



Your Swiss Bank

# Cembra

# Full-year 2022 results

**Holger Laubenthal, CEO | Pascal Perritaz, CFO | Volker Gloe, CRO**

23 February 2023

# Agenda

**1. 2022 highlights**

**Holger Laubenthal**

2. FY 2022 financial results

Pascal Perritaz, Volker Gloe

3. Outlook

Holger Laubenthal

Appendix

# FY 2022 performance

## Strong business performance in line with strategic plan until 2026

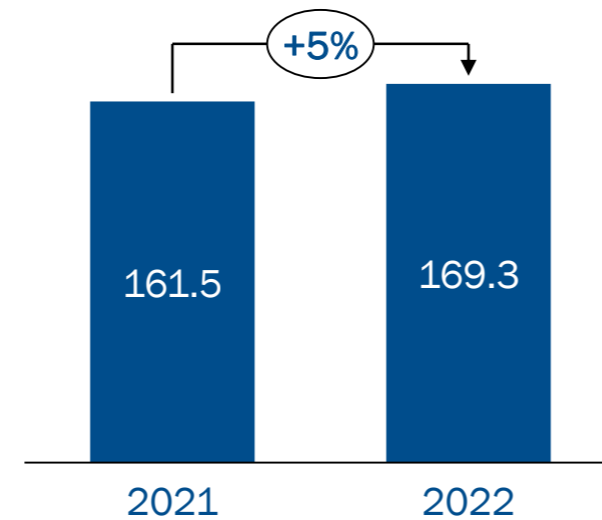
### Highlights

- Net income of CHF 169.3 million (+5%)
- +5% net financing receivables, with all businesses contributing to growth
- +4% net revenues, with fees +17% due to credit cards and BNPL
- Stable cost/income ratio of 50.6%
- Continued very good loss performance, with loss rate at 0.6%
- Return on equity at 13.7%, with strong Tier 1 capital ratio of 17.8%
- Dividend of CHF 3.95<sup>1</sup>

<sup>1</sup> proposed

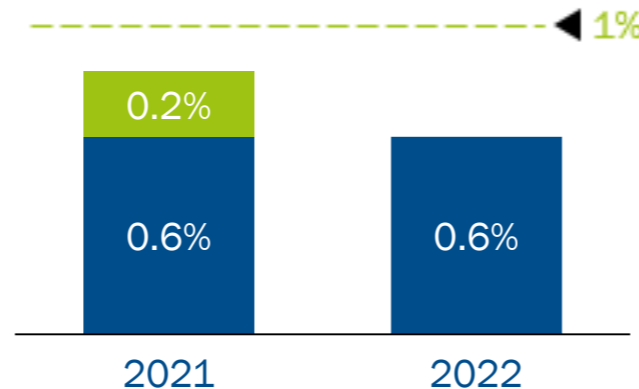
### Net income

in CHF m  
Target EPS growth 20%-30% 2021-26



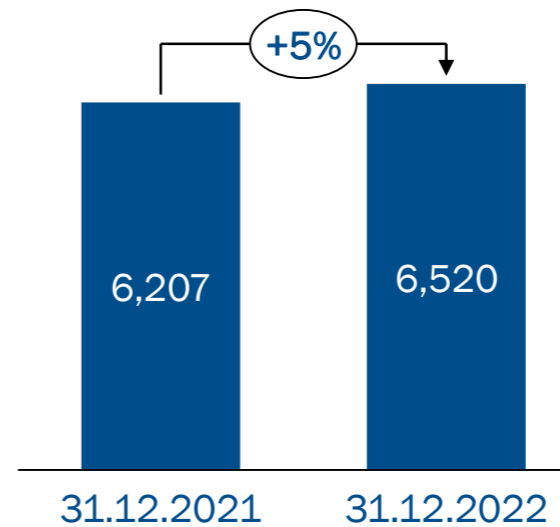
### Loss rate

as % ■ effect of loan sale  
Target: loss rate ≤ 1%



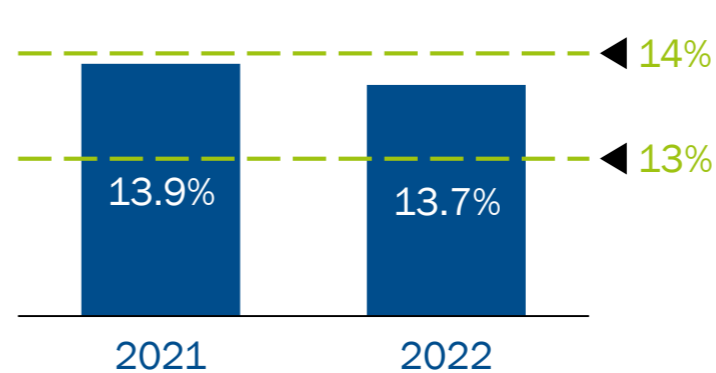
### Net financing receivables

in CHF m  
Target: Growth in line with GDP



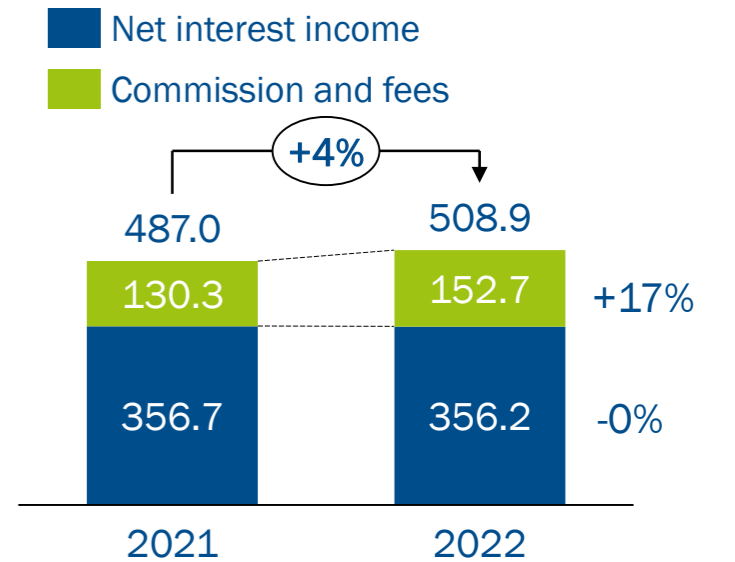
### Return on equity

Target 2023: 13-14% and  
Target 2024-26: >15%



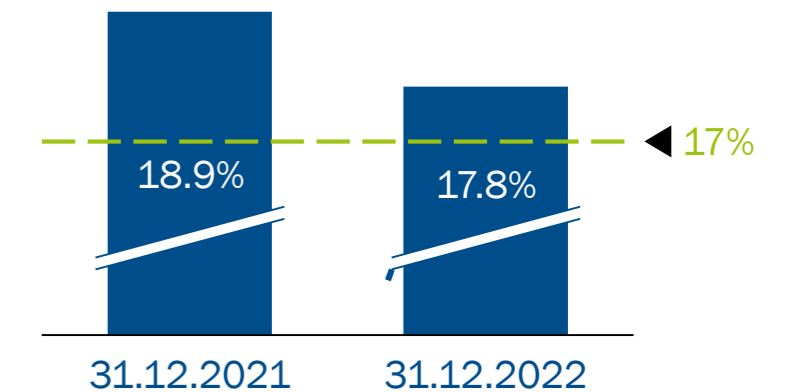
### Net revenues

in CHF m



### Tier 1 capital ratio

Mid-term target of at least 17%



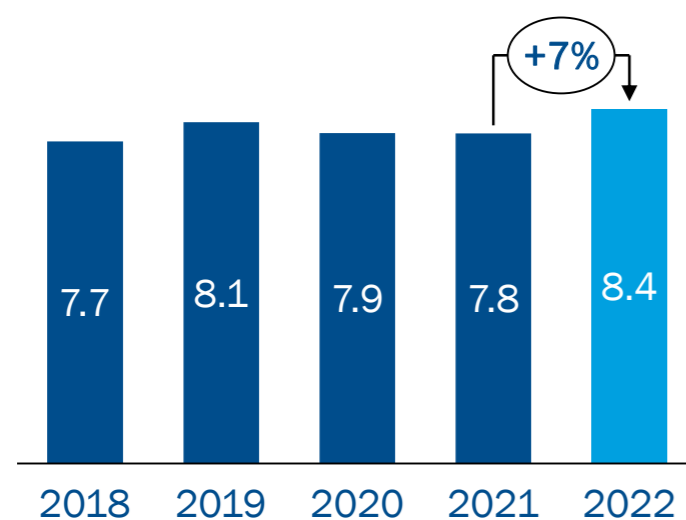
# 2022 products and markets

## Focus on profitable growth

Market environment

### Personal loans

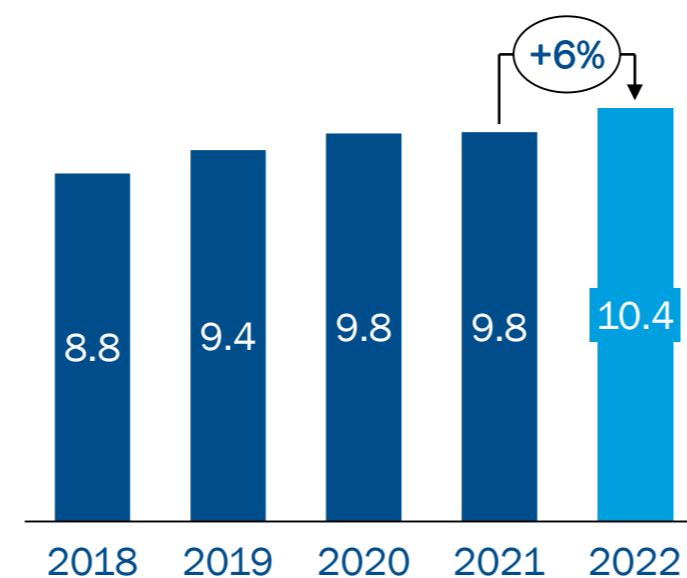
Consumer loans market, in CHF bn



Source: ZEK

### Auto loans and leases

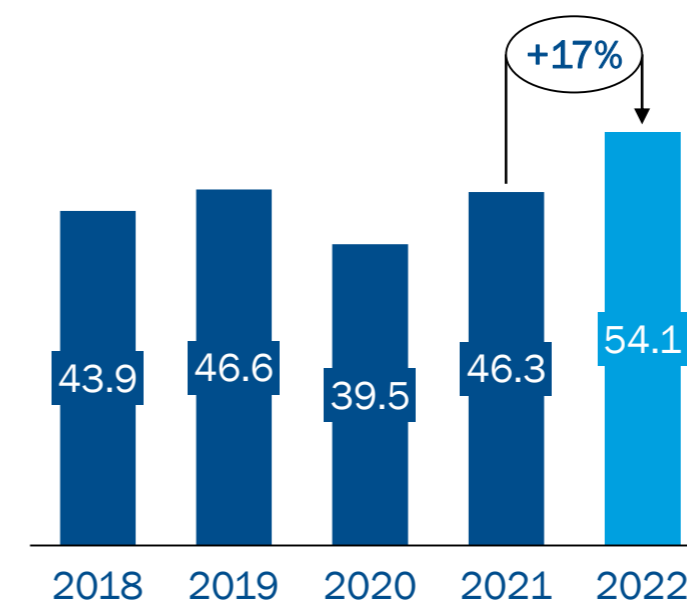
Leasing market, in CHF bn



Source: ZEK

### Credit cards

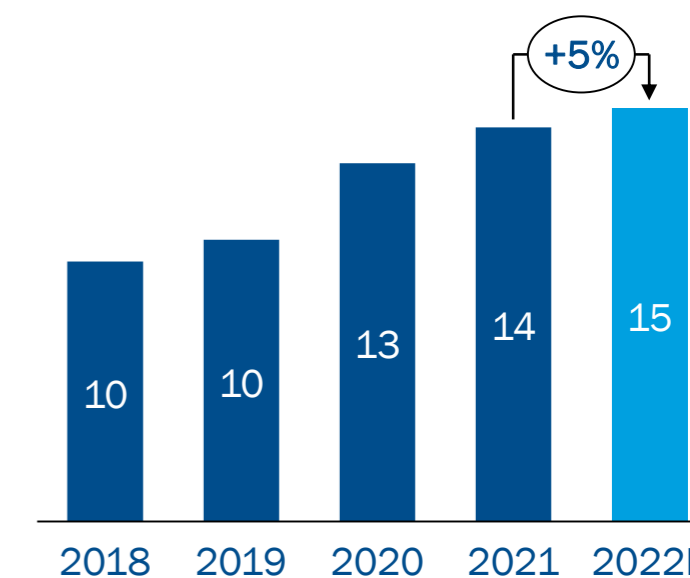
Transaction volumes, in CHF bn



Source: SNB December 2022

### Buy now pay later (BNPL)

eCommerce market, in CHF bn



Sources: Handelsverband.swiss, zhaw

Cembra 2022

- Net financing receivables up +4%, with focus on profitable growth
- Market share of 39%

- Net financing receivables growing (+6%) in line with market
- Share of used cars financed at 76% (2021: 74%)
- Leasing market share of 20%

- Transaction volumes up 5%
- Cards issued down 2% year on year to 1,051,000
- Market share of 12% (cards issued) and 19% (NFC)






- BNPL fees +58%<sup>1</sup> due to strong Swissbilling business and Byjuno acquisition
- Billing volume 477m (+51%)
- 2.5m (+103%) invoices processed (incl. 1.8m BNPL)

<sup>1</sup> BNPL (includes Swissbilling SA and Byjuno AG from November 2022 on) and other fees

