Your Swiss Bank

Interim Report
2021

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Key facts and figures

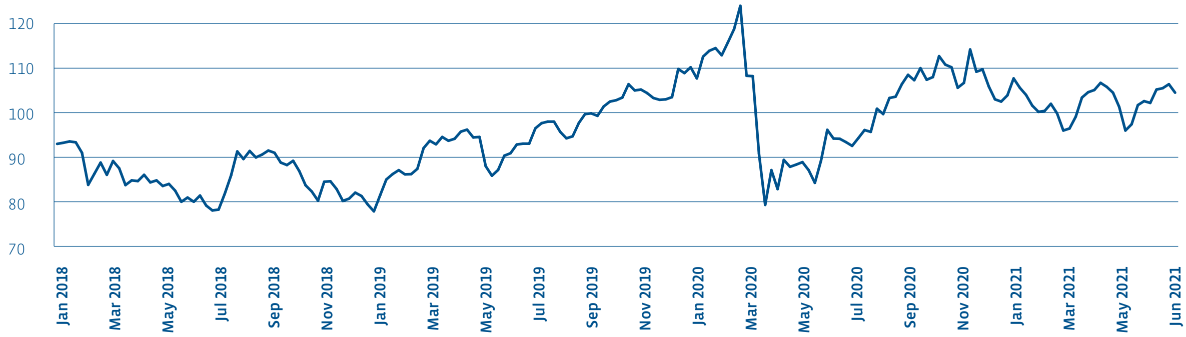
Key figures

CHF in millions	H1 2021	H2 2020	H1 2020	H2 2019	H1 2019
Net interest income	**178.0**	185.6	189.4	176.9	155.1
Commission and fee income	**57.9**	62.3	60.0	80.2	67.6
Net revenues	**235.9**	247.9	249.3	257.1	222.6
Provision for losses	**–14.4**	–26.2	–30.2	–25.9	–19.2
Operating expenses	**–124.1**	–122.1	–125.3	–128.2	–103.6
Net income	**78.7**	78.8	74.1	80.6	78.6
Total assets	**7,124**	7,244	7,275	7,485	5,590
Net financing receivables	**6,206**	6,293	6,368	6,586	5,023
Personal loans	**2,303**	2,408	2,531	2,625	1,913
Auto leases and loans	**2,823**	2,853	2,816	2,915	2,062
Credit cards	**1,025**	970	983	1,029	1,036
Other	**55**	62	38	17	11
Shareholders' equity	**1,098**	1,127	1,055	1,091	907
Return on equity (in %, annualised)	**14.2**	14.4	13.8	16.1	17.1
Net interest margin (in %, annualised)	**5.6**	5.8	5.8	6.0	6.2
Cost / income ratio (in %)	**52.6**	49.2	50.3	49.9	46.5
Tier 1 capital ratio (in %)	**18.3**	17.7	17.0	16.3	18.8
Employees (full-time equivalents)	**934**	928	946	963	812
Credit rating (S&P)	**A–**	A–	A–	A–	A–
Basic earnings per share (in CHF)	**2.68**	2.69	2.52	2.74	2.79
Book value per share (in CHF)	**36.60**	37.6	35.2	36.4	30.2
Share price (in CHF)	**103.70**	107.20	92.55	106.00	94.15
Market capitalisation	**3,111**	3,216	2,777	3,180	2,825

For a glossary of key financial indicators including alternative performance measures please see www.cembra.ch/financialreports.

Key facts and figures

Share price Cembra



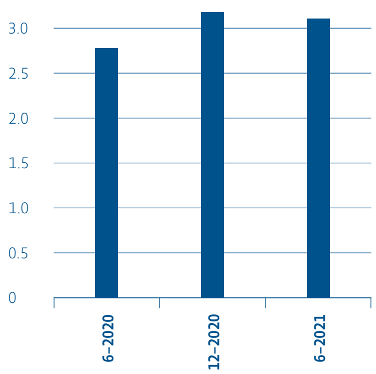
Facts

CHF

3,111,000,000

was the market capitalisation of Cembra by the end of June 2021

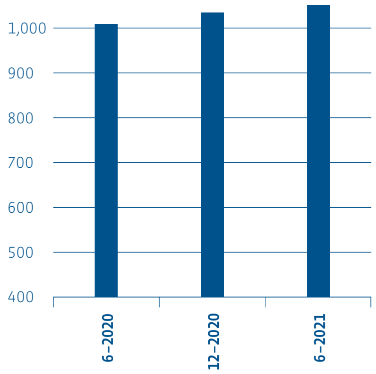
in billion CHF



1,050,000

number of credit cards issued by Cembra

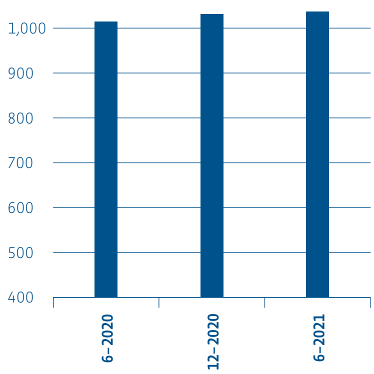
in 1,000



1,035,000

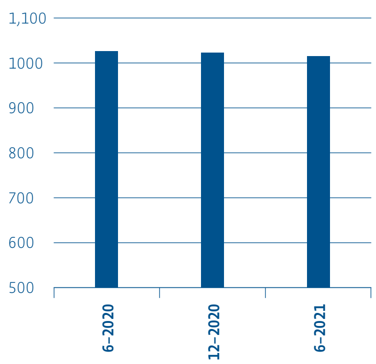
customers trust Cembra as their preferred partner

in 1,000



1,015

employees from 41 different nations work for Cembra (934 FTE)



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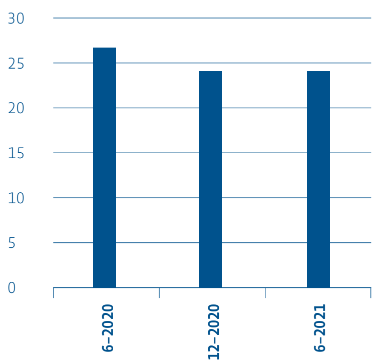
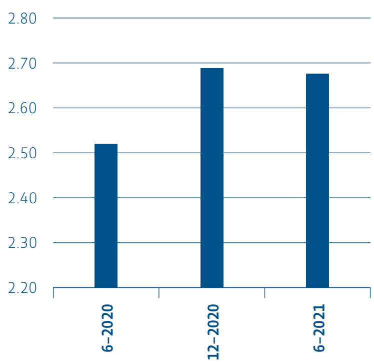
sales area managers serve about 4,000 car dealers



2.68

were the basic earnings per share (EPS) of Cembra as of 30 June 2021

in CHF



Dear Shareholders

It is our pleasure to inform you about a robust business performance for Cembra in the first six months of 2021. Our net income increased by 6% to CHF 78.7 million, or CHF 2.68 per share, compared to the first six months of 2020. Net revenues declined by 5%, and commission and fee income declined by 3% in connection with the Covid-19 restrictions. Despite the challenging environment, the loss performance was very strong at 0.5%. As a result, return on equity came in at 14.2%, and the Tier 1 capital ratio stood at 18.3%.

Our business model continued to demonstrate a resilient performance in the first six months. The economic restrictions had a clear impact on our performance. At the same time, we observed a gradual recovery of credit card transaction volumes since May, and we benefitted from actions taken in the personal loan business to better serve our customers in the current market environment. We are now focusing on further developing the business.

Resilient business performance
The Group's total net financing receivables at 30 June 2021 amounted to CHF 6.2 billion, a decline of 1% compared with 31 December 2020. Since May 2021, net financing receivables increased following the easing of restrictions.

In the personal loans business, receivables declined by 4% to CHF 2.3 billion in the first six months of 2021, partially attributable to tightened underwriting in the context of the Covid-19 impact on the economy. As a consequence, interest income in the personal loans business decreased by 12% to CHF 85.6 million, with a yield of 7.1%.

Net financing receivables in auto leases and loans declined by 1% to CHF 2.8 billion in the reporting period. Interest income was stable at CHF 65.1 million, with a yield of 4.6%.

In the credit cards business, net financing receivables increased by 6% to CHF 1.0 billion. Interest income in the cards business decreased slightly by 1% to CHF 41.3 million, with a yield of 8.2%. Transaction volumes in the first six months increased by 11% year on year, mainly due to higher domestic card spending. The number of cards issued was up 4% year on year, to 1,050,000 at 30 June 2021.

Restrictions with impact on revenues
Total net revenues declined by 5% to CHF 235.9 million. Interest income declined by 6% as a consequence of the lower asset base in personal loans. Interest expense was 4% lower, at CHF 13.2 million.

Commission and fee income decreased by 3% to CHF 57.9 million as a result of the continued Covid-19-related restrictions in the first six months. Income from credit card fees declined by 4% year on year, and picking up since May. The share of net revenues generated from commissions and fees increased to 25%, up from 24% at 30 June 2020.

Total operating expenses decreased by 1% to CHF 124.1 mainly as result of the successfully completed integration of cashgate in 2020, offset by higher expenses for information technology and compensation and benefits. Personnel expenses increased by 4% to CHF 68.5 million. General and administrative expenses declined by 7% to CHF 55.6 million. The cost/income ratio increased to 52.6%, compared to 50.3% in the year-earlier period.

Excellent underlying loss performance
The provision for losses decreased by CHF 15.8 million or 52% to CHF 14.4 million, due to an excellent underlying loss performance as well as an one-time sale of previously written off financing receivables. These effects resulted in a loss rate of 0.5% for the first six months of 2021. Adjusted for the one-off effect amounting to CHF 8.2 million, the loss rate came to 0.7% (H1 2020: 0.9%). The non-performing-loans (NPL) ratio remained stable at 0.7%. The rate of over-30-days past due financing receivables declined to 1.8% (H1 2020: 2.1%).

Stable funding
In the first six months of 2021, the Group's funding portfolio remained stable at CHF 5.8 billion, largely in line with the lower asset base. Overall, the funding mix with 57% deposits and 43% non-deposits remained stable. The weighted average duration decreased slightly to 2.5 years and the period-end funding cost amounted to 44 basis points (31 December 2020: 45 basis points).

Strong capital position
Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 18.3% (31 December 2020: 17.7%). Shareholders' equity decreased by 3% to CHF 1.098 billion after Cembra had paid out the dividend in April 2021, amounting to CHF 110 million, for the financial year 2020.

Outlook
In 2021, Cembra currently expects to deliver a resilient business performance, with revenues to gradually recover mainly by higher volumes in credit cards. Cembra expects a solid loss performance for the full year 2021. Assuming a continued economic recovery in Switzerland, Cembra confirms its targets in the mid term.

