Cembra

Interim Report
2024

Table of contents

Key facts and figures

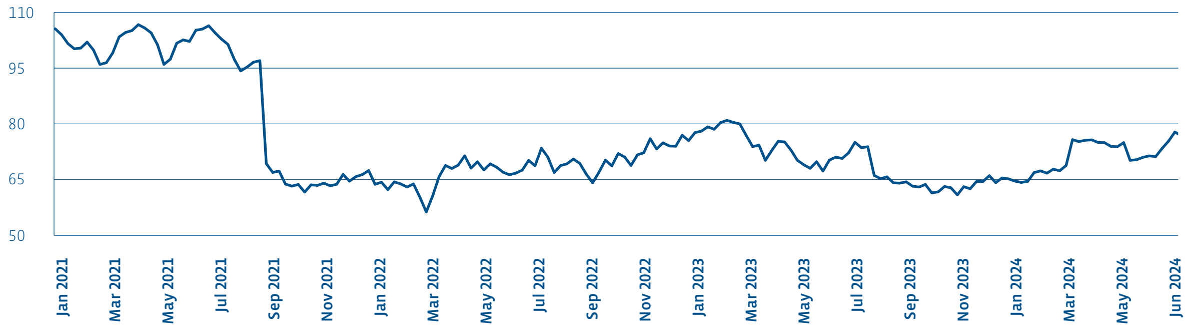
Key figures

CHF in millions	**H1 2024**	H2 2023	H1 2023	H2 2022	H1 2022
Net interest income	**183.6**	176.6	170.6	179.5	176.7
Commission and fee income	**84.4**	86.1	82.4	79.4	73.3
Net revenues	**268.0**	262.7	253.0	258.9	250.0
Provision for losses	**–35.2**	–31.8	–25.1	–25.9	–15.0
Total operating expenses	**–135.2**	–128.1	–134.5	–135.5	–122.0
Net income	**78.3**	83.0	75.1	78.6	90.6
Total assets	**8,279**	8,088	7,736	7,624	7,247
Net financing receivables	**6,817**	6,687	6,620	6,520	6,434
Personal loans	**2,390**	2,370	2,411	2,387	2,338
Auto leases and loans	**3,209**	3,147	3,068	2,975	2,920
Credit cards	**1,060**	1,028	1,014	1,045	1,110
BNPL	**158**	141	128	114	66
Shareholders' equity	**1,210**	1,250	1,179	1,274	1,176
Return on equity (in %, annualised)	**12.7**	13.7	12.2	12.8	15.3
Net interest margin (in %, annualised)	**5.3**	5.2	5.1	5.5	5.5
Cost / income ratio (in %)	**50.4**	48.8	53.2	52.3	48.8
Tier 1 capital ratio (in %)	**17.1**	17.2	17.6	17.8	18.8
Employees (full-time equivalents)	**877**	902	950	929	916
Credit rating (S&P)	**A–**	A–	A–	A–	A–
Basic earnings per share (in CHF)	**2.67**	2.83	2.56	2.41	3.09
Book value per share (in CHF)	**40.33**	41.67	39.30	42.47	39.20
Share price (in CHF)	**76.70**	65.60	74.20	76.90	68.20
Market capitalisation	**2,301**	1,961	2,226	2,307	2,046

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

Share price Cembra

CHF



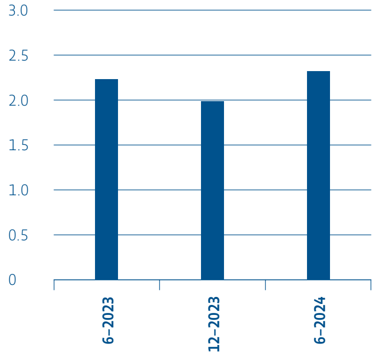
Facts

CHF

2,301,000,000

was the market capitalisation of Cembra by the end of June 2024

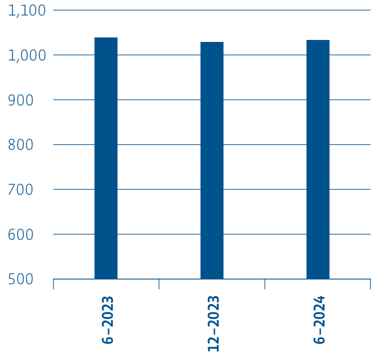
in billion CHF



1,028,000

number of credit cards issued by Cembra

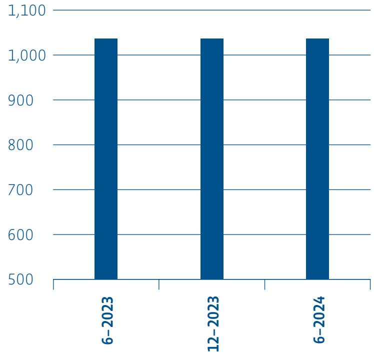
in 1,000



1,031,000

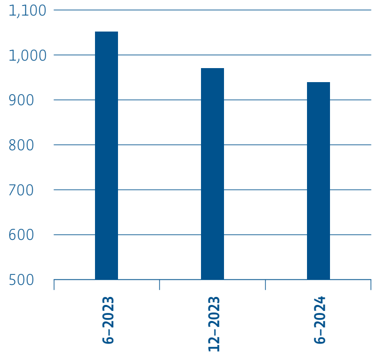
customers trust Cembra as their preferred partner (excl. BNPL customers)

in 1,000



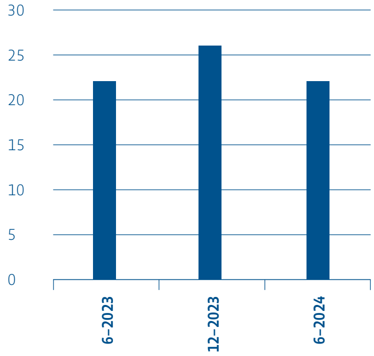
941

employees from about 40 different nations work for Cembra (877 FTE)



22

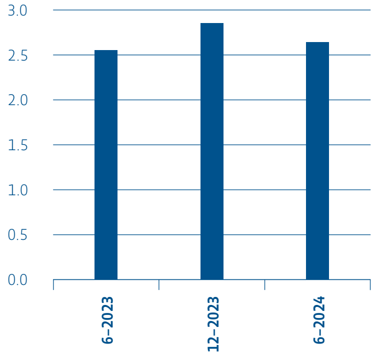
sales area managers serve about 3,500 car dealers



2.67

were the earnings per share (EPS) of Cembra in the first half of 2024

in CHF



Dear Shareholders

Cembra's net income increased by 4% to CHF 78.3 million, or CHF 2.67 per share. Net revenues increased by 6% driven by higher net interest income and supported by higher commission and fee income. Operating expenses, including continued investments in strategic initiatives and ongoing restructuring costs, remained stable resulting in a decline of the cost/income ratio to 50.4%. As anticipated, the Group's loss performance continued to return to normal levels with a loss rate at 1.0%. As a result, return on equity came in at 12.7%, and the Tier 1 capital ratio stood at 17.1%.

In the first half of the year, we delivered growth in all business areas and successfully implemented key measures to improve our net interest margin. This resulted in a healthy increase in net revenues and net income. At the same time, we delivered a key milestone of our transformation in rolling out our new banking platform to all our auto leasing partners. In addition, we renewed our savings products and streamlined our organisation. We expect to realise further benefits from the transformation in the remainder of the year and remain on track to deliver on our 2026 targets.

Net revenues up 6% driven by asset growth and improved net interest margin
In the first six months of 2024, Cembra continued to grow all business areas resulting in a 2% increase of net financing receivables to CHF 6.8 billion. The personal loans business rose by 1% to CHF 2.4 billion and the auto leases and loans business by 2% to CHF 3.2 billion. In credit cards net financing receivables increased by 3% to CHF 1.1 billion and in BNPL by 12% to CHF 0.2 billion.

Net revenues increased by 6% to CHF 268.0 million in the first half of 2024 with net interest income contributing CHF 183.6 million (+8%) as growth and successful repricing measures led to an increase of interest income by 18% to CHF 236.6 million. Interest expense increased to CHF 52.9 million (H1 2023: CHF 30.3 million) following the continued rolling of the funding portfolio. This resulted in an improved net interest margin of 5.3% (H1 2023: 5.1%).

Commission and fee income amounted to CHF 84.4 million, up 2% year-on-year, mainly driven by an increase in the credit cards business (+5%). The share of net revenues generated from commission and fee income amounted to 31% (H1 2023: 33%).

Improved cost/income ratio
Total operating expenses remained stable at CHF 135.2 million (H1 2023: 134.5 million) with cost savings being offset by restructuring costs while investments in strategic initiatives continued. Personnel expenses rose by 2% to CHF 71.3 million and are expected to decline in the second half due to the streamlining of the organisation. General and administrative expenses declined by 1% to CHF 63.9 million. This resulted in a decrease of the cost/income ratio to 50.4% (H1 2023: 53.2%). As a result of the ongoing transformation, Cembra continues to expect a cost/income ratio below 49% for the full year, and a further decline towards the 2026 target of below 39% thereafter.

Continued solid loss performance
As anticipated, the loss rate continued to normalise in the reporting period and came in at 1.0% in line with the target. Provisions for losses amounted to CHF 35.2 million (H1 2023: CHF 25.1 million). The non-performing-loans ratio stood at 0.8% (H1 2023: 0.7%) and the rate of over-30-days past due financing receivables at 2.4% (H1 2023: 2.0%). In the current macro-economic environment continued active credit risk management and portfolio optimisations are deployed to ensure sound profitability levels across all segments.

Further diversified funding portfolio
The Group's funding portfolio increased by 3% to CHF 6.8 billion at 30 June 2024. The share of deposits increased to 57% (31 December 2023: 53%), following the successful revamp of the savings accounts offering in January 2024. The weighted average duration increased to 2.5 years at 30 June 2024 from 2.4 years at year-end. The end-of-period funding cost amounted to 1.62% (31 December 2023: 1.47%).

Strong capital base
Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 17.1% (31 December 2023: 17.2%). Shareholders' equity decreased by 3% to CHF 1.210 billion, mainly driven by the dividend payout of CHF 117 million in April 2024.