# Strategy 2022 – 2026

## Highlights 2022

### Key 2022 achievements

Core	Cembra's DNA	<ul style="list-style-type: none"> <li>⇒ Continued disciplined cost and risk management</li> <li>⇒ Timely initiation of repricing actions to compensate for increased funding cost</li> <li>⇒ Renewed commitment to deliver on sustainability KPI, and upgraded to AAA by MSCI ESG</li> </ul>	
Strategic programmes	Operational excellence	<ul style="list-style-type: none"> <li>⇒ Q1: Successful launch of credit card app, Q2: Moved data centre, Q4: Testing leasing business platform</li> <li>⇒ Investments in Operational Excellence on track, and reaped initial benefits already in 2022</li> </ul>	
	Business acceleration	<ul style="list-style-type: none"> <li>⇒ Organic and profitable growth in all businesses, with fee income increasing to 30% of net revenues</li> <li>⇒ Successful launch of B2C card offering Certo!, with about half of credit cards migrated</li> </ul>	
	New growth opportunity	<ul style="list-style-type: none"> <li>⇒ BNPL with organic and inorganic (Byjuno) growth, and integration on track</li> </ul>	
	Cultural transformation	<ul style="list-style-type: none"> <li>⇒ Team in place, capabilities upgraded, “Great place to Work” certification renewed</li> </ul>	

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# P&L

In CHF m

		2022	2021	as %
Interest income		385.6	382.7	1
Interest expense		-29.4	-26.0	13
Net interest income	1	356.2	356.7	0
Insurance		23.4	23.0	2
Credit cards	2	94.8	80.4	18
Loans and leases		15.0	14.6	3
BNPL and other	3	19.5	12.3	58
Commission and fee income		152.7	130.3	17
<b>Net revenues</b>		<b>508.9</b>	<b>487.0</b>	<b>4</b>
Provision for losses	4	-40.9	-40.3	2
Operating expense	5	-257.5	-246.3	5
<b>Income before taxes</b>		<b>210.5</b>	<b>200.5</b>	<b>5</b>
Taxes		-41.2	-39.0	6
<b>Net income</b>		<b>169.3</b>	<b>161.5</b>	<b>5</b>
<b>Basic earnings per share (EPS)</b>		<b>5.77</b>	<b>5.50</b>	<b>5</b>

## Key ratios

Net interest margin	5.5%	5.6%
Cost/income ratio	50.6%	50.6%
Effective tax rate	19.6%	19.4%
Return on equity (ROE)	13.7%	13.9%
Return on tangible equity (ROTE)	17.1%	17.3%
Return on assets (ROA)	2.3%	2.3%

## Comments

- 1 Slightly higher interest income driven by stable yields in auto and credit cards businesses, offset by higher refinancing expenses.  
For details see slide on 'Net revenues by source'
- 2 Increase driven by increase in transaction volumes and post covid-19 normalisation, and supported by the successful launch of the Certo! credit card programme
- 3 Increase mainly driven by higher fee income from Swissbilling (+26% to 13.9m) and acquisition of Byjuno (+4.1m)
- 4 For details see slide on 'Provision for losses'
- 5 For details see slide on 'Operating expenses'

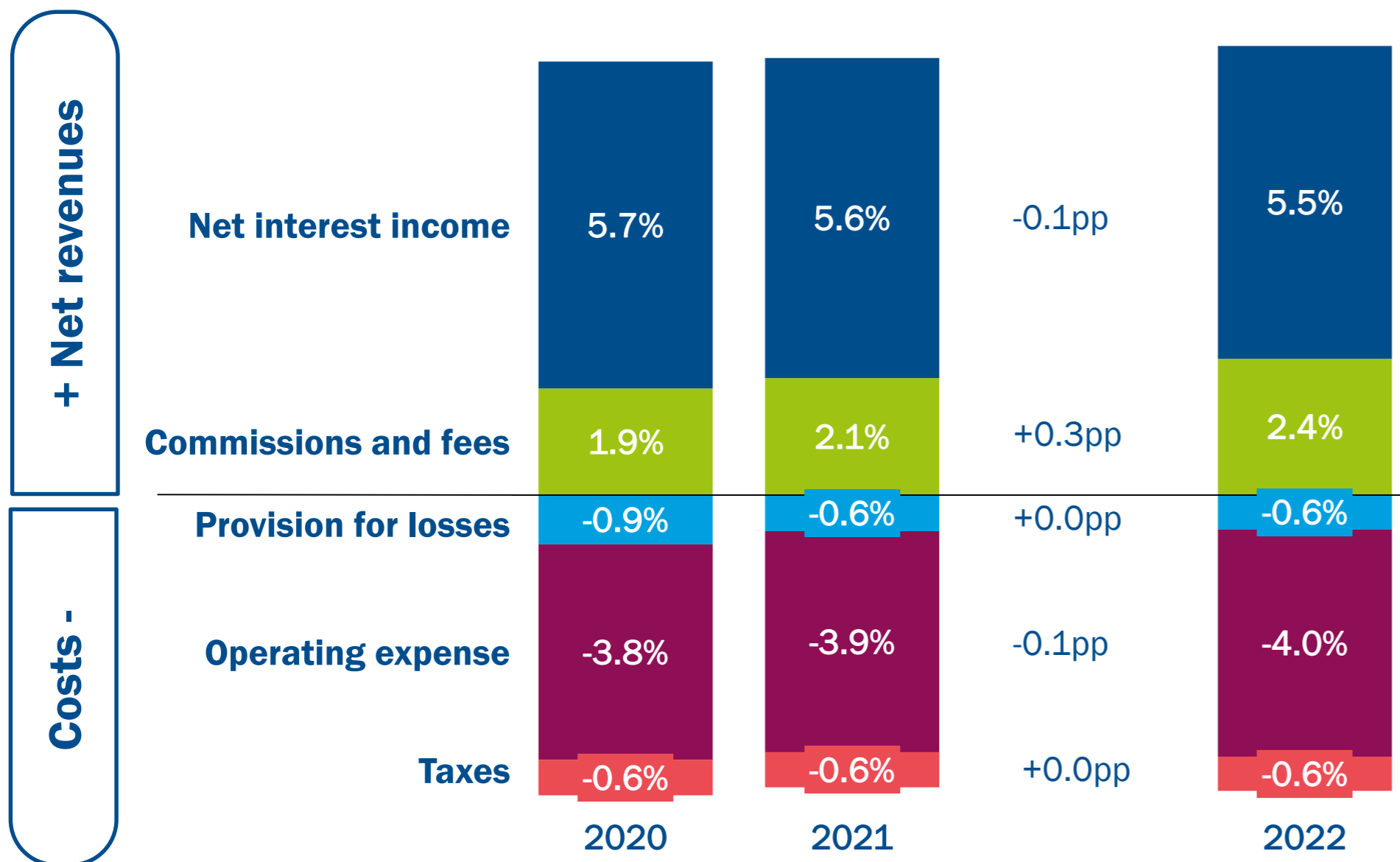
For a glossary including alternative performance figures see [www.cembra.ch/financialreports](http://www.cembra.ch/financialreports)



# Profitability by source

## Profitability increased by higher commissions

Return on financing receivables **2.3%** **2.5%** +0.1pp **2.6%**



**Comments FY 2022**

- Net interest income affected by higher refinancing expenses and competitive market environment in personal loans, partly compensated by price increases in H2 2022
- Commissions and fees: strong recovery related to increased credit cards commission and BNPL fees
- Provision for losses driven by stable loss performance
- Operating expense slightly higher driven by investments in Operational Excellence and credit cards transition programmes

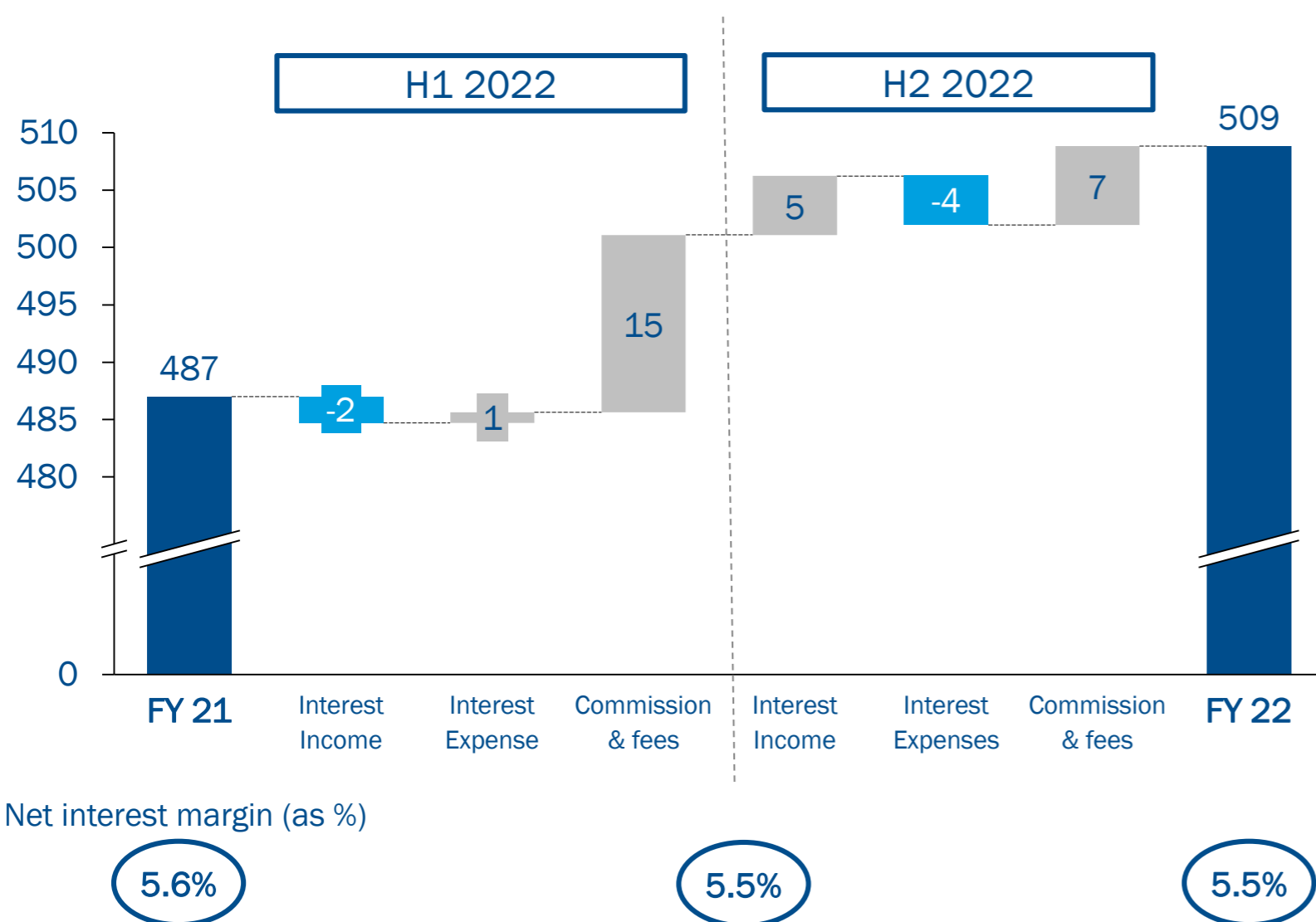


# Net revenues

## Repricing measures started since mid 2022

### Net revenues

In CHF m



### Comments

- Net interest margin is expected to decline slightly in the mid term, as announced in December 2021<sup>1</sup>
- Interest income +CHF 5m in H2 2022, driven largely by timely repricing measures on new business since mid 2022
- Funding cost increased in H2 2022 offset by additional interest income.