On behalf of the Board of Directors and Management, we would like to thank our customers, shareholders and business partners for the trust they have placed in us. We would also like to express our particular gratitude to our employees, who shape the success of our Group with their expertise, dedication and engagement.

Dr Felix Weber
Chairman

Holger Laubenthal
CEO

Management Report

Significant developments

On 8 January 2021, Cembra announced that Holger Laubenthal will succeed Robert Oudmayer as new CEO of Cembra, effective 1 March 2021.

On 20 January 2021, we announced that Member of the Board Katrina Machin will not stand for re-election at the Annual General Meeting in 2021.

In April 2021, Cembra and IKEA Switzerland launched the IKEA Family credit card. The credit card is available in all IKEA furnishing stores in Switzerland and online. The launch of the joint credit card was the first step in the collaboration, which is also set to offer other Cembra products and services to IKEA Switzerland customers.

On 22 April 2021, we held our eighth General Meeting of Shareholders as a SIX-listed company, in Zurich. Due to Covid-19 and the federal restrictions in place, shareholders did not attend the meeting in person. The following members of the Board of Directors were re-elected for a further one-year term of office: Felix Weber (Chairman), Urs Baumann, Thomas Buess, Denis Hall and Monica Mächler. Martin Blessing and Susanne Klöss-Braekler were newly elected to the Board of Directors. All agenda items were approved, including a dividend payment of CHF 3.75 per share.

Macroeconomic environment

We operate exclusively in Switzerland and our financial position and revenues are strongly influenced by domestic macroeconomic factors, especially gross domestic product, the unemployment rate and interest rates. We have very limited exposure to foreign currencies.

Swiss gross domestic product

Growth in Switzerland's gross domestic product (GDP) is an important indicator for the Group. Swiss GDP decreased by 0.5% in the first quarter of 2021, compared with a decrease of 2.6% in 2020. Economists expect GDP to increase by 3.6% (SECO June 2021) in the 2021 financial year.

Interest rates

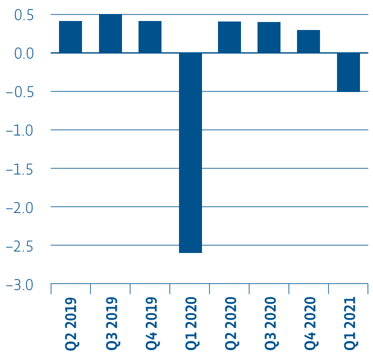
Interest rates are a key indicator for the Group's funding. In the first half of 2021, Swiss-franc interest rates increased up to 40 basis points, while the interest rate curve largely remained in negative territory. The main reasons for higher rates were the improved economic outlook and higher global inflation expectations. The Swiss National Bank (SNB) considers the Swiss Franc still to be highly valued and the SNB has thus not yet started to reduce the balance sheet. The SNB kept the interest rate on sight deposits at −0.75%.

Unemployment rate

The unemployment rate serves as an important indicator for the credit risk profile of the Group's customers. The unemployment rate in Switzerland decreased to 2.8% in June 2021. This figure was lower than in the previous year, when the unemployment rate was 3.3% on average and 3.5% at year-end.

Quarterly Swiss GDP

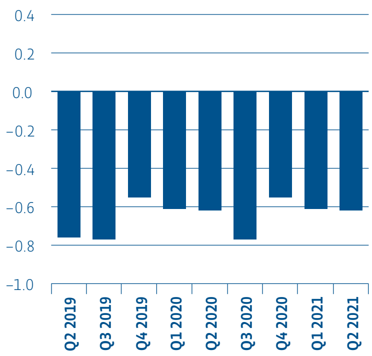
Change versus previous quarter (in %)



Source: SECO

CHF 3-years swap rate

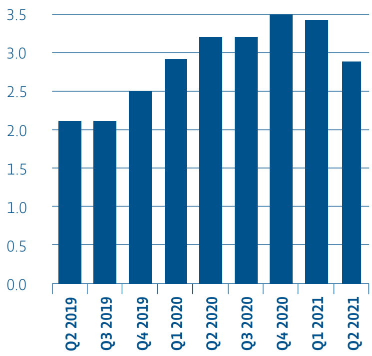
in %



Source: Bloomberg

Unemployment rate in Switzerland

in %



Source: SECO

Product markets

Consumer loan market

In the first six months of 2021, the Swiss consumer loan market contracted slightly. According to the Swiss central credit information bureau (ZEK), the Swiss consumer loan market decreased by 1%, from CHF 7.854 billion at 31 December 2020 to CHF 7.810 billion in outstanding assets at 30 June 2021. In a competitive environment, the Group had an estimated market share of approximately 41% of outstanding consumer loans.

Auto market

The Swiss auto market recovered slightly in the reporting period, with some remaining Covid-19-related effects with impact on distribution networks and a reduced availability of new cars. According to “auto-schweiz” statistics (the association of official Swiss car importers), about 125,000 new cars were registered in the first six months of 2021, an increase of 21% versus the first half of 2020. 428,000 used cars were sold in Switzerland according to Eurotax Schweiz (an independent provider of automotive market data); this represents 8% increase compared with the first six months of 2020 (395,000). The Group estimated its auto leasing market share to be about 21% of total leasing assets outstanding as of June 2021.

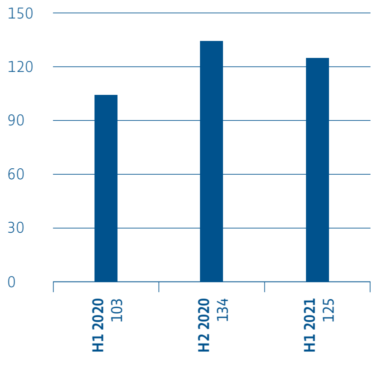
Credit card market

The growth trend continued in the credit card market in 2021. Based on Swiss National Bank statistics, in May 2021, the number of credit cards issued in Switzerland grew by 10% year on year to 8.0 million. The number of transactions increased by 8% year-on-year for the first five months of 2021. Overall, credit card transaction volumes increased by 8% year on year to CHF 16.3 billion in the first five months of 2021. The number of transactions conducted via near-field communications (NFC) increased by 40% year-on-year.

The Group’s credit cards business grew inline with the market, with the number of cards increasing by about 21,000, or 2%, to about 1,050,000 compared with year-end 2020. The Group’s market share, based on the number of credit cards in circulation, was 13% in May 2021.

New car registrations in Switzerland

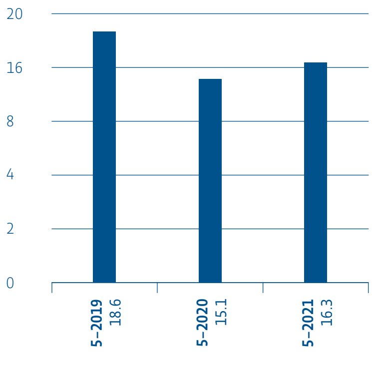
in 1,000



Source: auto-schweiz

Transaction volume Swiss credit cards

CHF in billions



Source: SNB

Balance sheet analysis

CHF in millions	30 June 2021	31 December 2020	Change	as %
Assets				
Cash and cash equivalents	**553**	599	– 46	– 8
Net financing receivables	**6,206**	6,293	– 87	– 1
Personal loans	**2,303**	2,408	– 106	– 4
Auto leases and loans	**2,823**	2,853	– 30	– 1
Credit cards	**1,025**	970	55	6
Other	**55**	62	– 7	– 11
Other assets	**365**	353	12	4
Total assets	**7,124**	**7,244**	**– 120**	**– 2**
Liabilities and equity				
Deposits and debt	**5,800**	5,840	– 40	– 1
Deposits	**3,284**	3,275	9	0
Debt	**2,516**	2,565	– 49	– 2
Other liabilities	**226**	278	– 51	– 18
Total liabilities	**6,027**	**6,117**	**– 91**	**– 1**
Shareholders' equity	**1,098**	1,127	– 29	– 3
Total liabilities and shareholders' equity	**7,124**	**7,244**	**– 120**	**– 2**

Net financing receivables amounted to CHF 6,206 million as at 30 June 2021, a decrease of 1%, or CHF 87 million, compared with year-end 2020. The decrease was mainly due to the Covid-19 restrictions in Switzerland during the reporting period.

At the end of June 2021, the Group's personal loans accounted for 37% of net financing receivables (31 December 2020: 38%), auto leases and loans made up 45% (31 December 2020: 45%), and the credit cards business accounted for 17% (31 December 2020: 15%).

As at 30 June 2021, net financing receivables from personal loans amounted to CHF 2,303 million, 4% lower than at year-end 2020. Auto leases and loans declined by 1% to CHF 2,823 million compared with CHF 2,853 million at the end of 2020. Credit cards financing receivables increased by 6% from CHF 970 million to CHF 1,025 million in the reporting period. Other net financing receivables stood at CHF 55 million (31 December 2020: CHF 62 million) and included the Swissbilling business.

Funding

The Group kept its funding diversified in the first half of 2021. The deposit base increased slightly from CHF 3,275 million at 31 December 2020 to CHF 3,284 million at 30 June 2021, primarily due to a 1% increase in the retail deposit base. The Group's non-deposit debt decreased by 2% from CHF 2,565 million at 31 December 2020 to CHF 2,516 million at 30 June 2021. In February 2021, the Group paid back a CHF 50 million floating rate note at maturity.

Equity

Total shareholders' equity decreased by CHF 29 million, from CHF 1,127 million to CHF 1,098 million at 30 June 2021. The decrease was mainly attributable to the dividend of CHF 110 million, which was paid in April 2021 and was partly offset by net income of CHF 78.7 million for the first six months of 2021.

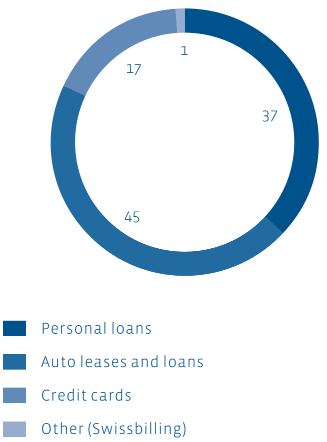
Capital position

CHF in millions	30 June 2021	31 December 2020	Change	as %
Risk-weighted assets	**5,620**	5,662	– 42	– 1
Tier 1 capital	**1,028**	1,000	28	3
Tier 1 ratio	**18.3 %**	**17.7 %**		

Risk-weighted assets decreased by 1% to CHF 5,620 million at 30 June 2021 compared with CHF 5,662 million at 31 December 2020. This decrease was largely in line with the trend in net financing receivables. Tier 1 capital increased by CHF 28 million, or 3%, to CHF 1,028 million, mainly as a result of the statutory net income generated in the first six months of 2021, adjusted for the expected future dividend payment. This resulted in a Tier 1 capital ratio of 18.3% at 30 June 2021, which is significantly above the regulatory requirement of 11.2%.