Key milestones achieved in strategic transformation
In the first half of the year, Cembra continued to successfully execute on its strategic roadmap. In February 2024, the bank launched a renewed digital savings offering that generated close to CHF 200 million of deposits by the end of the reporting period. In March 2024, Cembra completed the roll-out of the new IT platform for the leasing business. In the credit cards business, Cembra continued to grow its portfolio of own and co-branded partnerships, resulting in both increased interest income as well as commissions. The Cembra App was further enhanced with self-service features and extended from credit cards to leasing customers. It is now serving more than 420,000 users. In the buy now pay later business, the legal merger to one entity was completed and the portfolio consolidated with a focus on strategic and profitable partnerships. Cembra also further expanded its team in Riga, Latvia, providing mainly technology services within the Group.

Outlook
For the 2024 financial year, Cembra expects net revenues to outpace Swiss GDP growth, along with a further increasing net interest margin, a cost/income ratio of below 49% and a loss performance of around 1%. As a result, Cembra continues to expect an increase in net income and a ROE of 13–14% for 2024, to pay a dividend of at least CHF 4.00 for the current financial year and confirms its mid-term targets through 2026.[1]

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.

Franco Morra
Chairman

Holger Laubenthal
CEO

[1] ROE ≥15% from 2025 on; dividend increasing from 2024 on based on earnings growth; Tier 1 capital ratio target >17%

Management Report

Significant developments

On 1 February 2024, Cembra announced the expansion of its product portfolio with new, no-fee online savings products offering attractive interest rates. For these digital savings products, Cembra uses technology modules from the open banking platform Finstar, which belongs to Hypothekarbank Lenzburg.

On 15 March 2024, Cembra communicated changes to its Management Board and Board of Directors. As part of the reorganisation into two business lines, Lending and Payments, Christian Stolz, Business Unit Leader Payments, became a member of Cembra's Management Board as of 1 April 2024. Sandra Babylon joined the Management Board as Chief Technology Officer on 1 June 2024, succeeding Christian Schmitt.

Cembra held its Annual General Meeting in Zurich on 24 April 2024. The shareholders approved all proposals of the Board of Directors. All members of the Board of Directors proposed for re-election were confirmed for a further one-year term of office: Franco Morra (Chairman), Marc Berg, Thomas Buess, Susanne Klöss-Braekler and Monica Mächler. Sandra Hauser was elected as a new member of the Board of Directors. Jörg Behrens and Alex Finn had decided not to stand for re-election.

Macroeconomic environment

We operate predominantly 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. In the first quarter of 2024 Switzerland's GDP grew by 0.3%, continuing the moderate economic growth of the fourth quarter 2023 (+0.3%). Overall, Switzerland's GDP is expected to increase by around 1.2% in 2024.

Interest rates

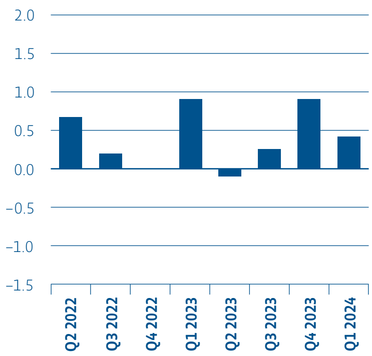
Interest rates have a major impact on the Group's funding costs. After peaking in 2023, the Swiss National Bank's policy rate was lowered in March and June 2024 by a total of 0.5 percentage points to 1.25%.

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 remained stable at 2.3% in June 2024 compared to December 2023 (2.3%).

Quarterly Swiss GDP

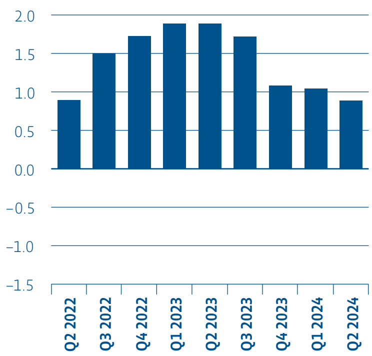
Change versus previous quarter (in %)



Source: SECO

CHF 3-year swap rate

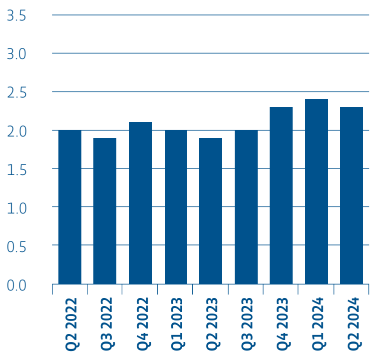
in %



Source: Bloomberg Finance L.P.

Unemployment rate in Switzerland

in %



Source: SECO

Product markets

Consumer loan market (segment Lending)

In the first six months of 2024, the Swiss consumer loan market continued to grow. According to the Swiss central credit information bureau (ZEK), the Swiss consumer loan market increased by 1%, from CHF 9.065 billion at 31 December 2023 to CHF 9.160 billion in outstanding assets at 30 June 2024. In a competitive environment, the Group had an estimated market share of approximately 38% of outstanding consumer loans.

Auto market (segment Lending)

The Swiss auto market contracted slightly in the first half of 2024. According to "auto-schweiz" statistics (the association of official Swiss car importers), about 121,000 new cars were registered in the first six months of 2024, a decrease of 2% compared to the first half of 2023. About 328,000 used cars were sold in Switzerland according to auto-i-dat AG (an independent provider for automative market data); this represents a 5% decrease compared with the first six months of 2023 (345,000). The Group estimated its auto leasing market share to be about 19% of total leasing assets outstanding as of June 2024.

Credit card market (segment Payments)

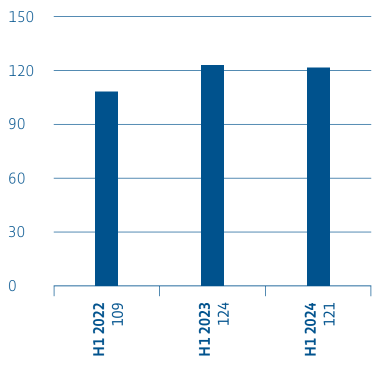
The growth trend slowed down in the credit card market in 2024. Based on Swiss National Bank statistics from April 2024, the number of credit cards issued in Switzerland declined by 1% year-on-year to 8.4 million. The number of transactions increased by 8% year-on-year for the first four months of 2024. Overall, credit card transaction volumes increased by 4% year-on-year to CHF 18.6 billion in the first four months of 2024. The Group's number of credit cards issued remained flat since 31 December 2023, at about 1,028,000 at 30 June 2024. The market share, based on the number of credit cards issued, remained stable at 12%.

Buy now pay later market (segment Payments)

E-commerce sales in Switzerland remained flat at CHF 15 billion estimated in 2024 with buy now pay later (BNPL) representing 8–11% of total e-commerce sales. Cembra has a market share of 30–40% of the BNPL market. E-commerce (online) volume contracted by 1% in the first six months of 2024, as a result of portfolio consolidation retaining profitable and strategic partnerships. Billing volume decreased by 9% to CHF 407.4 million compared with the first six months of 2023.

New car registrations in Switzerland

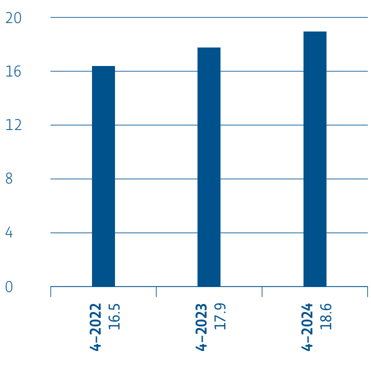
in 1,000



Source: auto-schweiz

Transaction volume Swiss credit cards

CHF in billions



Source: SNB

Balance sheet analysis

CHF in millions	30 June 2024	31 December 2023	Change	as %
Assets				
Cash and cash equivalents	**981**	922	59	6
Net financing receivables	**6,817**	6,687	130	2
Personal loans	**2,390**	2,370	20	1
Auto leases and loans	**3,209**	3,147	62	2
Credit cards	**1,060**	1,028	32	3
BNPL	**158**	141	17	12
Investment securities	**119**	98	21	21
All other assets	**362**	381	– 18	– 5
Total assets	**8,279**	**8,088**	**191**	**2**
Liabilities and equity				
Deposits and debt	**6,784**	6,595	189	3
Deposits	**3,885**	3,497	388	11
Debt	**2,898**	3,098	– 199	– 6
All other liabilities	**286**	244	42	17
Total liabilities	**7,069**	**6,838**	**231**	**3**
Shareholders' equity	**1,210**	1,250	– 40	– 3
Total liabilities and shareholders' equity	**8,279**	**8,088**	**191**	**2**

Net financing receivables amounted to CHF 6,817 million, an increase of 2%, or CHF 130 million, compared with year-end 2023. The increase was mainly driven by continued growth in Auto leases and loans due to subdued customer repayment behaviour.

At the end of June 2024, the Group's personal loans accounted for 35% of net financing receivables (2023: 36%), auto leases and loans remained stable at 47% (2023: 47%), the credit cards business accounted for 16% (2023: 15%), and the BNPL business made up 2% (2023: 2%).

As at 30 June 2024, net financing receivables from personal loans amounted to CHF 2,390 million, 1% higher than at year-end 2023. Auto leases and loans increased by 2% to CHF 3,209 million compared with CHF 3,147 million at the end of 2023. Credit cards net financing receivables expanded by 3%, from CHF 1,028 million to CHF 1,060 million. BNPL net financing receivables increased by 12% to CHF 158 million (2023: CHF 141 million).

Funding

The Group maintained its diversified funding in the reporting period. The deposit base increased by 11% from CHF 3,497 million at 31 December 2023 to CHF 3,885 million at 30 June 2024. The Group's non-deposit debt decreased by 6% from CHF 3,098 million at 31 December 2023 to CHF 2,898 million at 30 June 2024. In March 2024 and in May 2024, the Group paid back an auto lease asset backed security (ABS) of CHF 250 million and an unsecured bond of CHF 200 million, respectively. In February 2024, the Group issued an unsecured bond of CHF 250 million.

Equity
Total shareholders' equity decreased by CHF 40 million, or 3%, from CHF 1,250 million to CHF 1,210 million at 30 June 2024. The decrease was mainly driven by the dividend of CHF 117 million, which was paid in April 2024 and was partly offset by net income of CHF 78.3 million for the first six months of 2024.