#### 2023 outlook net interest margin:

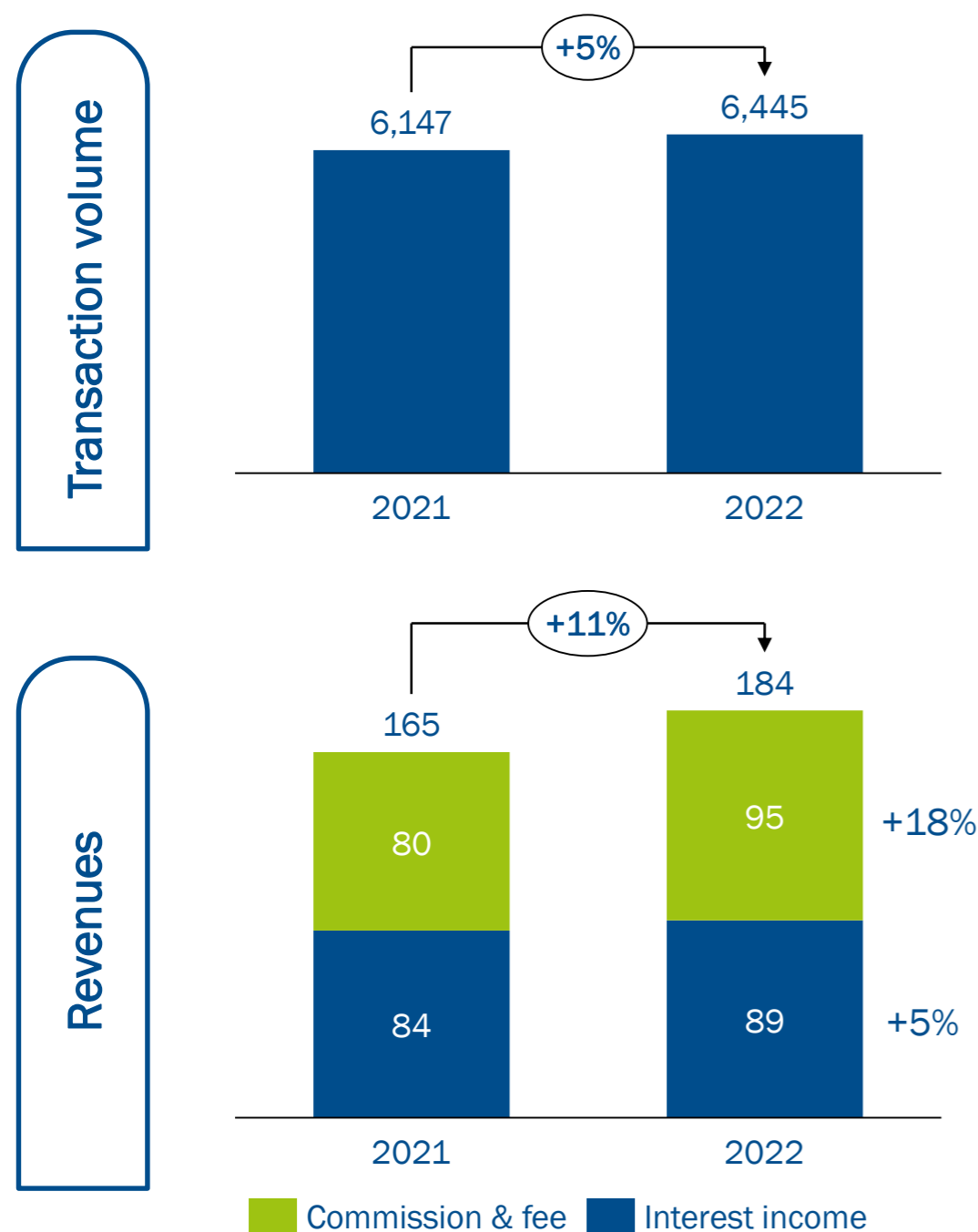
- Plan to offset increased interest expenses with additional income sources (mainly from repricing measures)
- Slightly negative duration gap<sup>2</sup> will contribute to defending the net interest margin

<sup>1</sup> See Cembra Investor Day presentation, December 2021, page 46 <sup>2</sup> Cembra Basel III Report 2022: The weighted average repricing maturity of receivables amounts to 1.5 years and of liabilities to 2.0 years

# Credit cards

## About half of transition portfolio migrated, in line with expectations

### Credit card volumes and revenues



### Co-branding and proprietary card offerings

#### Co-branding credit cards (B2B2C)

- Long-term partnerships with retailers (including Cumulus transition portfolio until 2025)

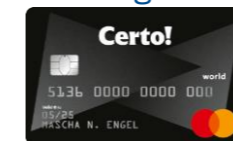
#### Proprietary credit cards (B2C)<sup>1</sup>

- Cembra migrated about half of the transition portfolio until mid February 2023

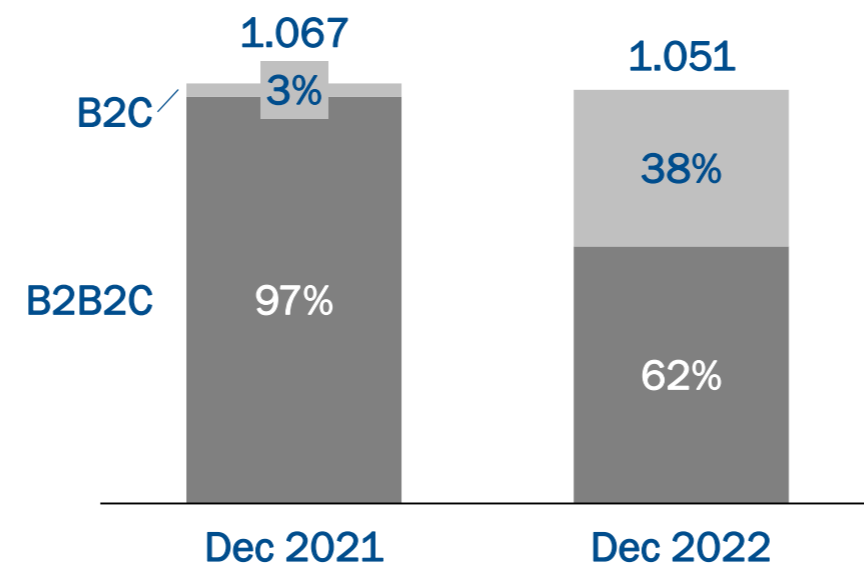
B2C open market offer



B2C migration offer



Cards issued (m)

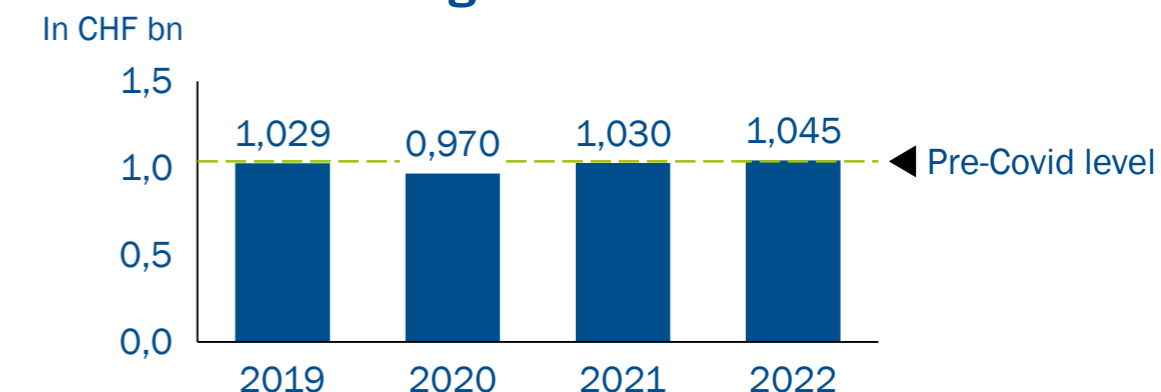


<sup>1</sup> B2C includes Certo! card range and Cembra Mastercard

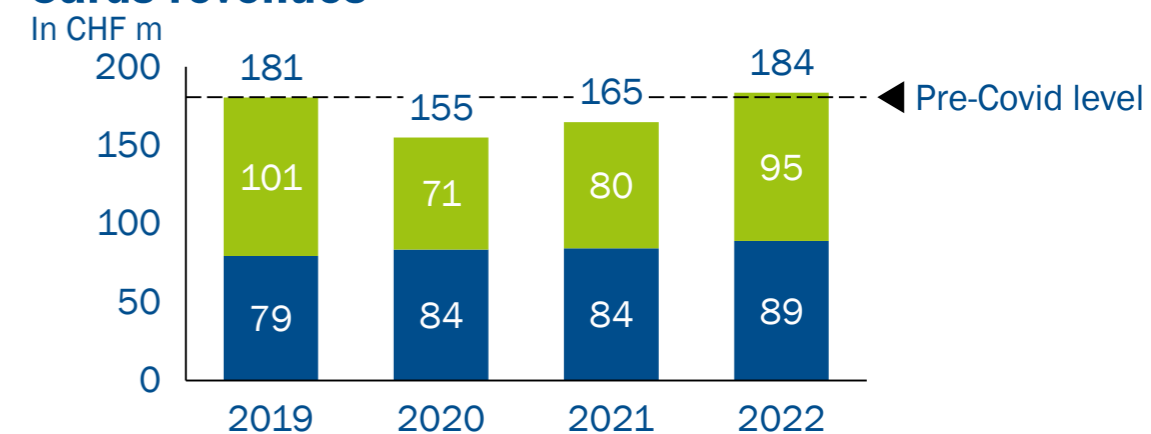
### Reiterated guidance

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

#### Cards net financing receivables



#### Cards revenues



# Operating expenses

In CHF m

		2022	2021	as %
Compensation and benefits	<b>1</b>	135.5	132.2	2
Professional services	<b>2</b>	22.0	17.8	24
Marketing	<b>3</b>	15.7	8.1	93
Collection fees	<b>4</b>	10.7	10.5	2
Postage and stationery	<b>5</b>	15.0	10.8	39
Rental exp. (under operating leases)		6.7	6.8	-1
Information technology	<b>6</b>	43.9	41.4	6
Depreciation and amortisation	<b>7</b>	26.0	25.0	4
Other	<b>8</b>	-18.1	-6.5	>100
<b>Total operating expenses</b>		<b>257.5</b>	<b>246.3</b>	<b>5</b>
<b>Cost/income ratio</b>		<b>50.6%</b>	<b>50.6%</b>	
<b>Full-time equivalent employees</b>		<b>929</b>	<b>916</b>	<b>1</b>
Excluding Byjuno acquisition	<b>1</b>	917	916	<b>0</b>

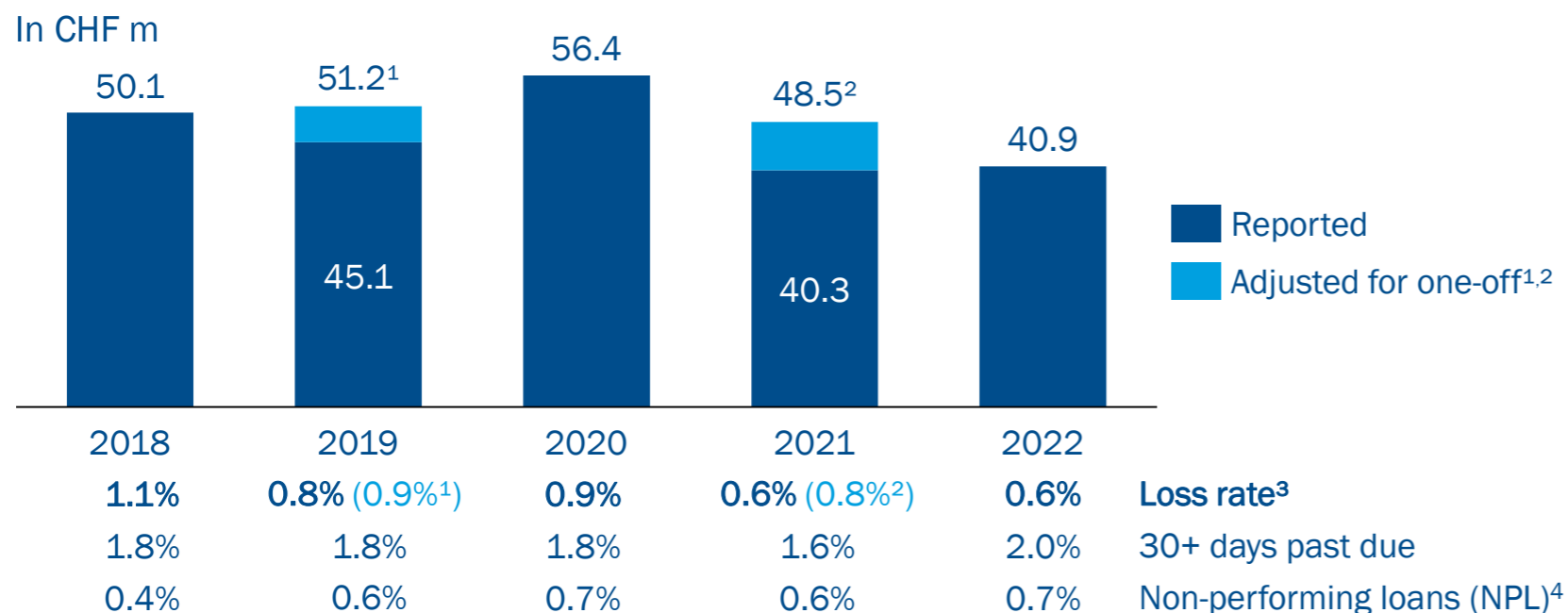
## Comments

- |   |   |
|---|---|
| <p><b>1</b> Increase driven by higher average salaries, incentive compensation, and Byjuno acquisition</p> <p><b>2</b> Primarily related to consulting services in the context Operational Excellence initiatives</p> <p><b>3</b> Higher marketing largely driven by the new proprietary card programme Certo!</p> <p><b>4</b> Increase is primarily driven by Byjuno acquisition</p> <p><b>5</b> Increase mainly resulting from communication expenses related to the launch of the Certo card programme, the mobile app as well as Byjuno acquisition</p> | <p><b>6</b> Higher expenses due to Operational Excellence and business acceleration initiatives</p> <p><b>7</b> Mainly driven by activation of investment assets and amortisation relating to the Byjuno acquisition</p> <p><b>8</b> Decrease largely driven by 5.0m lower pension employer contribution as well as higher capitalisation related to strategic projects</p> |
|---|---|