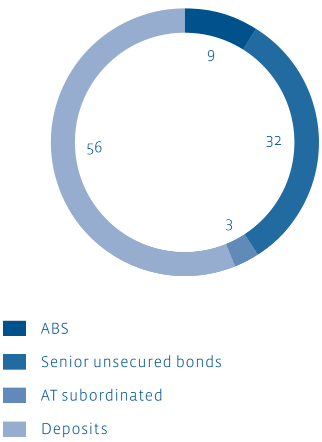
Net financing receivables

in %



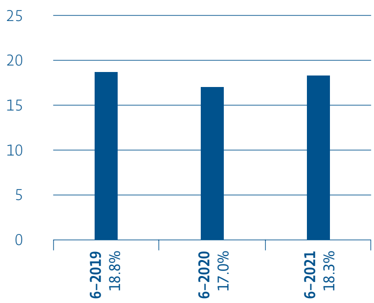
Funding structure

in %



Tier 1 capital ratio

in %

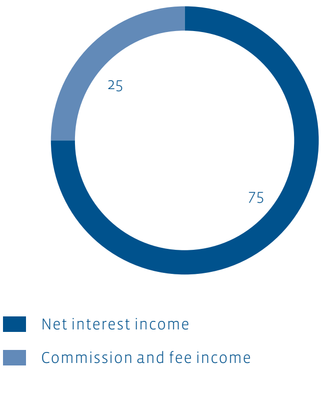


Profit and loss analysis

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Interest income	**191.2**	203.0	– 11.8	– 6
Interest expense	**– 13.2**	– 13.7	– 0.5	– 4
Net interest income	**178.0**	**189.4**	**– 11.3**	**– 6**
Commission and fee income	**57.9**	60.0	– 2.1	– 3
Net revenues	**235.9**	**249.3**	**– 13.4**	**– 5**
Provision for losses on financing receivables	**– 14.4**	**– 30.2**	**– 15.8**	**– 52**
Compensation and benefits	**– 68.5**	– 65.8	2.7	4
General and administrative expenses	**– 55.6**	– 59.6	– 4.0	– 7
Total operating expenses	**– 124.1**	**– 125.3**	**– 1.2**	**– 1**
Income before income taxes	**97.4**	**93.8**	**3.6**	**4**
Income tax expense	**– 18.7**	– 19.7	– 1.0	– 5
Net income	**78.7**	**74.1**	**4.6**	**6**
Other comprehensive income / (loss)	**2.1**	1.6	0.5	30
Comprehensive income	**80.8**	**75.7**	**5.1**	**7**

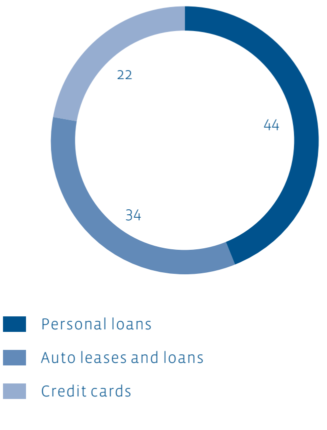
Net revenues

in %



Interest income

in % (excluding “other”)



Interest income

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Personal loans	**85.6**	97.2	– 11.6	– 12
Auto leases and loans	**65.1**	65.3	– 0.2	– 0
Credit cards	**41.3**	41.6	– 0.4	– 1
Other	**– 0.7**	– 1.1	– 0.4	– 33
Total	**191.2**	**203.0**	**– 11.8**	**– 6**

Overall, the contribution of personal loans to interest income (excluding other interest income) decreased to 44% from 48% in the first six months of 2020. This lead to an increase of the relative weight of auto leases and loans increased to 34% from 32%, and of credit cards to 22% from 20%, compared to the year-earlier period.

Total interest income decreased by 6%, or CHF 11.8 million, to CHF 191.2 million in the first half of 2021. Interest income from personal loans decreased by CHF 11.6 million, or 12%, to CHF 85.6 million due to the decline in the financing receivables as well as lower portfolio interest rates as a result of stricter underwriting and market competition. The yield declined to 7.1% from 7.4% compared to the year-earlier reporting period. Interest income from the auto leases and loans business remained about stable at CHF 65.1 million in the first six months of 2021. The yield increased slightly to 4.6% (30 June 2020: 4.5%) driven by a change in the upfront interest method. Interest income from credit cards decreased slightly by CHF 0.4 million, or 1%, to CHF 41.3 million in the reporting period. The yield remained stable at 8.2%. Other interest income included CHF 0.7 million in expenses from the negative interest rate on the cash held with the Swiss National Bank and other institutions.

Cost of funds

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Interest expense on ABS	**0.7**	0.8	– 0.1	– 17
Interest expense on deposits	**6.5**	6.5	0.0	0
Interest expense on debt	**6.0**	6.3	– 0.4	– 6
Total	**13.2**	**13.7**	**– 0.5**	**– 4**

The overall cost of funds decreased by CHF 0.5 million, or 4%, to CHF 13.2 million in the first six months of 2021. Interest expense on auto lease asset-backed securities (ABS) decreased by 17% to CHF 0.7 million. Interest expense on deposits remained flat at CHF 6.5 million compared with the first six months of 2020. Total interest expense on non-deposit debt decreased by CHF 0.4 million, or 6%, to CHF 6.0 million in the first half of 2021.

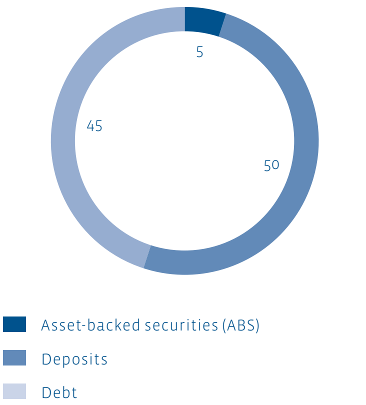
Commission and fee income

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Insurance	**11.9**	12.1	– 0.2	– 2
Credit cards	**33.4**	34.9	– 1.5	– 4
Loans and leases	**7.5**	8.2	– 0.7	– 8
Other	**5.0**	4.7	0.3	7
Total	**57.9**	**60.0**	**– 2.1**	**– 3**

Commission and fee income decreased by CHF 2.1 million, or 3%, from CHF 60.0 million to CHF 57.9 million in the first six months of 2021. Insurance income, which consists mainly of revenues from payment protection insurance products, declined by 2% to CHF 11.9 million compared to the first six months of 2021. Fee income on credit cards declined by CHF 1.5 million, or 4%, to CHF 33.4 million a result of the Covid-19-related restrictions in credit card use in the first six months of 2020. Fees from loans and leases decreased by CHF 0.7 million to CHF 7.5 million primarily due to lower reminder income. Other fees increased by 7% to CHF 5.0 million, mainly driven by fee income from Swissbilling.

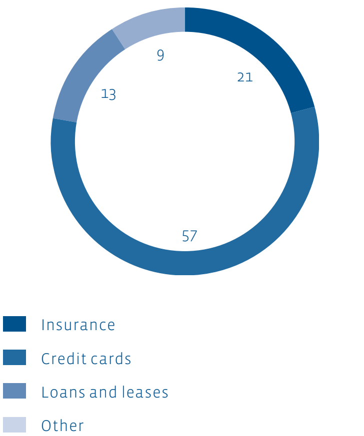
Cost of funds

in %



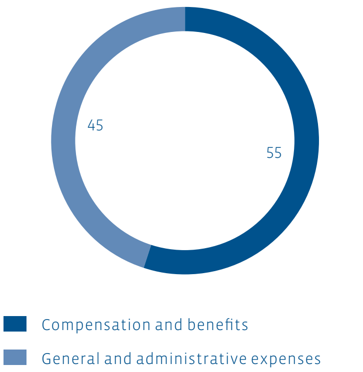
Commission and fee income

in %



Operating expenses

in %



Provision for losses on financing receivables

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Provision for losses on personal loans	**4.5**	17.7	– 13.2	– 74
Provision for losses on auto leases and loans	**5.0**	6.5	– 1.5	– 23
Provision for losses on credit cards	**4.3**	4.9	– 0.7	– 14
Provision for losses on other	**0.6**	1.0	– 0.4	– 43
Total	**14.4**	**30.2**	**– 15.8**	**– 52**

The Group’s provision for losses on financing receivables decreased by CHF 15.8 million to CHF 14.4 million in the first six months of 2021 compared with CHF 30.2 million in the same reporting period in 2020. Provision for losses on personal loans decreased by CHF 13.2 million to CHF 4.5 million, driven by a one-off effect related to the sale of previously written-off financing receivables to a third party (see Interim Financial Report note 4). On auto leases and loans, the provision for losses decreased by CHF 1.5 million to CHF 5.0 million, predominantly driven by stronger recoveries. The provision for losses on cards decreased by CHF 0.7 million to CHF 4.3 million.

The Group’s loss rate for the first half-year 2021, adjusted for the above-mentioned one-off effect came to 0.7%, compared to 0.9% in the first half-year 2020. The delinquency metric of 30 days past due declined to 1.8% at 30 June 2021 (H1 2020: 2.1%). The non-performing-loans (NPL) ratio remained stable at 0.7%.

Compensation and benefits

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Compensation and benefits	**68.5**	**65.8**	**2.7**	**4**

Compensation and benefit expenses increased by CHF 2.7 million, or 4%, to CHF 68.5 million. The increase was mainly attributable to higher average salaries, accruals for incentive compensation, and other one-off payments.

The Group's average number of employees (FTE) was 931 in the first half of 2021 compared with 955 in the corresponding prior-year period. At 30 June 2021, the number of employees (FTE) stood at 934, an increase of 6 FTEs compared with 928 at year-end 2020.

