



Your Swiss Bank

# Cembra

A leading player in financing solutions and services in Switzerland

Holger Laubenthal, CEO

ZKB Swiss Equities Conference, 2 November 2022

# Agenda

- 1. Cembra at a glance**
2. Business performance
3. Priorities and outlook

Appendix

# Cembra at a glance

## A leading provider of financing solutions and services in Switzerland

Over 1 million customers  
in Switzerland

Decades of experience in  
Swiss consumer finance

Leading positions  
in selected markets

Excellent track record  
on execution

Outstanding  
performance  
since IPO  
in 2013

**15.9%**  
average ROE

**4%**  
annual dividend growth

**+66%**  
customers

**0.5%**  
average NPL<sup>1</sup>

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

**Resilient**  
business model in all economic  
environments (Covid-19, financial  
crisis)

**Strong ESG**  
performance, as affirmed by  
leading ESG rating agencies<sup>2</sup>

<sup>1</sup> Non-performing loans | <sup>2</sup> MSCI ESG: AAA, Sustainalytics Low ESG Risk (16.2)

# 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

# Embedded finance

## Ongoing gradual shift to financing at purchase and post-purchase

Instrument	Description	Traditional money lending	Embedded finance		Embedded finance presence
		Pre-purchase	at purchase	post-purchase	Cembra
Personal loans	Unsecured loans	✓	✓		●
Auto leasing and loans	Leasing/loan product tied to vehicle	✓	✓	✓	◐
Credit card, revolving	Variable terms on credit card balance	✓	✓	✓	●
Credit card instalments	Card-based; traditional personal loan terms	✓	✓	✓	◐
Invoicing Processing	Deferred payment typically after 30 days		✓		●
Buy Now Pay Later	Deferred payment, partly subject to CCA <sup>1</sup>		✓		◐
Other	Object-bound loans, asset leasing (non-Auto), asset renting, subscription etc.				◑

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

# Acquisition of Byjuno

## Creating the leader in invoice payment solutions in Switzerland

### About Byjuno

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- Byjuno AG is a major provider of invoice payment solutions in Switzerland
- 41 employees (FTEs), including a highly skilled team of 26 (mainly IT) in Riga, Latvia
- Partnerships with 170 online and offline merchants, including purchase on account with monthly invoice for Swiss Federal Railways (SBB)
- Serving 1.5 million active customers, and 6.5 million transactions processed in 2021
- Profitable business with revenues mainly from service fees from merchants and end-customers
- Innovative technology and scalable platform

### Transaction highlights

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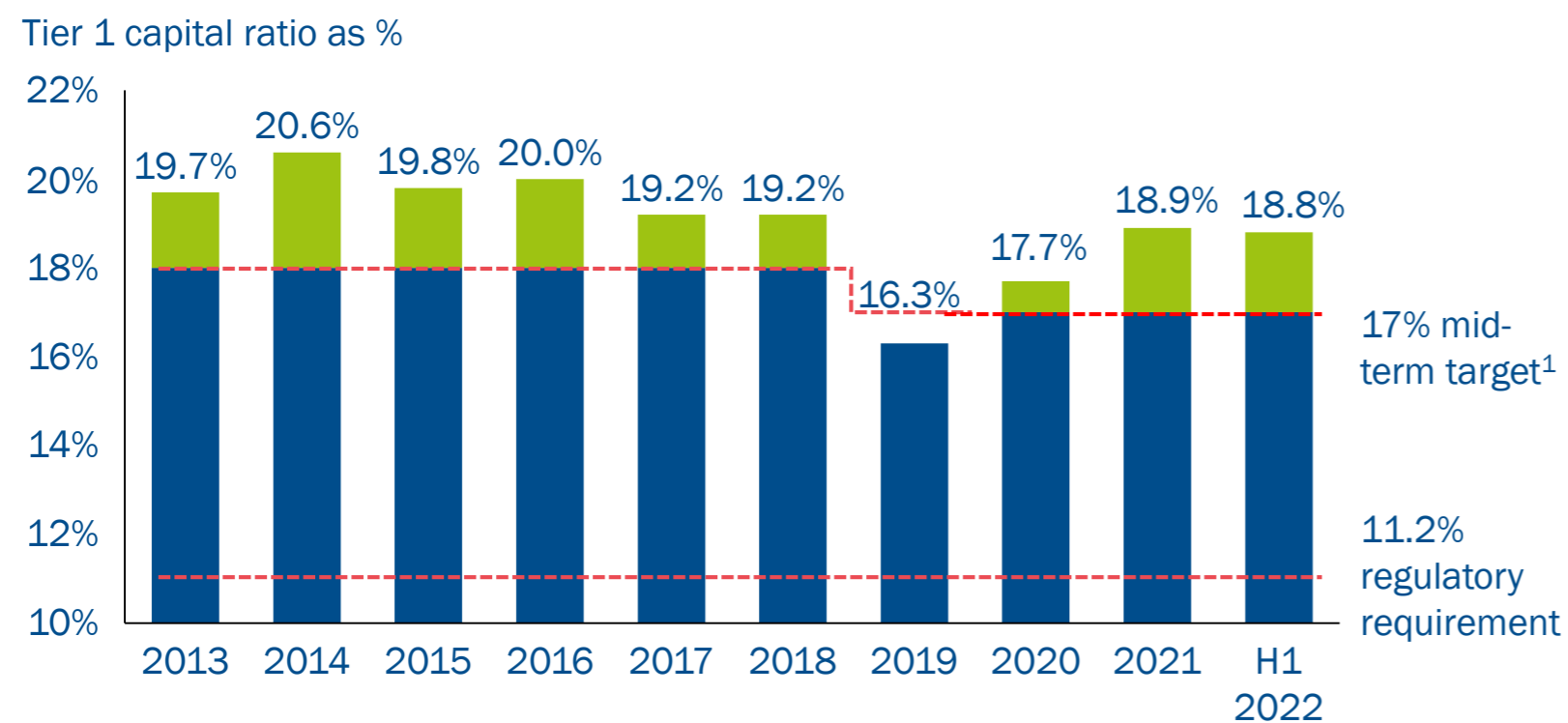
CHF m (except FTE) , Byjuno: management accounts

- Cembra acquired Byjuno AG from Intrum AG (Switzerland) in October 2022. Purchase price of CHF 60 million financed through excess capital available in cash and debt
- Combine Byjuno and Cembra's subsidiary Swissbilling with the aim of creating compelling solutions in online and POS checkouts for pay-by-invoice services in Switzerland
- Outlook: Net income contribution of at least CHF 6m p.a. from 2023 on, excluding one-off integration costs of CHF 4-5m to be incurred over 2022 and 2023

# Capital management

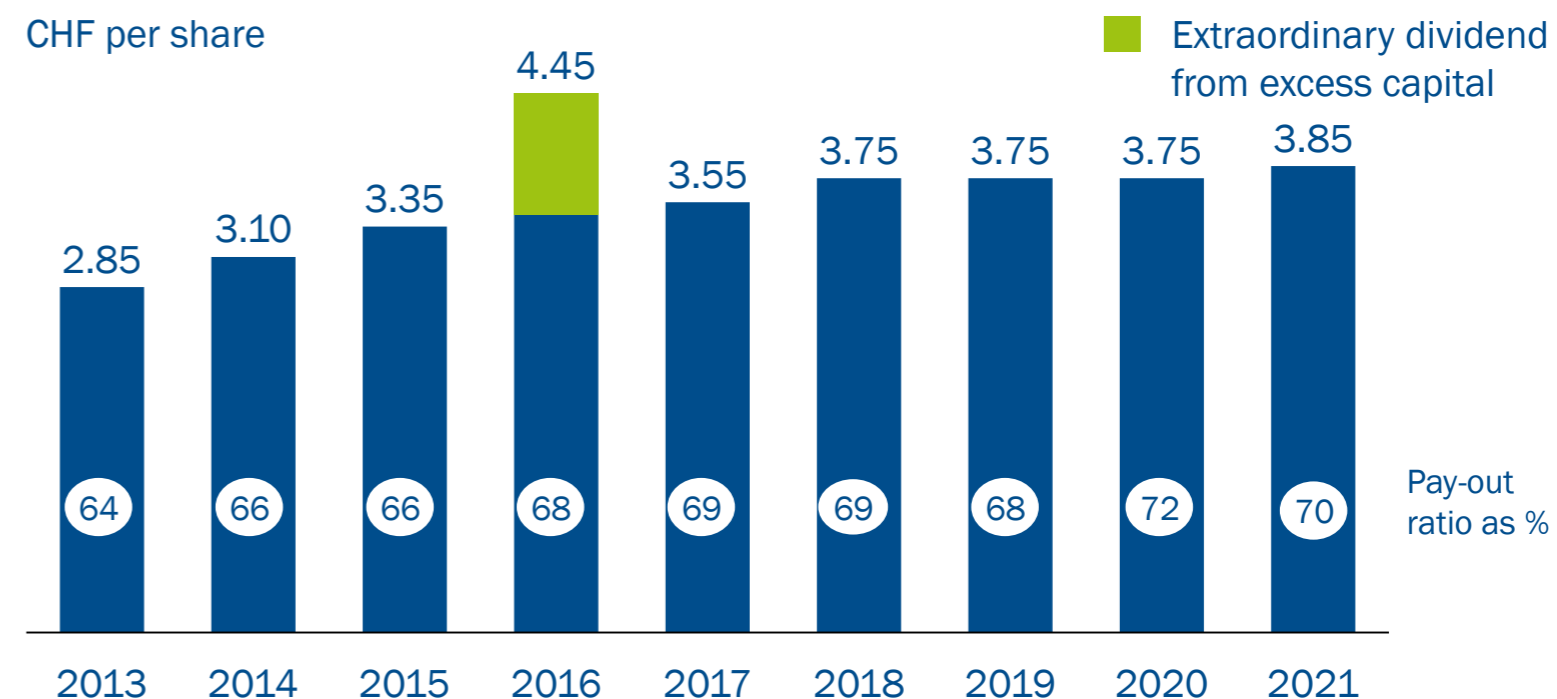
## Effective use of capital with continuous dividend payouts since the IPO

### Capital position



- Tier 1 capital ratio of 18.8% and CET 1 ratio of 16.2% at 30 June 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 for 2022 of at least CHF 3.85

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

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Appendix



# H1 2022 highlights

## Profitable growth – strategy implementation progressing well

### ▶ Overall performance further improved

- Profitable growth in all businesses
- Continued disciplined risk, funding and expense management
- Timely introduction of repricing measures

### ▶ Strategy execution progressing well

#### ▶ Operational excellence

- Launched credit card app in Q1, with 160k app users
- Other Operational Excellence initiatives on track

#### ▶ Business acceleration

- Launched new own card offering Certo! and transition programme
- New partnerships entered into with SPAR and Zurich

#### ▶ New growth opportunities

- Swissbilling delivering on growth expectations and onboarding of merchants. Development of new account solution on track

#### ▶ Cultural transformation

- Adapted organisation in place with heightened commercial focus

### ▶ Continued progress on sustainability

- Upgraded to AAA by MSCI ESG based on externally reviewed sustainability disclosures

**Certo!**

**Z ZURICH**

**SPAR** 

 **swissbilling**

**MSCI**  
ESG RATINGS   
CCC | B | BB | BBB | A | AA | **AAA**

# H1 2022 performance

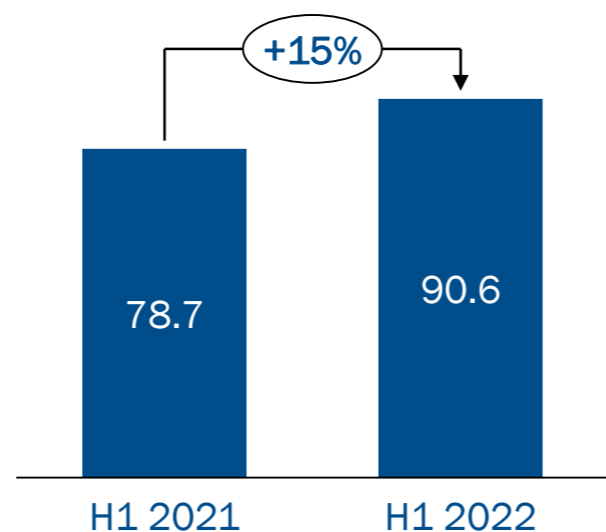
## Strong business performance

### Highlights

- Net income of CHF 90.6 million (+15%)
- +4% net financing receivables, with all businesses contributing to growth
- +6% net revenues, with fees +27% due to credit cards and BNPL
- Cost/income ratio of 48.8%, mainly driven by increased revenues
- Continued excellent loss performance, with loss rate at 0.5%
- Return on equity at 15.3%, with strong Tier 1 capital ratio of 18.8%