# Provision for losses

## Strong loss performance

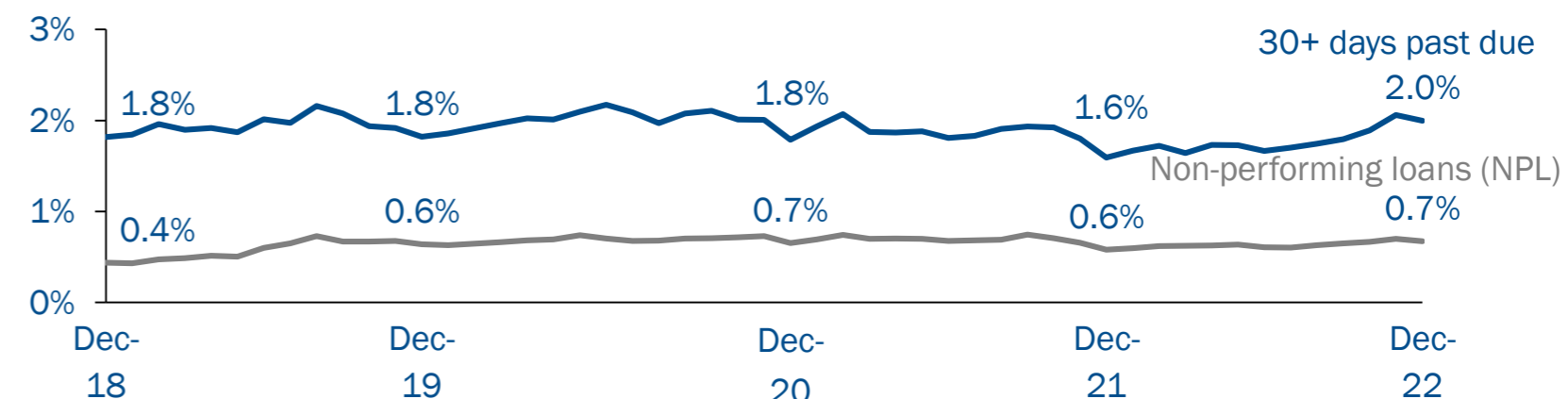
### Provision for losses



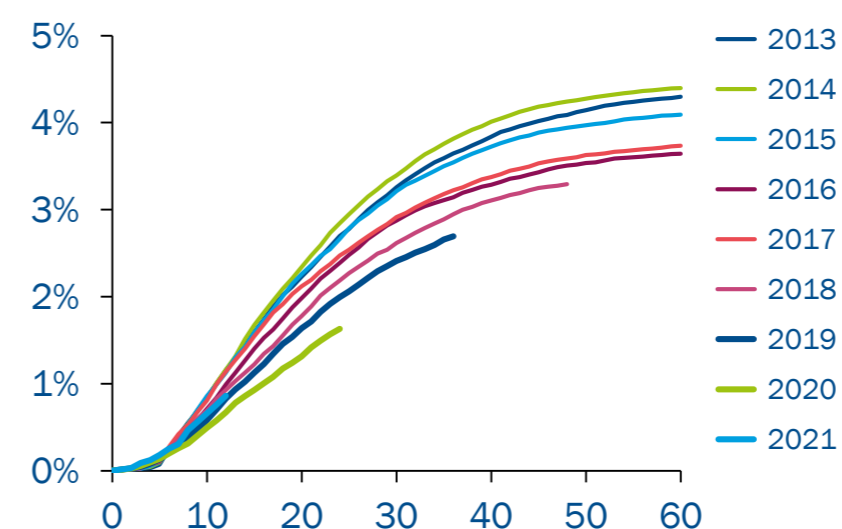
### Comments

- Strong loss performance supported by prudent credit risk management, diligent loss mitigation and cautious write-off procedures during Covid pandemic
- Continuous focus on soundness of risk strategies to address increased uncertainty of macro-economic outlook
- Implementation of CECL under US GAAP in 2023. First-time adoption impact estimate at CHF 67m in line with previously communicated guidance
- Normalisation of loss rate expected following the lift of Covid-related restrictions and growth of BNPL business

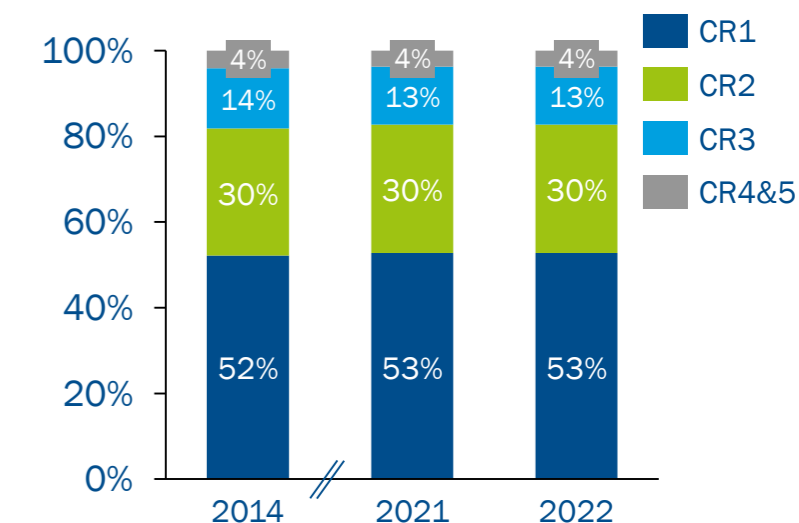
### 30+ days past due/NPL



### Write-off performance<sup>5</sup>



### Credit grades<sup>6</sup>



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

# Balance sheet

In CHF m

Assets		31.12.22	31.12.21	as %
Cash and equivalents		633	545	16
Net financing receivables	<b>1</b>	6,520	6,207	5
Personal loans		2,387	2,292	4
Auto leases and loans		2,975	2,820	6
Credit cards		1,045	1,030	1
BNPL		114	65	75
Other assets	<b>2</b>	501	344	46
<b>Total assets</b>		<b>7,653</b>	<b>7,095</b>	<b>8</b>
<b>Liabilities and equity</b>				
Funding	<b>3</b>	6,126	5,691	8
Deposits		3,513	3,199	10
Short- & long-term debt		2,613	2,492	5
Other liabilities		253	204	24
<b>Total liabilities</b>		<b>6,379</b>	<b>5,895</b>	<b>8</b>
Shareholders' equity	<b>4</b>	1,274	1,200	6
<b>Total liabilities and equity</b>		<b>7,653</b>	<b>7,095</b>	<b>8</b>

## Comments

- 1** Higher net financing receivables mainly driven by the lifting of pandemic restrictions and its impact on consumer financing needs:
  - Personal loans (+4%): driven by strong volume performance with increases in market demand
  - Auto (+6%): driven by strong volume performance in H1 2022 mainly due to vehicle price development
  - Cards (+1%): driven by relaxation of pandemic restrictions in H1 and successful Certo migration in H2
  - BNPL (+75%): Swissbilling assets are growing (+4%) related to higher volumes in invoice financing on online sales (mainly driven by the partnership with IKEA and Ochsner Sport) and acquisition of Byjuno
- 2** Other assets increased due to goodwill from acquisition (33m) and investment securities (97m)
- 3** Funding increased due to growth in financing receivables and liquidity
- 4** Shareholders' equity increased driven by the rise in retained earnings and the dividend payment in April 2022

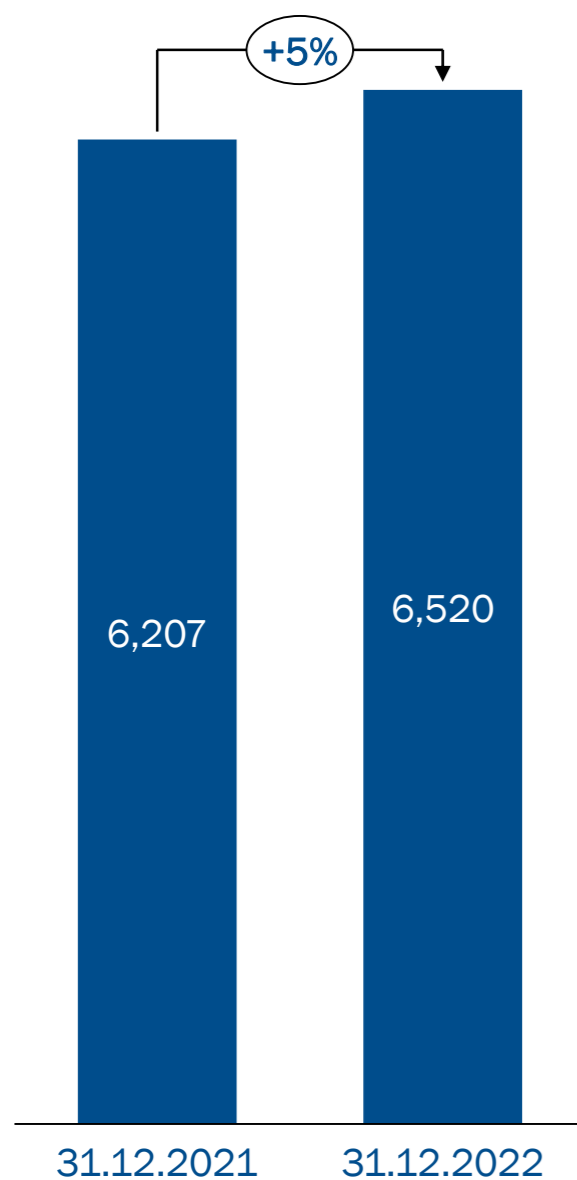
Note: Financing receivables (excl. allowance for losses): Personal loans CHF 2,449m; Auto leases and loans CHF 2,989m, Credit cards CHF 1,054m, BNPL CHF 120m