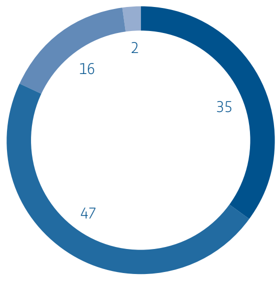
Capital position

CHF in millions	**30 June 2024**	31 December 2023	Change	as %
Risk-weighted assets	**6,229**	6,090	138	2
Tier 1 capital	**1,065**	1,046	19	2
Tier 1 ratio	**17.1 %**	**17.2 %**		

Risk-weighted assets increased by 2% to CHF 6,229 million at 30 June 2024 compared with CHF 6,090 million at 31 December 2023. This increase was in line with the trend in net financing receivables. Tier 1 capital increased by CHF 19 million, or 2%, to CHF 1,065 million, mainly due the net income generated in the first six months of 2024, offset by the expected future dividend payment. This resulted in a Tier 1 capital ratio of 17.1% at 30 June 2024, which is significantly above the regulatory requirement of 11.2%.

Net financing receivables

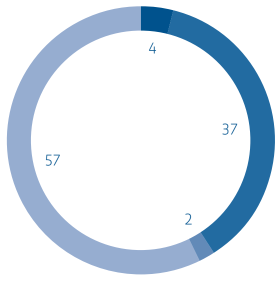
in %



Personal loans
Auto leases and loans
Credit cards
BNPL

Funding structure

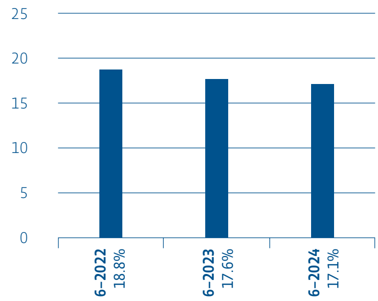
in %



ABS
Senior unsecured bonds
AT subordinated
Deposits

Tier 1 capital ratio

in %

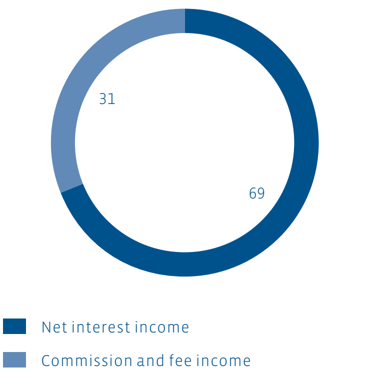


Profit and loss analysis

For the six months ended (CHF in millions)	**30 June 2024**	30 June 2023	Change	as %
Interest income	**236.6**	200.9	35.6	18
Interest expense	**– 52.9**	– 30.3	22.7	75
Net interest income	**183.6**	**170.6**	**13.0**	**8**
Commission and fee income	**84.4**	82.4	2.0	2
Net revenues	**268.0**	**253.0**	**15.0**	**6**
Provision for losses on financing receivables	**– 35.2**	**– 25.1**	**10.1**	**40**
Compensation and benefits	**– 71.3**	– 69.7	1.5	2
General and administrative expenses	**– 63.9**	– 64.8	– 0.9	– 1
Total operating expenses	**– 135.2**	**– 134.5**	**0.7**	**1**
Income before income taxes	**97.6**	**93.4**	**4.2**	**4**
Income tax expense	**– 19.3**	– 18.4	0.9	5
Net income	**78.3**	**75.1**	**3.3**	**4**

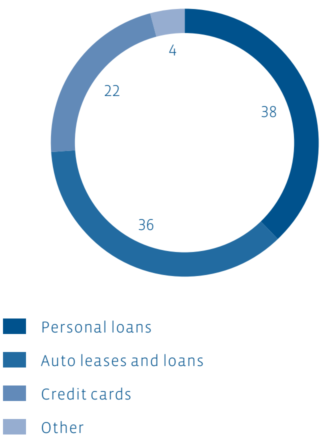
Net revenues

in %



Interest income

in %



Interest income

For the six months ended (CHF in millions)	**30 June 2024**	30 June 2023	Change	as %
Personal loans	**89.7**	82.5	7.3	9
Auto leases and loans	**84.7**	71.8	12.8	18
Credit cards	**52.9**	42.1	10.8	26
Other	**9.3**	4.6	4.7	103
Total	**236.6**	**200.9**	**35.6**	**18**

Overall, the contribution of personal loans to interest income decreased to 38% from 41% in the first six months of 2024. Auto leases and loans made up 36% (H1 2023: 36%) and credit cards increased to 22% from 21%, compared to the year-earlier period. The contribution of other interest income from cash and investment securities increased to 4% (H1 2023: 2%).

Total interest income increased by 18%, or CHF 35.6 million, to CHF 236.6 million in the first half of 2024. Interest income from personal loans increased by CHF 7.3 million, or 9%, to CHF 89.7 million due to repricing measures. The yield in personal loans increased to 7.2% from 6.6% compared to the same reporting period in the previous year. Interest income from the auto leases and loans business increased by CHF 12.8 million, or 18%, to CHF 84.7 million in the first six months of 2024. The yield increased to 5.3% (H1 2023: 4.7%). Interest income from credit cards increased by CHF 10.8 million, or 26%, to CHF 52.9 million in the reporting period, and the yield amounted to 9.9% (H1 2023: 8.0%). Other interest income of CHF 9.3 million included interest from cash and investment securities, as well as income from the BNPL business.

Cost of funds

For the six months ended (CHF in millions)	**30 June 2024**	30 June 2023	Change	as %
Interest expense on ABS	**3.8**	0.9	2.8	n/a
Interest expense on deposits	**28.3**	16.5	11.8	71
Interest expense on debt	**20.9**	12.9	8.0	62
Total	**52.9**	**30.3**	**22.7**	**75**

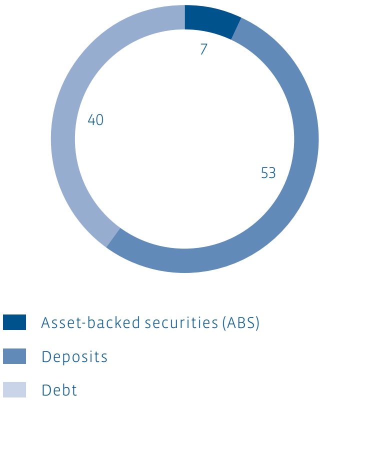
The overall cost of funds increased to CHF 52.9 million in the first six months of 2024 (H1 2023: CHF 30.3 million) reflecting the higher costs of rolling existing debt and deposits. Interest expense on auto lease ABS increased by CHF 2.8 million to CHF 3.8 million, driven by the ABS issued in May 2023. Interest expense on deposits increased by CHF 11.8 million to CHF 28.3 million, compared with the first six months of 2023. Total interest expense on debt increased by CHF 8.0 million to CHF 20.9 million in the first half of 2024.

Commission and fee income

For the six months ended (CHF in millions)	**30 June 2024**	30 June 2023	Change	as %
Insurance	**12.1**	12.2	–0.1	0
Credit cards	**45.6**	43.2	2.4	5
Loans and leases	**7.6**	7.3	0.3	4
BNPL	**19.1**	19.1	0.0	0
Other	**0.1**	0.7	–0.6	–87
Total	**84.4**	**82.4**	**2.0**	**2**

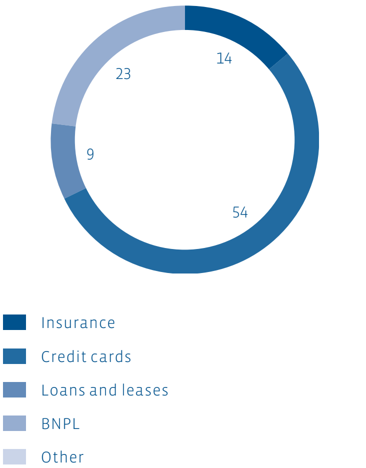
Cost of funds

in %



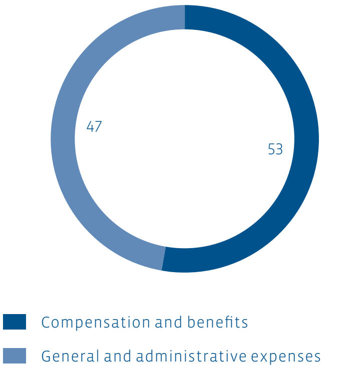
Commission and fee income

in %



Operating expenses

in %



Commission and fee income increased by CHF 2.0 million, or 2%, from CHF 82.4 million to CHF 84.4 million in the first six months of 2024. Insurance income decreased slightly to CHF 12.1 million (30 June 2023: CHF 12.2). Fee income on credit cards increased by CHF 2.4 million, or 5%, to CHF 45.6 million, mainly driven by repricing measures and achieving our ambitions of retaining profitable customer segments. Fees from loans and leases increased by CHF 0.3 million to CHF 7.6 million. Fee income in the BNPL business remained stable at CHF 19.1 million in the first six months of 2024, as a result of portfolio consolidation retaining profitable and strategic partnerships.

Provision for losses on financing receivables

For the six months ended (CHF in millions)	**30 June 2024**	30 June 2023	Change	as %
Provision for losses on personal loans	**19.2**	22.0	– 2.9	– 13
Provision for losses on auto leases and loans	**12.2**	0.2	12.0	n / a
Provision for losses on credit cards	**– 0.4**	– 0.3	0.1	36
Provision for losses on BNPL	**4.2**	3.1	1.1	35
Total	**35.2**	**25.1**	**10.1**	**40**

In the first six months of 2024, the Group’s provision for losses on financing receivables increased by CHF 10.1 million to CHF 35.2 million compared with CHF 25.1 million in the same reporting period in 2023. The main drivers of the increase were the continued normalisation of the loss performance after the Covid-19 pandemic, a slightly more adverse macro environment and certain individual items recorded in the first half of 2023 relating to prudent loss mitigation procedures during the pandemic.

The provision for losses on personal loans decreased by CHF 2.9 million to CHF 19.2 million, driven by increase in recoveries and refinements in allowance for losses models. On auto leases and loans, the provision for losses increased by CHF 12.0 million to CHF 12.2 million mainly driven by normalisation and the comparison affected by certain individual items in the prior year. The provision for losses on cards remained stable at CHF – 0.4 million. Provision for losses on BNPL increased by CHF 1.1 million to CHF 4.2 million as an impact of accelerated growth with key partners.

As a result the Group’s loss rate for the first half-year 2024 came to 1.0% (H1 2023: 0.7%).

