bond who is resident outside Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland may be able to claim a full or partial refund of the Swiss federal withholding tax by virtue of the provisions of a double taxation treaty, if any, between Switzerland and the country of residence of the holder.

### Swiss Federal Stamp Duty

The issue of the Bonds is not subject to Swiss federal issuance stamp tax (*Emissionsabgabe*).

The issue of the Bonds to their initial holders will not be subject to Swiss federal stamp duty on the dealing in securities (*Umsatzabgabe*) (primary market). Secondary market dealings in the Bonds where a Swiss domestic bank or a Swiss domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party to, or acts as an intermediary in connection with, the transaction may be subject to Swiss federal stamp duty on the dealing in securities at a rate of up to 0.15% of the consideration paid for the Bonds.

## **Income Taxation on Principal or Interest**

### **Bonds held by non-Swiss Holders**

A holder of a Bond who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will, in respect of payments of interest on, and repayment of principal of, the Bonds, and gain realised on the sale or redemption of Bonds, not be subject to income tax in Switzerland. See “Swiss Federal Withholding Tax” above for a summary on the deduction of Swiss federal withholding tax on payments of interest on the Bonds.

### **Bonds held by Swiss resident Holders as private assets**

An individual who resides in Switzerland and holds the Bonds as private assets is required to include all payments of interest received on such Bonds in his or her personal income tax return for the relevant tax period and will be taxed on the net taxable income (including the payments of interest on the Bond) for such tax period at the then prevailing tax rates.

Swiss resident individuals who sell or otherwise dispose of privately held Bonds realise either a tax-free private capital gain or a non-tax-deductible capital loss. See “Bonds held as Swiss business assets” below for a summary on the tax treatment of individuals classified as “professional securities dealers”.

### **Bonds held as Swiss business assets**

Swiss resident corporate taxpayers, corporate taxpayers residing abroad holding Bonds as part of a permanent establishment or fixed place of business situated in Switzerland, and individuals who hold Bonds as part of a business situated in Switzerland are required to recognise payments of interest on, and any capital gain or loss realised on the sale, redemption or other disposal of, such Bonds in their income statement for the relevant tax period and will be taxed on any net taxable earnings for such tax period at the then prevailing tax rates. The same taxation treatment also applies to Swiss resident individuals who, for Swiss income tax purposes, are classified as “professional securities dealers” for reasons of, *inter alia*, frequent dealings or leveraged transactions in securities.

## **Automatic Exchange of Information in Tax Matters**

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (“**AEOI**”) in tax matters (the “**AEOI Agreement**”), which applies to all 27 member states and some other jurisdictions. Further, Switzerland signed the multilateral competent authority agreement on the automatic exchange of financial account information (“**MCAA**”), and based on the MCAA, a number of bilateral AEOI agreements with other countries. Based on the AEOI agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland began to collect data in respect of financial assets, including, as the case may be, Bonds, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a treaty state from 2017, and began to exchange it from 2018. Switzerland has signed and intends to sign further AEOI agreements with further countries. An up-to-date list of the AEOI agreements of Switzerland in effect or signed and becoming effective and the dates of information exchange can be found on the website of the State Secretariat for International Financial Matters.

## INDEX TO FINANCIAL INFORMATION AND MEDIA RELEASES

The following financial statements and media releases are incorporated by reference into this Prospectus (the “**Financial Statements and Media Releases**”):

- (i) Audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2021 including (i) comparative figures for the financial year ended 31 December 2020 as well as (ii) Audited Statutory Financial Statements of the Issuer together with the report of the statutory auditor for the financial year ended 31 December 2021, including comparative figures for the financial year ended 31 December 2020.
- (ii) Interim condensed consolidated financial statements (unaudited) of the Group for the six months ended 30 June 2022 including comparative figures for six months ended 30 June 2021.
- (iii) Media Release of the Group dated 30 September 2022: "Corrigendum: Cembra to acquire Byjuno to create a leading provider of invoice payment solutions in Switzerland".

The Financial Statements and Media Releases may be downloaded free of charge from the Issuer's website ([www.cembra.ch](http://www.cembra.ch), section “Investor Relations”, subsection “Reports and presentations”, subsection “Financial reports” and section “News & Media”). Any other content of the Issuer's website is not incorporated by reference into this Prospectus, and investors should not rely on it in making their decision to invest in Bonds.