# Net financing receivables

## All businesses contributed to assets growth

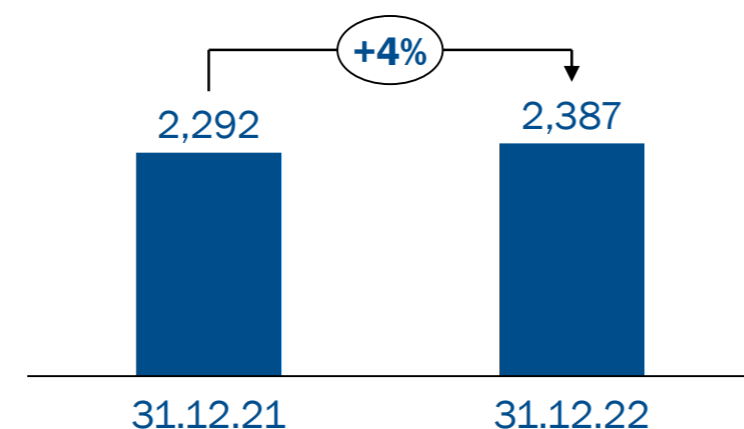
In CHF m

### Net financing Receivables

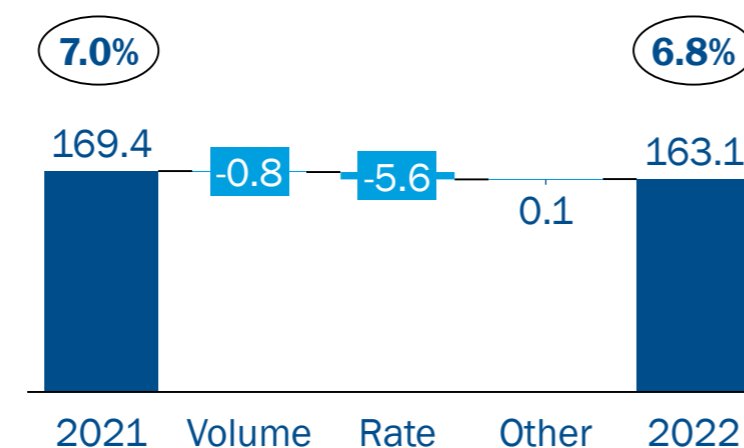


### Personal loans

Net financing receivables

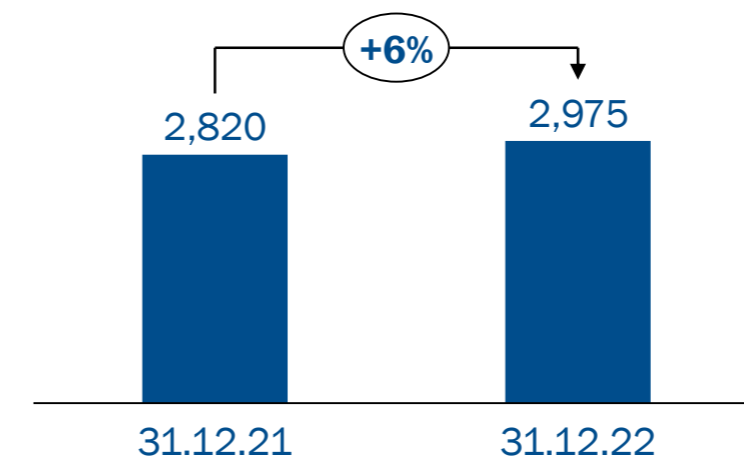


Yield (2pt avg) and interest income

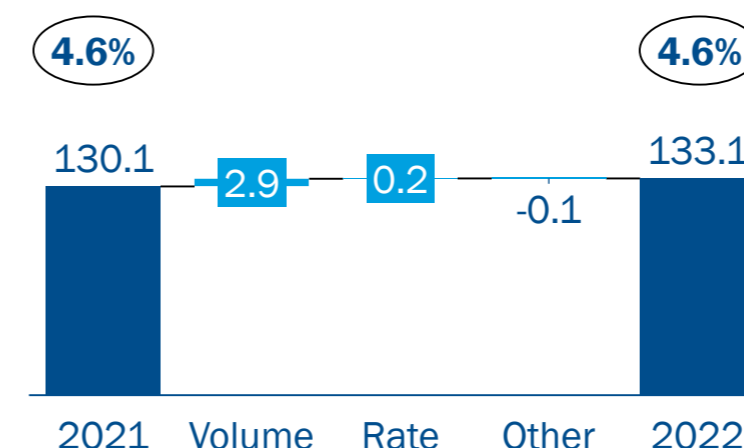


### Auto leases and loans

Net financing receivables

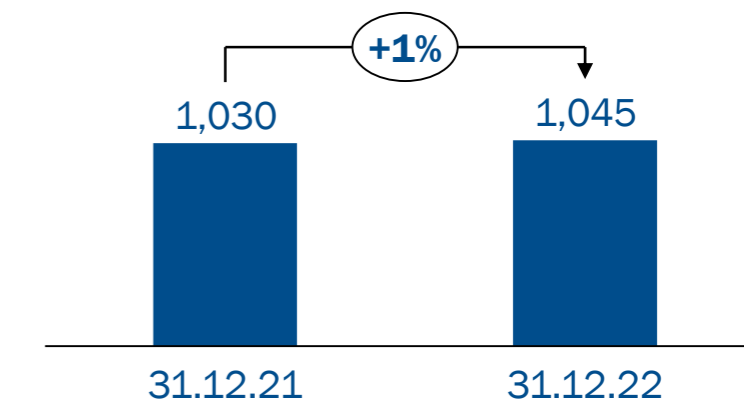


Yield (2pt avg) and interest income

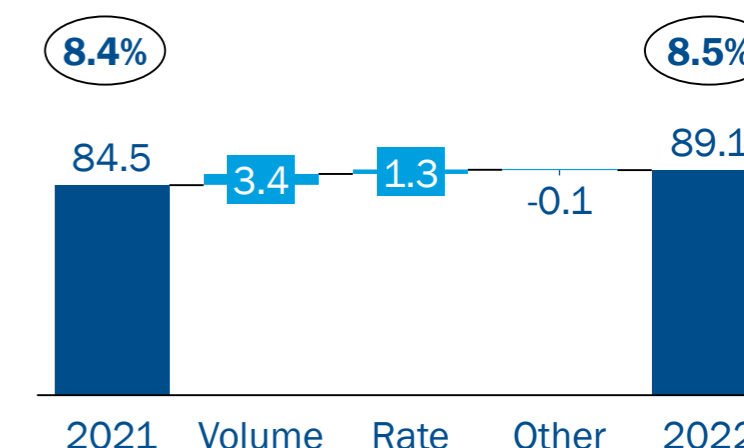


### Credit cards

Net financing receivables



Yield (2pt avg) and interest income



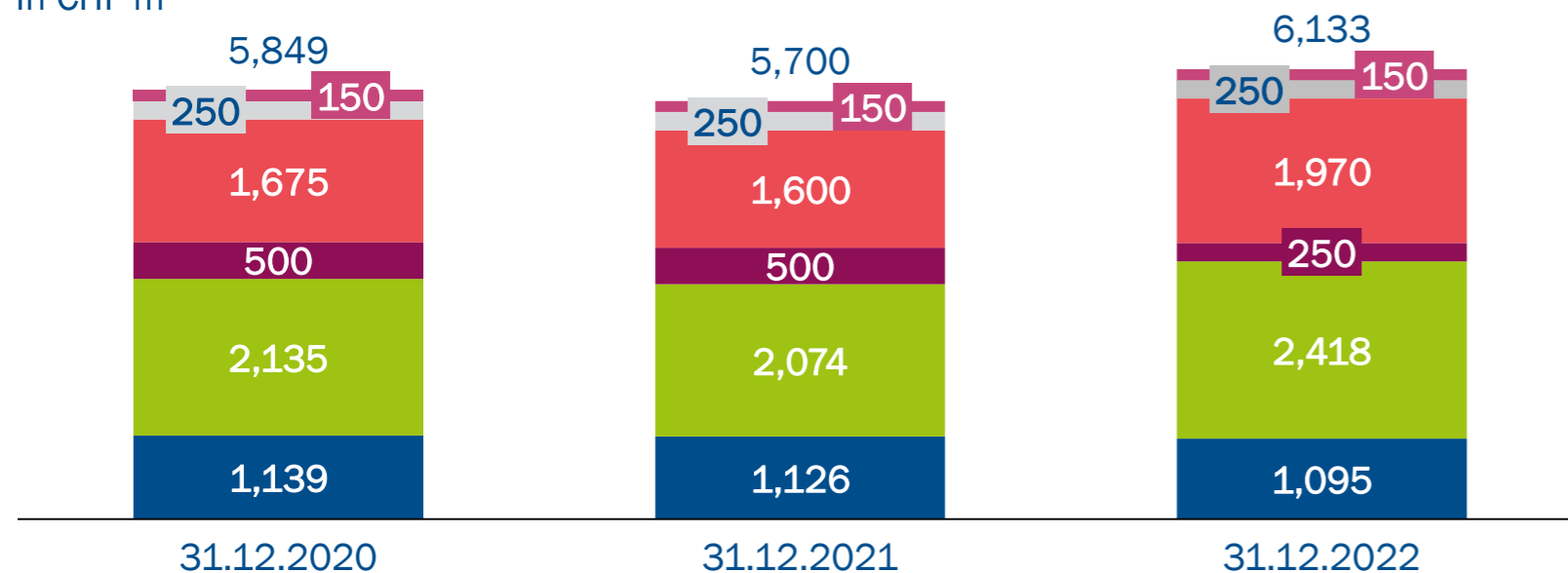


# Funding

## Balanced and diversified funding profile

### Funding mix

In CHF m<sup>1</sup>



### ALM key figures

	31.12.20	31.12.21	31.12.22
Average funding cost	0.45%	0.45%	0.50%
End-of-period funding cost	0.45%	0.44%	0.79%
WA <sup>2</sup> remaining term (years)	2.7	2.5	2.1
LCR <sup>3</sup>	970%	1030%	336%
NSFR	115%	116%	107%
Leverage ratio	14.4%	14.4%	13.5%
Undrawn revolving credit lines	400m	400m	400m

### Funding instruments

<b>Non-Deposits – 43%</b>	<b>AT1 subordinated</b>	One issuance, remaining term to first call of 1.9 yrs. at a rate of 2.50% <sup>4</sup>
	<b>Convertible bond</b>	One issuance, remaining term of 3.6 yrs. at a rate of 0% <sup>4</sup>
	<b>Senior unsecured</b>	Ten issuances, WA <sup>2</sup> remaining term of 3.0 yrs., avg. rate of 0.71% <sup>4</sup>
	<b>ABS</b>	One AAA-rated issuance, remaining term of 1.3 yrs., avg. rate of 0% <sup>4</sup>
<b>Deposits – 57%</b>	<b>Institutional term deposits</b>	<ul style="list-style-type: none"> <li>Diversified portfolio across sectors and maturities</li> <li>Book of 100+ investors</li> </ul>
	<b>Retail term deposits and saving accounts</b>	<ul style="list-style-type: none"> <li>Circa 14,000 depositors</li> <li>Fixed-term offerings 2–10 years</li> <li>Saving accounts are on-demand deposits</li> </ul>
		WA remaining term of 1.6 yrs., avg. rate of 0.77%
<b>Off-BS</b>	<b>Committed revolving credit lines</b>	<ul style="list-style-type: none"> <li>Four facilities of between CHF 50m and CHF 150m each</li> <li>WA remaining term of 1.5 yrs., avg. rate of 0.23%<sup>4</sup></li> </ul>

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

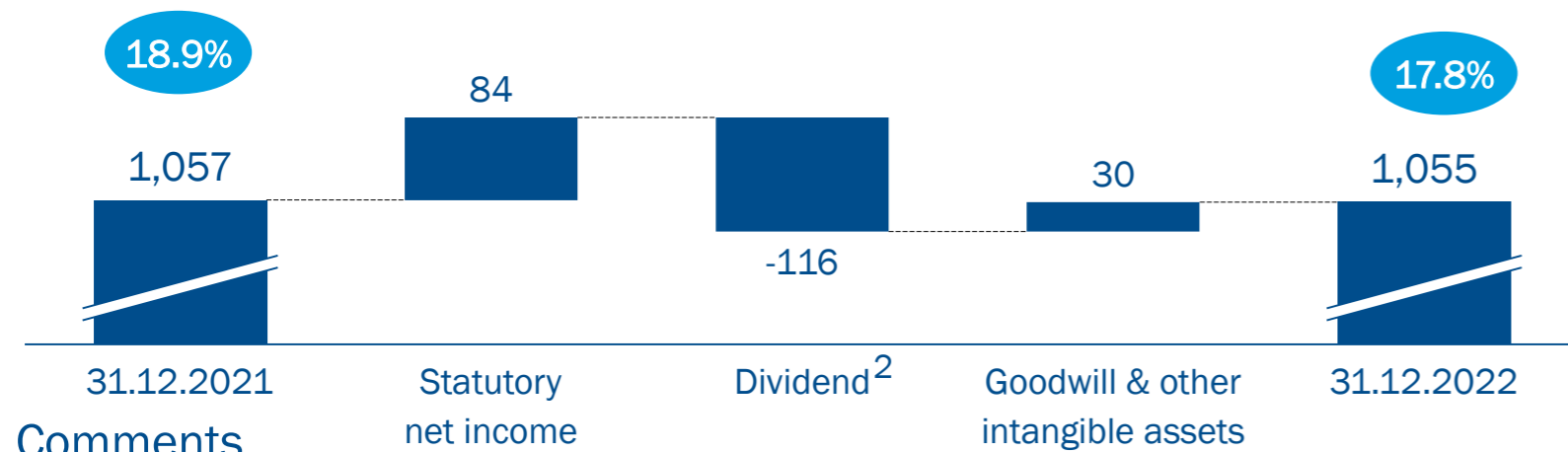


# Capital position

## 17.8% Tier 1 ratio

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

In CHF m

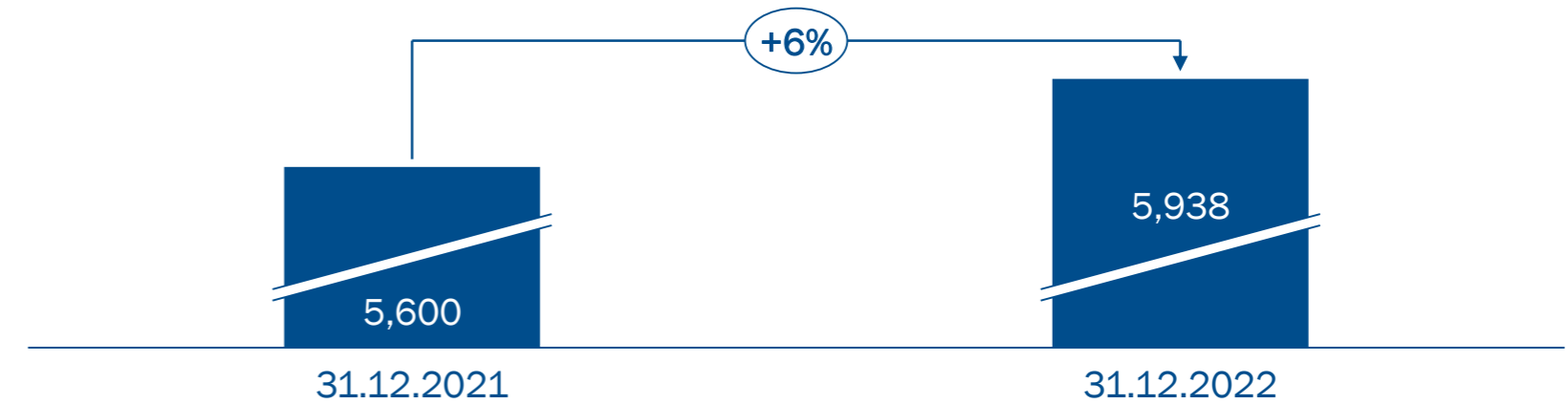


### Comments

- Mid-term Tier 1 capital ratio<sup>3</sup> target of 17%
- CET 1 ratio 15.2% as of 31 Dec 2022 (31 Dec 2021: 16.2%)
- CECL: implemented in 2022 for statutory reporting, with a total one-off financial impact on the Tier 1 capital ratio of -0.7pp in 2022
- Impact of Byjuno acquisition on the Tier1 capital ratio was -0.5pp, also benefiting (~0.2pp) from temporary exemption from quantitative regulatory supervision for BNPL legal entities
- Revised FINMA's final "Basel III standards": impact on the Tier 1 capital ratio of about -0.5pp to -1.0pp for FY 2024 is expected

### Risk-weighted assets

In CHF m



### Comments

- Risk-weighted assets (+6%) increased due to higher net financing receivables (+5%) and investment securities (collateral eligible for SNB repos) of CHF 97m acquired in 2022

### Dividend

- Dividend for 2022 +3% to CHF 3.95 proposed (payout ratio of 68%)
- From 2023 on, Cembra intends to increase its dividend based on sustainable earnings growth

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

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

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Appendix

# Execution on strategy 2022–2026

**On track**

## Our strategic ambition



## Review of key initiatives 2022

- Launch mobile banking solution for credit cards ✓
  - Start implementing core banking system for leasing ✓
  - Initiate data centre move ✓
- 
- Personal loans**
- Increase customer focus and simplify operating model ✓
  - Diversify products & services to win customers wip<sup>1</sup>
- Auto**
- Digital onboarding and API ✓
  - Launch new leasing business platform wip
- Cards**
- Launch proprietary card and transition programme ✓
  - Add 1-2 new key co-branding partners wip
- Buy now pay later**
- Product extension and account solution ✓
  - Add ~200 new merchants ✓
- 
- Adapt organisation with two new commercial divisions ✓
  - Values workshops, and leadership development ✓
  - Great Place To Work trust index of 71% ✓

## Key initiatives 2023

- Establish core banking system readiness
  - Roll out New Workplace 365 (phase one)
  - Decommissioning of systems (phase one)
- 
- Personal loans**
- Product differentiation: segment-based products, product bundles
- Auto**
- Roll out new leasing business platform
- Cards**
- Continue transition to Certo!
  - Enrich digital experience on app and web
- Buy now pay later**
- Conclude operational integration, accelerate growth
- 
- Embed values in talent development
  - Execute on organisational readiness and simplification programme

<sup>1</sup> wip = work in progress

# Outlook

## Overall resilient business performance expected in 2023

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

#### Deliver on strategic milestones

- Continue repricing measures and transition to Certo!
- Deliver on operational excellence and transformation
- Continue to integrate and grow BNPL