Compensation and benefits

For the six months ended (CHF in millions)	30 June 2024	30 June 2023	Change	as %
Compensation and benefits	**71.3**	**69.7**	**1.5**	**2**

Compensation and benefit expenses increased by CHF 1.5 million, or 2%, to CHF 71.3 million. The increase was mainly attributable to the restructuring program in the context of executing on our strategy with the objective of enhancing operational efficiency and optimising cost structure. This is offset by lower salaries and wages driven by lower FTE and related expenses. The Group's average number of employees (FTE) was 890 in the first half of 2024 compared with 939 in the corresponding prior-year period. At 30 June 2024, the number of employees (FTE) decreased from 902 to 877 compared with year-end 2023. The decrease was mainly related to the restructuring plan in the first half of 2024.

General and administrative expenses

For the six months ended (CHF in millions)	30 June 2024	30 June 2023	Change	as %
Professional services	**11.4**	11.0	0.4	4
Marketing	**6.3**	6.5	– 0.2	– 3
Collection fees	**8.0**	7.6	0.4	5
Postage and stationery	**5.3**	5.3	0.0	1
Rental expense under operating leases	**2.9**	3.2	– 0.2	– 7
Information technology	**25.4**	25.4	– 0.0	0
Depreciation and amortisation	**13.6**	13.8	– 0.1	– 1
Other	**– 9.0**	– 7.9	1.1	14
Total	**63.9**	**64.8**	**– 0.9**	**– 1**

General and administrative expenses decreased by CHF 0.9 million, or 1%, from CHF 64.8 million to CHF 63.9 million in the first six months of 2024.

Costs from professional services increased by 4%, or CHF 0.4 million to CHF 11.4 million mainly driven by higher MasterCard service fees. Marketing expenses decreased by 3%, or CHF 0.2 million to CHF 6.3 million. Collection fees increased by 5% to CHF 8.0 million and costs for postage and stationery remained stable at 5.3 million. Rental expenses decreased by 7% to CHF 2.9 million. Information technology costs remained at CHF 25.4 million. Depreciation and amortisation decreased by 1% to CHF 13.6 million. Other expenses decreased by CHF 1.1 million driven by lower capitalisation of IT projects.

As a result of the revenue increase at largely stable operating expenses, the cost/income ratio declined to 50.4% from 53.2% in the first half of 2023.

Income tax expense

For the six months ended (CHF in millions)	30 June 2024	30 June 2023	Change	as %
Income tax expense	**19.3**	**18.4**	**0.9**	**5**

The Group's income tax expense increased by CHF 0.9 million, or 5%, to CHF 19.3 million in the first six months of 2024 in line with the higher income before taxes. The effective tax rate was 19.8%.

Result by segment

For the six months ended (CHF in millions)	Lending				Payments			
	30 June 2024	30 June 2023	Change	as %	**30 June 2024**	30 June 2023	Change	as %
Interest income	**181.5**	157.5	24.0	15	**55.1**	43.5	11.6	27
Interest expense	**– 43.6**	– 24.9	18.7	75	**– 9.3**	– 5.3	4.0	74
Net interest income	**137.9**	**132.5**	**5.3**	**4**	**45.8**	**38.1**	**7.6**	**20**
Commission and fee income	**18.8**	19.3	– 0.4	– 2	**65.6**	63.1	2.5	4
Net revenues	**156.7**	**151.8**	**4.9**	**3**	**111.3**	**101.2**	**10.1**	**10**
Provision for losses on financing receivables	**– 31.4**	**– 22.2**	**9.1**	**41**	**– 3.9**	**– 2.9**	**1.0**	**35**
Compensation and benefits	**– 41.2**	– 41.7	– 0.5	– 1	**– 30.0**	– 28.0	2.0	7
General and administrative expenses	**– 31.5**	– 32.0	– 0.6	– 2	**– 32.4**	– 32.7	– 0.3	– 1
Total operating expenses	**– 72.7**	**– 73.8**	**– 1.0**	**– 1**	**– 62.5**	**– 60.7**	**1.7**	**3**
Income before income taxes	**52.6**	**55.8**	**– 3.2**	**– 6**	**45.0**	**37.6**	**7.4**	**20**
Income tax expense	**– 10.4**	– 11.0	– 0.6	– 5	**– 8.9**	– 7.4	1.5	20
Net income	**42.2**	**44.8**	**– 2.6**	**– 6**	**36.1**	**30.2**	**5.9**	**20**

The segment Lending comprises the personal loans and the auto leasing and loans business. The segment Lending posted a net income of CHF 42.2 million (H1 2023: CHF 44.8 million). Net revenues increased by 3% to CHF 156.7 million. Provision for losses increased to CHF 31.4 million (H1 2023: 22.2 million) as explained above on page 15. Costs decreased by 1% to CHF 72.7 million.

The segment Payments comprises credit cards and the buy now pay later business. In Payments, the net income increased by 20% to CHF 36.1 million (H1 2023: CHF 30.2 million). Net revenues increased by 10% to CHF 111.3 million. Provision for losses increased to CHF 3.9 million (H1 2023: 2.9 million) as explained above on page 15. Costs increased by 3% to CHF 62.5 million.

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

Outlook

Assuming the Swiss economy continues to grow slightly in 2024, Cembra currently expects net revenues to continue to outpace Swiss GDP growth, a slightly increasing net interest margin, a cost/income ratio below 49% and a loss performance of around 1%.

As a result, Cembra expects an increase in net income and a ROE of 13–14% for 2024 and at or above 15% starting in 2025, to pay a dividend of at least CHF 4.00 for 2024 and thereafter increasing based on sustainable earnings growth , and will target a Tier 1 capital ratio of above 17%.

Interim Financial Report 2024

Interim condensed consolidated financial statements (unaudited)

Interim condensed consolidated statements of income (unaudited)

For the six months ended (CHF in thousands)	Notes	30 June 2024	30 June 2023
Interest income	23	**236,562**	200,933
Interest expense	24	**– 52,946**	– 30,295
Net interest income		**183,616**	**170,638**
Commission and fee income	25	**84,432**	82,393
Net revenues		**268,048**	**253,031**
Provision for losses on financing receivables	**5**	**– 35,236**	**– 25,104**
Compensation and benefits		**– 71,286**	– 69,743
General and administrative expenses	26	**– 63,901**	– 64,752
Total operating expenses		**– 135,187**	**– 134,495**
Income before income taxes		**97,625**	**93,432**
Income tax expense	18	**– 19,285**	– 18,377
Net income		**78,340**	**75,055**
Earnings per share			
Basic	16	**2.67**	2.56
Diluted	16	**2.67**	2.55

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)	Notes	30 June 2024	30 June 2023
Net income		**78,340**	75,055
Net prior service cost, net of tax	14	**–133**	–404
Actuarial gain / (loss), net of tax	14	**–278**	–1,009
Unrealised gains / (losses) on investment securities, net of tax	6	**321**	81
Gains / (losses) on cash flow hedges, net of tax	13	**–195**	706
Foreign currency translation adjustments		**18**	5
Total other comprehensive gain / (loss), net of tax		**–266**	–620
Comprehensive income		**78,074**	**74,435**

See accompanying Notes to the interim condensed consolidated financial statements

Interim condensed consolidated statements of financial position (unaudited)

CHF in thousands	Notes	30 June 2024	31 December 2023
Assets			
Cash and cash equivalents		**980,531**	921,974
Financing receivables, net	5	**6,817,355**	6,687,141
Investment securities	6	**118,969**	98,256
Property, equipment and software, net	7	**51,314**	54,903
thereof operating lease – right-of-use (ROU) assets	7	**13,770**	16,131
Intangible assets, net	8	**20,204**	26,530
Goodwill	9	**189,521**	189,521
Other assets	10	**101,347**	109,858
Total assets [1]		**8,279,241**	**8,088,183**
Liabilities and equity			
Deposits	11	**3,885,241**	3,497,133
Accrued expenses and other payables		**251,244**	205,965
Short-term debt	12	**150,118**	450,016
Long-term debt	12	**2,748,216**	2,647,749
Other liabilities		**24,600**	27,221
thereof operating lease – lease liability	7	**13,770**	16,131
Deferred tax liabilities, net	18	**10,074**	10,362
Total liabilities [1]		**7,069,494**	**6,838,445**
Common shares		**30,000**	30,000
Additional paid in capital (APIC)		**259,309**	258,666
Retained earnings		**958,832**	997,887
Treasury shares		**– 38,692**	– 37,380
Accumulated other comprehensive income (loss) (AOCI)		**298**	565
Total shareholders' equity		**1,209,747**	**1,249,738**
Total liabilities and shareholders' equity		**8,279,241**	**8,088,183**

[1] The Group's consolidated assets as at 30 June 2024 and 31 December 2023 include total assets of TCHF 331,398 and TCHF 620,767, 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 2024 and 31 December 2023 include liabilities of the VIEs of TCHF 279,770 and TCHF 530,091, 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 2023	**30,000**	**258,123**	**1,010,017**	**– 36,903**	**13,164**	**1,274,401**
Net income	–	–	75,055	–	–	75,055
Dividends paid	–	–	– 115,930	–	–	– 115,930
Change due to share-based compensation	–	400	–	574	–	974
Treasury shares	–	–	–	– 1,080	–	– 1,080
Pension benefit plan obligation reclassifications from AOCI, net of deferred tax of TCHF 336 [1]	–	–	–	–	– 1,412	– 1,412
Available for sale debt securities unrealised gains / (losses), net of deferred tax of TCHF – 19	–	–	–	–	81	81
Day 1 impact from CECL (current expected credit loss) adoption, net of deferred tax of TCHF 12,668	–	–	– 54,234	–	–	– 54,234
Derivatives gain / (loss), net of deferred tax of TCHF – 168	–	–	–	–	787	787
Derivatives gain / (loss) reclassified from AOCI to interest expense [2]	–	–	–	–	– 80	– 80
Foreign currency translation adjustments	–	–	–	–	5	5
Balance at 30 June 2023	**30,000**	**258,523**	**914,909**	**– 37,410**	**12,544**	**1,178,566**
Balance at 1 January 2024	**30,000**	**258,666**	**997,887**	**– 37,380**	**565**	**1,249,738**
Net income	–	–	**78,340**	–	–	**78,340**
Dividends paid	–	–	– 117,394	–	–	**– 117,394**
Change due to share-based compensation	–	643	–	805	–	**1,448**
Treasury shares	–	–	–	– 2,117	–	**– 2,117**
Pension benefit plan obligation reclassifications from AOCI, net of deferred tax of TCHF 92 [1]	–	–	–	–	– 411	**– 411**
Available for sale debt securities unrealised gains / (losses), net of deferred tax of TCHF – 76	–	–	–	–	321	**321**
Derivatives gain / (loss), net of deferred tax of TCHF 46	–	–	–	–	78	**78**
Derivatives gain / (loss) reclassified from AOCI to interest expense [2]	–	–	–	–	– 273	**– 273**
Foreign currency translation adjustments	–	–	–	–	18	**18**
Balance at 30 June 2024	**30,000**	**259,309**	**958,832**	**– 38,692**	**298**	**1,209,747**