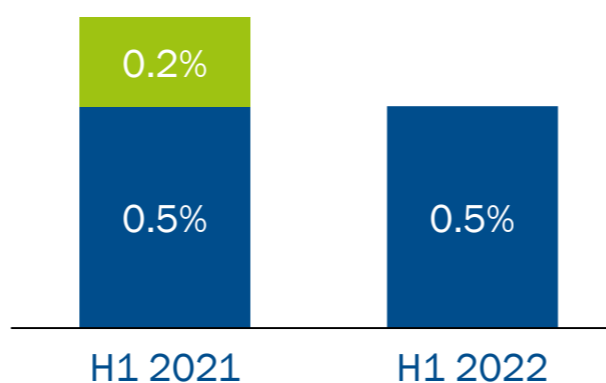
### Net income

in CHF m



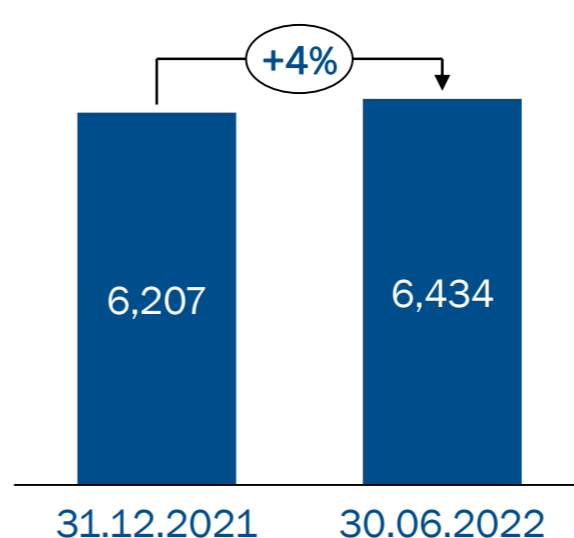
### Loss rate

as % ■ effect of loan sale



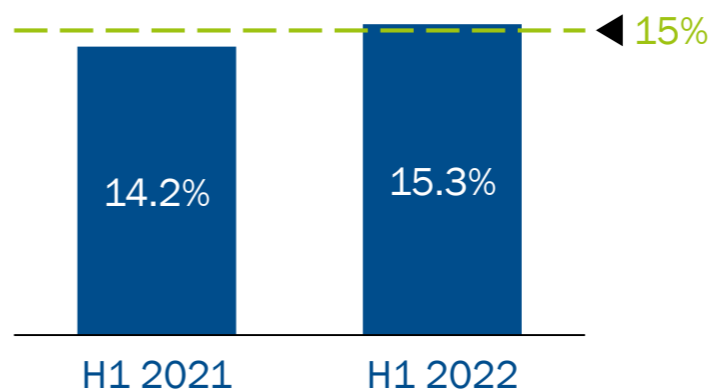
### Net financing receivables

in CHF m



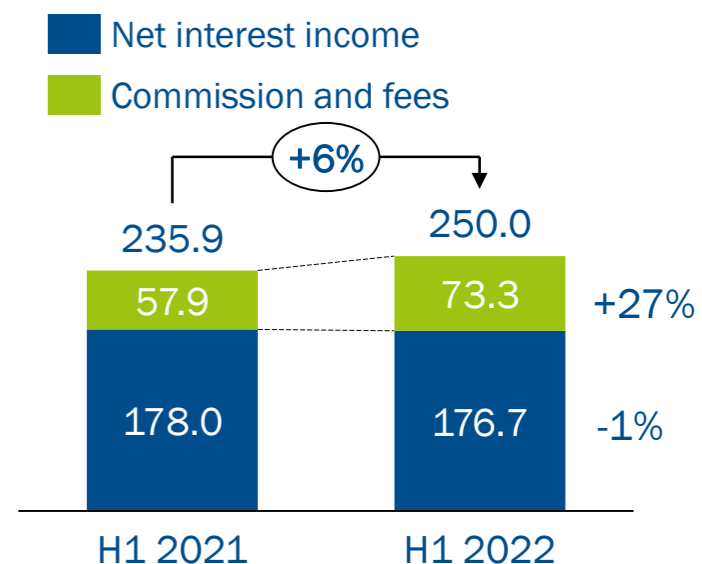
### Return on equity

Mid-term target > 15%



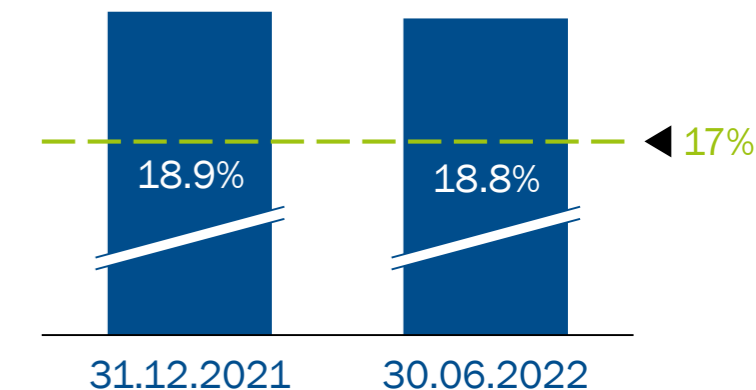
### Net revenues

in CHF m



### Tier 1 capital ratio

Mid-term target of at least 17%



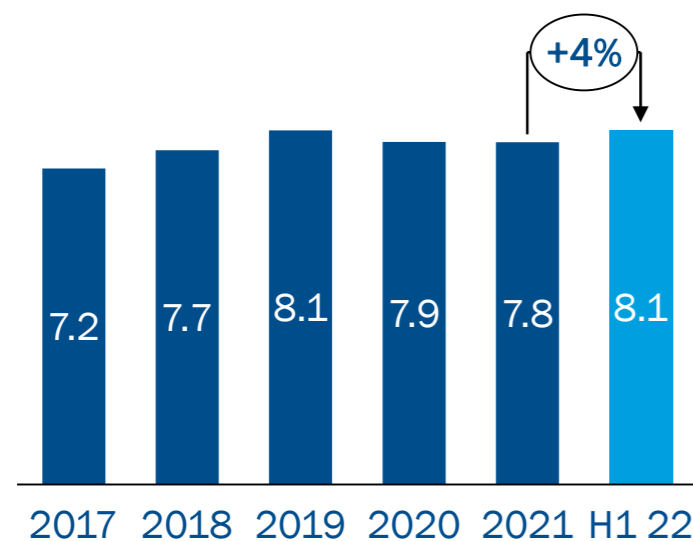
# H1 2022 products and markets

## Profitable 4% growth achieved in a dynamic market environment

Market environment

### Personal loans

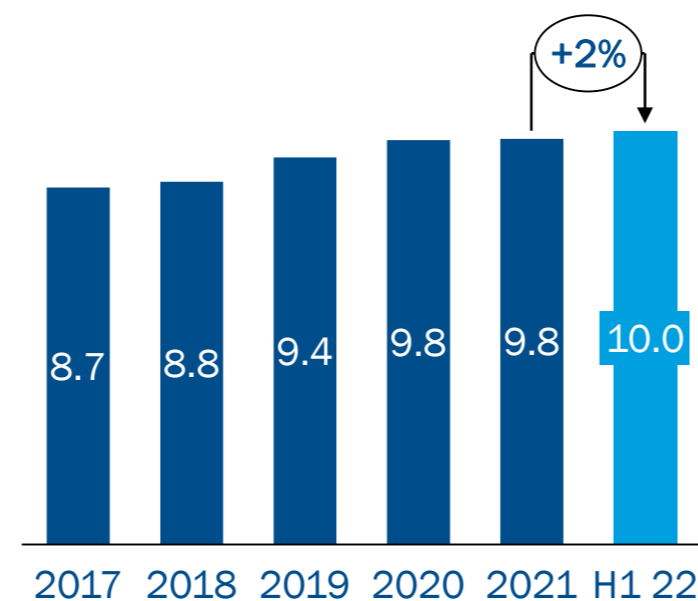
Consumer loans market, in CHF bn



Source: ZEK

### Auto loans and leases

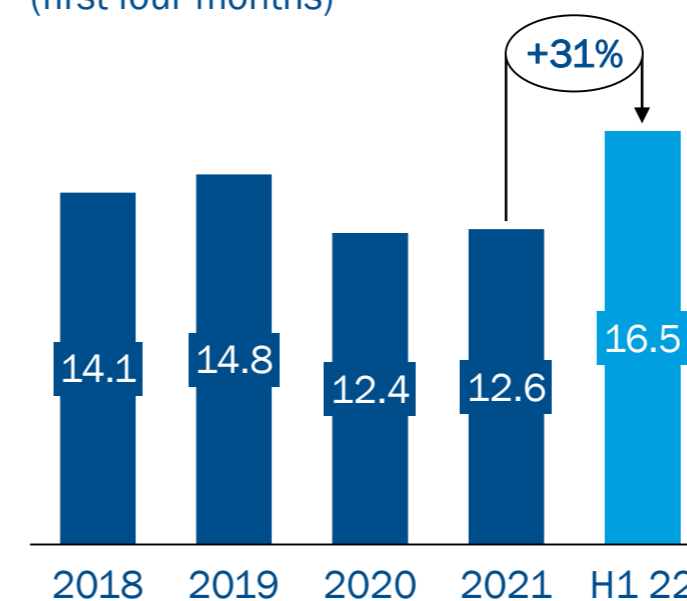
Leasing market, in CHF bn



Source: ZEK

### Credit cards

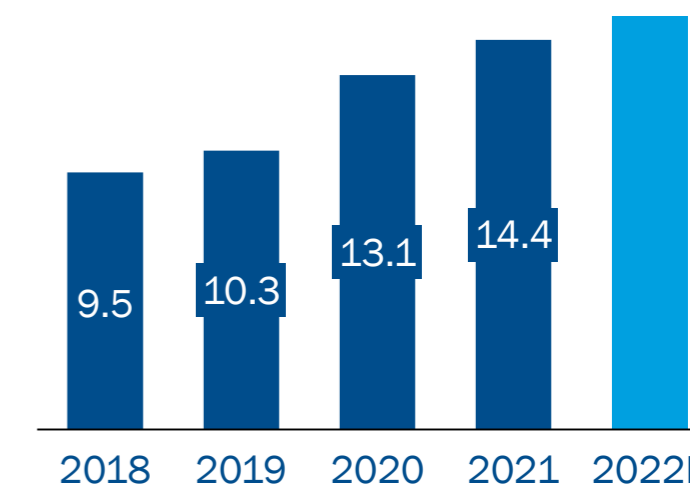
Transaction volumes, in CHF bn (first four months)



Source: SNB June 2022

### Buy now pay later (BNPL)

eCommerce market, in CHF bn (full year)



Sources: Handelsverband.swiss, zhaw, 2022 Cembra estimate

Cembra H1 2022

- Net financing receivables up 2% in H1, following the lift of Covid-19-related restrictions
- Market share of 40%

- Net financing receivables growing (+4%)
- Share of used cars financed at 74% (2021: 74%)
- Leasing market share of 21%

- Cards issued up 4% year on year to 1,090,000 (non-Migros cards +16%)
- Transaction volumes up 18% until June
- Market share of 13% (cards issued) and 20% (NFC)

- Swissbilling growth based on sustainable BNPL business model
- 1.0m (+62%) invoices processed (including 0.6m BNPL) in H1 2022
- H1 2022 billing volumes of CHF 191m (+36%)

# Q3 trading update

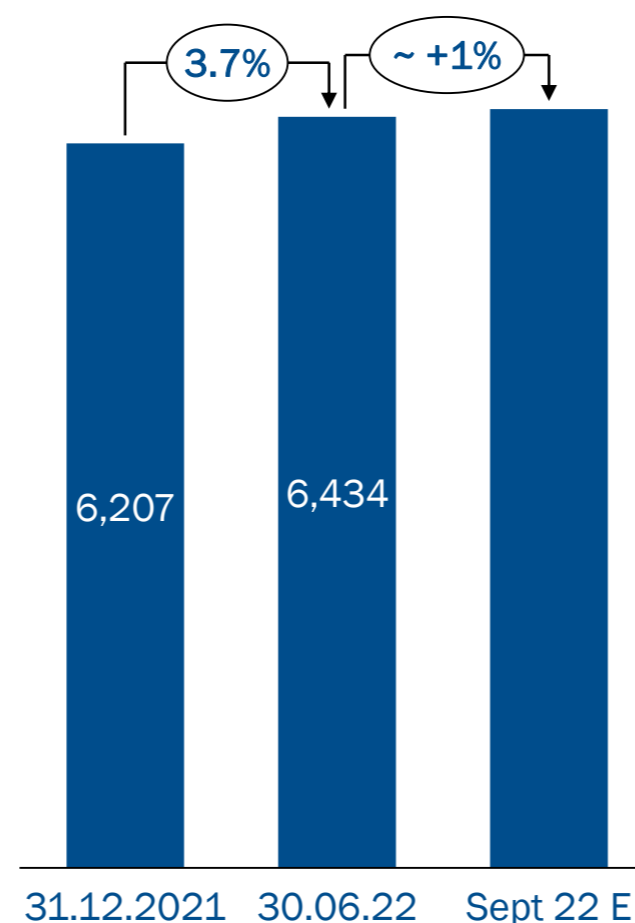
## Continued strong business performance in Q3

### Highlights (Q3 outlook estimates, unaudited)

- About +1% net financing receivables growth in Q3 expected
- +3% net revenues in Q3, with fees ~ +10% due to cards and Swissbilling
- Growth in credit card revenues progressing as expected in Q3
  - Cards revenues +8% vs previous year, and in line with pre-covid levels
  - Rollout of new credit card range Certo! continues to progress successfully and according to plan

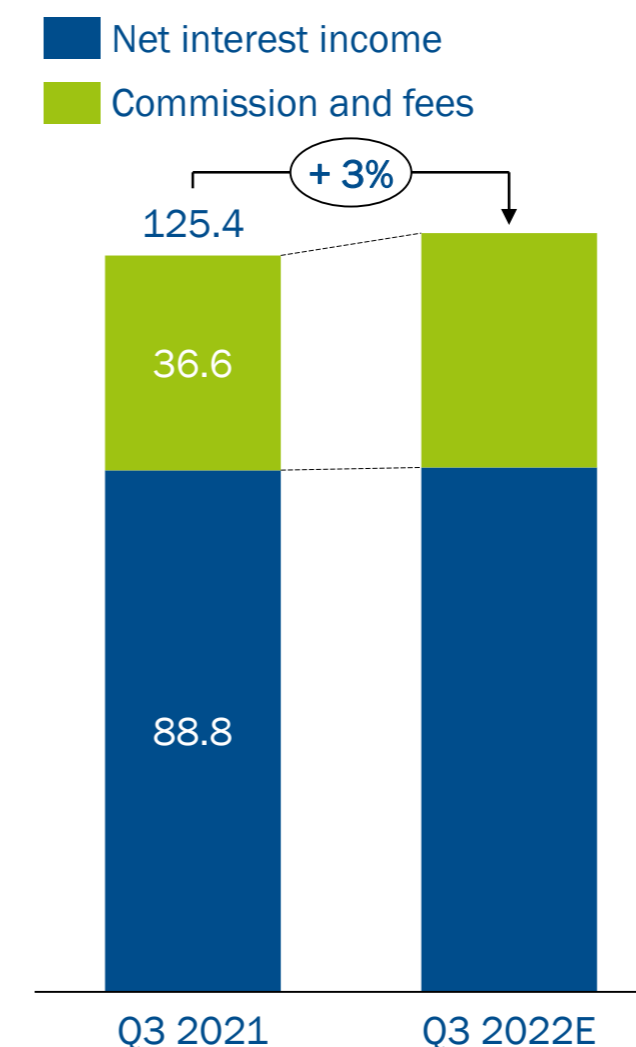
### Net financing receivables

in CHF m



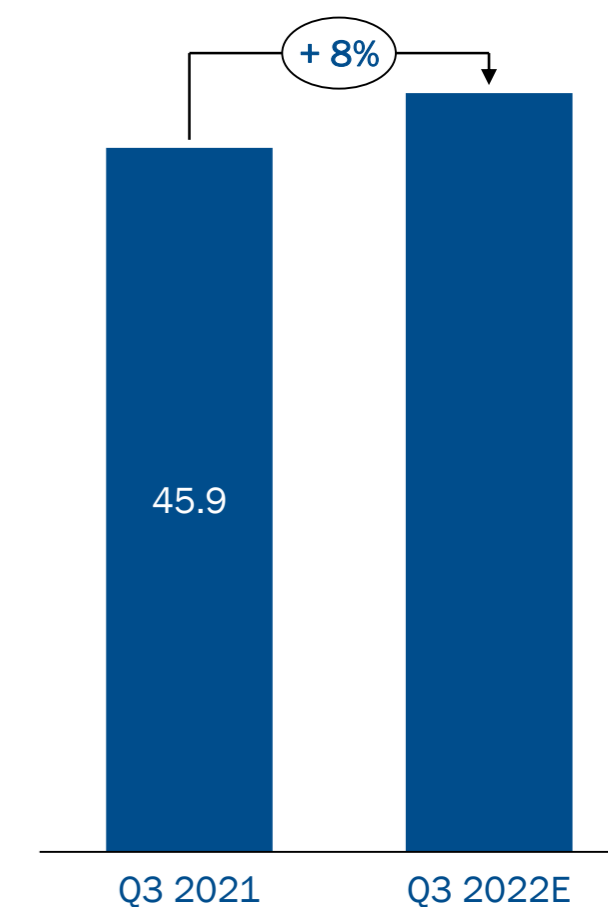
### Net revenues

Q3 (3months), in CHF m



### Credit cards revenues

Q3 (3 months) in CHF m



# Credit cards

## Transition of credit card customers to Certo! progressing as expected

### Strategic priorities

#### Retention

- Attractive migration value proposition
- Service and retention teams operational
- NPS<sup>1</sup>, customer insights, predictive analytics
- Targeted migration offers and communications approach