#### Continued resilient business performance

- Net revenue growth at least in line with GDP
- Stable cost/income ratio
- Continued solid risk performance
- ROE of 13–14%

### Financial targets until 2026 (Investor Day December 2021)<sup>2</sup>

#### ROE

2023: 13–14%  
2024–26: >15%

#### Tier 1 capital ratio

2023: >17%  
2024–26: >17%

#### Dividend per share

for 2023: ≥ CHF 3.95<sup>3</sup>  
for 2024–26:  
increasing<sup>4</sup>

#### Financing receivables growth

1–3% p.a. /  
in line with GDP

#### Cost/income

2022–23: stable  
2026: <39%

#### Risk performance

Loss rate ≤ 1%

#### Cumulative EPS growth

20–30% from 2021  
until 2026

<sup>1</sup> Assuming the Swiss economy continues to grow slightly in 2023 | <sup>2</sup> See Investor Day presentation December 2021 | <sup>3</sup> proposed | <sup>4</sup> Based on sustainable earnings growth

# Agenda

1. 2022 highlights  
Holger Laubenthal
2. FY 2022 financial results  
Pascal Perritaz, Volker Gloe
3. Outlook  
Holger Laubenthal

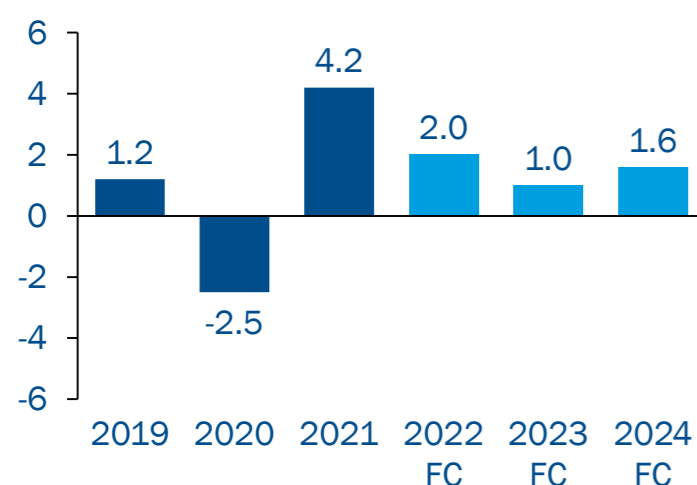
## Appendix

# Macroeconomic outlook

## Further interest rates hikes expected in 2023

### GDP in Switzerland

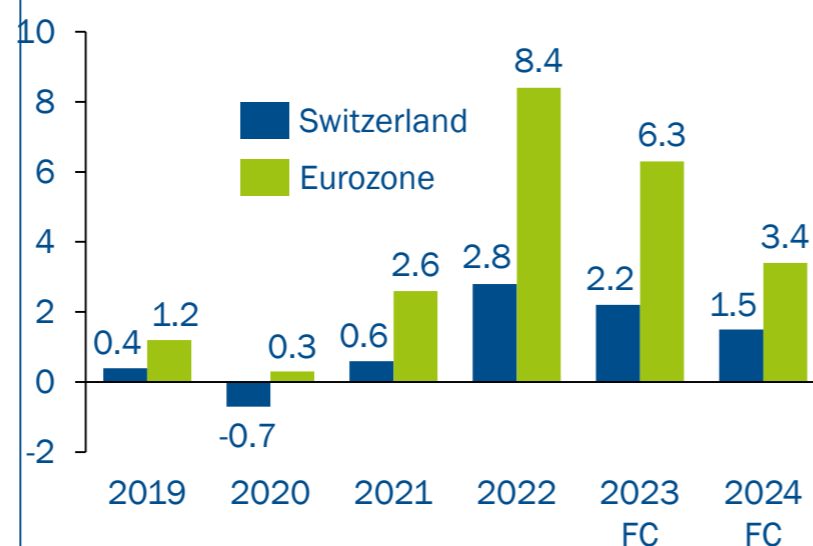
Change vs. previous period as %



Source: SECO December 2022

- In Q3 2022, GDP increased by 0.2% vs. 0.1% in Q2 2022
- Swiss economy expected to grow by 1.0% in 2023 and 1.6% in 2024<sup>1</sup>
- Consumer spending forecast to increase by 1.5% in 2023 and increase by 1.3% in 2024<sup>1</sup>

### Swiss vs. Eurozone CPI Inflation

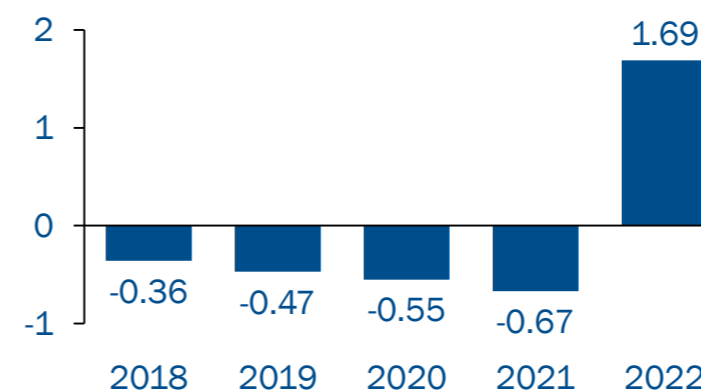


Source: Bloomberg December 2022

- Inflation lower in Switzerland than in the Eurozone due to stronger CHF and lower exposure to energy prices
- Switzerland's cost of living and import duties on agricultural products are markedly higher compared to other countries

### CHF interest rates

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

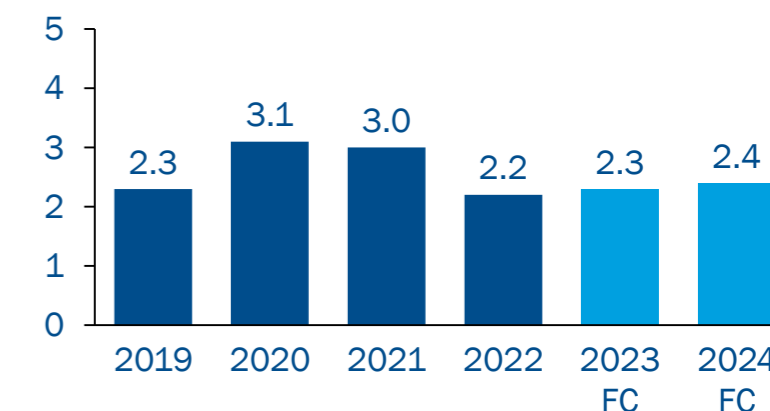


Source: Bloomberg

- Swiss interest rates mainly increased due to high inflation
- Swiss National Bank increased rates by 175bps from -0.75% to 1% in 2022
- Forward curve suggests interest rates will move higher in the short term

### Swiss unemployment rate

As %, average per period



Source: SECO December 2022

- Unemployment rate was at 2.1% in December 2022
- Unemployment is expected to slightly increase to 2.3% in 2023<sup>1</sup> and to 2.4% in 2024<sup>1</sup>

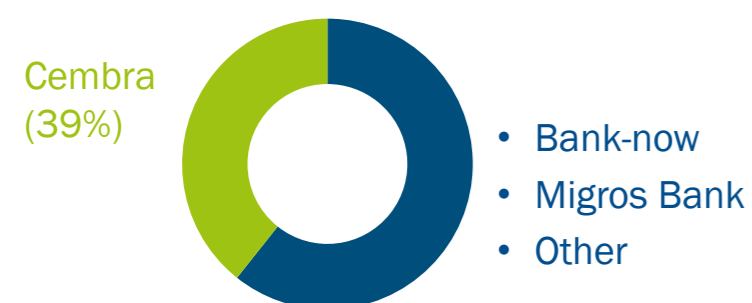
<sup>1</sup> Source: SECO (Swiss State secretariat for economic affairs) December 2022, Bloomberg

# Market positions

## Serving more than 1 million customers in Switzerland

### Personal loans: 39% market share

31 December 2022, personal loan receivables

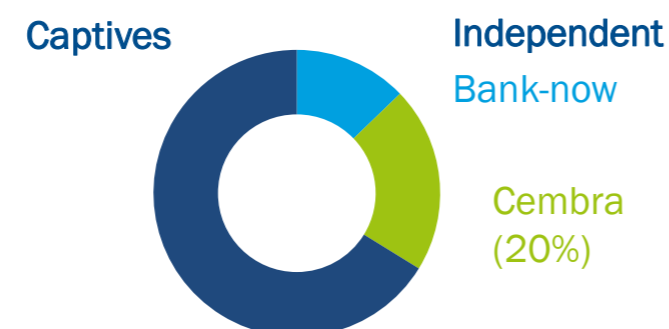


### Leader in personal loans segment

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

### Auto business: 20% market share

31 December 2022, leasing receivables



### Strong independent player

- Strong independent player – no brand concentration
- Partnerships with about 3,700 dealers
- Focus on used cars: ~32% new and ~68% used cars in portfolio
- Dedicated field sales force with four support centres

### Credit cards: 12% market share

31 October 2022, credit cards issued



### Attractive portfolio of 1.1m cards

- High customer value leading to frequent card usage
  - 12% market share in transaction volumes
  - 19% market share in contactless payments
- Mix of B2B2C/co-branding partnerships (62% of card issued) and B2C/proprietary card offerings (38%)

### BNPL<sup>1</sup>: 30-40% market share

2022 (own estimates)



### Growth segment Buy now pay later

- Buy now pay later (BNPL): purchase by invoice (online & offline) and invoice financing
- Strong BNPL market growth expected
- 2.5m total invoices processed in 2022 (+103%), including 1.8m BNPL

<sup>1</sup> Buy now pay later



# Strategy 2022 – 2026

## Reimagining Cembra



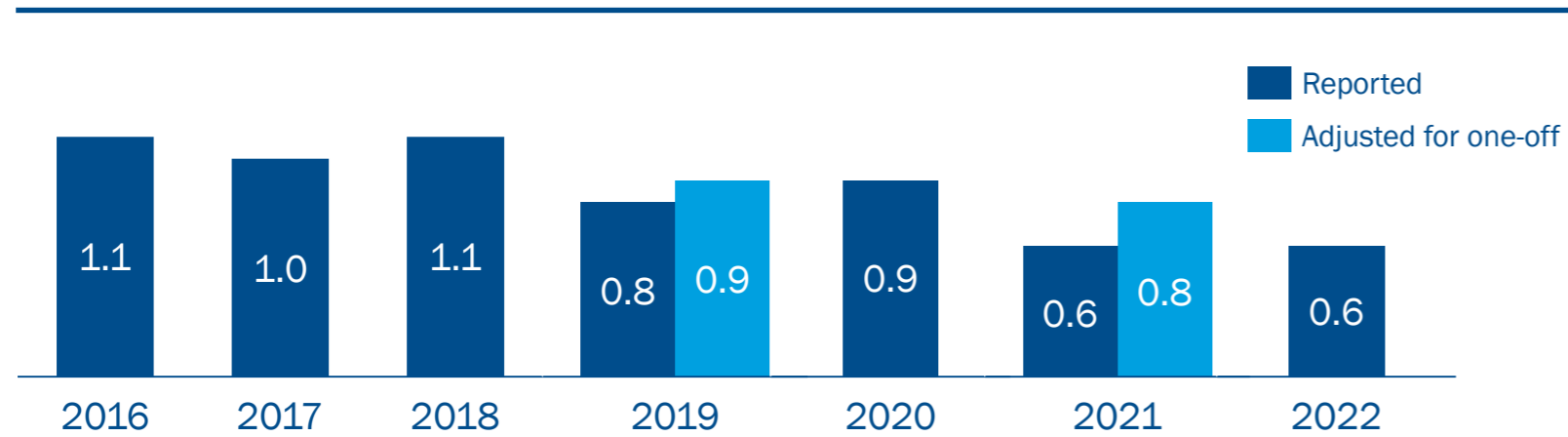
### Key messages

- ➔ We will leverage technology to deliver the most intuitive customer solutions in consumer finance
- ➔ We will draw on the strengths of our world-class credit factory and our leadership in selected markets
- ➔ We will radically simplify our operating model and invest to transform our technology landscape in order to further improve customer service and reduce the cost base by more than CHF 30 million
- ➔ We will further differentiate our value proposition and enhance our market reach
- ➔ We will drive embedded finance solutions across products and channels, and we will leverage Swissbilling to grow our 'buy now pay later' business
- ➔ We will foster a customer-first mindset and create an agile and learning-oriented organisation in which people work together with confidence and trust
- ➔ We will target an ROE of above 15% from 2024 onwards. We will aim to deliver an increasing dividend, supported by cumulative EPS growth of 20–30% by 2026