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

[2] Reclassifications from accumulated other comprehensive income (loss) related to the interest expense on derivatives are classified in the income statement under interest expense

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 2024	30 June 2023
Cash flows from operating activities			
Net income		**78,340**	75,055
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		**35,738**	– 42,017
Deferred income taxes		**– 212**	410
Depreciation of property, equipment and software	7	**7,290**	7,436
Amortisation of intangible assets	8	**6,326**	6,326
(Decrease) / Increase in accrued expenses and other payables		**45,279**	– 17,130
Decrease / (Increase) in tax receivables		**– 2,979**	1,796
Decrease / (Increase)in other receivables		**5,228**	496
Decrease / (Increase) in deferred expenses		**– 3,931**	– 9,337
Decrease / (increase) in other assets		**– 5,791**	– 4,431
All other operating activities		**– 1,183**	1,360
Net cash provided by operating activities		**164,105**	**19,964**
Cash flows from investing activities			
Net (increase) / decrease in financing receivables		**– 170,086**	– 125,481
Proceeds from maturity of investment securities		**30,000**	–
Purchase of investment securities		**– 50,297**	–
Additions to property, equipment and software	7	**– 5,898**	– 3,529
All other investing activities		**4,134**	– 108
Net cash used for investing activities		**– 192,147**	**– 129,118**
Cash flows from financing activities			
Net change in deposits		**388,108**	– 262,835
Issuance of short-term and long-term debt		**250,000**	720,000
Repayments of short-term and long-term debt		**– 450,016**	– 250,000
Dividends paid		**– 117,394**	– 115,930
Purchase of treasury shares		**– 2,117**	– 1,080
All other financing activities		**2,033**	201
Net cash provided by financing activities		**70,613**	**90,356**
Net increase / (decrease) in cash and cash equivalents		**42,571**	**– 18,798**
Cash and cash equivalents, including restricted cash classified in "Other assets"			
Beginning of the period		**958,422**	650,441
thereof restricted cash		**36,448**	17,797
End of period		**1,000,995**	**631,643**
thereof restricted cash		**20,464**	32,103
Supplemental disclosure			
Interest paid		**– 41,236**	– 19,358
Income taxes paid		**– 10,157**	– 8,691

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 2019-1 GmbH in Liquidation, Swiss Auto Lease 2020-1 GmbH, Swiss Auto Lease 2023-1 GmbH, eny Credit GmbH, Fastcap AG, CembraPay AG[1] and Cembra Latvia SIA[2] (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, invoice financing 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 2023 and 2022.

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.

1 Byjuno was renamed to CembraPay AG in October 2023 and merged with Swissbilling SA in May 2024
2 Following the acquisition of Byjuno in 2022, Cembra finalised the transaction by forming the new legal entity Cembra Latvia SIA, in Riga, in April 2023, with EUR functional currency. The purpose of the entity is to provide services to Cembra and its subsidiaries

2. Accounting changes

Recently issued accounting standards to be effective in future periods

On 14 December 2023, FASB has issued ASU No. 2023-09, Improvements to Income Tax Disclosures. This ASU is intended to enhance the transparency and decision usefulness of income tax disclosures, primarily through changes to the rate reconciliation and income taxes paid information. The amendments apply to public business entities for annual periods beginning after 15 December 2024. Entities should apply the amendments on a prospective basis, but retrospective application is allowed. The Group does not expect the adoption of ASU 2023-09 to have a material impact on its financial statements.

Recently adopted accounting standards

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 prove 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 adoption of this guidance as of 1 January 2024 did not had an impact on the Group's financial statements.

On 27 November 2023, the FASB issued ASU 2023-07, Segment Reporting – Improvements to Reportable Segment Disclosures (Topic 280). This ASU improves disclosures about a public entity's reportable segments, primarily related to significant segment expenses, but does not change how a public entity identifies its operating segments. The new guidance is effective for public entities (including those with a single operating or reportable segment) for fiscal years beginning after 15 December 2023, and interim periods in fiscal years beginning after 15 December 2024. The Group has adopted ASC 280 and this guidance as of 1 January 2024 on its financial statements. For further details please see note 4. Operating segments.

3. Business developments

Please refer to Management Report, section "Significant developments" for a summary of business developments in the first half of 2024.

4. Operating segments

In the first quarter of 2024, Cembra changed its management structure resulting in implementation of operating reportable segments that reflect how the CEO, who is the chief operating decision maker (CODM), manages the Group, including allocating resources and measuring performance.

Cembra organised its reporting into two reportable operating segments: Lending and Payments, with no other of the remaining operations or activities recorded separately.

Prior-period single reportable operating segment results have been revised to reflect the new organisation of Cembra's management reporting structure, with consolidated results remaining unchanged.

The following is a description of each reportable operating segment, and the products these provide to their respective client bases.

Lending
Lending includes auto loans and leasing, which has auto loans and leasing financing solutions distributed via intermediaries and car dealers and personal loans, which are offered through our branches, intermediaries and online. Lending is operating in a relatively stable and predictable market, with financing duration ranging from 2 to 8 years and moderate capital needs.

Payments
Payments includes credit cards, which has proprietary card portfolios and co-branded credit cards through partner programmes and BNPL (buy now pay later), which has consumer invoice financing services and flexible payment options for both online and point-of-sale channels. Payments is operating in a more dynamic and innovative market, with frequent short-term transactions and lighter capital requirements.

Revenues and expenses directly associated with each respective segment are included in determining respective net income results. Other indirect revenues and expenses that are attributable to a particular segment are generally allocated based on respective net revenues, financing receivables, FTE (full time equivalents) or other relevant measures. The accounting policies of these reportable segments are the same as those disclosed in note 1. Basis of presentation and summary of significant accounting policies, in the Annual Report 2023.

Performance measurement is based on net income. These results are used by the CODM, both in evaluating the performance, and in allocating resources, predominantly in the annual budget and forecasting process. The CODM considers budget-to-actuals variances on a monthly basis for net income when making decisions about allocating capital and personnel to each segment and in the compensation of certain employees.

The following tables present information regarding Cembra's operations by reportable segment.

	Lending		Payments		Total Group	
For the six months ended (CHF in thousands)	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023	**30 June 2024**	30 June 2023
Interest income	**181,489**	157,473	**55,073**	43,459	**236,562**	200,933
Interest expense	**– 43,630**	– 24,948	**– 9,316**	– 5,346	**– 52,946**	– 30,295
Net interest income	**137,859**	**132,525**	**45,757**	**38,113**	**183,616**	**170,638**
Commission and fee income	**18,846**	19,275	**65,586**	63,118	**84,432**	82,393
Net revenues	**156,705**	**151,800**	**111,343**	**101,231**	**268,048**	**253,031**
Provision for losses on financing receivables	**– 31,377**	**– 22,248**	**– 3,859**	**– 2,856**	**– 35,236**	**– 25,104**
Compensation and benefits	**– 41,247**	– 41,731	**– 30,040**	– 28,012	**– 71,286**	– 69,743
General and administrative expenses	**– 31,471**	– 32,034	**– 32,430**	– 32,718	**– 63,901**	– 64,752
Total operating expenses	**– 72,718**	**– 73,765**	**– 62,470**	**– 60,730**	**– 135,187**	**– 134,495**
Income tax expense	**– 10,414**	– 10,972	**– 8,872**	– 7,404	**– 19,285**	– 18,377
Net income	**42,197**	**44,814**	**36,143**	**30,241**	**78,340**	**75,055**

	Lending		Payments		Total Group	
CHF in thousands	**30 June 2024**	31 December 2023	**30 June 2024**	31 December 2023	**30 June 2024**	31 December 2023
Identifiable assets						
Financing receivables	**5,728,490**	5,645,374	**1,242,137**	1,198,652	**6,970,626**	6,844,026
Allowance for credit losses	**– 128,959**	– 127,749	**– 24,312**	– 29,136	**– 153,271**	– 156,885
Financing receivables, net	**5,599,530**	**5,517,625**	**1,217,825**	**1,169,516**	**6,817,355**	**6,687,141**

All revenue is generated within the country of Switzerland and substantially all of Cembra's fixed assets are located within Switzerland.

5. Financing receivables and allowance for losses

The Group has adopted a continued active and prudent management of risk appetite for effective loss mitigation. This has assisted it to remain resilient through economic headwinds, 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 assesses the potential impact of various macroeconomic scenarios.

As at 30 June 2024, the Group's financing receivables the Group's financing receivables included lending to private customers, vehicle lease financing, credit card financing and BNPL products as follows:

CHF in thousands	30 June 2024	31 December 2023
Loans	**3,788,864**	3,751,770
Deferred costs, net	**50,549**	50,451
Total loans, including deferred costs, net	**3,839,413**	**3,802,221**
Investment in financing leases, net of deferred income [2]	**2,967,591**	2,894,897
BNPL [1]	**163,623**	146,909
Financing receivables before allowance for losses	**6,970,626**	**6,844,026**
Less allowance for losses	**– 153,271**	– 156,885
Financing receivables, net	**6,817,355**	**6,687,141**

1 BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)
2 Only financing leases residual values are secured by collateral of TCHF 1,542,790 and TCHF 1,444,684 as at 30 June 2024 and 31 December 2023, respectively (guaranteed by dealers at the end of contract)

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 2024	31 December 2023
Total minimum lease payments receivable	**3,299,165**	3,201,103
Deferred income [1]	**– 331,573**	– 306,206
Investment in direct financing leases	**2,967,591**	**2,894,897**
Less allowance for losses	**– 23,824**	– 20,661
Net investment in direct financing leases	**2,943,767**	**2,874,237**

1 Includes TCHF 26,321 and TCHF 25,379 of initial direct costs on direct financing leases as at 30 June 2024 and 31 December 2023, respectively

The subsidiaries held TCHF 316,586 and TCHF 588,472 of net financing receivables as at 30 June 2024 and 31 December 2023, respectively, as collateral to secure third-party debt in securitisations. See note 21. Variable interest entities for further details of securitisations.