#### Growth

- Provide attractive new B2C value proposition
- Increase penetration with existing partners
- New partnerships
- Opportunity to leverage customer base

### Extended offering

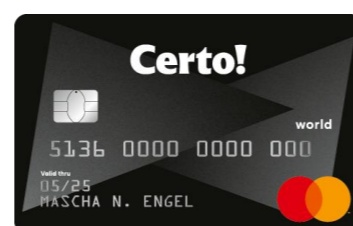
#### Co-branding propositions (B2B2C)

- Partnerships strengthened with FNAC and Conforama, and onboarded retail chain SPAR
- Increasing demand for embedded finance

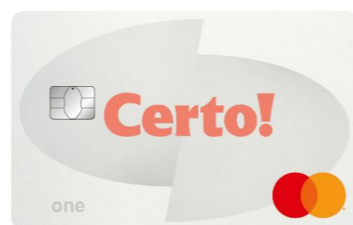
#### Proprietary credit card propositions (B2C)

- Products launched on 1 July 2022
- Cembra app enabling seamless experience
- Marketing campaigns ongoing

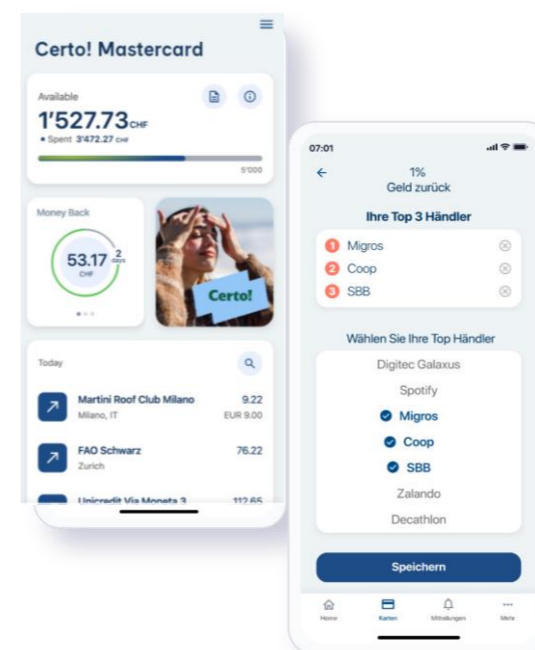
Migration offer



Open market product



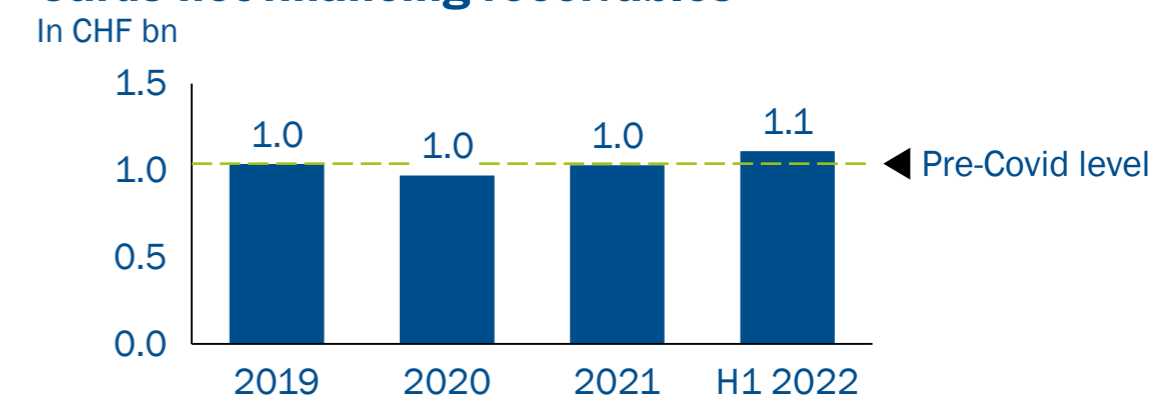
Cembra App



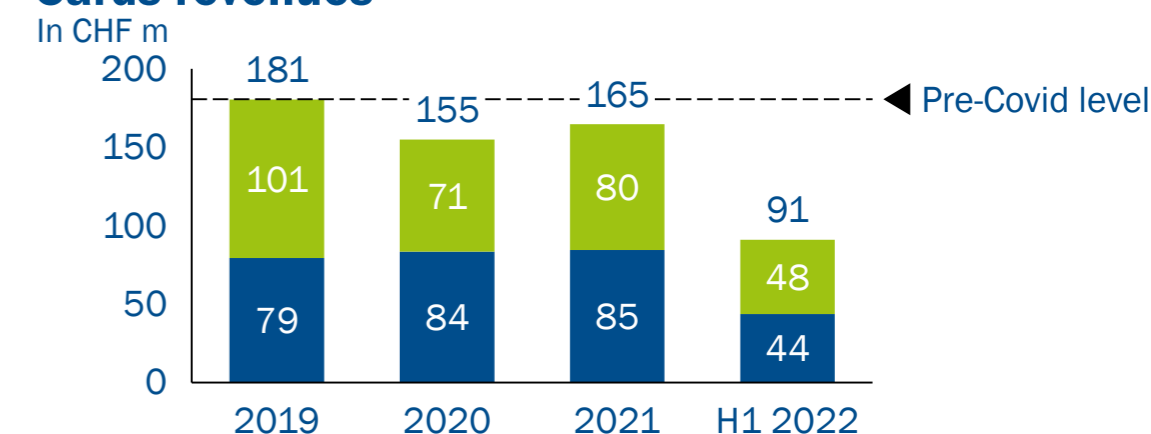
### Reiterated guidance

- Cembra expects to retain a large portion of cards issued
- 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

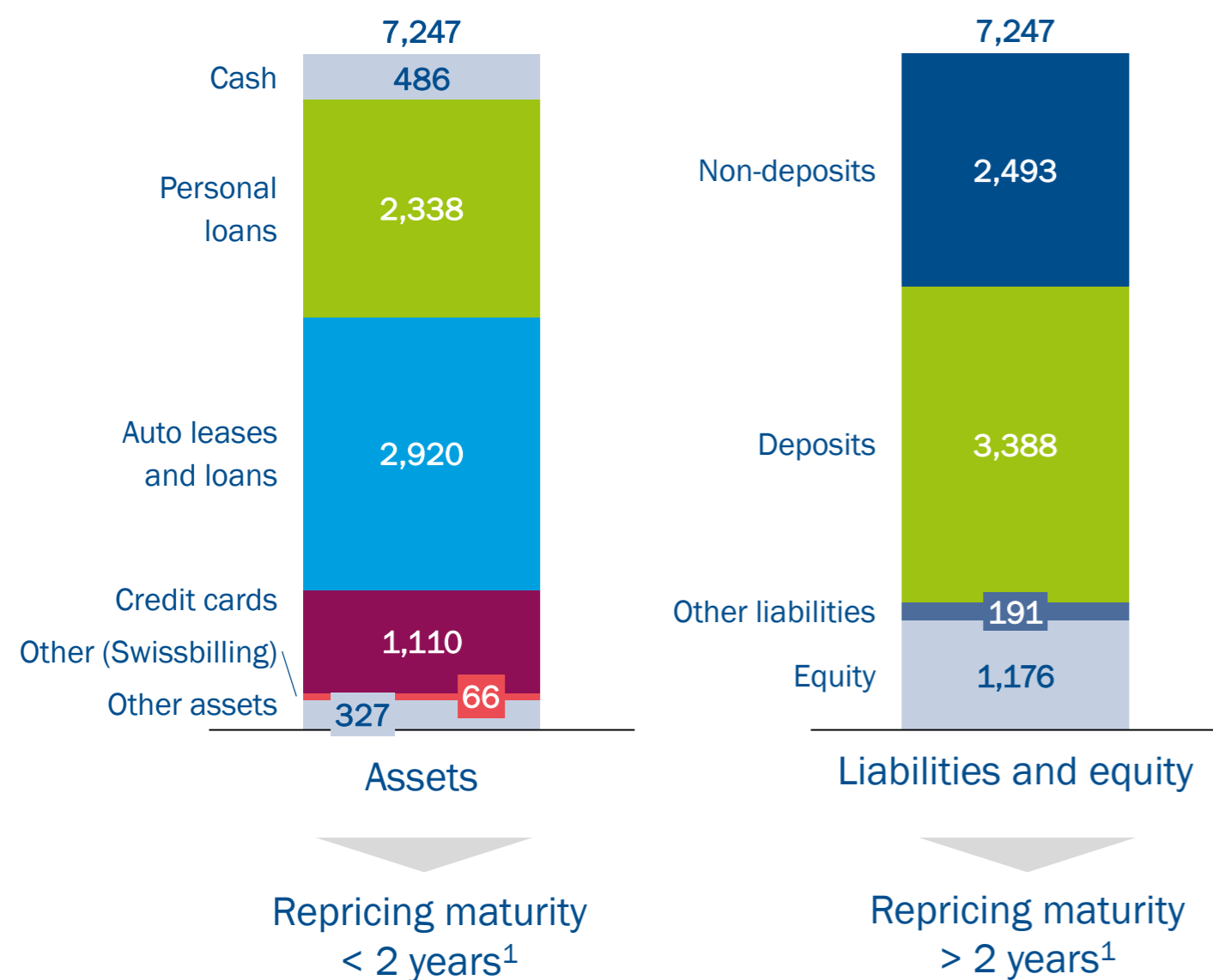


<sup>1</sup> Net promoter score

# Interest rate sensitivity

## Slightly negative repricing gap – timely introduction of repricing measures

As per 30 June 2022, in CHF m



- Interest expense expected to increase moderately (FY 2022E of CHF 28m–30m vs. FY 2021 of CHF 26m)
- Overall, the net interest margin is expected to decline slightly due to shift in business mix and ongoing competition, as announced in December 2021<sup>2</sup>
- Goal to offset increased interest rates by repricing:
  - Cembra introduced timely repricing measures following the SNB policy rate change in June 2022
  - The slightly negative repricing gap will contribute to protecting the net interest margin

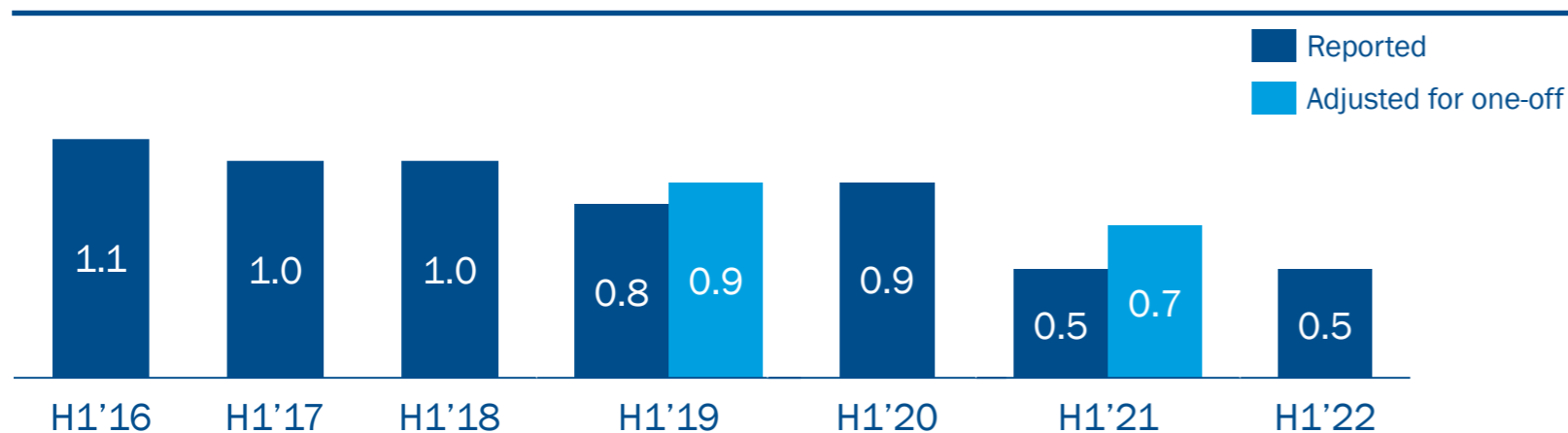
<sup>1</sup> Cembra Basel III Report 2021, p 13: The weighted average repricing maturity of receivables amounts to 1.5 years and of liabilities to 2.4 years. <sup>2</sup> See Cembra Investor Day Presentation, 7 December 2021, page 46