General and administrative expenses

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Professional services	**7.9**	9.4	– 1.6	– 17
Marketing	**3.9**	6.6	– 2.7	– 41
Collection fees	**5.3**	5.5	– 0.1	– 2
Postage and stationery	**4.7**	5.1	– 0.3	– 6
Rental expense under operating leases	**3.4**	4.5	– 1.1	– 25
Information technology	**20.2**	17.6	2.6	15
Depreciation and amortisation	**12.5**	13.4	– 0.9	– 7
Other	**– 2.4**	– 2.5	– 0.1	– 5
Total	**55.6**	**59.6**	**– 4.0**	**– 7**

General and administrative expenses declined by CHF 4.0 million, or 7%, from CHF 59.6 million to CHF 55.6 million in the first six months of 2021. Professional services declined by 17% or CHF 1.6 million mainly due to one-off integration services in the previous reporting period. Marketing expenses decreased by 41% or CHF 2.7 million mainly due to non-recurring one-off expenses in the first half of 2020. This was partly offset by a 15% increase in information technology costs, mainly driven by a digitisation project in the credit card business and other initiatives.

Collection fees declined by 2% to CHF 5.3 million and costs for postage and stationery decreased by 6% to CHF 4.7 million. Rental expenses decreased by 25% to CHF 3.4 million due to branch closures in 2020 and the realisation of integration synergies. Depreciation and amortisation decreased by 7% to CHF 12.5 million, as a result of ending useful life of assets related to the IPO.

The cost/income ratio was 52.6% compared with 50.3% in the previous reporting period. The increase was predominantly driven by the decline in net revenues, as explained above.

Income tax expense

For the six months ended (CHF in millions)	30 June 2021	30 June 2020	Change	as %
Income tax expense	**18.7**	**19.7**	**– 1.0**	**– 5**

The Group's income tax expense decreased by CHF 1.0 million, or 5%, to CHF 18.7 million in the first six months of 2021. The impact of the increase in income before taxes was more than offset by lowered corporate taxes and a one-off participation relief on dividend income. The effective tax rate was 19.2%.

The numbers published in the tables above are in Swiss francs and rounded; therefore rounding differences may occur.

Outlook

In 2021, Cembra currently expects to deliver a resilient business performance, with revenues gradually recovering, mainly driven by anticipated higher volumes in credit cards. Assuming a continued economic recovery in Switzerland, Cembra confirms its targets in the mid term.

The Group's mid-term financial targets are as follows:
- Return on equity (ROE) of at least 15%;
- Tier-1 capital ratio of at least 17% in the mid term; and
- Dividend payout of between 60% and 70% of net income.

Your Swiss Bank

Interim Financial Report 2021

Interim Condensed Consolidated Financial Statements (Unaudited)

Interim condensed consolidated statements of income (unaudited)

For the six months ended (CHF in thousands)	Notes	30 June 2021	30 June 2020
Interest income	20	**191,204**	203,044
Interest expense	21	**–13,186**	–13,684
Net interest income		**178,018**	**189,360**
Commission and fee income	22	**57,869**	59,964
Net revenues		**235,887**	**249,324**
Provision for losses on financing receivables	**4**	**–14,417**	**–30,198**
Compensation and benefits		**–68,504**	–65,758
General and administrative expenses	23	**–55,577**	–59,560
Total operating expenses		**–124,081**	**–125,318**
Income before income taxes		**97,389**	**93,808**
Income tax expense	15	**–18,654**	–19,689
Net income		**78,735**	**74,119**
Earnings per share			
Basic	13	**2.68**	2.52
Diluted	13	**2.68**	2.52

See accompanying Notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of comprehensive income (unaudited)

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Net income	**78,735**	74,119
Net prior service cost, net of tax	**– 570**	– 669
Actuarial gain / (loss), net of tax	**2,621**	2,255
Unrealised gains / (losses) on investment securities, net of tax	**–**	– 6
Total other comprehensive gain / (loss), net of tax	**2,052**	1,581
Comprehensive income	**80,787**	**75,700**

See accompanying Notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of financial position (unaudited)

CHF in thousands	Notes	30 June 2021	31 December 2020
Assets			
Cash and cash equivalents		**553,067**	599,002
Financing receivables, net	4	**6,205,893**	6,292,563
Property, plant and equipment, net	5	**31,144**	35,376
thereof operating lease - right-of-use (ROU) assets	5	**25,198**	28,175
Intangible assets, net	6	**75,315**	81,846
Goodwill	7	**156,828**	156,828
Other assets	8	**102,018**	78,877
Total assets [1]		**7,124,265**	**7,244,491**
Liabilities and equity			
Deposits	9	**3,283,689**	3,274,620
Accrued expenses and other payables		**166,413**	210,306
Short-term debt	10	**475,075**	275,216
Long-term debt	10	**2,041,416**	2,290,014
Other liabilities		**58,928**	66,618
thereof operating lease - lease liability	5	**25,364**	28,474
Deferred tax liabilities, net	15	**1,037**	694
Total liabilities [1]		**6,026,558**	**6,117,468**
Common shares		**30,000**	30,000
Additional paid in capital (APIC)		**258,658**	259,046
Retained earnings		**870,929**	902,374
Treasury shares		**– 35,377**	– 35,843
Accumulated other comprehensive loss (AOCI)		**– 26,503**	– 28,555
Total shareholders' equity		**1,097,707**	**1,127,023**
Total liabilities and shareholders' equity		**7,124,265**	**7,244,491**

[1] The Group's consolidated assets as at 30 June 2021 and 31 December 2020 include total assets of TCHF 618,097 and TCHF 633,653 , respectively, of consolidated variable interest entities (VIEs) that can only be used to settle the liabilities of the VIEs. The Group's consolidated liabilities as at 30 June 2021 and 31 December 2020 include liabilities of the VIEs of TCHF 503,516 and TCHF 503,639, respectively, for which the VIE creditors do not have recourse to Cembra Money Bank AG

See accompanying Notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of changes in shareholders' equity (unaudited)

CHF in thousands	Common shares	APIC	Retained earnings	Treasury shares	AOCI	Total equity
Balance at 1 January 2020	**30,000**	**259,447**	**859,685**	**– 35,260**	**– 23,325**	**1,090,547**
Net income	–	–	74,119	–	–	74,119
Dividends paid	–	–	– 110,233	–	–	– 110,233
Change due to share-based compensation	–	– 710	–	1,600	–	890
Treasury shares	–	–	–	– 2,182	–	– 2,182
Reclassifications from accumulated other comprehensive loss net of deferred tax of TCHF -447 [1]	–	–	–	–	1,587	1,587
Unrealised gains / (losses) on available for sale debt securities, net of deferred tax of TCHF 1	–	–	–	–	– 6	– 6
Balance at 30 June 2020	**30,000**	**258,738**	**823,571**	**– 35,843**	**– 21,744**	**1,054,722**
Balance at 1 January 2021	**30,000**	**259,046**	**902,374**	**– 35,843**	**– 28,555**	**1,127,023**
Net income	–	–	78,735	–	–	78,735
Dividends paid	–	–	– 110,181	–	–	– 110,181
Change due to share-based compensation	–	– 388	–	977	–	589
Treasury shares	–	–	–	– 511	–	– 511
Reclassifications from accumulated other comprehensive loss net of deferred tax of TCHF -478 [1]	–	–	–	–	2,052	2,052
Balance at 30 June 2021	**30,000**	**258,658**	**870,929**	**– 35,377**	**– 26,503**	**1,097,707**

1 Reclassifications from accumulated other comprehensive loss related to the Group's benefit plan obligation are classified in the income statement under general and administrative expenses

See accompanying Notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of cash flows (unaudited)

For the six months ended (CHF in thousands)	Notes	30 June 2021	30 June 2020
Cash flows from operating activities			
Net income		**78,735**	74,119
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		**14,417**	30,198
Deferred income taxes		**–135**	824
Depreciation		**1,453**	1,538
Amortisation of intangible assets		**11,053**	11,904
(Decrease)/Increase in accrued expenses and other payables		**–43,893**	2,338
Decrease/(Increase) in tax receivables		**–27,964**	–3,019
Decrease/(Increase) in other receivables		**3,259**	5,248
All other operating activities		**–2,415**	–5,184
Net cash provided by operating activities		**34,510**	**117,966**
Cash flows from investing activities			
Net change in financing receivables	24	**64,044**	187,382
Proceeds from sale of loss certificates	4	**8,209**	–
Proceeds from maturity of investment securities		**–**	2,656
Additions to intangible assets		**–3,989**	–5,138
All other investing activities		**–423**	566
Net cash provided by investing activities		**67,841**	**185,465**
Cash flows from financing activities			
Net change in deposits		**9,069**	–92,680
Issuance of non-recourse long-term borrowings		**–**	250,000
Repayments of short-term and long-term debt		**–50,055**	–325,063
Dividends paid		**–110,181**	–110,233
Purchase of treasury shares		**–511**	–2,182
All other financing activities		**1,905**	1,435
Net cash used for financing activities		**–149,772**	**–278,723**
Net increase/(decrease) in cash and cash equivalents		**–47,421**	**24,708**
Cash and cash equivalents, including restricted cash classified in "Other assets"			
Beginning of the period		**630,822**	573,546
thereof restricted cash		**31,820**	30,967
End of period		**583,399**	**598,254**
thereof restricted cash		**30,332**	25,201
Supplemental disclosure			
Interest paid		**–10,037**	–11,386
Income taxes paid		**–56,097**	–53,352

See accompanying Notes to the interim condensed consolidated financial statements

Notes to the interim condensed consolidated financial statements (unaudited)

1. Basis of presentation and summary of significant accounting policies

Cembra Money Bank, which is headquartered in Zurich, Switzerland, comprises of Cembra Money Bank AG ("the Bank" or the parent company) and its subsidiaries Swiss Auto Lease 2015-1 GmbH in Liquidation, Swiss Auto Lease 2016-1 GmbH, Swiss Auto Lease 2019-1 GmbH, Swiss Auto Lease 2020-1 GmbH, Swissbilling SA, eny Credit GmbH and Fastcap AG (collectively "the Group"). The Group is a leading provider of financing solutions and services in Switzerland. The main products comprise consumer finance products such as personal loans, auto leases and loans, credit cards as well as saving products.

The accompanying unaudited Interim Condensed Consolidated Financial Statements reflect the Group's financial position, results of operations, shareholders' equity and cash flows and have been prepared in accordance with accounting principles generally accepted in the US (US GAAP) and are stated in Swiss francs (CHF).

Certain financial information, which is shown in the annual consolidated financial statements prepared according to US GAAP, is not required to be disclosed for interim reporting purposes. These statements include all adjustments (consisting of normal recurring accruals) that the Group considers necessary to present a fair statement of the Group's financial position, results of operations, shareholders' equity and cash flows. The results reported in these Interim Condensed Consolidated Financial Statements should not be regarded as indicative of results that may be expected for the entire year. They should be read in combination with the Consolidated Financial Statements and notes thereto included in the Consolidated Financial Statements as of and for the years ended 31 December 2020 and 2019.