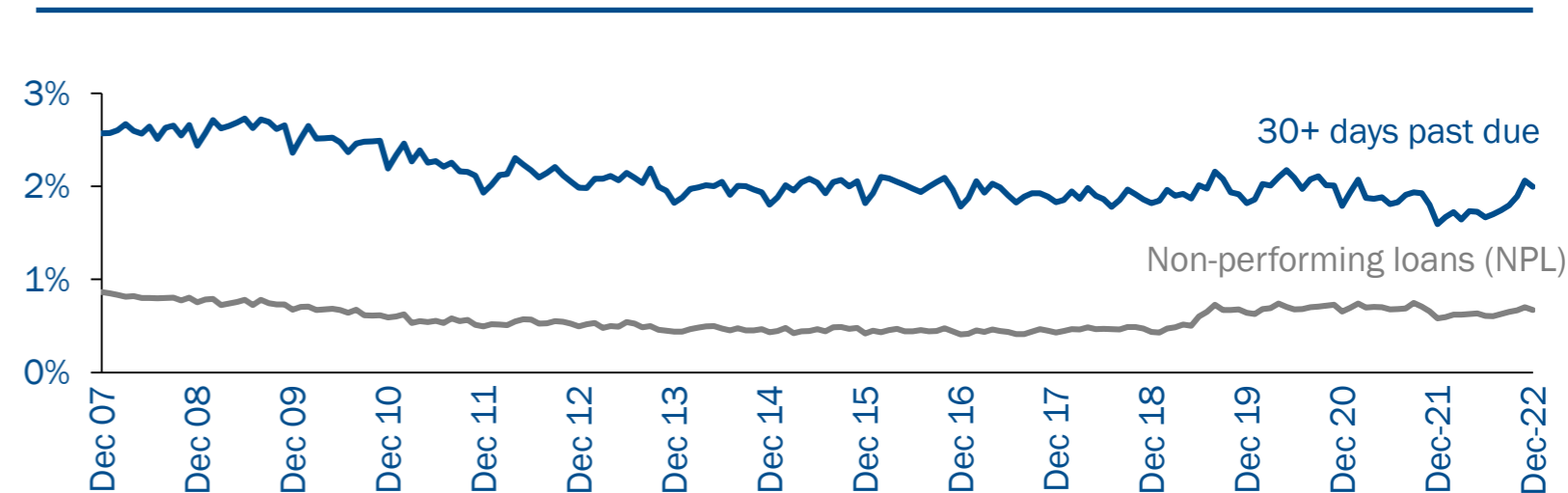
# Long-term risk performance

## High quality of assets – loss performance stable over the long term

### Loss rate



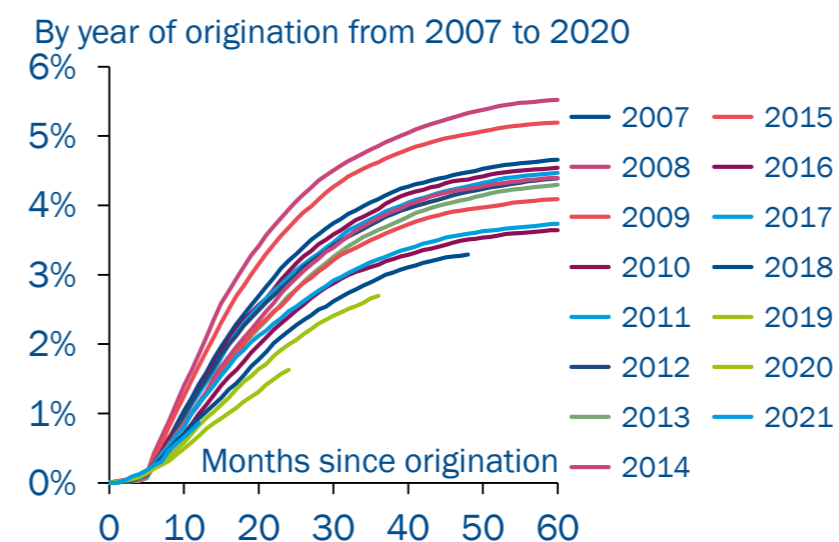
### NPL and delinquencies<sup>1</sup>



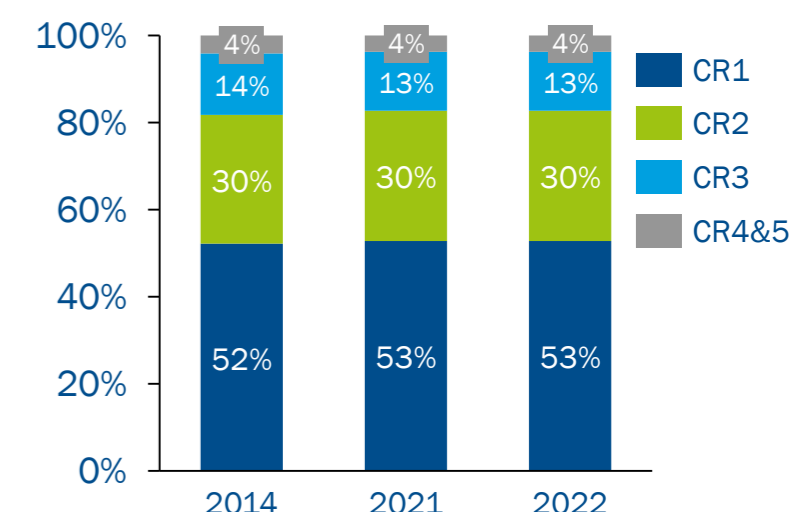
### Risk management characteristics

- Consistent risk appetite and strategies over many years
- Well-diversified portfolios contributing to limited credit losses
- Proven resilience of portfolios during financial crisis 2008/2009 and the Covid-19 pandemic in 2020/2021
- Flexibility to adapt to fast changing macro-economic environment
- Continued focus on risk strategies to ensure effective credit loss mitigation and to meet mid-term loss rate target  $\leq 1\%$

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



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



<sup>1</sup> Non-performing loans (NPL) ratio is defined as non-accrual financing receivables (at period-end) divided by financing receivables | <sup>2</sup> Based on personal loans and auto leases & loans originated by the Bank | <sup>3</sup> Consumer Ratings (CR) reflect associated probabilities of default for Bank and Cashgate portfolios

# Current expected credit losses (CECL)

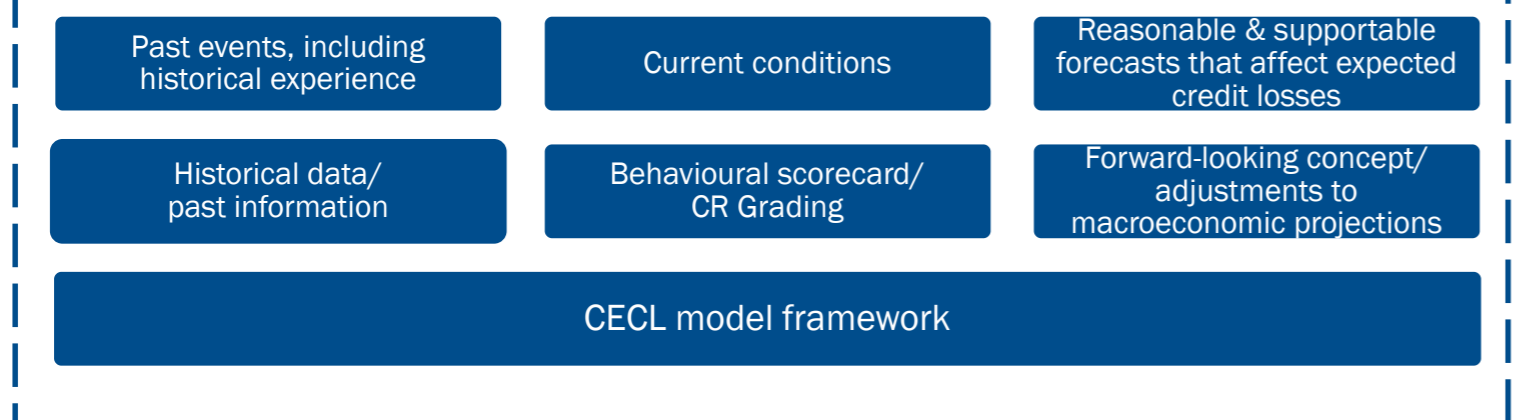
## US GAAP implementation as of 1 January 2023

### Change from incurred to expected credit loss standard

#### Main differences

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

#### Applying the CECL standard



### Financial impact

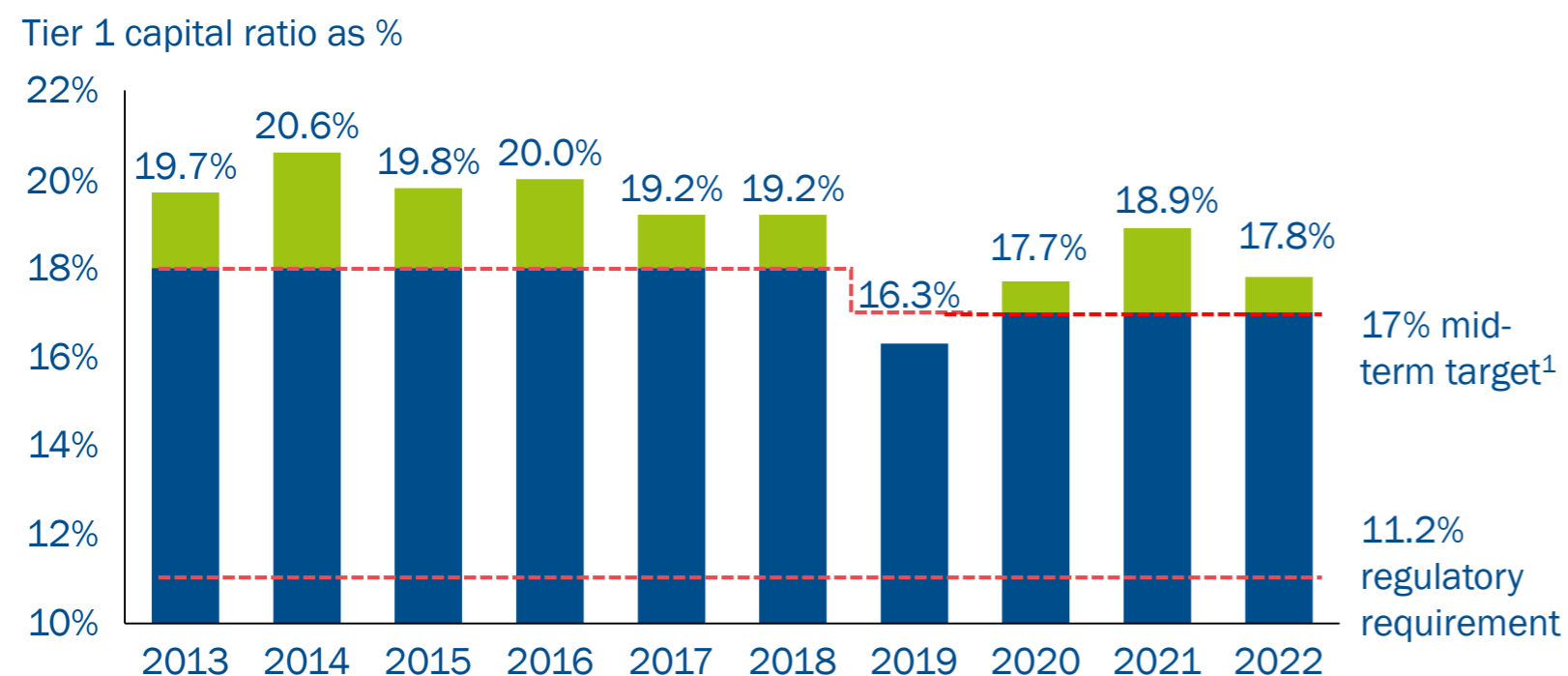
Implementation of CECL as of 1 Jan 2023, based on US GAAP accounting standard ASC 326, required by FASB and as of 1 Jan 2022 under FINMA Accounting Ordinance, FINMA-AO, 952.024.1

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

# Capital management

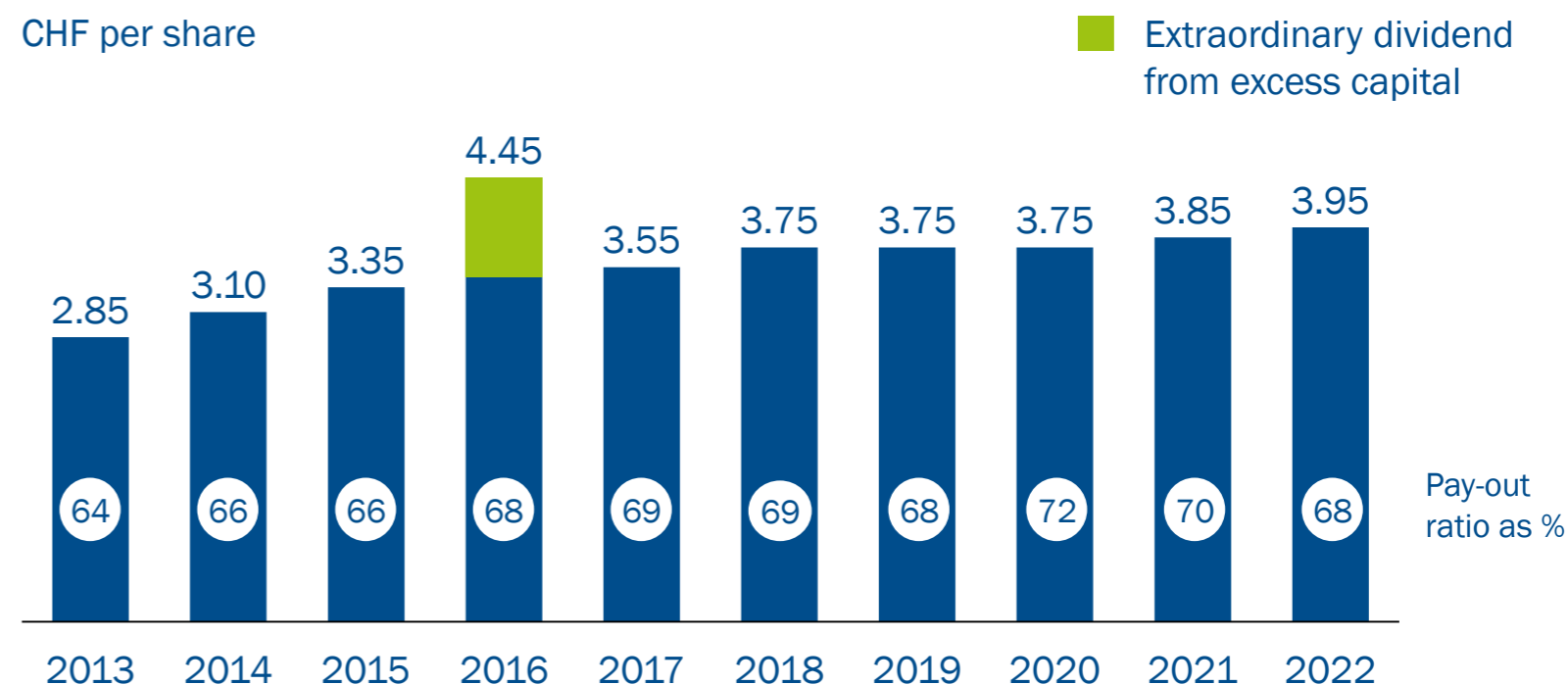
## Effective use of capital with continuous dividend payouts since the IPO