The following table provides further information about financing receivables:

CHF in thousands	30 June 2024	31 December 2023
Personal loans	**2,493,042**	2,474,428
Auto leases and loans	**3,235,479**	3,170,977
Credit cards	**1,078,483**	1,051,713
BNPL [1]	**163,623**	146,909
Financing receivables, before allowance for losses	**6,970,626**	**6,844,026**
Allowance for losses	**– 153,271**	– 156,885
Financing receivables, net	**6,817,355**	**6,687,141**

1 BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)

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

CHF in thousands	Balance at 1 January 2024	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2024
Personal loans	**104,401**	**19,527**	**– 42,880**	**22,008**	**–**	**103,056**
Auto leases and loans	**23,379**	**12,320**	**– 21,879**	**12,112**	**–**	**25,932**
Credit cards	**23,670**	**– 386**	**– 12,781**	**8,382**	**–**	**18,885**
BNPL [1]	**5,434**	**4,277**	**– 7,027**	**2,714**	**–**	**5,397**
Total	**156,885**	**35,738**	**– 84,567**	**45,215**	**–**	**153,271**
As a % of total financing receivables, net						**2.2 %**

1 BNPL includes CembraPay AG

CHF in thousands	Balance at 1 January 2023	Impact of CECL adoption	Provision for losses	Amounts written off	Recoveries	Other	Balance at 30 June 2023
Personal loans	62,811	36,112	22,027	– 34,340	20,097	–	106,708
Auto leases and loans	13,622	8,711	222	– 12,072	12,236	–	22,718
Credit cards	9,340	19,026	– 283	– 9,159	5,480	–	24,403
BNPL [1]	6,598	–	3,150	– 6,160	2,005	–	5,594
Total	**92,371**	**63,849**	**25,116**	**– 61,730**	**39,819**	**–**	**159,424**
As a % of total financing receivables, net							2.4 %

1 BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)

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 its 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 2023 and 2022.

The Group employs a robust monitoring process for its financing receivables portfolio, utilising key metrics such as payment behaviour or consumer rating. These credit quality indicators provide valuable insights into the performance of the portfolio, enabling the Group to effectively assess and manage credit risk. By tracking these metrics over time, the bank can identify trends, assess credit quality at different vintages, and proactively manage potential credit issues. This monitoring approach enhances risk management practices, supports informed decision-making, and facilitates transparency for stakeholders.

The table below shows the Group's portfolio by key credit quality indicators as of 30 June 2024. In particular, an overview of the portfolio by delinquency status is provided.

Financing receivables [1]	Year of origination						
CHF in thousands	2024	2023	2022	2021	2020	Prior	Revolving (credit card)
Current	**1,417,992**	**1,957,313**	**1,187,605**	**546,123**	**248,548**	**119,239**	**1,042,342**
0-30 days	**50,618**	**61,176**	**45,966**	**20,817**	**9,548**	**5,946**	**17,928**
30-60 days	**11,016**	**20,279**	**16,445**	**8,178**	**4,192**	**2,856**	**6,380**
60-90 days	**4,942**	**11,121**	**7,914**	**4,033**	**1,898**	**1,425**	**3,735**
90+ days	**4,427**	**20,371**	**9,250**	**4,993**	**2,164**	**10,424**	**6,553**

[1] Financing receivables for loans and credit cards are net of deferred costs and income

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 2024		31 December 2023	
	Over 30 days past due	**Over 90 days past due**	Over 30 days past due	Over 90 days past due
Personal loans	**4.1 %**	**1.6 %**	3.8 %	1.6 %
Auto leases and loans	**1.1 %**	**0.2 %**	0.9 %	0.1 %
Credit cards	**1.5 %**	**0.6 %**	1.4 %	0.5 %
BNPL [1]	**7.2 %**	**3.3 %**	6.4 %	2.9 %
Total	**2.4 %**	**0.8 %**	**2.1 %**	**0.8 %**

[1] BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)

Nonaccrual financing receivables

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

CHF in thousands	30 June 2024	31 December 2023
Personal loans	**40,116**	37,894
Auto leases and loans	**6,186**	4,363
Credit cards	**6,553**	5,304
BNPL [1]	**5,328**	4,235
Total	**58,184**	**51,796**
Non-performing loan coverage [2]	**263 %**	303 %

[1] BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)
[2] Calculated as allowance for losses divided by nonaccrual financing receivables

Credit quality indicators

The Group employs internally developed scorecards for its credit processes, which analyse various financial and non-financial factors, such as credit history, socio-demographic data and business performance, among others. The Group utilises application scorecards during the loan application process to assess credit quality and support the underwriting process, while behavioural scorecards are employed to regularly evaluate the creditworthiness of financing receivables taking into account the most recent information on the customers' payment behaviour.

In addition to regular scorecard monitoring, the responsible functions run a parity test on a bi-annual basis to monitor at portfolio level whether the consumer ratings adequately reflect the credit quality. The parity test assesses the performance and predictive accuracy of internal scorecards, which involves comparing the actual outcomes of credit decisions with the predictive outcomes based on the scorecard.

The Group employs an internal master scale consisting of five consumer ratings (CR), each of which is assigned an implied probability of default. The default definition used in the scale is 90 days past due or write-off in 12 months. 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.

The table below shows the distribution of the Group's financing receivables, categorised based on consumer ratings.

	30 June 2024				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	**1,075,528**	**749,952**	**450,037**	**152,644**	**53,982**
Auto leases and loans	**1,689,468**	**1,046,410**	**405,121**	**73,041**	**21,439**
Credit cards	**748,331**	**231,375**	**93,063**	**5,627**	**87**
Total [1]	**3,513,328**	**2,027,736**	**948,221**	**231,312**	**75,509**
As a % of total financing receivables before allowance for losses [1]	**51.7 %**	**29.8 %**	**14.0 %**	**3.4 %**	**1.1 %**

[1] Does not include eny Credit GmbH and BNPL related to CembraPay AG. There is no material impact on the Group's consumer ratings

	31 December 2023				
CHF in thousands	CR1	CR2	CR3	CR4	CR5
Personal loans	1,063,522	762,610	436,937	140,890	56,890
Auto leases and loans	1,651,909	1,041,237	386,546	73,545	17,741
Credit cards	740,668	219,039	86,151	5,761	94
Total [1]	**3,456,098**	**2,022,886**	**909,634**	**220,195**	**74,724**
As a % of total financing receivables before allowance for losses [1]	51.7 %	30.3 %	13.6 %	3.3 %	1.1 %

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

6. Investment securities

Investment securities are comprised of debt securities available for sale.

CHF in thousands	30 June 2024	31 December 2023
Debt securities available for sale	**118,969**	98,256
Total investment securities	**118,969**	**98,256**

All investment securities are Level 1 instruments in the fair value hierarchy. The following table summarises amortised cost, fair value and unrealised gains and losses of debt securities available for sale by category.

	30 June 2024				31 December 2023			
	Amortised cost	**Gross unrealised gains**	**Gross unrealised losses**	**Fair value**	Amortised cost	Gross unrealised gains	Gross unrealised losses	Fair value
Debt securities issued by Swiss cantons	**20,054**	**125**	**– 2**	**20,176**	20,061	58	– 40	20,079
Debt securities issued by Swiss funding institutions [1]	**50,202**	**312**	**–**	**50,515**	39,844	82	– 12	39,914
Debt securities issued by Swiss central government [2]	**29,910**	**24**	**–**	**29,934**	19,854	20	0	19,874
Debt securities issued by supranational organisations	**18,284**	**64**	**– 4**	**18,344**	18,376	40	– 27	18,389
Debt securities available for sale	**118,450**	**525**	**– 6**	**118,969**	**98,135**	**200**	**– 79**	**98,256**

[1] Includes Swiss covered bonds, SNB eligible
[2] Includes SNB bills

The maturity of debt securities available for sale is presented in the table below:

	Amortised cost	Fair value
At 30 June (CHF in thousands)	**2024**	**2024**
Within 1 year	**48,940**	**48,958**
From 1 to 5 years	**69,510**	**70,011**
From 5 to 10 years	**–**	**–**
After 10 years	**–**	**–**
Total debt securities	**118,450**	**118,969**

Upon analysing the financial investment portfolio, the Group determined that no allowance for loss was required as these investments represent high quality liquid assets securities for which the risk of loss was deemed minimal.

Accrued interest receivable presented separately within other assets was TCHF 415 and TCHF 633, for the period ended 30 June 2024 and 31 December 2023, respectively.

7. Property, equipment and software

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 2024	31 December 2023
Original cost			
Buildings and improvements	(5-40)	**8,735**	8,711
Office equipment	(3-10)	**23,091**	21,446
Software	(1-5)	**123,121**	121,172
Total		**154,948**	**151,329**
Accumulated depreciation			
Buildings and improvements		**– 8,205**	– 7,953
Office equipment		**– 17,869**	– 17,012
Software		**– 91,330**	– 87,592
Total		**– 117,404**	**– 112,557**
Net carrying value			
Buildings and improvements		**530**	757
Office equipment		**5,223**	4,435
Software		**31,791**	33,580
Total		**37,544**	**38,772**

Depreciation expense was TCHF 7,290 and TCHF 7,436[3] or the periods ended 30 June 2024 and 2023, respectively. The Group did not recognise any impairment losses in both periods.

[3] Prior period disclosure has been adjusted to conform with the current period change in presentation. Please refer to the Annual Report 2023 for details.