Preparing financial statements in conformity with US GAAP requires the management to make estimates based on assumptions about future economic and market conditions that affect reported amounts and related disclosures in the financial statements. Although the Group's current estimates take into account current conditions and how management expects them to change in the future, as appropriate, it is reasonably possible that in the reporting period and beyond actual conditions could alter, which could materially affect the Group's results of operations and financial position.

The abbreviation TCHF within these financial statements refers to thousands of Swiss francs. The numbers published in the notes are rounded in thousands of Swiss francs, therefore rounding differences can occur.

2. Accounting changes

Recently issued accounting standards to be effective in future periods

On 16 June 2016, the FASB issued ASU 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which amends the guidance on the impairment of financial instruments. The ASU adds to US GAAP an impairment model, known as the current expected credit loss (CECL) model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognises as an allowance its estimate of expected credit losses, which the FASB believes will result in more timely recognition of such losses. The ASU is also intended to reduce the complexity of US GAAP by decreasing the number of credit impairment models that entities use to account for debt instruments.

Subsequently, the FASB has issued several additional amendments to ASU 2016-13, which affect certain aspects related to clarification and updates to a variety of topics, as well as allowing for an irrevocable election of the fair value option for certain financial assets previously measured on an amortised cost basis upon transition. Additionally, the amendments also deferred the effective date to annual periods beginning after 15 December 2022, and interim periods therein.

The Group is evaluating the effect of adoption of the new standard on its financial statements.

On 26 January 2017, the FASB issued ASU 2017-4 “Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment”, which amends goodwill impairment test by eliminating step two that measures a goodwill impairment loss by comparing the implied fair value of a reporting unit’s goodwill with the carrying amount of that goodwill. Instead, under the amendments in this update, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. The guidance is effective for fiscal years beginning after 15 December 2020, including interim periods therein. The Group does not expect there to be a material impact from the adoption of the new standard on its financial statements.

On 18 December 2019, the FASB issued ASU 2019-12 “Simplifying the Accounting for Income Taxes”. The amendments in the update simplify the accounting for income taxes by removing certain exceptions to the general principles in ASC 740. The amendments also improve consistent application of and simplify GAAP for other areas of ASC 740 by clarifying and amending existing guidance. The new guidance is effective for the Group starting in fiscal years beginning after December 2020, including interim periods within those fiscal years. The Group has addopted this guidance as of 1 January 2021.

On 5 August 2020, the FASB issued ASU 2020-06 “Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity”. The ASU reduces the number of models used to account for convertible instruments, eliminating two out of five existing separation models (i.e. the convertible debt with a cash conversion feature and the convertible instrument with a beneficial conversion feature). The ASU furthermore provides more consistent guidance on calculating the dilutive impact on earnings per share. The ASU is expected to reduce complexity and improve comparability of financial reporting associated with accounting for convertible instruments and contracts in an entity’s own equity. The new guidance is effective for the Group for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years. The Group plans to adopt the guidance as of 1 January 2024 and is currently assessing the impact of this guidance on its financial statements.

In March 2020, the FASB issued ASU 2020-04, “Facilitation of the Effects of Reference Rate Reform on Financial Reporting” (ASU 2020-04), creating ASC Topic 848 – Reference Rate Reform. The amendments in ASU 2020-04 provided optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments were elective and applied to contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (LIBOR) or other reference rates expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU 2021-01, “Reference Rate Reform, Scope” (ASU 2021-01), which expands the scope of ASC Topic 848 to apply certain optional expedients for contract modifications and hedge accounting provided in ASU 2020- 04 to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified for reference rate reform. The Group plans to adopt the guidance as of 1 January 2022 and does not expect a material impact from the adoption of the new standard.

3. Business developments

Following a successful business integration, in June 2021 cashgate AG was legally merged with the Bank, as planned.

4. Financing receivables and allowance for losses

The Group's credit risk appetite and strategy have been consistent over many years. This has assisted it to remain resilient through economic turbulences, including the 2009 downturn and in the Covid-19 pandemic. In light of the current economic uncertainty, the Group's credit risk strategy continues to be cautious, and constantly assesses the potential impact of various macroeconomic scenarios.

As part of this response, the appropriate resources have been allocated to support collections strategies, while the usage of tools that were introduced at the beginning of the pandemic, such as repayment plans and payment holidays, continues to be monitored regularly. It should be noted that the utilisation of these tools did not change the original contractual payments terms, and therefore the reported figures regarding the over 30 days past due receivables and nonaccrual receivables are not affected.

The environmental reserve, which was recorded on personal loans with the scope to further strengthen the allowance for losses in light of Covid-19 related macroeconomic impacts, remains in place at CHF 2.1 million, considering continuous uncertainties and potential second-round effects on the Swiss macro economy related to the pandemic.

In the first half of 2021, previously written off financing receivables were sold to a third party. The proceeds were recorded as recoveries impacting the activity in the allowance for losses, which resulted in a reduction in the provision for losses of TCHF 8,209 in the Group's financial results of the reported period.

As at 30 June 2021, the Group's financing receivables included lending to private customers, vehicle lease financing and credit card financing as follows:

CHF in thousands	30 June 2021	31 December 2020
Loans	**3,629,063**	3,696,458
Deferred costs, net	**41,067**	43,659
Total loans, including deferred costs, net	**3,670,130**	**3,740,117**
Investment in financing leases, net of deferred income	**2,568,597**	2,573,674
Other [1]	**56,198**	62,827
Financing receivables before allowance for losses	**6,294,925**	**6,376,617**
Less allowance for losses [2]	**– 89,032**	– 84,055
Financing receivables, net	**6,205,893**	**6,292,563**

[1] Other includes Swissbilling SA
[2] Includes Covid-19 environmental reserve of TCHF 2,088

The majority of the investment in financing leases is related to auto leases. Components of the Group's net investment in financing leases, which are included in financing receivables above, are shown below:

CHF in thousands	30 June 2021	31 December 2020
Total minimum lease payments receivable	**2,767,936**	2,770,331
Deferred income [1]	**– 199,339**	– 196,657
Investment in direct financing leases	**2,568,597**	**2,573,674**
Less allowance for losses	**– 11,106**	– 9,654
Net investment in direct financing leases	**2,557,490**	**2,564,020**

1 Includes TCHF 25,829 and TCHF 25,602 of initial direct costs on direct financing leases as at 30 June 2021 and 31 December 2020, respectively

The subsidiaries held TCHF 587,765 and TCHF 601,766 of net financing receivables as at 30 June 2021 and 31 December 2020, respectively, as collateral to secure third-party debt in securitisations. See note 18. Variable interest entities for further details of securitisations.

The following table provides further information about financing receivables:

CHF in thousands	30 June 2021	31 December 2020
Personal loans	**2,368,261**	2,472,644
Auto leases and loans	**2,837,001**	2,865,029
Credit cards	**1,033,465**	976,117
Other [1]	**56,198**	62,827
Financing receivables, before allowance for losses	**6,294,925**	**6,376,617**
Allowance for losses [2]	**– 89,032**	– 84,055
Financing receivables, net	**6,205,893**	**6,292,563**

1 Other includes Swissbilling SA
2 Includes Covid-19 environmental reserve of TCHF 2,088

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

CHF in thousands	Balance at 1 January 2021	Provision for losses [3]	Amounts written off	Recoveries [3]	Other	Balance at 30 June 2021
Personal loans [1]	**64,401**	**4,541**	**– 31,539**	**28,531**	**–**	**65,932**
Auto leases and loans	**12,097**	**5,046**	**– 15,043**	**11,564**	**–**	**13,664**
Credit cards	**6,375**	**4,271**	**– 7,544**	**5,113**	**–**	**8,215**
Other [2]	**1,180**	**560**	**– 912**	**348**	**–**	**1,219**
Total [1]	**84,055**	**14,417**	**– 54,995**	**45,556**	**–**	**89,032**
As a % of total financing receivables, net						**1.4 %**

1 Includes Covid-19 environmental reserve of TCHF 2,088
2 Other includes Swissbilling SA
3 Includes recoveries of TCHF 8,209 from previously written off financing receivables that were sold to a third party

CHF in thousands	Balance at 1 January 2020	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2020
Personal loans [1]	**60,532**	**17,732**	**– 37,211**	**22,731**	**–**	**63,784**
Auto leases and loans	**11,800**	**6,525**	**– 15,486**	**9,117**	**–**	**11,956**
Credit cards	**7,051**	**4,948**	**– 9,652**	**4,951**	**–**	**7,299**
Other [2]	**891**	**991**	**– 1,076**	**211**	**–**	**1,017**
Total [1]	**80,274**	**30,198**	**– 63,425**	**37,010**	**–**	**84,057**
As a % of total financing receivables, net						**1.3 %**

1 Includes Covid-19 environmental reserve of TCHF 2,165
2 Other includes Swissbilling SA

Credit quality of financing receivables

The Group describes the characteristics of the financing receivables and provides information about payment performance, credit quality indicators and impairment. The Group manages these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as nonaccrual financing receivables are defined by the authoritative guidance, and the Group bases the categorisation on the related scope and definitions contained in the related standards. The category of delinquent customer accounts is defined by the Group and is used in the process of managing the financing receivables. Definitions of these categories are provided in note 1. Basis of presentation and summary of significant accounting policies of the Consolidated Financial Statements as of and for the years ended 31 December 2020 and 2019.

Past due financing receivables

The following table displays payment performance of the financing receivables as a percentage of loans and investment in direct financing leases:

	30 June 2021		31 December 2020	
	Over 30 days past due	**Over 90 days past due**	Over 30 days past due	Over 90 days past due
Personal loans	**3.5 %**	**1.5 %**	3.3 %	1.4 %
Auto leases and loans	**0.6 %**	**0.1 %**	0.7 %	0.1 %
Credit cards	**1.0 %**	**0.4 %**	1.0 %	0.4 %
Total [1]	**1.8 %**	**0.7 %**	**1.8 %**	**0.7 %**

1 Does not include Swissbilling SA. There is no material impact on the Group’s past due financing receivables

Nonaccrual financing receivables

The following table provides further information about financing receivables that are classified as nonaccrual:

CHF in thousands	30 June 2021	31 December 2020
Personal loans	**35,357**	33,674
Auto leases and loans	**2,451**	3,544
Credit cards	**3,827**	3,587
Total [1]	**41,635**	**40,804**
Nonperforming loan coverage [2]	**214 %**	206 %

[1] Does not include Swissbilling SA. There is no material impact on the Group's nonaccrual financing receivables
[2] Calculated as allowance for losses divided by non-accrual financing receivables

Credit quality indicators

For its lending products, the Group uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default based on historical default experience, with a default definition of 90 days past due. The five ratings and their associated probabilities of default are:
a. CR1 0.00% – 1.20%;
b. CR2 1.21% – 2.97%;
c. CR3 2.98% – 6.99%;
d. CR4 7.00% – 13.16%; and
e. CR5 13.17% and greater.