### Capital position



- Tier 1 capital ratio of 17.8% and CET 1 ratio of 15.2% at 31 Dec 2022
- Mid-term Tier 1 capital ratio target of 17%
- S&P rating of A- since the IPO

### Dividends



- Continuous dividend payouts despite acquisitions and Covid-19 impact
- 68% average payout ratio since the IPO
- Dividend<sup>2</sup> for 2023 of at least CHF 3.95

<sup>1</sup> Tier 1 capital ratio target 18% until June 2019, and 2019 target range of 16 - 17% due to acquisition of cashgate <sup>2</sup> proposed

# Sustainability

## Strong ESG performance and ratings, and commitment to further improve

### Sustainability performance

- E**
- Reduced direct (scope 1+2) emissions intensity significantly since 2014
  - 100% of electric power from renewable hydro sources
  - One of the leaders in financing electric vehicles
- S**
- NPS of +26<sup>1</sup> and providing loans under some of the strictest consumer finance laws in Europe
  - Diverse workforce with 42 nationalities
  - GPTW trust index of 71%<sup>2</sup> and certified equal pay for equal work
- G**
- Strong governance structure since the IPO<sup>3</sup>
  - Sustainability linked to compensation since FY 2020
  - Sustainability committee chaired by CEO

### Selected targets

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

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

Employee GPTW<sup>2</sup> trust index of at least 70%

Independent limited assurance of Sustainability Reports (since FY 2021)

### External recognition



### Low ESG risk

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

Corporate Sustainability Assessment

**S&P Global**

### Top 9%

in diversified financial services (Score 46), February 2023

**MSCI**  
ESG RATINGS



CCC | B | BB | BBB | A | AA | **AAA**

### AAA

Rated best among 17 MSCI ACWI worldwide consumer finance peers, May 2022

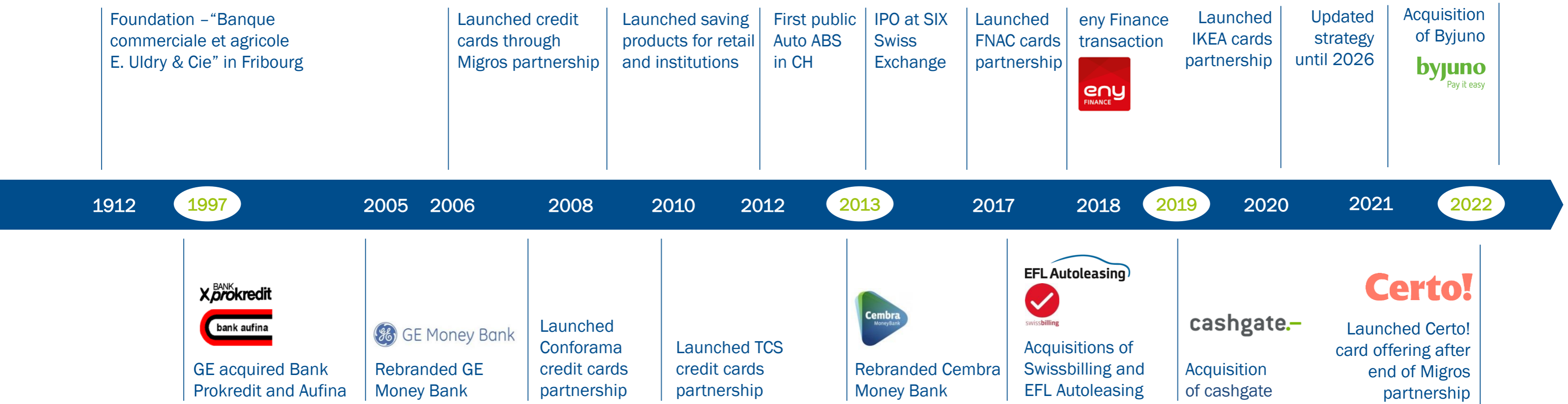


### Inclusion

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

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

# History





# Glossary of key figures

## including alternative performance measures

To measure its performance, Cembra uses some key figures that are not defined under US GAAP. This glossary provides definitions of alternative performance measures (APM) and other key figures

Key figures (including APM)	Definition
Yield	Interest income divided by 2-point-average financing receivables <sup>1</sup>
Net interest margin (NIM)	Net interest income divided by 2-point-average financing receivables <sup>1</sup>
Fee/income ratio	Commission and fee income divided by net revenues
Cost/income ratio	Operating expense divided by net revenues
Average cost per employee	Compensation and benefit expense divided by 2-point average FTE
Net financing receivables	Financing receivables less allowance for losses. For details see full-year Financial Report note 4
Return on financing receivables	Net income divided by 2-point-average financing receivables <sup>1</sup>
Non-performing loans (NPL) ratio	Over 90 days past due divided by financing receivables. For details see full-year Financial Report notes 2 and 4
Over-30-days-past-due ratio	Over 30 days past due divided by financing receivables. For details see full-year Financial Report notes 2 and 4
Loss rate	Provision for losses divided by 2-point-average financing receivables <sup>1</sup> . For details see full-year Financial Report notes 2 and 4
Funding liabilities	Outstanding debt and deposits excluding deferred debt issuance costs
Average funding cost	Interest expense divided by 2-point average funding, with funding excluding deferred debt issuance costs (US GAAP)
End-of-period funding cost	Volume-weighted average interest rate of outstanding debt and deposits at end of period
Weighted average remaining term	Weighted average remaining maturity of outstanding debt and deposits at end of period in years
Effective tax rate	Income tax expenses divided by Income before income taxes
Return on equity (ROE)	Net income divided by 2-point-average shareholders' equity <sup>1</sup>
Return on tangible equity (ROTE)	Net income divided by 2-point-average tangible equity, with tangible equity = shareholders' equity - goodwill - intangible assets
Return on assets (ROA)	Net income divided by 2-point-average total assets <sup>1</sup>
Payout ratio	Dividend divided by net income

<sup>1</sup> If the reported period is not a full year (e.g. a half year), the key figure will be made comparable to a full-year equivalent



# Key figures over 10 years

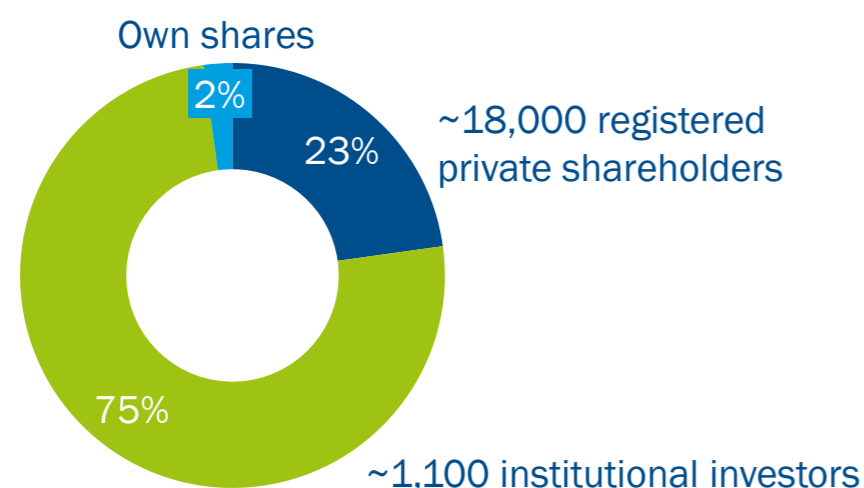
US GAAP	IPO 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net revenues (CHF m)	355	379	389	394	396	439	480	497	487	509
Net income (CHF m)	133	140	145	144	145	154	159	153	161	169
Cost/income ratio (%)	50.5	42.5	41.5	42.5	42.4	44.0	48.3	49.8	50.6%	50.6%
Net fin receivables (bn)	4.0	4.1	4.1	4.1	4.6	4.8	6.6	6.3	6.2	6.5
Equity (CHF m)	799	842	799	848	885	933	1,091	1,127	1,200	1,274
Return on equity (%)	14.1	17.0	17.7	17.4	16.7	16.9	15.7	13.8	13.9	13.7
Return on tangible equity (%)	14.2	17.2	18.1	18.0	17.3	17.8	18.5	17.7	17.3	17.1
Tier 1 capital (%)	19.7	20.6	19.8	20.0	19.2	19.2	16.3	17.7	18.9	17.8
Employees (FTE)	700	702	715	705	735	783	963	928	916	929
Credit rating (S&P)	A-	A-	A-	A-	A-	A-	A-	A-	A-	A-
Earnings per share (CHF)	4.43	4.67	5.04	5.10	5.13	5.47	5.53	5.21	5.50	5.77
Dividend per share (CHF)	2.85	3.10	3.35	4.45 <sup>1</sup>	3.55	3.75	3.75	3.75	3.85	3.95 <sup>3</sup>
Share price (CHF, end of period)	58.55	55.00	64.40	74.20	90.85	77.85	106.00	107.20	66.45	76.90
Market cap (CHF bn) <sup>2</sup>	1.8	1.7	1.9	2.2	2.7	2.3	3.2	3.2	2.0	2.3

<sup>1</sup> Including extraordinary dividend CHF 1.00 | <sup>2</sup> Based on total shares | <sup>3</sup> proposed

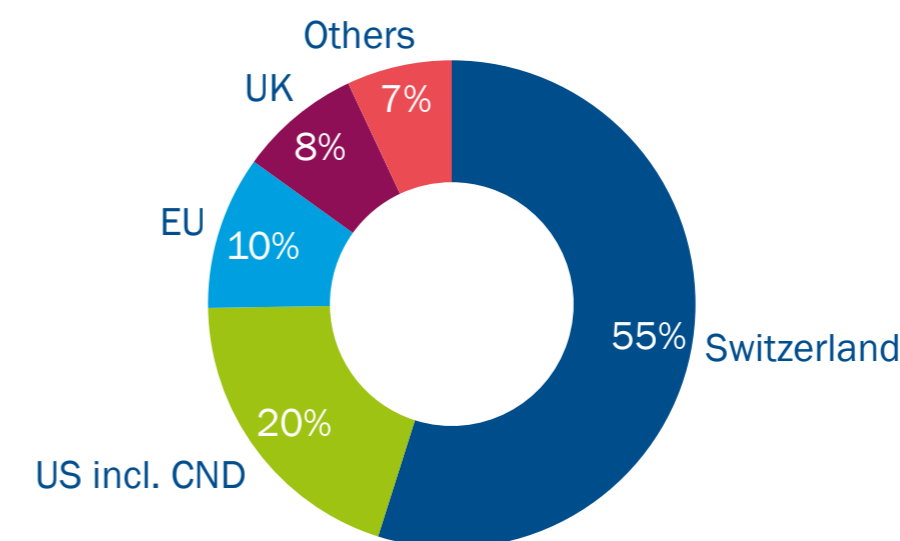
# The Cembra share

## Shareholder structure

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



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



## Main investors and indices

- Holdings >5% of share capital**
  - UBS Fund Management (Switzerland)
  - Credit Suisse Funds AG
- Holdings >3% of share capital**
  - Swisscanto Fond sleitung AG
- Selected indices:**
  - SPI, Euro Stoxx 600
  - 2022 Bloomberg Gender Equality Index
  - MSCI ESG Leaders Indexes Constituent 2022



## Share data

	FY 2022	FY 2021
Number of shares	30,000,000	30,000,000
Treasury shares	656,757	613,931
Treasury shares as %	2.2%	2.0%
Shares outstanding	29,343,243	29,386,069
Weighted-average number of shares outstanding	29,352,136	29,378,525

<sup>1</sup> Estimates

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This presentation by Cembra Money Bank AG (“the Group”) includes forward-looking statements that reflect the Group’s intentions, beliefs or current expectations and projections about the Group’s future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve matters that are not historical facts. The Group has tried to identify those forward-looking statements by using the words “may”, “will”, “would”, “should”, “expect”, “intend”, “estimate”, “anticipate”, “project”, “believe”, “seek”, “plan”, “predict”, “continue” and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Group believes them to be reasonable at this time, may prove to be erroneous.

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# Calendar and further information

Visit us at [www.cembra.ch/investors](http://www.cembra.ch/investors)

## Corporate events

15 March 2023	Publication 2022 Annual Report
21 April 2023	Annual General Meeting 2023
20 July 2023	H1 2023 results and Interim Report

## Investor conferences, roadshows and calls

24 February 2023	Roadshow Zürich
28 February 2023	Roadshow London
1 March 2023	Roadshow Geneva
24 March 2023	Kepler Swiss Seminar, Zürich (virtual)
13 June 2023	Stifel Swiss Equities Conference, Interlaken
20 June 2023	Roadshow US and Canada (virtual)

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

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