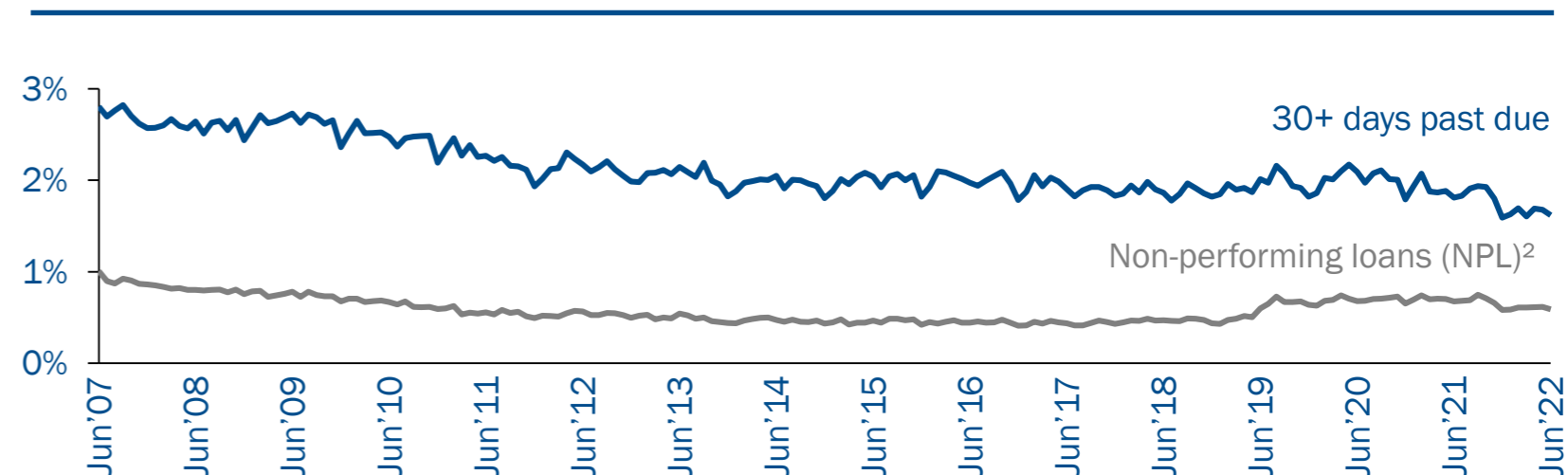
# Long-term risk performance

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

Loss rate



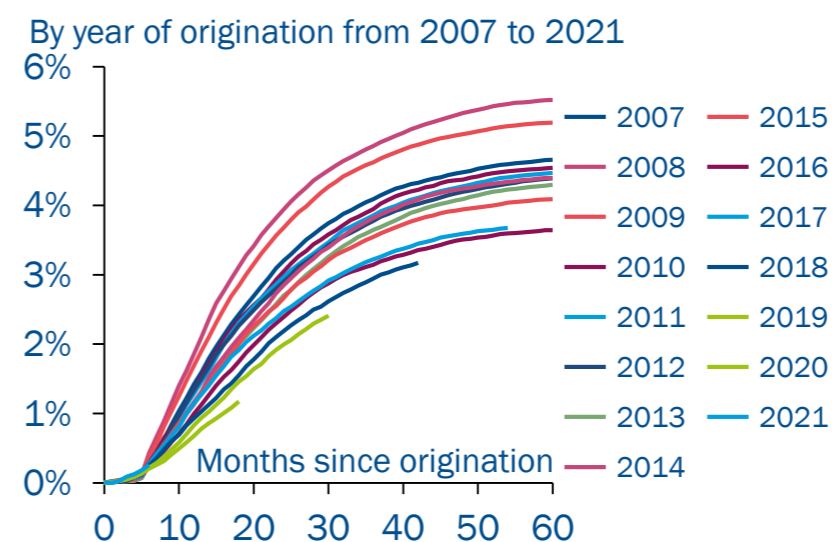
NPL and delinquencies<sup>1</sup>



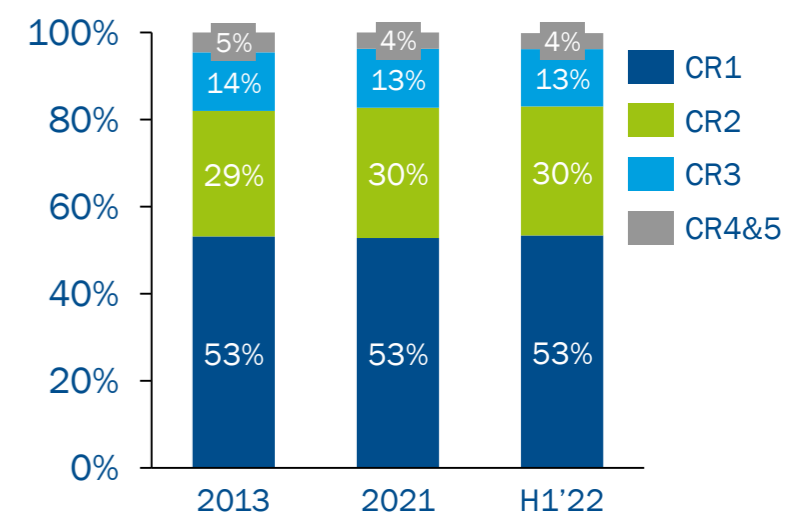
Risk management characteristics

- Consistent risk appetite and strategies over many years
- Well-diversified portfolios contributing to limited credit losses
- Limited volatility in portfolio quality metrics through economic cycle
- Proven resilience of portfolios during financial crisis 2008/2009 and the Covid-19 pandemic in 2020/2021

Write-off performance<sup>3</sup>



Credit grades<sup>4</sup>



<sup>1</sup> 30+ days past due/NPL does not include Swissbilling SA | <sup>2</sup> Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables. The increase of NPL ratio from June 2019 is related to the synchronisation of write-off and collection procedures implemented in June 2019 | <sup>3</sup> Based on personal loans and auto leases & loans originated by the Bank | <sup>4</sup> Consumer Ratings (CR) reflect associated probabilities of default for material Bank and cashgate portfolios

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Appendix



# Outlook

## Overall resilient business performance expected in 2022

### Outlook 2022<sup>1</sup>

#### Deliver on strategic milestones

- Press ahead with credit cards transition and migration to Certo!
- Continue repricing measures
- Deliver on operational excellence
- Develop digital and agile skills
- Start integration of Byjuno, and prepare launch of the digitally integrated payment solution with Twint for summer 2023

#### Resilient business performance

- Continued revenue growth, offset by impact of credit cards transition
- As announced, costs to be impacted by transition programme and investments into Operational Excellence in H2
- Continued solid risk performance
- ROE of 13–14%

### Financial targets until 2026

<p><b>ROE</b></p> <p>2022–23: 13–14% 2024–26: &gt;15%</p>	<p><b>Tier 1 capital ratio</b></p> <p>2022–23: &gt;17% 2024–26: &gt;17%</p>	<p><b>Dividend per share</b></p> <p>for 2022: ≥ CHF 3.85 for 2023–26: increasing<sup>2</sup></p>
<p><b>Financing receivables growth</b></p> <p>1–3% p.a. / in line with GDP</p>	<p><b>Cost/income</b></p> <p>2022–23: stable 2026: &lt; 39%</p>	<p><b>Risk performance</b></p> <p>Loss rate ≤ 1%</p>
<p><b>Cumulative EPS growth</b></p> <p>20–30% until 2026</p>		

<sup>1</sup> Assuming the Swiss economy continues to grow in 2022 | <sup>2</sup> Based on sustainable earnings growth

# Agenda

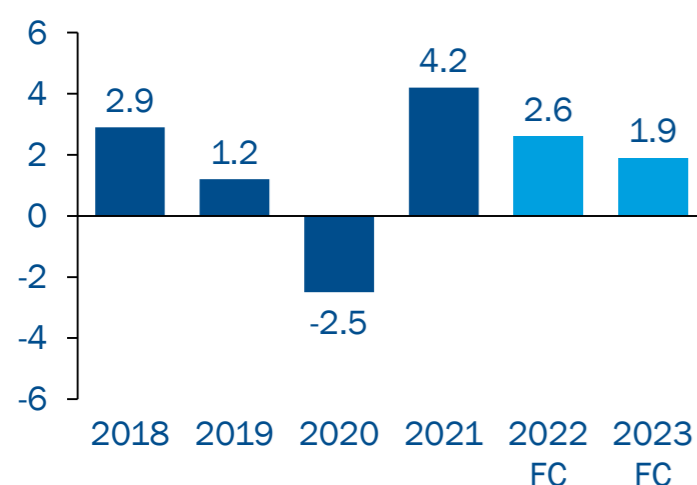
## Appendix

# Macroeconomic outlook

## Switzerland with relatively low inflation and continued low unemployment rate

### GDP in Switzerland

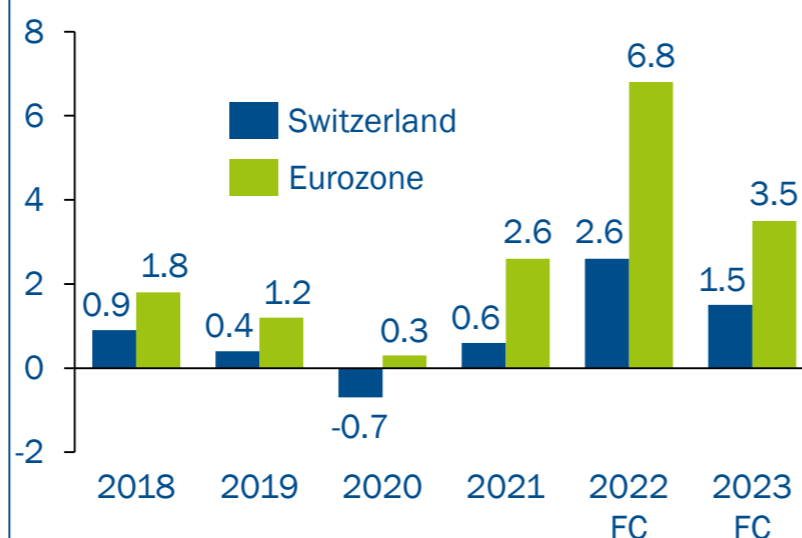
Change vs. previous period as %



Source: SECO September 2022

- In Q2 2022, GDP increased by 0.3% vs. 0.5% in Q1 2022
- Swiss economy expected to grow by 2.6% in 2022 and 1.9% in 2023<sup>1</sup>
- Consumer spending forecast to increase by 3.5% in 2022 and increase by 1.8% in 2023<sup>1</sup>

### Swiss vs. Eurozone CPI Inflation

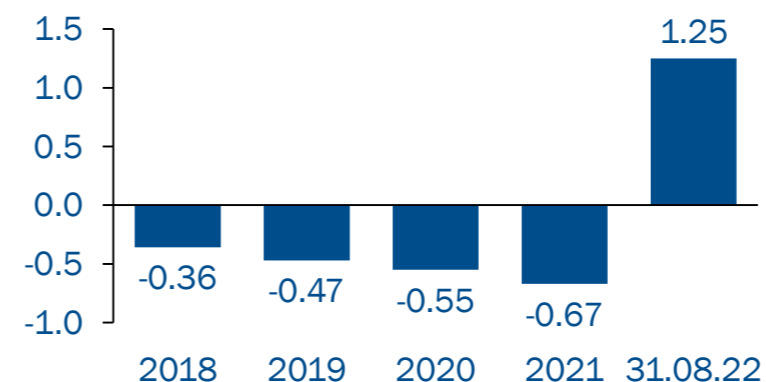


Source: Bloomberg July 2022

- Inflation lower in CH than in the Eurozone due to stronger CHF and lower exposure to higher energy prices
- Swiss inflation 3.5% yoy in August
- Eurozone inflation 9.1% yoy in August

### CHF interest rates

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

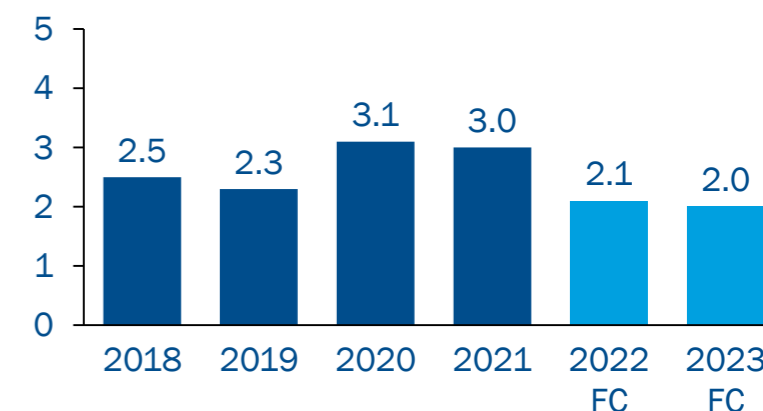


Source: Bloomberg September 2022

- CHF interest rates increased further due to higher inflation
- Swiss National Bank increased rates by 50bps in Q2 2022
- Forward curve suggests CHF rates will move higher in the medium term

### Swiss unemployment rate

As %, average per period



Source: SECO September 2022

- Unemployment rate at 2.0% in July 2022<sup>1</sup>
- Unemployment expected to decrease to 2.1% in 2022<sup>1</sup> and to 2.0% in 2023<sup>1</sup>

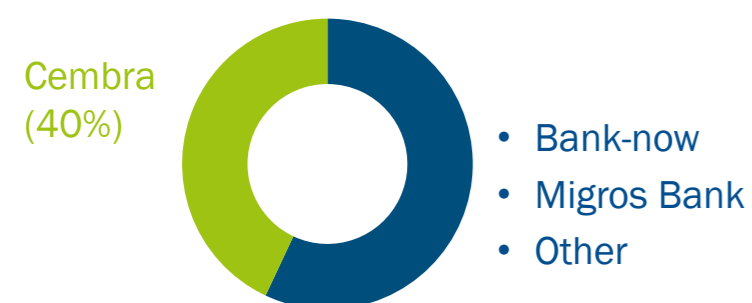
<sup>1</sup> Sources: SECO (Swiss State secretariat for economic affairs) June and September 2022

# Market positions

## Serving more than 1 million customers in Switzerland

### Personal loans: 40% market share

June 2022, personal loan receivables

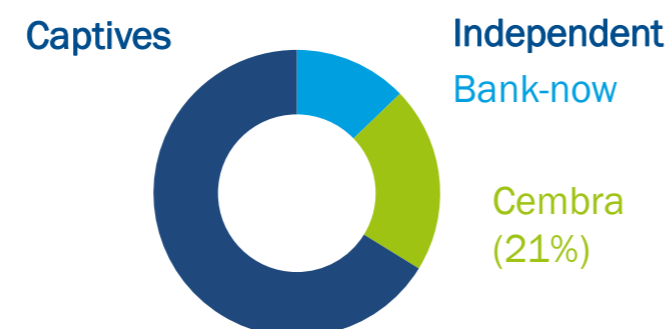


### Leader in personal loans segment

- 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: 21% market share

June 2022, leasing receivables



### Strong independent player

- Strong independent player – no brand concentration
- Partnerships with about 3,800 dealers
- Focus on used cars: ~34% new and ~66% used cars in portfolio
- Dedicated field sales force with four support centres

### Credit cards: 13% market share

April 2022, credit cards issued



### Attractive portfolio of 1.1m cards

- High customer value leading to above-average card usage
  - 13% market share in transaction volumes
  - 20% market share in contactless payments
- Launch of new proprietary credit card offering Certo! in July 2022

### BNPL: 10-20% market share

2022 (own estimates)



### Growth segment Buy now pay later

- Buy now pay later (BNPL): purchase by invoice (online & offline) and invoice financing
- Double-digit market growth in BNPL expected
- 1.0m active Swissbilling customers (+17% since Dec'21)
- 1.0m total invoices processed in H1 2022 (+26%), including 0.6m BNPL