For private customers, the consumer rating is derived from an application credit score that is calculated through one of the Group's internal scorecards. Each credit score translates into one of the consumer ratings. For commercial customers, an obligor rating (OR) is assigned. The obligor rating is translated into the grades of the consumer rating.

In addition to regular scorecard monitoring, a parity test is run at portfolio level on a quarterly basis to monitor whether the consumer ratings adequately reflect the credit quality. As a response to the Covid-19 pandemic, the consumer ratings were reviewed and adjusted in order to adequately reflect the most recent portfolio credit quality.

	30 June 2021				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	**994,306**	**735,721**	**419,190**	**123,363**	**44,320**
Auto leases and loans	**1,479,903**	**903,524**	**367,262**	**66,136**	**20,175**
Credit cards	**773,828**	**187,494**	**66,501**	**5,543**	**100**
Total [1]	**3,248,038**	**1,826,739**	**852,953**	**195,042**	**64,595**
As a % of total financing receivables before allowance for losses [1]	**52.5 %**	**29.5 %**	**13.8 %**	**3.2 %**	**1.0 %**

[1] Does not include eny Credit GmbH and Swissbilling SA. There is no material impact on the Group's consumer ratings

	31 December 2020				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	**1,045,608**	**776,452**	**417,852**	**121,177**	**45,537**
Auto leases and loans	**1,476,555**	**885,265**	**405,127**	**70,851**	**27,231**
Credit cards	**719,543**	**184,761**	**65,332**	**6,392**	**89**
Total [1]	**3,241,705**	**1,846,478**	**888,311**	**198,420**	**72,858**
As a % of total financing receivables before allowance for losses [1]	**51.8 %**	**29.6 %**	**14.2 %**	**3.2 %**	**1.2 %**

[1] Does not include eny Credit GmbH and Swissbilling SA. There is no material impact on the Group's consumer ratings.

5. Property, plant and equipment

The following table provides further information about property, plant and equipment, excluding operating leases which are shown separately further below.

CHF in thousands	Estimated useful lives (years)	30 June 2021	31 December 2020
Original cost			
Buildings and improvements	(5-40)	**9,329**	9,598
Office equipment	(3-10)	**16,075**	15,916
Total		**25,404**	**25,514**
Accumulated depreciation			
Buildings and improvements		**– 6,794**	– 6,733
Office equipment		**– 12,664**	– 11,580
Total		**– 19,458**	**– 18,313**
Net carrying value			
Buildings and improvements		**2,535**	2,865
Office equipment		**3,411**	4,336
Total		**5,946**	**7,201**

Depreciation expense was TCHF 1,453 and TCHF 1,538 for the periods ended 30 June 2021 and 30 June 2020, respectively. The Group did not recognise any impairment losses in both periods.

The Group holds operating leases primarily related to real estate and automobiles.

CHF in thousands	30 June 2021	31 December 2020
Components of the lease liability		
Operating lease - ROU assets	**25,198**	28,175
Operating lease - lease liability	**25,364**	28,474
Short-term classification	**4,933**	6,636
Long-term classification	**20,431**	21,838
Supplemental information		
ROU assets obtained for new lease liabilities	**–**	14,893
Weighted average remaining lease term (in years)	**4.69**	4.56
Weighted average discount rate	**0.19%**	0.20%

For the six months ended (CHF in thousands)	**30 June 2021**	30 June 2020
Components of the lease expense		
Operating lease expense [1]	**3,367**	4,357
Supplemental cash flow information		
Operating cash flows paid for operating leases	**3,508**	3,636
Operating cash flows paid for short-term	**172**	333

[1] Includes impariment loss of TCHF 0 and TCHF 575 on operating leases for the period ended 30 June 2021 and 2020, respectively

CHF in thousands	30 June 2021
Maturities of operating lease liabilities	
2021	**2,811**
2022	**6,360**
2023	**5,476**
2024	**4,115**
2025	**3,761**
Thereafter	**2,923**
Total lease payments	**25,445**
Less: imputed interest	**–81**
Total	**25,364**

The Group recognised an impairment loss of TCHF 0 and TCHF 575 on operating leases under ASC Topic 842 for the period ended 30 June 2021 and 2020, respectively due to the planned closure of various branches. No lease concessions were granted to the Group due to the Covid-19 pandemic.

6. Intangible assets

CHF in thousands	Estimated useful lives (years)	30 June 2021	31 December 2020
Original cost			
Capitalised software	(1-5)	**95,062**	91,065
Customer relationships	(5 - 5.5)	**48,087**	48,087
Trademarks	(5)	**10,957**	10,964
Total		**154,106**	**150,117**
Accumulated amortisation			
Capitalised software		**– 58,582**	– 53,532
Customer relationships		**– 16,189**	– 11,815
Trademarks		**– 4,020**	– 2,924
Total		**– 78,791**	**– 68,271**
Net carrying value			
Capitalised software		**36,480**	37,533
Customer relationships		**31,898**	36,273
Trademarks		**6,937**	8,040
Total		**75,315**	**81,846**

Amortisation expense related to intangible assets was TCHF 11,053 and TCHF 11,904 for the periods ended 30 June 2021 and 30 June 2020, respectively.

7. Goodwill

On 16 February 2017, the Group acquired 100% of the shares of Swissbilling SA, a Swiss invoice financing company with operations mainly in the French-speaking region of Switzerland. On 30 November 2017, the Group acquired 100% of outstanding shares of EFL Autoleasing AG, a Swiss auto leasing company domiciled in Winterthur. On 2 September 2019, the Group acquired 100% of the shares of cashgate AG, a leading consumer finance provider in Switzerland, for total consideration of CHF 277 million. The goodwill related to these acquisitions is presented below.

CHF in thousands	Balance at 1 January 2021	Goodwill acquired during the period	Other	Balance at 30 June 2021
Gross amount of goodwill	156,828	–	–	156,828
Accumulated impairment	–	–	–	–
Net book value	**156,828**	**–**	**–**	**156,828**

The Group continually assesses whether or not there has been a triggering event requiring a review of goodwill, for which both a qualitative and quantitative assessment may be performed. For the quantitative assessment, the Group applied the income approach. This approach is based on a discount rate which reflects the relevant risks and projected cash flows determined from the Group's updated five-year strategic business plan that included significant management assumptions and estimates based on its view of current and future economic conditions.

Based on the goodwill impairment analysis, the Group concluded that there was no triggering event as of 30 June 2021. There are no deferred taxes booked related to goodwill.

8. Other assets

CHF in thousands	30 June 2021	31 December 2020
Restricted cash	**30,332**	31,820
Tax receivables	**58,697**	30,733
Other receivables	**4,327**	7,586
Deferred expenses	**7,408**	7,157
Other	**1,254**	1,581
Total other assets	**102,018**	**78,877**

Restricted cash is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 30,332 and TCHF 31,820 of restricted cash related to the consolidated VIEs (note 18) as at 30 June 2021 and 31 December 2020, respectively.

The tax receivables as per 30 June 2021 consisted of VAT input tax and income tax receivables.

9. Deposits

The following table shows the maturities of the Group's customers' saving deposits, term deposits and prepaid cards as at 30 June 2021 and 31 December 2020, respectively:

CHF in thousands	30 June 2021	31 December 2020
On demand	**158,521**	167,124
Less than 3 months	**419,656**	328,852
3 to less than 6 months	**506,164**	327,727
6 to less than 12 months	**450,093**	820,039
12 months plus, thereof	**1,749,255**	1,630,878
due in 2022	**402,433**	578,330
due in 2023	**425,430**	359,629
due in 2024	**407,947**	341,649
due in 2025	**215,910**	120,802
due in 2026	**92,411**	66,601
due in 2027 and later	**205,125**	163,868
Total	**3,283,689**	**3,274,620**

There is no term maturity for on-demand saving deposits. All deposits are denominated in CHF. The weighted average interest rate on all deposits was approximately 0.38% and comparable to that of the prior period.

10. Short-term and long-term debt

Short-term and long-term debt is shown below:

		30 June 2021		31 December 2020	
CHF in thousands	Maturity	**Amount**	**Contractual interest rate** [2]	Amount	Contractual interest rate [2]
Short-term portion					
External debt (senior unsecured floating rate notes)	2021	–	–	50,055	0.00 %
External debt (unsecured bond)	2021	**175,000**	**0.50 %**	175,000	0.50 %
External debt (senior unsecured floating rate notes)	2021	**50,075**	**0.00 %**	50,161	0.00 %
Non-recourse borrowings (Auto ABS) [1]	2022	**250,000**	**0.15 %**	–	–
Long-term portion					
Non-recourse borrowings (Auto ABS) [1]	2022	–	–	250,000	0.15 %
External debt (unsecured bond)	2022	**99,991**	**1.25 %**	99,988	1.25 %
External debt (unsecured bond)	2023	**250,000**	**0.00 %**	250,000	0.00 %
External debt (unsecured bond)	2023	**200,000**	**0.18 %**	200,000	0.18 %
Non-recourse borrowings (Auto ABS) [1]	2024	**250,000**	**0.00 %**	250,000	0.00 %
External debt (unsecured bond)	2024	**200,115**	**0.25 %**	200,136	0.25 %
External debt (perpetual tier 1 capital bond)	2024	**150,000**	**2.50 %**	150,000	2.50 %
External debt (unsecured bond)	2025	**150,473**	**0.38 %**	150,533	0.38 %
External debt (unsecured bond)	2026	**125,164**	**0.88 %**	125,179	0.88 %
External debt (senior convertible bond)	2026	**248,565**	**0.00 %**	248,420	0.00 %
External debt (unsecured bond)	2026	**200,000**	**0.15 %**	200,000	0.15 %
External debt (unsecured bond)	2027	**175,000**	**0.29 %**	175,000	0.29 %
Debt issuance costs		**– 7,891**		– 9,242	
Total short-term and long-term debt		**2,516,491**		**2,565,230**	

[1] Related to consolidated VIEs, for further details refer to note 18. Variable interest entities
[2] Rounded to two decimal places

The contractual rate represents the interest due on the relevant debt at the reporting date, whereas the effective interest (all-in) rate reflects, in addition to the contractual interest rate, fees and debt issuance costs that are amortised over the expected life of the instrument. As per 30 June 2021, the Group had mostly fixed rate funding, except of one floating rate note over TCHF 50,000, which was issued in November 2019.