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

CHF in thousands	30 June 2024	31 December 2023
Components of the lease liability		
Operating lease – right-of-use (ROU) assets	**13,770**	16,131
Operating lease – lease liability	**13,770**	16,131
Short-term classification	**5,086**	5,066
Long-term classification	**8,684**	11,065
Supplemental information		
Right-of-use (ROU) assets obtained for new lease liabilities	**596**	1,253
Weighted average remaining lease term (in years)	**2.81**	3.22
Weighted average discount rate	**0.81 %**	0.73 %

For the six months ended (CHF in thousands)	**30 June 2024**	30 June 2023
Components of the lease expense		
Operating lease expense	**2,920**	3,150
Supplemental cash flow information		
Operating cash flows paid for operating leases	**2,952**	3,419
Operating cash flows paid for short-term	**296**	183

CHF in thousands	30 June 2024
Maturities of operating lease liabilities	
2024	**2,314**
2025	**5,501**
2026	**4,491**
2027	**1,204**
2028 and thereafter	**438**
Total lease payments	**13,948**
Less: imputed interest	**–177**
Total	**13,770**

The Group has no impairment loss on operating leases under ASC Topic 842 for the periods ended 30 June 2024 and 2023, respectively.

8. Intangible assets

CHF in thousands	Estimated useful lives (years)	30 June 2024	31 December 2023
Original cost			
Customer relationships	(5 – 5.5)	**64,802**	64,802
Trademarks	(5)	**10,957**	10,957
Total		**75,759**	**75,759**
Accumulated amortisation			
Customer relationships		**– 44,956**	– 39,727
Trademarks		**– 10,599**	– 9,502
Total		**– 55,555**	**– 49,229**
Net carrying value			
Customer relationships		**19,846**	25,076
Trademarks		**358**	1,455
Total		**20,204**	**26,530**

Amortisation expense related to intangible assets was TCHF 6,326 and TCHF 6,326[4] for the periods ended 30 June 2024 and 2023, respectively.

[4] Prior period disclosure has been adjusted to conform to the current period change in presentation. Please refer to the Annual Report 2023 for details.

9. Goodwill

On 16 February 2017, the Group acquired 100% of the shares of Swissbilling SA, a Swiss consumer 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. On 31 October 2022, the Group acquired 100% of shares of Byjuno AG (and its sister company Byjuno Finance AG which was subsequently merged), a major provider of invoice payment solutions in Switzerland, for total consideration of CHF 60 million. Goodwill related to these acquisitions is presented below.

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 2024. There are no deferred taxes booked related to goodwill.

CHF in thousands	Balance at 1 January 2024	Goodwill acquired during the period	Other	Balance at 30 June 2024
Gross amount of goodwill	**189,521**	–	–	**189,521**
Accumulated impairment	–	–	–	–
Net book value	**189,521**	–	–	**189,521**

10. Other assets

CHF in thousands	30 June 2024	31 December 2023
Restricted cash	**20,464**	36,448
Tax receivables, net	**6,200**	3,221
Other receivables	**8,518**	13,746
Deferred expenses	**26,673**	22,742
Other	**39,492**	33,701
Total other assets	**101,347**	**109,858**

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 20,464 and TCHF 36,448 of restricted cash related mainly to the consolidated VIEs (see note 21. Variable interest entities) as at 30 June 2024 and 31 December 2023, respectively. Furthermore, the Group pledged to esisuisse half of the required deposit insurance guarantee of TCHF 4,154 as at 30 June 2024 and 31 December 2023 (see note 19. Commitments and guarantees).

The tax receivables consist of income tax receivables and net input VAT (net reclaimable VAT). Input VAT input represents reclaimable VAT receivables related to purchases of goods and services and is recorded in other assets. Output VAT represents VAT payable related to goods sold and services supplied and is recorded in accrued expenses and other payables. The Group has elected to present the VAT on a net basis on the consolidated statements of financial position. On a gross basis, the Group had TCHF 34,523 and TCHF 33,644 input VAT (receivable) and TCHF 28,323 and TCHF 30,511 output VAT (payable) at 30 June 2024 and 31 December 2023, respectively.

Implementation costs associated with cloud computing arrangements recorded as deferred expenses were TCHF 20,981 and TCHF 15,601 as of 30 June 2024 and 31 December 2023, respectively. Implementation costs amortisation recorded for cloud computing arrangements were TCHF 1,065 and TCHF 0 for the period ended 30 June 2024 and 2023, respectively.

Other includes pension plan asset of TCHF 36,770 and TCHF 31,045 as of 30 June 2024 and 31 December 2023, respectively.

11. Deposits

The following table shows the maturities of the Group's customers' saving deposits, term deposits and prepaid cards as at 30 June 2024 and 31 December 2023, respectively:

CHF in thousands	30 June 2024	31 December 2023
On demand	**251,248**	159,867
Less than 3 months	**873,586**	1,116,932
3 to less than 6 months	**452,554**	298,188
6 to less than 12 months	**415,263**	502,670
12 months plus, thereof	**1,892,591**	1,419,477
due in 2025	**328,370**	431,463
due in 2026	**578,714**	227,444
due in 2027	**446,431**	315,458
due in 2028	**238,557**	221,498
due in 2029	**92,424**	74,126
due in 2030 and thereafter	**208,095**	149,488
Total	**3,885,241**	**3,497,133**

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 1.55% and 1.51% as at 30 June 2024 and 31 December 2023, respectively.

12. Short-term and long-term debt

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

CHF in thousands	Maturity	30 June 2024 Amount	30 June 2024 Contractual interest rate[4]	31 December 2023 Amount	31 December 2023 Contractual interest rate[4]
Short-term portion					
External debt (unsecured bond)	2024	–	–	250,000	0.00 %
External debt (unsecured bond)	2024	–	–	200,016	0.25 %
External debt (unsecured bond)	2025	**150,118**	**0.38 %**		
Long-term portion					
External debt (bond eligible for additional tier 1 capital)[2]	Perpetual	**150,000**	**2.50 %**	150,000	2.50 %
External debt (unsecured bond)	2025	–	–	150,177	0.38 %
External debt (unsecured bond)	2025	**250,000**	**1.18 %**	250,000	1.18 %
Non-recourse borrowings (Auto ABS)[3]	2026	**275,000**	**2.58 %**	275,000	2.58 %
External debt (unsecured bond)	2026	**125,064**	**0.88 %**	125,081	0.88 %
External debt (senior convertible bond)	2026	**249,420**	**0.00 %**	249,278	0.00 %
External debt (unsecured bond)	2026	**200,000**	**0.15 %**	200,000	0.15 %
External debt (unsecured bond)	2027	**220,000**	**3.11 %**	220,000	3.11 %
External debt (unsecured bond)	2027	**175,000**	**0.29 %**	175,000	0.29 %
External debt (unsecured bond)	2028	**200,000**	**0.42 %**	200,000	0.42 %
External debt (unsecured bond)	2029	**215,000**	**2.54 %**	215,000	2.54 %
External debt (unsecured bond)	2029	**235,000**	**2.41 %**	235,000	2.41 %
External debt (unsecured bond)	2030	**210,000**	**2.67 %**	210,000	2.67 %
	2030	**250,000**	**2.22 %**	–	–
Debt issuance costs		**–6,269**		–6,787	
Total short-term and long-term debt		**2,898,334**		**3,097,765**	

1 Related to consolidated VIEs, for further details refer to note 21. Variable interest entities
2 First call date November 2024 and annually thereafter
3 Related to consolidated VIEs, for further details refer to note 21. Variable interest entities. Floating interest rate hedged for fixed interest rate, see note 13. Derivatives and hedge instruments
4 Rounded to two decimal places

The contractual interest 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 2024, the Group primarily has fixed rate funding.

In February 2024, the Group issued a TCHF 250,000 senior unsecured bond at 100% with maturity of six years and a coupon of 2.215%.

As at 30 June 2024 and 31 December 2023, the Group maintained TCHF 400,000 of undrawn committed facilities. The weighted average contractual commitment fee for all facilities was 0.22% at 30 June 2024 and at 31 December 2023, respectively. For details please refer to note 11 in the Consolidated Financial Statements in the Annual Report 2023.

13. Derivatives and hedge instruments

The Group has entered into an interest rate swap during the current period agreement to manage interest rate risk exposure. An interest rate swap agreement utilised by the Group effectively modifies the Group's exposure to interest rate risk by converting the floating-rate debt to a fixed-rate basis for the next three years, thus reducing the impact of interest-rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

The interest rate swap was entered into with a counterparty that met the Group's credit standards and the Group believes that the credit risk inherent in the derivative contract is not significant.

As of 30 June 2024, the total notional amount of the Group's receive floating/pay fixed interest rate swap was TCHF 275,000. During the next twelve months, the Group estimates that TCHF – 2,102 will be reclassified from AOCI to Interest expense.

		30 June 2024			31 December 2023	
CHF in thousands	**Other asset / (Other liability)**	**Gain / (loss) recognised in AOCI on derivatives**	**Gain / (loss) reclassified from AOCI to interest expense**	Other asset / (Other liability)	Gain / (loss) recognised in AOCI on derivatives	Gain / (loss) reclassified from AOCI to interest expense
Interest rate swap [1]	**– 4,669**	**– 241**	**– 273**	– 4,428	– 4,428	– 207
Total	**– 4,669**	**– 241**	**– 273**	**– 4,428**	**– 4,428**	**– 207**

[1] Interest rate swap on non-recourse borrowing (Swiss Auto Lease 2023-1 GmbH) has a notional amount of TCHF 275,000, pay fixed interest rate, receive SARON compounded floating interest rate over the three year term (May 2023 – 2026)

14. Pension plans

The cost of the pension plans is presented below:

For the six months ended (CHF in thousands)		30 June 2024	30 June 2023
Service cost for benefits earned	Compensation and benefits	**3,964**	3,632
Prior service credit amortisation	General and administrative expenses	**– 164**	– 500
Expected return on plan assets	General and administrative expenses	**– 5,837**	– 5,503
Interest cost on benefit obligations	General and administrative expenses	**2,228**	3,179
Net actuarial loss amortisation	General and administrative expenses	**– 340**	– 1,249
Net periodic benefit cost		**– 148**	**– 442**

15. 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 Basel III rules effective since 1 January 2013, as applicable in Switzerland. 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 standardised approach ("SA-BIS" approach) to calculate the minimum requirement for covering credit risk. It applies the current exposure method ("CEM") to calculate the required capital for counterparty credit risk for derivative. The simplified approach with credit equivalent calculated with CEM is used to quantify the loss risk to credit value adjustment ("CVA") of the derivative. It uses the standardised approach to calculate the capital charge for market risk. The Group also applies the 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 (CAO, SR 952.03) and the FINMA Circular Risk Diversification for Banks (2019/01).