# H1 2022 profitability by source

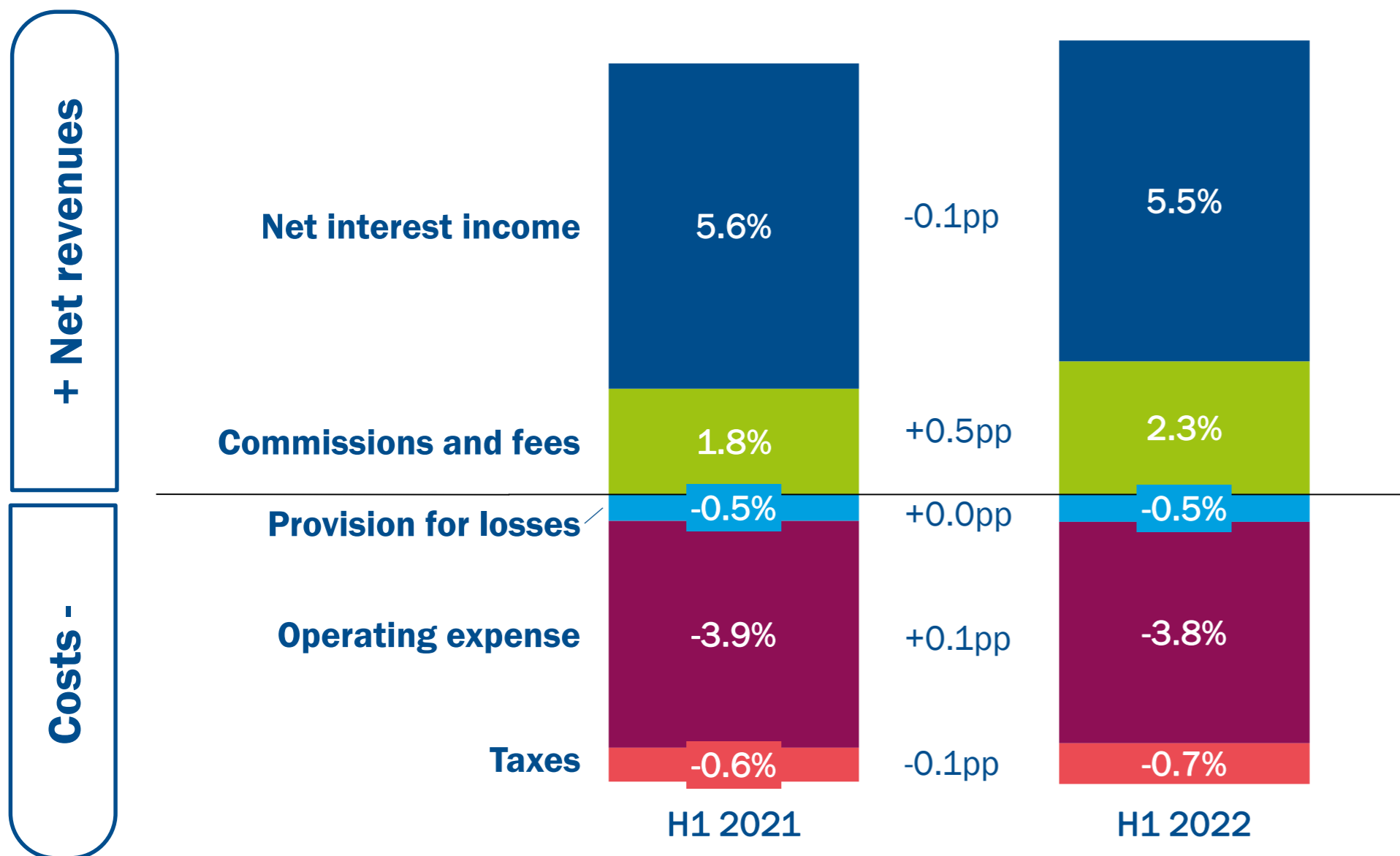
## Profitability increased by higher commissions

Return on financing receivables

2.5%

+0.3pp

2.8%



### Comments

- Net interest income adversely affected by lower opening balance and competitive market environment in personal loans
- Commission and fees recorded a strong recovery related to increased consumption and lifting of travel restrictions following the lockdown periods
- Provision for losses driven by stable loss performance also due to the effect of prudent credit risk management during the Covid-19 pandemic
- Operating expense: continued strict cost management with stable operating expense and a relative decrease driven by solid growth in financing receivables

# H1 2022 P&L

In CHF m

	H1 2022	H1 2021	as %
Interest income	188.9	191.2	-1
Interest expense	-12.3	-13.2	-7
Net interest income	<b>1</b> 176.7	178.0	-1
Insurance	11.9	11.9	0
Credit cards	<b>2</b> 47.5	33.4	42
Loans and leases	<b>3</b> 6.9	7.5	-8
Other	<b>4</b> 7.0	5.0	40
Commission and fee income	73.3	57.9	27
<b>Net revenues</b>	<b>250.0</b>	<b>235.9</b>	<b>6</b>
Provision for losses	<b>5</b> -15.0	-14.4	4
Operating expense	<b>6</b> -122.0	-124.1	-2
<b>Income before taxes</b>	<b>113.0</b>	<b>97.4</b>	<b>16</b>
Taxes	<b>7</b> -22.4	-18.7	20
<b>Net income</b>	<b>90.6</b>	<b>78.7</b>	<b>15</b>
<b>Basic earnings per share (EPS)</b>	<b>3.09</b>	<b>2.68</b>	<b>15</b>

## Key ratios

Net interest margin	5.5%	5.6%
Cost/income ratio	48.8%	52.6%
Effective tax rate	19.8%	19.2%
Return on equity (ROE)	15.3%	14.2%
Return on tangible equity (ROTE)	18.8%	18.0%
Return on assets (ROA)	2.5%	2.2%

## Comments

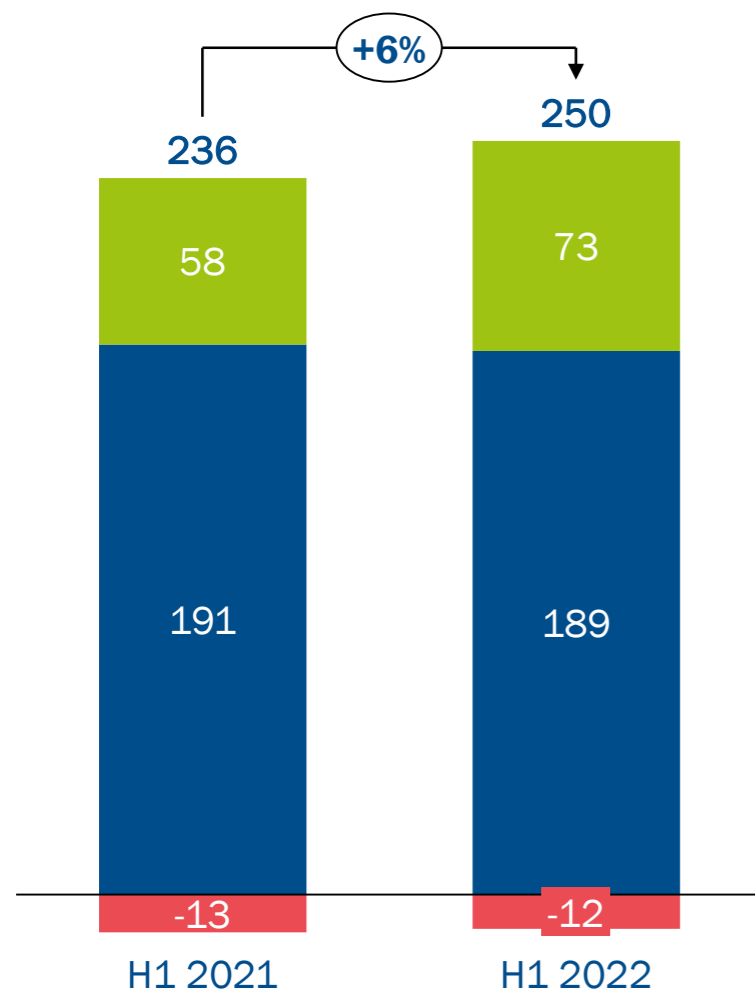
- 1** Slightly decreasing interest income driven by lower opening receivables and decreasing yields in the personal loan business.  
For details see slide on 'Net revenues by source'
- 2** Increase primarily driven by significantly higher spending due to increased consumer confidence, as well as gradual lifting of travel restrictions in Q2 2022
- 3** Decrease primarily due to lower fees for handling post payments
- 4** Increase mainly driven by higher fee income from Swissbilling (+35% to CHF 6.5m)
- 5** For details see slide on 'Provision for losses'
- 6** For details see slide on 'Operating expenses'
- 7** Normalisation of tax rate following a one-time effect in the prior year

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

# H1 2022 net revenues by source

In CHF m

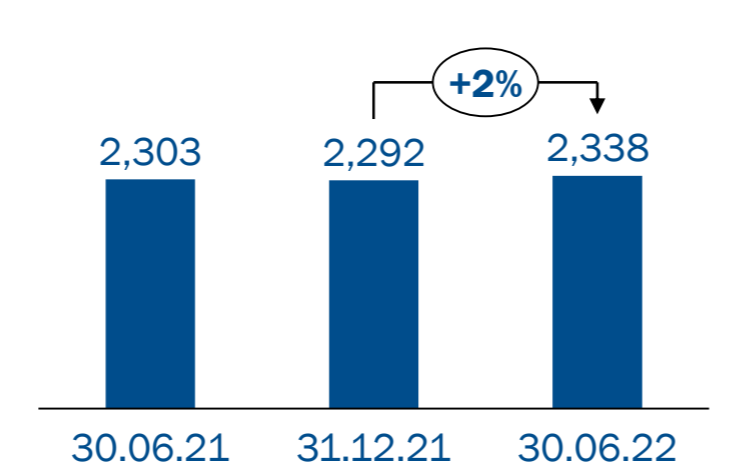
Net revenues by source



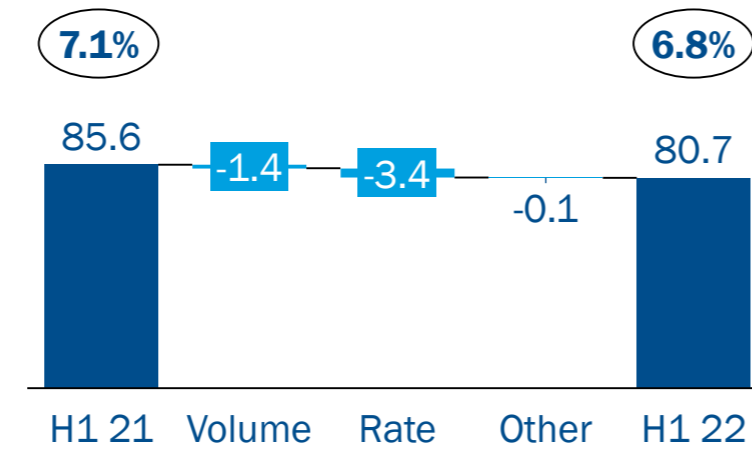
■ Interest income  
■ Interest expense  
■ Commission and fee income

## Personal loans

Net financing receivables

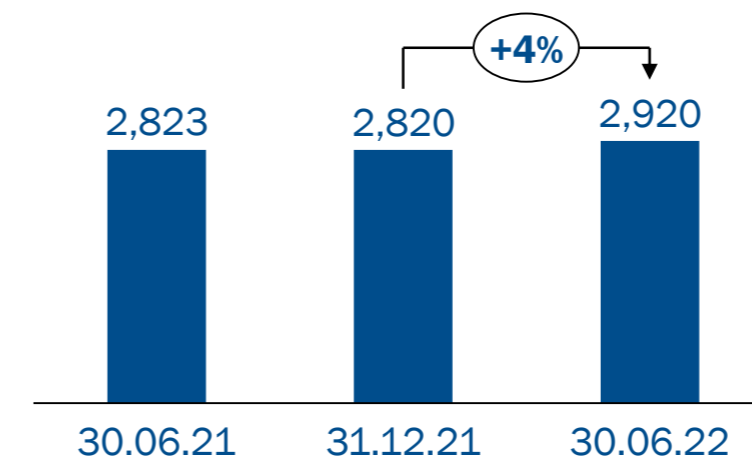


Yield (2pt avg) and interest income

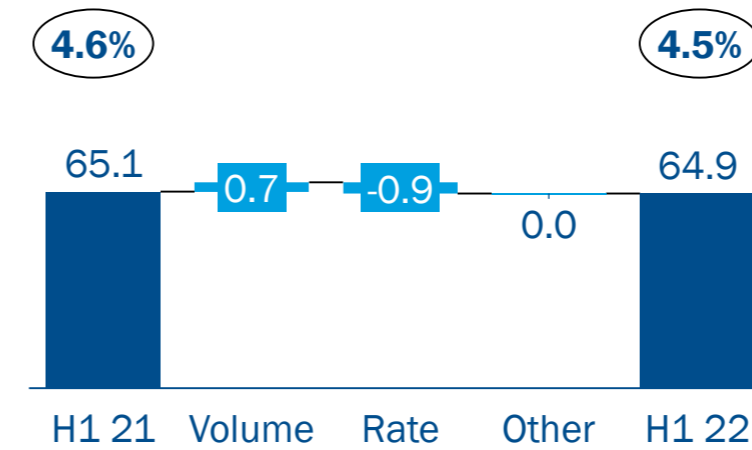


## Auto leases and loans

Net financing receivables

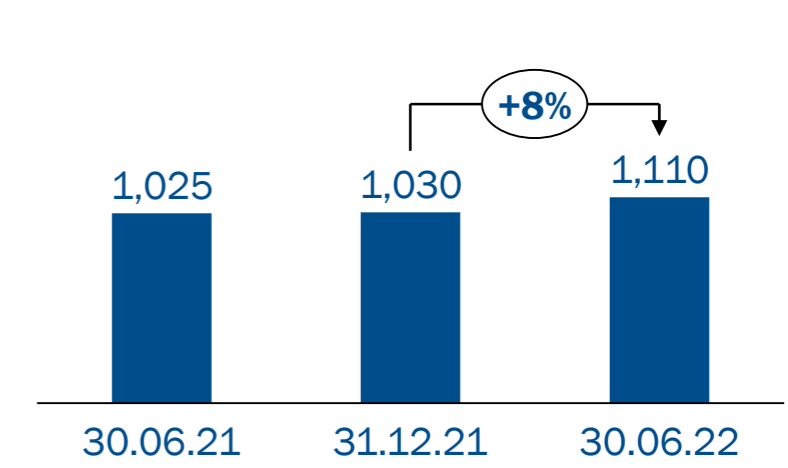


Yield (2pt avg) and interest income

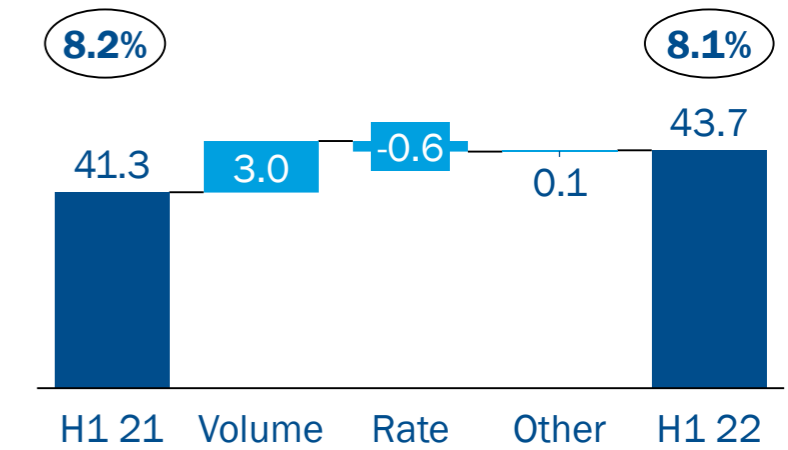


## Credit cards

Net financing receivables



Yield (2pt avg) and interest income





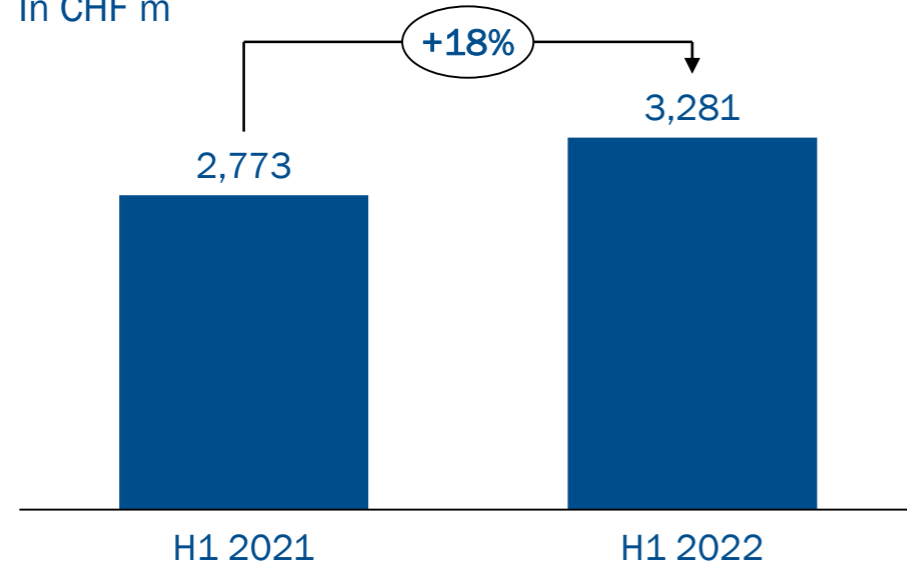
# H1 2022 card transaction volumes and revenues