The Group defers the debt issuance costs and amortises them over the expected lifetime of the relevant debt instrument. As per 30 June 2021 and 31 December 2020, unamortised debt issuance costs amounted to TCHF 7,891 and TCHF 9,242, respectively. Commitment fees are recognised as incurred over the commitment period.

On 23 January 2019, the Group signed a revolving credit facility with an international bank with a committed term until 2022. The facility consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

On 22 November 2018, the Group signed a revolving credit facility with a Swiss bank with a committed term until 2022 The facility consists of a TCHF 50,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.20% per annum.

On 4 July 2018, the Group signed a revolving credit facility with a Swiss bank with committed term until 2021. This revolving credit facility has been replaced as described in note 26. Subsequent events. The facility consists of a TCHF 100,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

On 4 December 2020, the Group signed a revolving credit facility with a Swiss bank with a committed term until end of 2023. The facility consists of a TCHF 150,000 unsecured commitment. The facility has an applicable contractual commitment fee of 0.25% per annum.

As at 30 June 2021 and 31 December 2020, the Group maintained TCHF 400,000 of undrawn committed facilities. The weighted average contractual commitment fee for all facilities was 0.24% at 30 June 2021 and 31 December 2020, respectively.

On 14 November 2019, the Group issued a TCHF 50,000 floating rate note at 100.70% with a maturity of two years and a quarterly coupon of 0.0% floored respectively 0.05% capped for the entire period depending on the Libor fixings.

On 1 October 2019, the Group issued a TCHF 200,000 senior unsecured bond at 100% with a maturity of seven years and a coupon of 0.15%.

On 8 July 2019, the Group issued a TCHF 250,000 senior unsecured bond at 100% with maturity of three and three quarter years and a coupon of 0.0% and a TCHF 175,000 senior unsecured bond at 100% with a maturity of eight years and a coupon of 0.29%.

On 4 July 2019, the Group issued a TCHF 150,000 additional tier1 bond at 100% with perpetual maturity (earliest call in November 2024) and a coupon of 2.5%. The bond is eligible for tier1 capital, and will be written-off if a pre-specified trigger event occurs in relation to the regulatory capital adequacy ratio (>5.125% Common Equity Tier 1). If capital triggering occurs, the investor receives a write-down of the outstanding amount of the debt, which may be defined as either fixed or variable (depending upon the point of conversion). Given the extremely low likelihood of conversion, no separate derivative was recorded related to the value of the conversion option.

On 2 July 2019, the Group issued a TCHF 250,000 convertible bond at 100.88% with a maturity of seven years and a coupon of 0.0%.The effective interest rate on the debt component for the period ended 30 June 2021 was 0.11%. The conversion right allows the bondholders to convert their bonds any time 41 days after settlement up to and including 40 days before maturity. When conversion rights are exercised, holders who convert their bonds will receive a) if the conversion value is lower than or equal to the aggregate principal amount of the bonds converted by the same holder at any one time, the cash conversion amount; or b) if the conversion value is greater than the aggregate principal amount of the bonds converted by the same holder at any one time the cash conversion amount and the net shares. Upon conversion, it is at the discretion of Cembra Money Bank AG to deliver net shares or its equivalent in cash. The convertible bond has an initial conversion price of CHF 122.20. The embedded conversion option met the criteria for a cash conversion option via ASC Topic 470 and is measured separately via equity at TCHF 4,200.

On 6 March 2019, the Group launched its fifth auto lease asset backed security ("ABS") transaction and issued a fixedrate senior notes of TCHF 250,000 on the Swiss capital market with a legal maturity of ten years , an optional redemption date of 3 years from the date of issuance and coupon of 0.15%. Most of the proceeds from this issuance were used to refinance the third ABS issued in 2015. On 23 March 2019, the TCHF 200,000 outstanding senior notes issued in 2015 were fully repaid with no further amounts due to noteholders.

On 3 March 2020, the Group launched its sixth auto lease asset backed security ("ABS") transaction and issued a fixed-rate senior notes of TCHF 250,000 on the Swiss capital market with a contractual maturity of ten years, an optional redemption date of four years from the date of issuance and coupon of 0.00%.

The Group has a total outstanding of TCHF 2,375,000 of senior unsecured bonds (including ABS and convertible) and TCHF 150,000 subordinated additional tier 1 bond issued as at 30 June 2021. These bonds have been issued in 2014 (maturing in 2022), 2015 (maturing in 2021), 2016 (maturing in 2023), 2017 (maturing in 2024 and 2025), 2018 (maturing in 2026), 2019 (maturing in 2021, 2022, 2023, 2026 and 2027) and 2020 (maturing in 2024). All debt instruments are repayable at full at maturity or at the earliest possible redemption date.

11. Pension plans

The cost of the pension plans is presented below:

For the six months ended (CHF in thousands)		30 June 2021	30 June 2020
Service cost for benefits earned	Compensation and benefits	**4,240**	4,339
Prior service credit amortisation	General and administrative expenses	**–707**	–829
Expected return on plan assets	General and administrative expenses	**–3,783**	–3,644
Interest cost on benefit obligations	General and administrative expenses	**166**	321
Net actuarial loss amortisation	General and administrative expenses	**3,237**	2,863
Pension plan cost		**3,153**	**3,051**

12. Capital adequacy

The Group is subject to FINMA regulations. The capital levels of the Group are subject to quantitative requirements and qualitative judgements by the regulators, including FINMA, about the components of capital, risk weightings and other factors.

The Group is applying the definite Basel III rules effective since 1 January 2013. Under Basel III, a variety of basic approaches are available to banks for the calculation of capital adequacy requirements for credit, market and operational risks. The Group uses the International standard approach ("SA-BIS" approach) to calculate the minimum requirement for covering credit risk. It is entitled to use a standardised approach to calculate the capital charge for market risk. The Group also applies a standardised approach to calculate the capital charge for operational risk management. Thus it fulfils the qualitative and quantitative requirements of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO, SR 952.03).

The total eligible regulatory capital of the Group comprises of Common Equity Tier 1 (CET1), which consists of total shareholders' equity including net income for the current year and additional Tier 1 capital (AT1). Deductions from Tier 1 include, among other items, anticipated but non-declared dividends, own shares and goodwill. Risk-weighted assets include consolidated balance sheet assets, off-balance sheet transactions converted into credit equivalents, non-counterparty risk, market risk and operational risk from processes, people, systems and external events.

As of 30 June 2021, the Group adheres to the applicable regulatory requirements for a category 4 bank set by FINMA. The Group aims to consistently operate with a capital base that is well above this mark. The Group was adequately capitalised under the regulatory provisions outlined by FINMA and the Bank for International Settlements.

Further information on capital adequacy is contained in the separate document "Basel III Pillar 3 disclosures 2020" published on the Cembra website (www.cembra.ch/financialreports).

CHF in thousands	30 June 2021	31 December 2020
Eligible regulatory capital		
Tier 1 capital	**1,028,025**	1,000,436
of which CET1 capital	**878,025**	850,436
of which additional Tier 1 capital	**150,000**	150,000
Total eligible capital	**1,028,025**	**1,000,436**
Risk-weighted assets		
Credit risk	**4,826,392**	4,861,055
Non counterparty risk	**39,873**	42,215
Market risk	**763**	3,452
Operational risk	**753,197**	755,157
Total risk-weighted assets	**5,620,225**	**5,661,879**
Capital ratios		
CET1 ratio	**15.6 %**	15.0 %
Tier 1 ratio	**18.3 %**	17.7 %
Total capital ratio	**18.3 %**	**17.7 %**

13. Earnings per share and additional share information

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	**78,735**	74,119
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	**78,735**	74,119
Weighted-average number of common shares		
Weighted-average number of common shares issued	**30,000,000**	30,000,000
Less weighted-average number of treasury shares	**622,387**	618,946
Weighted-average numbers of common shares outstanding for basic earnings per share	**29,377,613**	**29,381,054**
Dilution effect number of shares	**18,586**	21,667
Weighted-average numbers of common shares outstanding for diluted earnings per share	**29,396,198**	**29,402,721**
Basic earnings per share (in CHF)	**2.68**	**2.52**
Diluted earnings per share (in CHF)	**2.68**	**2.52**

The amount of common shares outstanding has changed as follows:

	30 June 2021	31 December 2020
Common shares issued		
Balance at beginning of period	**30,000,000**	**30,000,000**
Issuance of common shares	**–**	–
Balance at end of period	**30,000,000**	**30,000,000**
Treasury shares		
Balance at beginning of period	**629,535**	**621,644**
Share-based compensation	**– 11,019**	– 17,109
Purchase	**5,000**	25,000
Balance at end of period	**623,516**	**629,535**
Common shares outstanding	**29,376,484**	**29,370,465**

14. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Group from a customer, are excluded from revenue. The Group recognises revenue when it satisfies a contractual performance obligation.

These performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. The contracts generally do not include variable consideration, therefore there is no significant judgement required in this respect.

Nature of services

The Group provides finance solutions to its customers. The main revenue streams of the Group arise from personal loans, leases and credit cards as well as from insurance products. Certain credit card-related fees and insurance commissions are in the scope of ASC 606.

Commission and fee income related to credit cards include certain transaction-based and service fees. Those fees are recognised as the services are rendered, which is when the transaction happens and is processed. In case of credit cards, the Group additionally earns interchange fees calculated as a percentage of total credit card transaction volume. Those fees are recognised when the transactions are processed.

The Group also offers insurance products to its customers. Those products are complementary to the Group's lending products and the Group acts as an agent to insurance companies. For arranging between the customer and the insurer, the Group is entitled to keep a part of the insurance premium as its commission, which is recognised on a net basis as the services are rendered.

Disaggregation of revenues

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Insurance	**11,900**	12,135
Credit cards	**33,409**	34,903
Total	**45,309**	**47,038**

The table above differs from note 22. Commissions and fee income, as it includes only contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

15. Income tax expense

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

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Current tax expense	**18,790**	18,865
Deferred tax expense / (benefit) from temporary differences	**–135**	824
Income tax expense	**18,654**	**19,689**

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the carrying amounts for income tax purposes.

Under Swiss law, a resident company is subject to income tax at the federal, cantonal and communal levels. The federal statutory tax rate is 8.5%. The cantonal and communal corporation tax rates vary. The Group's effective tax rates for the periods ended 30 June 2021 and 30 June 2020 were approximately 19% and 21%, respectively. The decrease is mainly due to lowered tax rates as a consequence of the implementation of the Swiss Federal Act on Tax Reform and AHV Financing 2019 (TRAF) and a one-off participation relief on dividend income.