The total eligible regulatory capital of the Group comprises Tier 1, Common Equity Tier 1 (CET1), additional Tier 1 capital (AT1), Tier 2 (provisions for defaulted risks) and consists of shareholders' equity including net income for the current year. Deductions from Tier 1 include, among other items, anticipated but non-declared dividends, own shares, goodwill and deferred tax assets. Risk-weighted assets include consolidated balance sheet assets, off-balance sheet arrangements converted into credit equivalents, non-counterparty risk, market risk, operational risk from processes, people, systems and external events.

As of 30 June 2024, 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 2023" available at www.cembra.ch/financialreports.

CHF in thousands	30 June 2024	31 December 2023
Eligible regulatory capital		
Tier 1 capital	**1,064,994**	1,046,011
of which CET1 capital	**914,994**	896,011
of which additional Tier 1 capital	**150,000**	150,000
Tier 2 capital	**2,833**	3,334
Total eligible capital	**1,067,827**	**1,049,346**
Risk-weighted assets		
Credit risk	**5,417,049**	5,276,345
Non counterparty risk	**51,314**	54,903
Market risk	**2,221**	888
Operational risk	**757,935**	757,935
Total risk-weighted assets	**6,228,518**	**6,090,070**
Capital ratios		
CET1 ratio	**14.7 %**	14.7 %
Tier 1 ratio	**17.1 %**	17.2 %
Total capital ratio	**17.1 %**	**17.2 %**

16. Earnings per share and additional share information

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	**78,340**	75,055
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	**78,340**	75,055
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	**664,849**	657,261
Weighted-average numbers of common shares outstanding for basic earnings per share	**29,335,151**	**29,342,739**
Dilution effect number of shares	**47,086**	36,145
Weighted-average numbers of common shares outstanding for diluted earnings per share	**29,382,237**	**29,378,884**
Basic earnings per share (in CHF)	**2.67**	**2.56**
Diluted earnings per share (in CHF)	**2.67**	**2.55**

The amount of common shares outstanding has changed as follows:

	30 June 2024	31 December 2023
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	**665,135**	**656,757**
Share-based compensation	**– 13,746**	– 6,622
Purchase	**30,000**	15,000
Balance at end of period	**681,389**	**665,135**
Common shares outstanding	**29,318,611**	**29,334,865**

17. 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 2024	30 June 2023
Insurance	**12,109**	12,164
Credit cards	**45,588**	43,217
Total	**57,697**	**55,381**

The table above differs from note 25. Commissions and fee income, as it includes only contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

18. Income tax expense

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

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Current tax expense	**19,497**	17,967
Deferred tax expense / (benefit) from temporary differences	**– 212**	410
Income tax expense	**19,285**	**18,377**

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 were approximately 20% for both periods ended 30 June 2024 and 2023, respectively.

Net deferred tax liabilities amounted to TCHF 10,074 and TCHF 10,362 as of 30 June 2024 and 31 December 2023, 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.

19. 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 banks and securities firms are obliged to fund the deposit insurance scheme through esisuisse, the association tasked with implementing the deposit insurance scheme stipulated by the Swiss law. Based on esisuisse's estimate, the Group's contribution obligation was TCHF 8,307 as at 30 June 2024. The Group pledged in favour of esisuisse half of the required contribution obligation. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 30 June 2024, the Group considers the probability of a material loss from this obligation to be remote.

The Bank has issued a guarantee towards Swisscom Directories AG as part of a factoring agreement between the subsidiary CembraPay AG (previously Swissbilling SA, merged in May 2024) and Swisscom Directories AG. The guarantee covers the net financial obligations of CembraPay AG to Swisscom Directories AG up to a maximum amount of TCHF 35,000, in the event CembraPay AG 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 2024 amounts to TCHF 29,545 and management assesses that the probability of payout is remote.

CembraPay AG issues payment guarantees towards merchants for cases in which the customers will not meet their financial obligations towards them, through a variety of payment guarantee products. These payment guarantees cover the off-balance sheet exposure that represents the outstanding balance to the merchants prior to the guarantee execution timeline (on-balance sheet exposure). The commitment is irrevocable, the exposure as at 30 June 2024 amounts to TCHF 2,735 and management assesses that the probability of payout is remote.

Allowance for credit losses on the irrevocable off-balance sheet commitments and financial guarantees is provided through the credit loss provision, but recorded as a separate liability included in other liabilities.

For details on rental commitments under non-cancellable operating leases refer to note 7. Property, equipment and software.

20. Financial instruments

The following table provides information about the assets and liabilities not carried at fair value in the consolidated statement of financial position.

The table excludes finance leases and non-financial assets and liabilities and convertible bonds. 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 2023).

	30 June 2024		31 December 2023	
CHF in thousands	**Carrying amount net**	**Estimated fair value**	Carrying amount net	Estimated fair value
Assets				
Loans	**3,715,362**	**3,821,195**	3,671,429	3,771,498
Liabilities				
Deposits	**– 3,885,241**	**– 3,919,592**	– 3,497,133	– 3,504,425
Borrowings	**– 2,648,914**	**– 2,657,857**	– 2,848,487	– 2,817,015

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.

21. 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 characteristics to the auto leases and loans pool not included in VIEs. Consequently, aligned to CECL standard, current expected credit losses are calculated at pool level without further segmentation based on the VIEs' inclusion.

In May 2023, the Group launched its seventh securitisation transaction (Swiss Auto Lease 2023-1 GmbH) and issued a floating rate senior loan of TCHF 275,000 with a coupon of 2.5825% per annum and an optional redemption date of three years from the date of issuance. For details, please refer to note 12. Short-term and long-term debt and to note 13. Derivatives and hedge instruments. 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 financing receivables. 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 2024	31 December 2023
Assets		
Financing receivables, net	**316,586**	588,472
Financing leases	**312,021**	581,615
Loans	**4,565**	6,857
Other assets	**14,812**	32,295
Total assets	**331,398**	**620,767**
Liabilities		
Accrued expenses and other liabilities	**5,087**	5,555
Non-recourse borrowings	**274,683**	524,536
Total liabilities	**279,770**	**530,091**

Revenues from the consolidated VIEs amounted to TCHF 11,680 and TCHF 10,141 for the periods ended 30 June 2024 and 2023, respectively. Related expenses consisted primarily of provisions for losses of TCHF 1,143 and TCHF 2,569, general and administrative expenses related to portfolio service costs of TCHF 690 and TCHF 638 and interest expense of TCHF 3,737 and TCHF 900 for the periods ended 30 June 2024 and 2023, 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.

22. Related-party transactions

The Group had no related-party transactions in the first half-year of 2024 outside the normal course of business.

23. Interest income

The details of interest income are shown below:

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Personal loans	**89,744**	82,455
Auto leases and loans	**84,680**	71,833
Credit cards	**52,880**	42,089
Other	**9,259**	4,555
Total	**236,562**	**200,933**

24. Interest expense

The details of interest expense are shown below:

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Interest expense on ABS	**3,786**	944
Interest expense on deposits	**28,266**	16,486
Interest expense on debt	**20,894**	12,864
Total	**52,946**	**30,295**

25. Commission and fee income

The details of commission and fee income are shown below:

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Insurance	**12,109**	12,164
Credit cards	**45,588**	43,217
Loans and leases	**7,556**	7,285
BNPL [1]	**19,090**	19,068
Other	**88**	659
Total	**84,432**	**82,393**

1 BNPL includes fee income related to CembraPay AG (and Swissbilling SA, merged in May 2024)

26. General and administrative expenses

The details of general and administrative expenses are shown below:

For the six months ended (CHF in thousands)	30 June 2024	30 June 2023
Professional services	**11,430**	10,983
Marketing [1]	**6,278**	6,458
Collection fees	**7,953**	7,600
Postage and stationery	**5,343**	5,297
Rental expense under operating leases	**2,920**	3,150
Information technology	**25,397**	25,443
Depreciation and amortisation	**13,616**	13,762
Other	**– 9,036**	– 7,941
Total	**63,901**	**64,752**

1 Marketing includes advertising costs, which are expensed as incurred

27. Restructuring costs

In 2024 Cembra announced a restructuring plan with the objective of enhancing operational efficiency and optimising cost structure. This will be achieved through using internal capabilities and by outsourcing of certain services. The restructuring plan includes restructuring activities such as headcount reductions. The total programme costs were originally estimated to TCHF 3,000 to TCHF 5,000. As of 30 June 2024 the Group incurred TCHF 2,664 of the costs related to the restructuring programme.

The following table outlines the costs incurred and the cumulative costs incurred under the programme per operating segment:

	Employee severance costs by segment		Cumulative costs
For the six months ended (CHF in thousands)	**30 June 2024**	30 June 2023	**incurred up to 30 June 2024**
Lending	**1,781**	–	**1,781**
Payments	**883**	–	**883**
Total	**2,664**	**–**	**2,664**

Restructuring expenses recorded for this programme are included in the lines compensation and benefits and general and administrative expenses in the Consolidated Income Statements.

Liabilities associated with the restructuring programme are included in accrued expenses and other payables. The following table shows the activity from the beginning of the program to 30 June 2024:

	Employee severance costs	
For the six months ended (CHF in thousands)	**30 June 2024**	30 June 2023
Beginning balance at 1 January 2024	**–**	**–**
Restructuring charges	**2,664**	–
Cash payments / settlements	**– 981**	–
Ending balance at 30 June 2024	**1,683**	**–**

28. Off-balance sheet arrangements

At 30 June 2024 and 31 December 2023 , the Group has the following maximum contractual exposure to credit risk resulting from off-balance sheet arrangements:

CHF in thousands	**30 June 2024**	31 December 2023
Ordinary course of business lending commitments	**215,431**	139,299
Unused revolving loan facilities	**58,732**	58,565
Unused credit card facilities	**3,656,799**	3,664,024

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.

Allowance for credit losses on the irrevocable off-balance sheet credit exposures is provided through the credit loss provision, but recorded as a separate liability included in other liabilities.

29. Subsequent events

The Group has evaluated subsequent events from the financial position date through 23 July 2024, the date at which the financial statements were available to be issued. There were no 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, EuroStoxx 600, MSCI ESG Leaders Constituent
Major shareholders	Between 10% and 15% of the shares: UBS Fund Management (Switzerland) including Credit Suisse Funds AG Between 3% and 5% of the shares: 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®	AAA
Sustainalytics®	Low ESG risk

Financial calendar

Annual Report 2024	20 March 2025
Annual General Meeting 2025	24 April 2025

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