**Strong volume recovery since March, and card fees above 2019 levels**

Transaction volume

## Annual growth

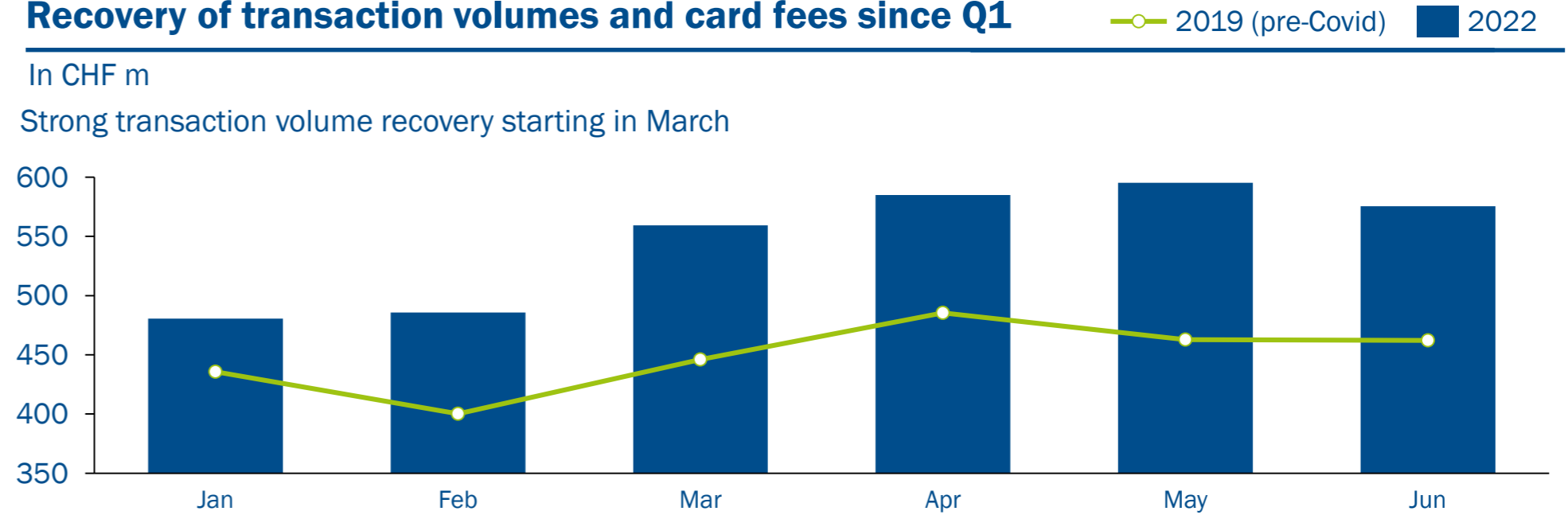
In CHF m



## Recovery of transaction volumes and card fees since Q1

In CHF m

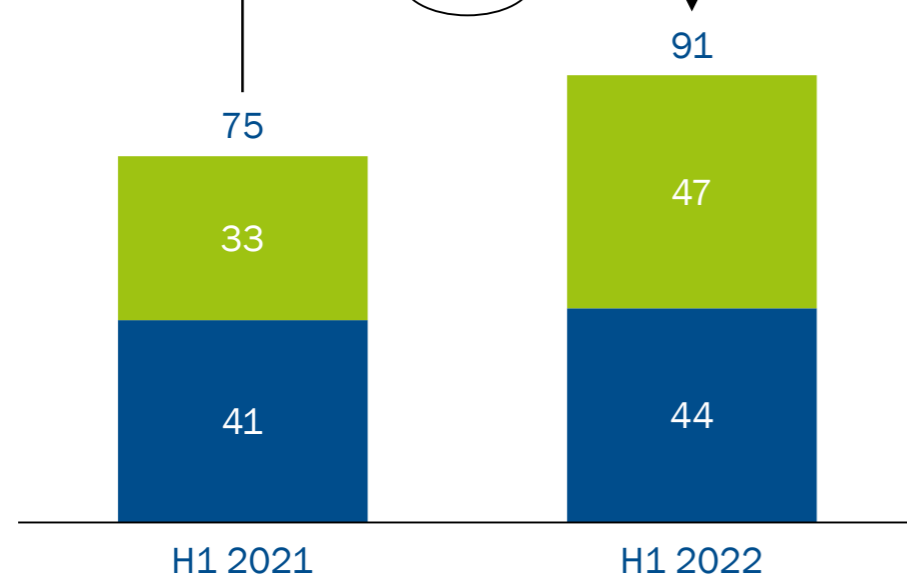
Strong transaction volume recovery starting in March



Revenues

## Annual growth

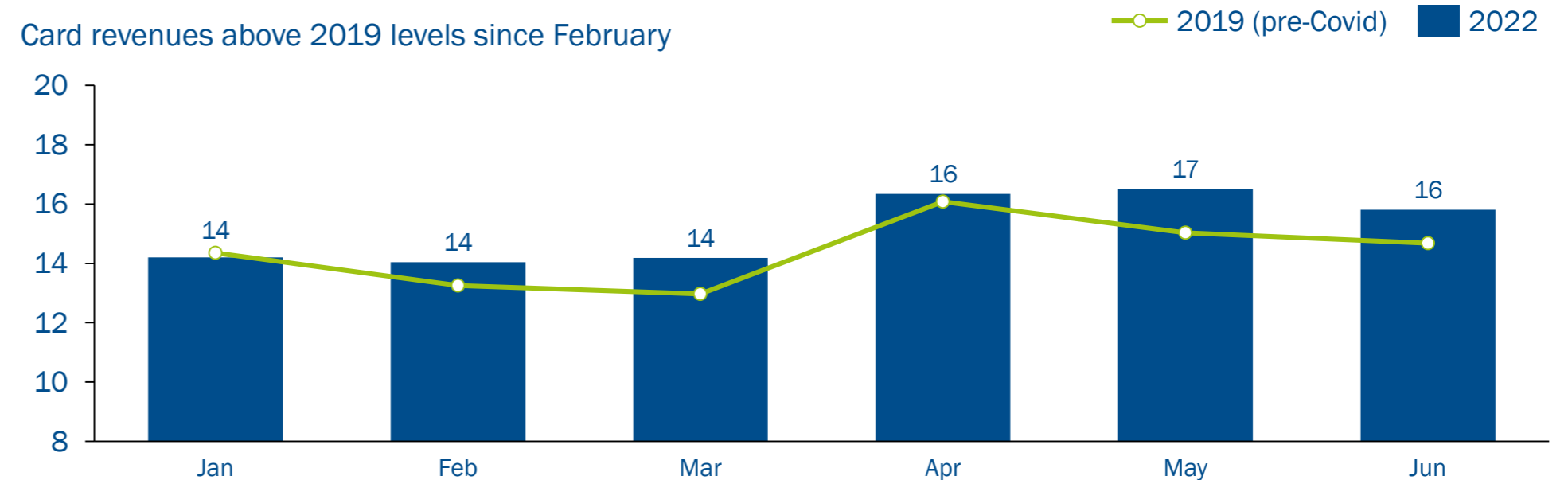
In CHF m



## Card revenues above 2019 levels since February

In CHF m

Card revenues above 2019 levels since February



Commissions & fees Interest income



# H1 2022 Operating expenses

In CHF m

		H1 2022	H1 2021	as %
Compensation and benefits	<b>1</b>	67.1	68.5	-2
Professional services	<b>2</b>	8.7	7.9	11
Marketing	<b>3</b>	6.2	3.9	57
Collection fees	<b>4</b>	5.0	5.3	-6
Postage and stationary	<b>5</b>	6.1	4.7	29
Rental exp. (under operating leases)	<b>6</b>	3.6	3.4	6
Information technology	<b>7</b>	20.0	20.2	-1
Depreciation and amortisation	<b>8</b>	12.3	12.5	-2
Other	<b>9</b>	-6.9	-2.4	>100
<b>Total operating expenses</b>		<b>122.0</b>	<b>124.1</b>	<b>-2</b>
<b>Cost/income ratio</b>		<b>48.8%</b>	<b>52.6%</b>	
<b>Full-time equivalent employees</b>	<b>1</b>	<b>916</b>	<b>934</b>	<b>-2</b>

## Comments

- |   |   |
|---|---|
| <b>1</b> Decline reflecting the lower number of employees   | <b>6</b> Increase driven by leasing write-off of closed branches  |
| <b>2</b> Primarily related to Operational Excellence initiatives  | <b>7</b> Lower expenses following the closure of SME business in 2021, partially offset by higher costs due to operational excellence and business acceleration initiatives |
| <b>3</b> Higher marketing is largely driven by the new credit card programme  | <b>8</b> Mainly driven by lower amortisation relating to the cashgate acquisition   |
| <b>4</b> Decrease due to lower post-payment fees and third-party expenses for collection  | <b>9</b> Decrease largely driven by CHF 2.4m lower pension employer contributions as well as capitalisation related to strategic projects                                   |
| <b>5</b> Increase mainly resulting from communication expenses related to the new mobile app as well as a higher number of paper statements |   |

# H1 2022 Balance sheet

In CHF m

Assets		30.06.22	31.12.21	as %
Cash and equivalents		486	545	-11
Net financing receivables	<b>1</b>	6,434	6,207	4
Personal loans		2,338	2,292	2
Auto leases and loans		2,920	2,820	4
Credit cards		1,110	1,030	8
Other (Swissbilling)		66	65	2
Other assets		327	344	-5
<b>Total assets</b>		<b>7,247</b>	<b>7,095</b>	<b>2</b>
<b>Liabilities and equity</b>				
Funding	<b>2</b>	5,880	5,691	3
Deposits		3,388	3,199	6
Short- & long-term debt		2,493	2,492	0
Other liabilities		191	204	-6
<b>Total liabilities</b>		<b>6,071</b>	<b>5,895</b>	<b>3</b>
Shareholders' equity	<b>3</b>	1,176	1,200	-2
<b>Total liabilities and equity</b>		<b>7,247</b>	<b>7,095</b>	<b>2</b>

## Comments

- 1** Higher net financing receivables mainly driven by the lifting of pandemic restrictions and its impact on consumer financing needs:
- Personal loans (+2%): driven by strong volume performance with increases in market demand
  - Auto (+4%): driven by strong volume performance in 2022 and normal seasonal peak of assets in H1
  - Cards (+8%): higher volumes mainly due to relaxation of pandemic restrictions
  - Other (+2%): Swissbilling assets are stable related to higher volumes in invoice financing on online sales (mainly driven by the partnership with IKEA and Ochsner Sport)
- 2** Funding increased largely in line with the growth in financing receivables
- 3** Shareholders' equity decreased driven by the dividend payment in April 2022

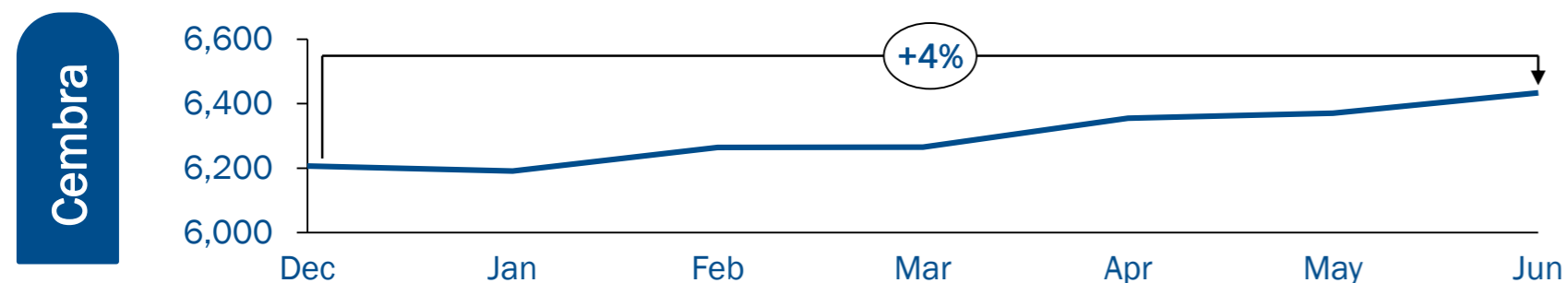
Note: Financing receivables (excl. allowance for losses): Personal loans CHF 2,401m; Auto leases and loans CHF 2,934m, Credit cards CHF 1,120m, Other (Swissbilling) CHF 68m

# H1 2022 net financing receivables

## 4% growth

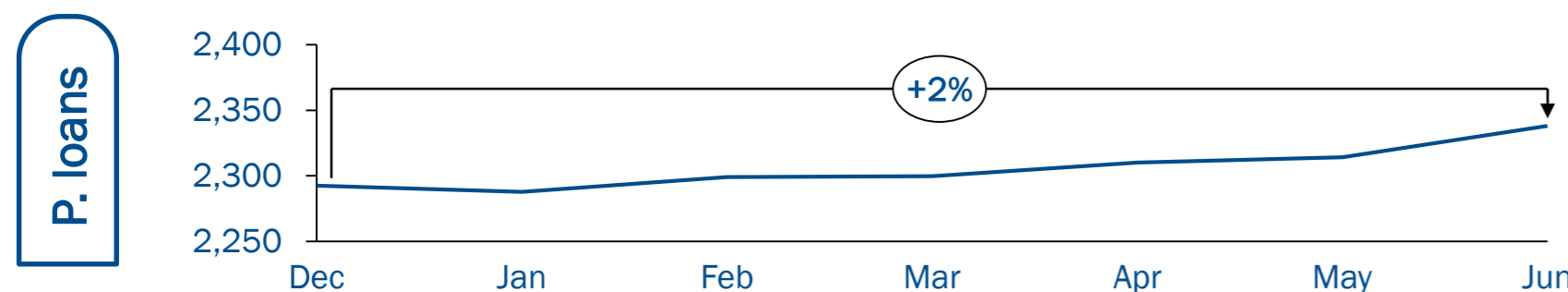
### Net financing receivables (month-end period, month by month)