Net deferred tax liabilities amounted to TCHF 1,037 as of 30 June 2021 and TCHF 694 as of 31 December 2020, respectively.

Management believes that the realisation of the recognised deferred tax assets is more likely than not, based on expectations regarding future taxable income. In assessing the realisability of deferred tax assets, the management considers whether it is more likely than not that a portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realise the benefits of these deductible differences. The amount of the deferred tax assets is considered realisable, however, it could be reduced in the near term if estimates of future taxable income during the carry-forward period are significantly reduced.

The Group has no unrecognised tax benefits. Management believes that there are no uncertain tax positions that would require a reserve.

16. Commitments and guarantees

The Group's guarantees are provided in the ordinary course of business and are underwritten by considering the economic, liquidity and credit risk of the counterparty.

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 6 billion for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, the Group's share in the deposit insurance guarantee programme was TCHF 6,674 as at 30 June 2021. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 30 June 2021, the Group considers the probability of a material loss from this obligation to be remote.

The Bank has issued a comfort letter (guarantee) towards Swisscom Directories AG as part of a factoring agreement between the subsidiary Swissbilling SA and Swisscom Directories AG. The guarantee covers the net financial obligations of Swissbilling SA to Swisscom Directories AG up to a maximum amount of TCHF 35,000, in the event Swissbilling

SA is not able to meet its financial obligations. The commitment is irrevocable until all net financial obligations have been settled with Swisscom Directories AG. Exposure as at 30 June 2021 amounts to TCHF 31,250 and management assesses that the probability of payout is remote.

For details on rental commitments under non-cancellable operating leases refer to note 5. Property, plant and equipment.

17. Financial instruments

The following table provides information about the assets and liabilities not carried at fair value in the Statement of Financial Position.

The table excludes finance leases and nonfinancial assets and liabilities. For the most part, the assets and liabilities discussed below are considered to be Level 3 (for the definition see note 1 of the Consolidated Financial Statements in the Annual Report 2020).

	30 June 2021		31 December 2020	
CHF in thousands	**Carrying amount net**	**Estimated fair value**	Carrying amount net	Estimated fair value
Assets				
Loans	**3,593,582**	**3,673,619**	3,666,896	3,741,341
Liabilities				
Deposits	**– 3,283,689**	**– 3,312,066**	– 3,274,620	– 3,308,535
Borrowings	**– 2,516,491**	**– 2,295,005**	– 2,565,230	– 2,334,796

Due to the nature of the financial instruments, the Covid-19 pandemic has no significant impact on the estimated fair value measurement. Fair values are estimated as follows:

Loans
Fair value calculation is based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Deposits and borrowings
If no market quotes are available, the fair value calculation is based on a discounted future cash flows methodology, using current effective interest rate data or current market interest rate data that is available to the Group for similar financial instruments.

Assets and liabilities that are reflected in the accompanying financial statements at a carrying value deemed to represent fair value are not included in the above disclosures; such items include cash and equivalents, investment securities, other assets, accrued expenses and other liabilities.

18. Variable interest entities

The Group primarily uses variable interest entities (VIEs) to securitise auto lease financing receivables. The financing receivables are originated by the Bank in the ordinary course of business and transferred to the VIEs. The financing receivables in the VIEs have similar risks and characteristics to the Bank's other lease financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to the Bank's other lease financing receivables.

The Group completed six securitizations, all through consolidated VIEs, to obtain funding backed by its auto lease receivables. Four transactions of TCHF 200,000 each, issued between March 2012 and 2016 were all fully repaid at their optional redemption dates. In March 2019, the Group launched its fifth securitisation transaction (Swiss Auto Lease 2019-1 GmbH) and issued fixed-rate senior notes of TCHF 250,000 with a coupon of 0.15% per annum and an optional redemption date of three years from the date of issuance. In March 2020, the Group launched its sixth securitisation transaction (Swiss Auto Lease 2020-1 GmbH) and issued fixed-rate senior notes of TCHF 250,000 with a coupon of 0.00% per annum and an optional redemption date of four years from the date of issuance.

Third-party holders of the debt issued by the VIEs only have recourse to the financing receivables owned by the VIEs and not to the Bank's general credit. Contractually, the cash flows from these financing receivables must first be used to pay third-party debt holders and other expenses of the VIEs. Excess cash flows are available to the Bank.

The Bank is the servicer of the VIEs and holds the subordinated interests issued by the VIEs. The Bank is considered primary beneficiary of the VIEs as it has both the power to direct the activities that most significantly impact the VIEs' economic performance and an obligation to absorb losses, or a right to receive benefits from the VIEs. Hence, the VIEs are being consolidated.

In July 2017, the Group signed an agreement to refinance a CHF 42 million personal loan portfolio from eny Finance AG, a Swiss online personal loan provider. The Group has also agreed to partially refinance future personal loan volume from this provider. The deal was structured through a VIE, eny Credit GmbH, that is fully owned, controlled and consolidated by the Group. The Bank is the co-servicer of the VIE and holds the subordinated interests issued by the VIE that were used to refinance the loan portfolio from eny Finance AG. The Bank is considered the primary beneficiary of the VIE as it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the VIE.

The table below summarises the assets and liabilities of the consolidated VIEs described above:

CHF in thousands	30 June 2021	31 December 2020
Assets		
Financing receivables, net	**587,765**	601,766
Financing leases	**546,623**	545,920
Loans	**41,141**	55,846
Other assets	**30,332**	31,887
Total assets	**618,097**	**633,653**
Liabilities		
Accrued expenses and other payables	**4,551**	5,035
Non-recourse borrowings	**498,964**	498,604
Total liabilities	**503,516**	**503,639**

Revenues from the consolidated VIEs amounted to TCHF 15,345 and TCHF 15,226 for the periods ended 30 June 2021 and 30 June 2020, respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,353 and TCHF 1,566, general and administrative expenses related to portfolio service costs of TCHF 880 and TCHF 370 and interest expense of TCHF 572 and TCHF 727 for the periods ended 30 June 2021 and TCHF 30 June 2020, respectively. These amounts do not include intercompany revenues and costs, principally fees and interest between the Bank and the VIEs, which are eliminated for consolidation purposes.

19. Related-party transactions

The Group had no related-party transactions in the first half-year of 2021 outside the normal course of business.

20. Interest income

The details of interest income are shown below:

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Personal loans	**85,629**	97,247
Auto leases and loans	**65,055**	65,275
Credit cards	**41,251**	41,607
Other	**–731**	–1,085
Total	**191,204**	**203,044**

21. Interest expense

The details of interest expense are shown below:

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Interest expense on ABS	**687**	828
Interest expense on deposits	**6,531**	6,513
Interest expense on debt	**5,968**	6,344
Total	**13,186**	**13,684**

22. Commission and fee income

The details of commission and fee income are shown below:

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Insurance	**11,900**	12,135
Credit cards	**33,409**	34,903
Loans and leases	**7,535**	8,211
Other	**5,025**	4,714
Total	**57,869**	**59,964**

23. General and administrative expenses

The details of general and administrative expenses are shown below:

For the six months ended (CHF in thousands)	30 June 2021	30 June 2020
Professional services	**7,885**	9,449
Marketing [1]	**3,915**	6,599
Collection fees	**5,342**	5,470
Postage and stationery	**4,732**	5,050
Rental expense under operating leases	**3,367**	4,466
Information technology	**20,245**	17,614
Depreciation and amortisation	**12,506**	13,442
Other	**– 2,415**	– 2,529
Total	**55,577**	**59,560**

[1] Marketing includes advertising costs, which are expensed as incurred

24. Supplemental cash flow information

Certain supplemental information related to cash flows is shown below:

For the six months ended (CHF in thousands)	**30 June 2021**	30 June 2020
Increase in loans to customers	**– 855,758**	– 877,800
Principal collections from customers – loans	**971,929**	988,659
Investment in equipment for financing leases	**– 649,786**	– 566,621
Principal collections from customers – financing leases	**652,285**	625,108
Net change in credit card receivables and other	**– 54,625**	18,037
Net change in financing receivables	**64,044**	**187,382**

25. Off-balance sheet arrangements

At 30 June 2021 and 31 December 2020, the Group was party to the following off-balance sheet financial instruments. The balances represent the Group's maximum contractual exposure to credit risk resulting from off-balance sheet arrangements:

CHF in thousands	**30 June 2021**	31 December 2020
Ordinary course of business lending commitments	**99,293**	58,405
Unused revolving loan facilities	**72,131**	78,669
Unused credit card facilities	**3,717,256**	3,658,331

Commitments to extend credit lines are agreements to lend to a customer as long as there is no violation of condition established in the contract. Commitments generally have fixed expiration dates, or other termination clauses. Loan commitments are most often uncollateralised and may be drawn upon up to the total amounts to which the Group is committed. Total commitment amounts do not necessarily represent future cash requirements as the lines of credit may expire or be terminated without being fully drawn upon. No additional allowance for losses was deemed necessary for these unused commitments since the Group can terminate the lines of credit at any time unilaterally.

26. Subsequent events

The Group has evaluated subsequent events from the financial position date through 21 July 2021, the date at which the financial statements were available to be issued.

On 9 July 2021, the Group signed a TCHF 100,000 revolving credit facility with a Swiss bank. The facility replaced a matured revolving credit facility and it will expire in July 2024.

There have been no changes in the market or economic environment as of the date of the issuance of this report that would affect the assumptions used regarding the impacts of Covid-19 on the financial statements.

Besides that, there were no other subsequent events at that date.

Information for Shareholders

Cembra Money Bank AG registered shares

Stock exchange listing	SIX Swiss Exchange
ISIN	CH0225173167
Ticker symbol	CMBN.SW (Bloomberg)
Security number	22517316
Par value	CHF 1.00
Number of shares	30,000,000
Selected indices	SPI, SMIM, STOXX Europe 600, SXI Switzerland Sustainability 25 Index, Bloomberg Gender Equality Index 2021
Major shareholders	More than 5% of the shares: UBS Fund Management (Switzerland), BlackRock Inc.
	More than 3% of the shares: Pictet Asset Management (Switzerland), Credit Suisse Funds AG, Swisscanto Fondsleitung AG

Credit ratings

Standard & Poor's	A– (long-term)
Standard & Poor's	A–2 (short-term)
Zürcher Kantonalbank	A–

Sustainability ratings

MSCI ESG®	A
Sustainalytics®	Low ESG risk

Financial calendar

Publication of full-year 2021 results	16 February 2022
Publication of Annual Report 2021	16 March 2022
Annual General Meeting 2022	21 April 2022

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This interim report is available in English only at www.cembra.ch/financialreports.