in CHF m

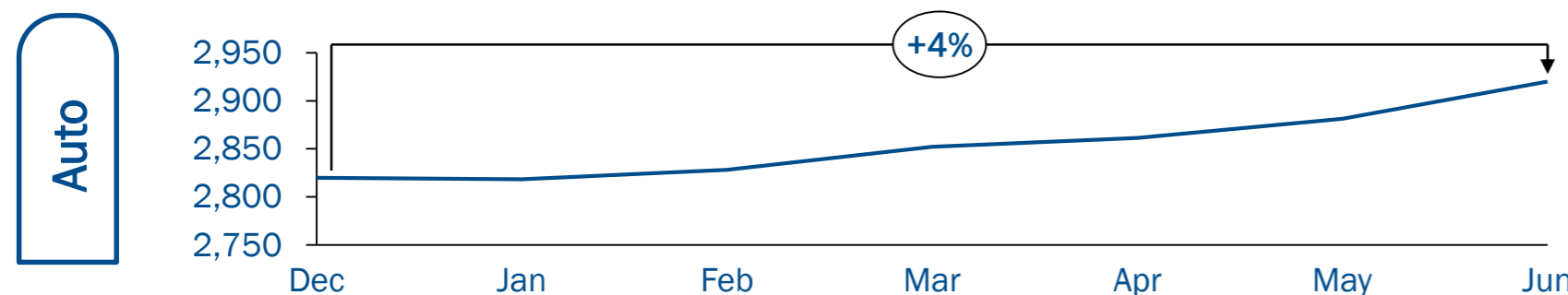


### Comments

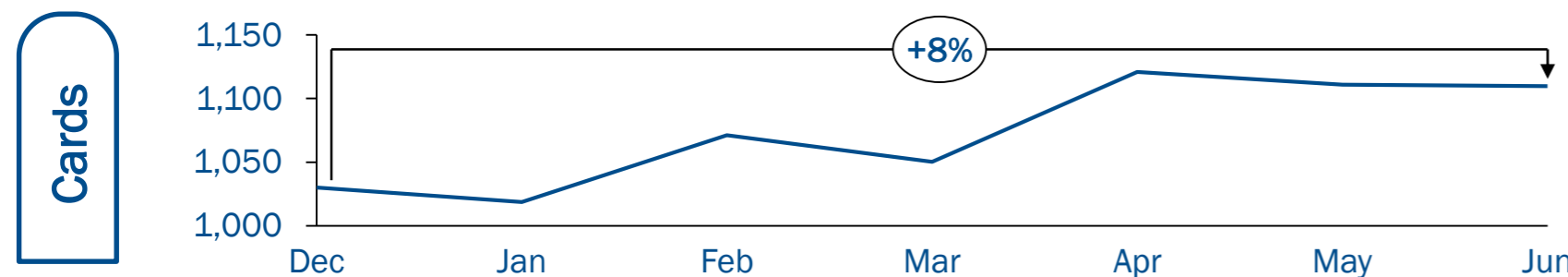
- Increase in net financing receivables across all channels driven by strong sales performance and the recovery of credit card volumes



- Net financing receivables increased due to increasing originations on all products



- Net financing receivables increased related to a strong performance in the Leasing business

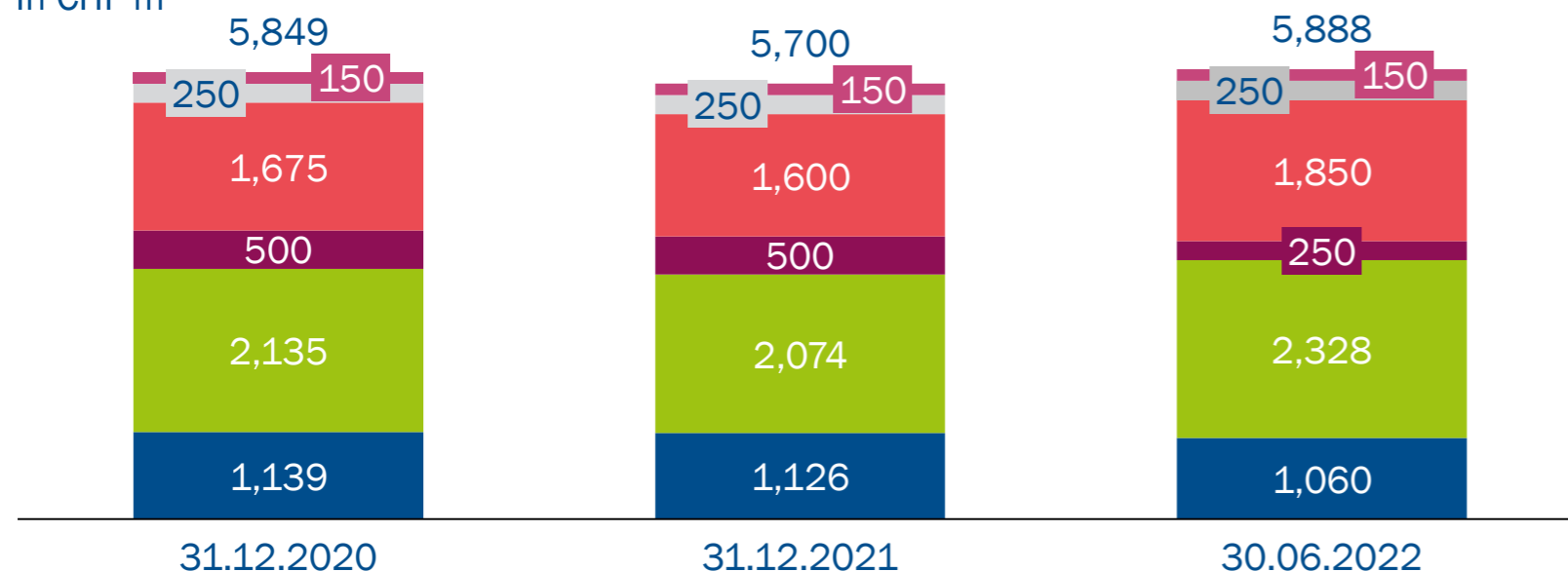


- Net financing receivables increased due to higher volumes mainly due to relaxation of pandemic restrictions

# H1 2022 funding

## Diversified funding profile

### Funding mix

In CHF m<sup>1</sup>

### ALM key figures

	31.12.20	31.12.21	30.6.22
End-of-period funding cost	0.45%	0.44%	0.46%
WA <sup>2</sup> remaining term (years)	2.7	2.5	2.3
LCR <sup>3</sup>	970%	1030%	778%
NSFR	115%	116%	110%
Leverage ratio	14.4%	14.4%	14.5%
Undrawn revolving credit lines	400m	400m	400m

### Funding programmes

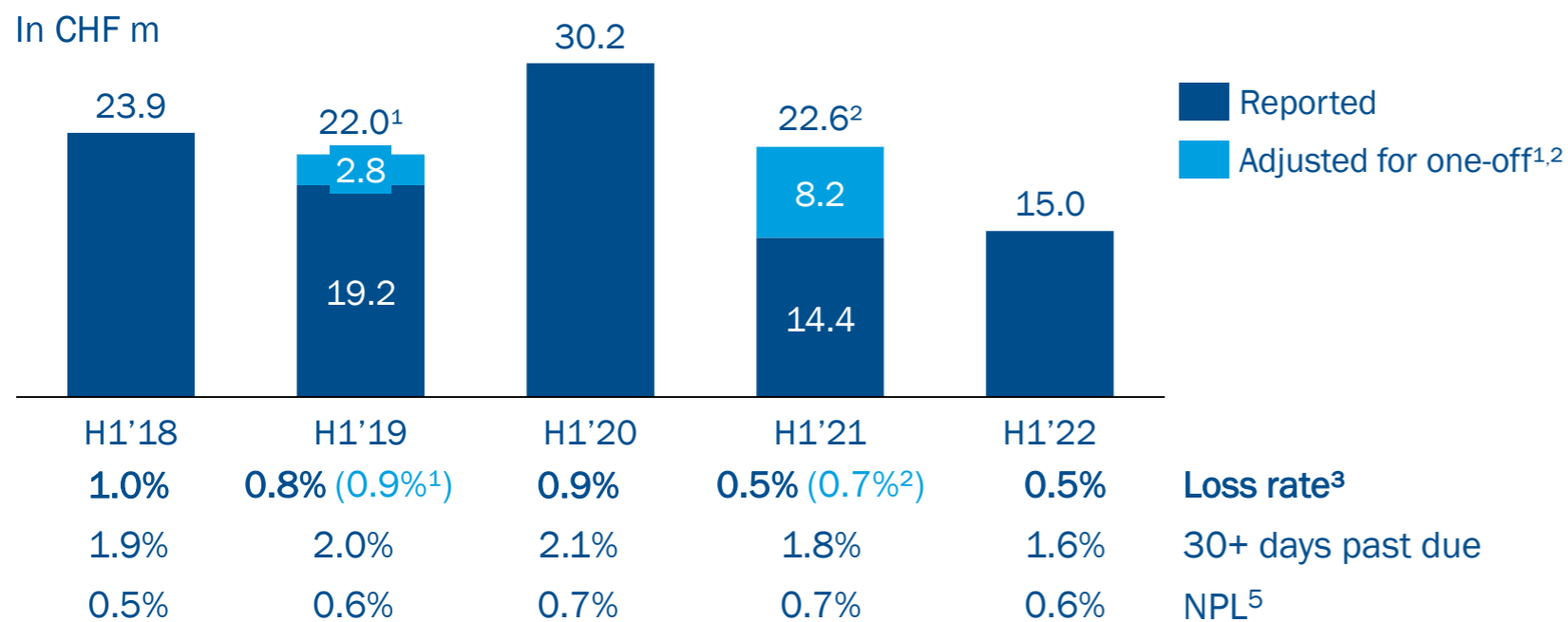
<b>Non-Deposits – 44%</b>	<b>AT1 subordinated</b>	One issuance, remaining term to first call of 2.4 yrs. at a rate of 2.50% <sup>4</sup>
	<b>Convertible bond</b>	One issuance, remaining term of 4.1 yrs. at a rate of 0% <sup>4</sup>
	<b>Senior unsecured</b>	Ten issuances, WA <sup>2</sup> remaining term of 3.1 yrs., avg. rate of 0.45% <sup>4</sup>
	<b>ABS</b>	One AAA-rated issuance, remaining term of 1.8 yrs., avg. rate of 0% <sup>4</sup>
<b>Deposits – 56%</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 1.8 yrs., avg. rate of 0.34%
<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 2.0 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> Additional charges apply related to fees and debt issuance costs

# H1 2022 Provision for losses

## Excellent loss performance

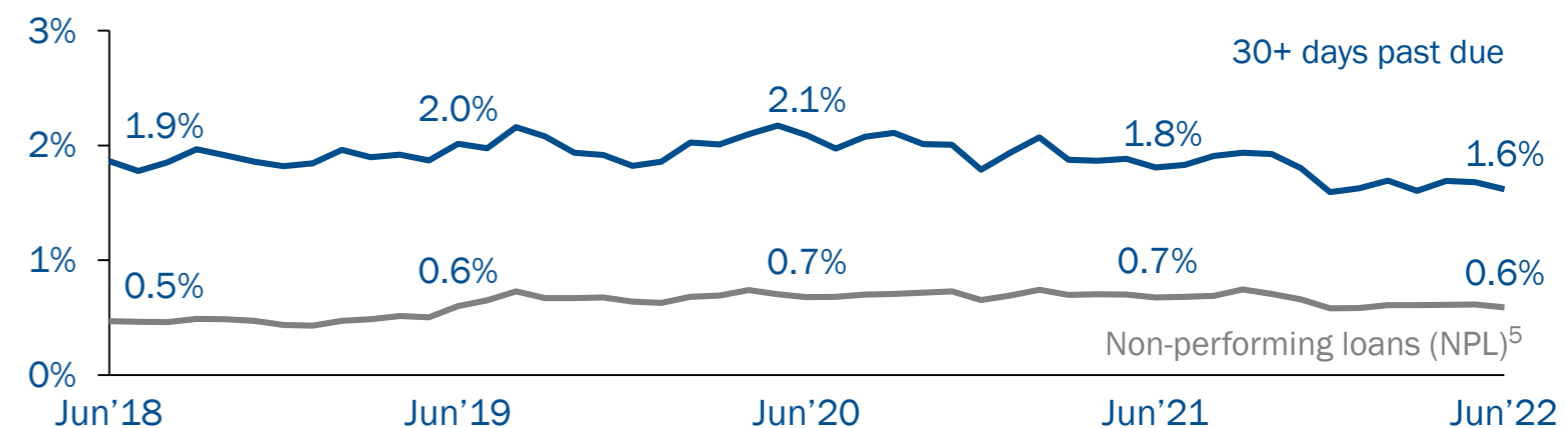
### Provision for losses



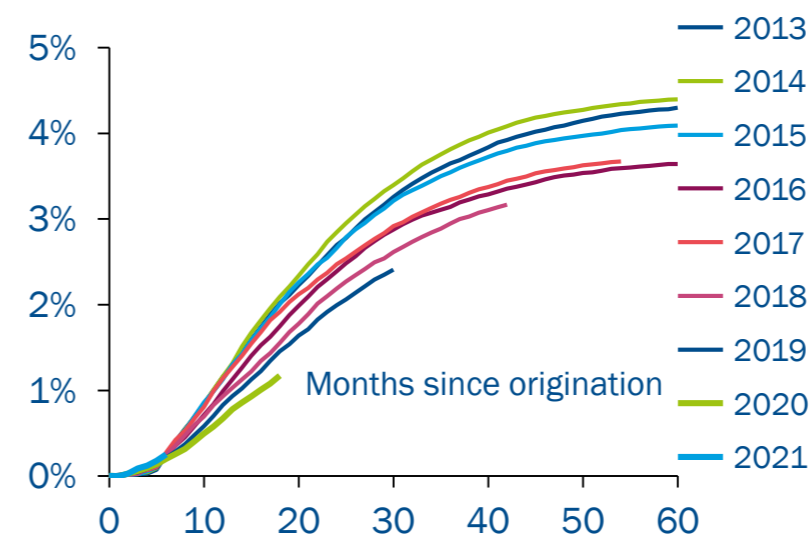
### Comments

- Consistent credit risk taking and proven resilience in portfolios allowed release of the Covid-19 related environmental reserve of CHF 2.1m in H1 2022
- Strong loss performance in H1'22 supported by exceptional items such as prudent write-off procedures during the pandemic
- Upcoming CECL implementation under US GAAP in H1 2023 considers economic scenarios leading to current estimate of day-one allowance impact at CHF 50m-70m
- Increased uncertainty of macro-outlook requires continuous focus on soundness of risk strategies. Expectation of gradually normalising loss rate over next years – unchanged ≤1% target level

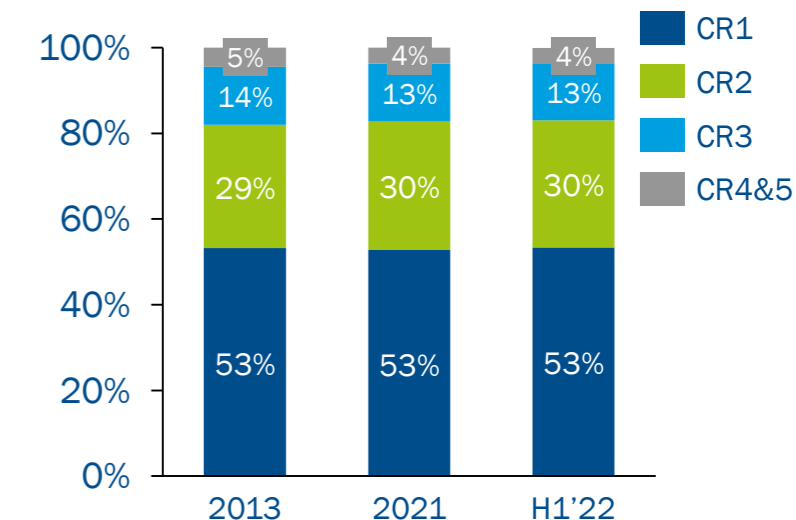
### 30+ days past due/NPL<sup>4</sup>



### Write-off performance<sup>6</sup>



### Credit grades<sup>7</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 of loan 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> 30+ days past due/NPL does not include Swissbilling SA | <sup>5</sup> Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables | <sup>6</sup> Based on personal loans and auto leases & loans originated by the Bank | <sup>7</sup> Consumer Ratings (CR) reflect associated probabilities of default for material Bank portfolios

# 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 28<sup>1</sup> and providing loans under some of the strictest consumer finance laws in Europe
  - Diverse workforce with 43 nationalities
  - 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 direct 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 Report 2021

### External recognition



### Low ESG risk

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



### Top 19%

in diversified financial services (Score 43), November 2021



### AAA

Top-rated among 68 peers, May 2022. MSCI ESG Leaders 2022 Indexes Constituent



### Inclusion

in the 2022 Bloomberg Gender Equality index as one of 9 Swiss companies, January 2022

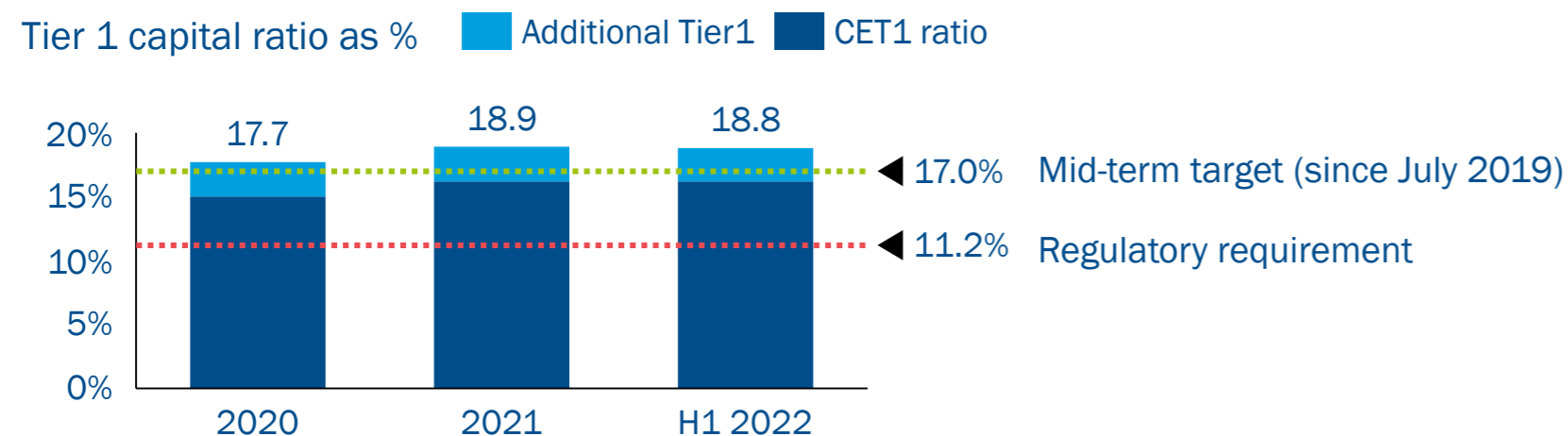
<sup>1</sup> Net promoter score on a scale -100 to 100, FY 2021 | <sup>2</sup> Great Place to Work.org | <sup>3</sup> ISS Governance Quality Score of 1 on a scale from 1 to 10



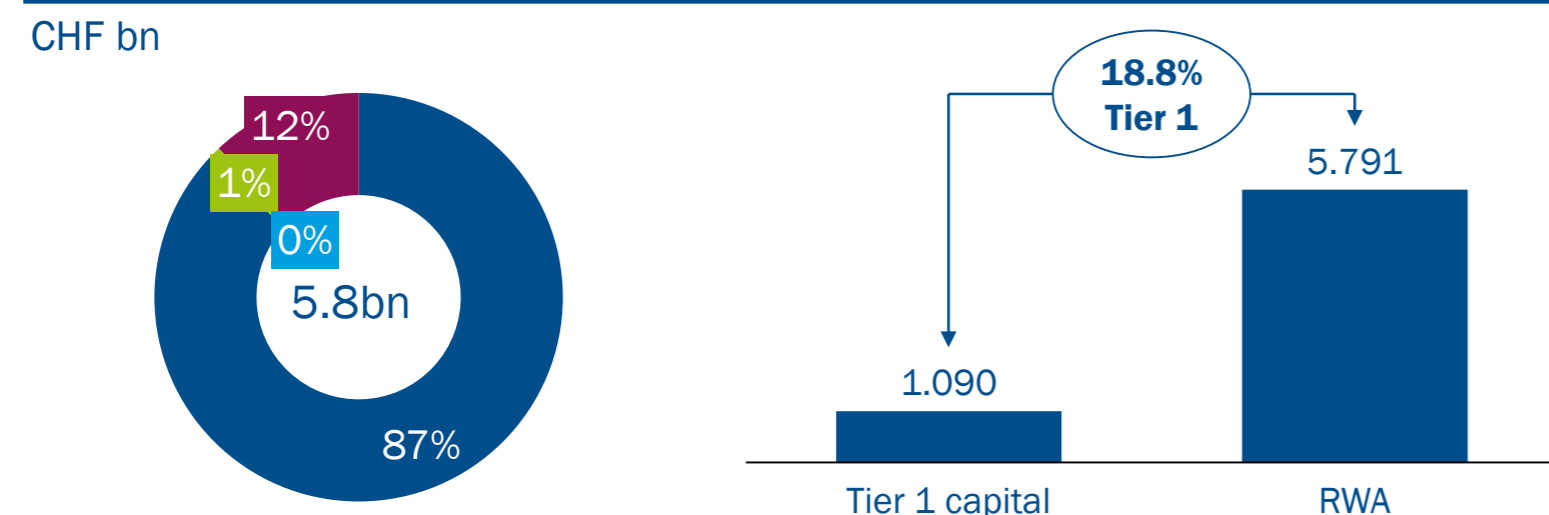
# Capital management

## Tier 1 capital ratio target of 17%

### Capital position



### Risk-weighted assets and Tier 1 capital at 30 June 2022



■ Credit risk 
 ■ Non-counterparty risk 
 ■ Market risk 
 ■ Operational risk

### Redeployment of excess capital

- Mid-term Tier 1 capital ratio target of 17%
- Maintain S&P A- rating to benefit from attractive cost of funding
- Enhance returns and earnings per share through capital redeployment above 17%<sup>1</sup>
  1. Organic growth
  2. Disciplined M&A with strict financial and strategic criteria
  3. Distribution of excess capital (buy back/dividends)
- Considering continued hybrid funding in the mid term, depending on market conditions
- Implementation of current expected credit loss (CECL) standard expected to have a total one-off impact on the Tier1 ratio of 0.6 – 0.9 pp for the financial years 2022 and 2023 <sup>2</sup>

<sup>1</sup> The upper limit on the distribution of excess capital above 19% has been removed

<sup>2</sup> Implementation of CECL as of 1 Jan 2023, based on US GAAP accounting standard ASC 326, required by FASB and FINMA Accounting Ordinance, FINMA-AO, 952.024.1. See appendix page 29

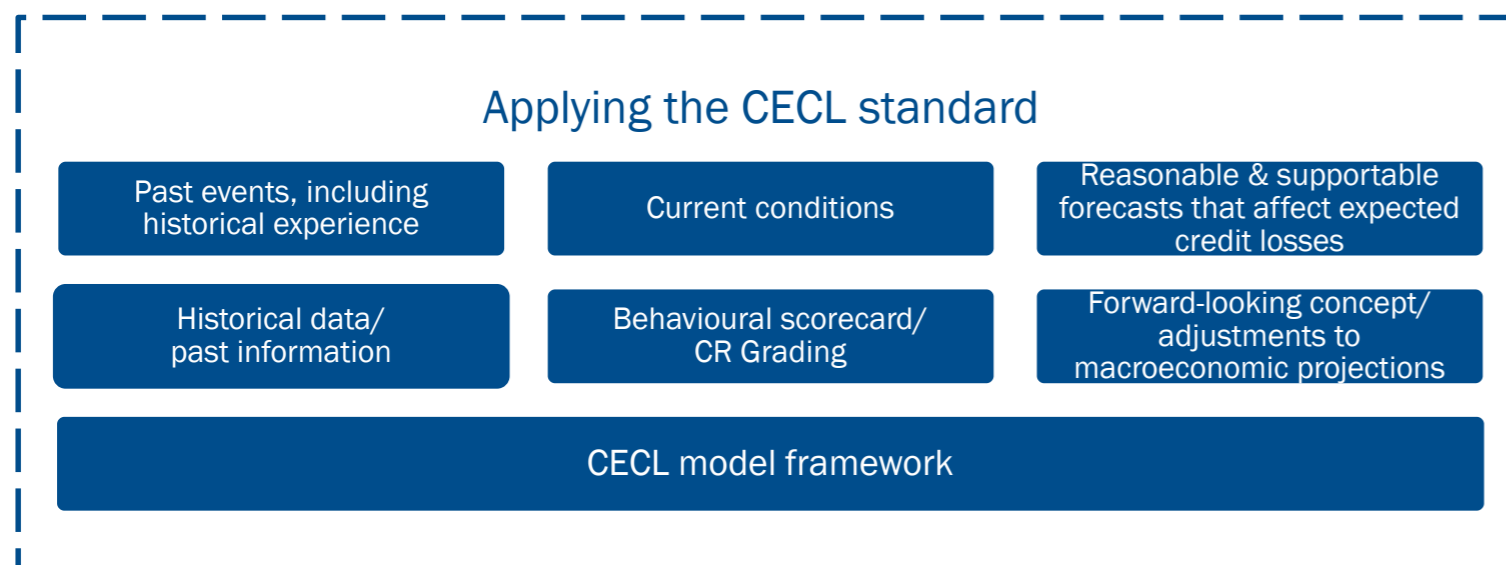
# Current expected credit losses (CECL)

## Changed standard for allowance for losses calculation

### 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>



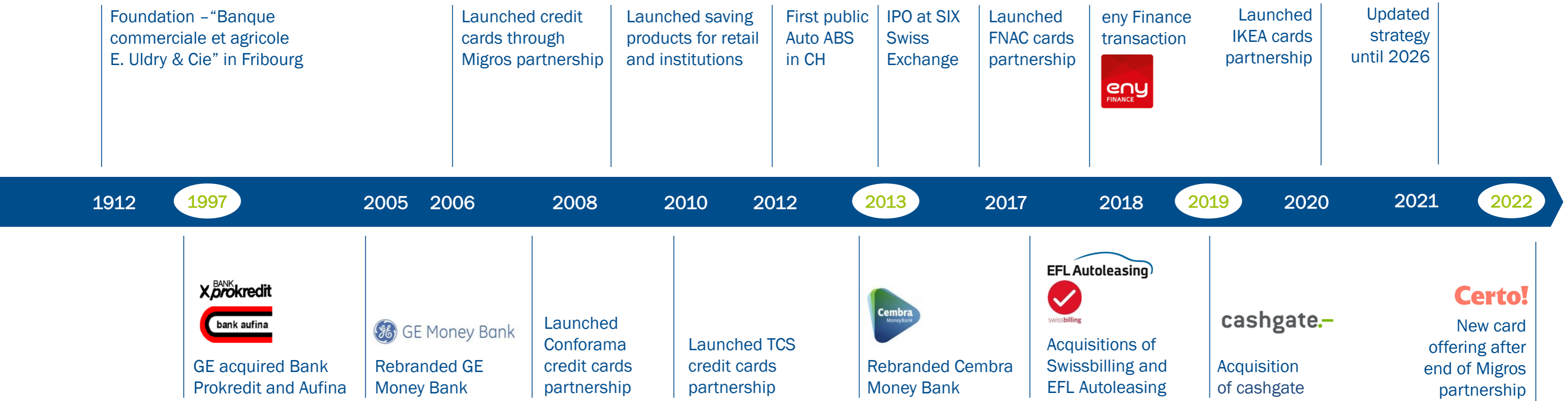
### Expected financial impact

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

	US GAAP	Statutory
<b>Balance Sheet</b>	<ul style="list-style-type: none"> <li>Increase of CHF 50–70m in allowance for losses through retained earnings, equity on day 1</li> </ul>	<ul style="list-style-type: none"> <li>Increase of allowance for losses of CHF 50–70m.</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, which are built up through the profit and loss statement, and can be done in one go or recognised using a phased approach.</li> </ul>
<b>Capital ratios</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>Total one-off impact on the Tier 1 ratio of 0.6–0.9 pp for the financial years 2022 and 2023</li> </ul>



# 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
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

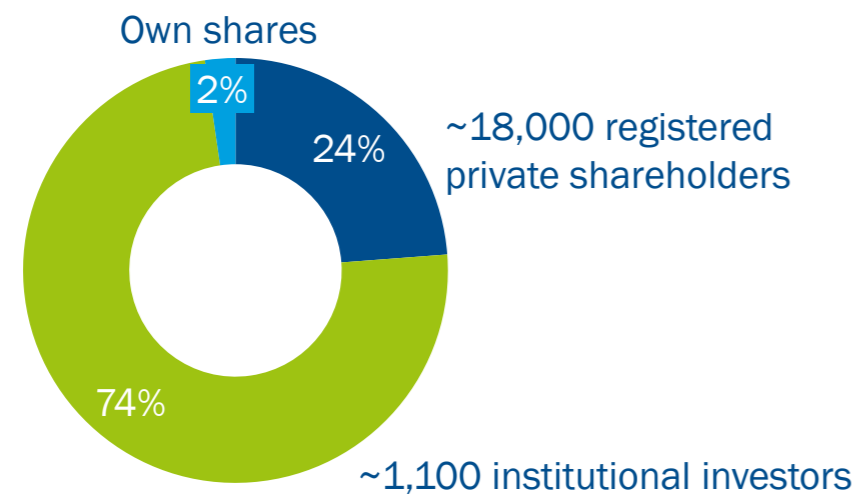
US GAAP	IPO 2013	2014	2015	2016	2017	2018	2019	2020	2021	H1 2022
Net revenues (CHF m)	355	379	389	394	396	439	480	497	487	250
Net income (CHF m)	133	140	145	144	145	154	159	153	161	91
Cost/income ratio (%)	50.5	42.5	41.5	42.5	42.4	44.0	48.3	49.8	50.6%	48.8%
Net fin receivables (bn)	4.0	4.1	4.1	4.1	4.6	4.8	6.6	6.3	6.2	6.3
Equity (CHF m)	799	842	799	848	885	933	1,091	1,127	1,200	1,176
Return on equity (%)	14.1	17.0	17.7	17.4	16.7	16.9	15.7	13.8	13.9	15.3
Return on tangible equity (%)	14.2	17.2	18.1	18.0	17.3	17.8	18.5	17.7	17.3	18.8
Tier 1 capital (%)	19.7	20.6	19.8	20.0	19.2	19.2	16.3	17.7	18.9	18.8
Employees (FTE)	700	702	715	705	735	783	963	928	916	916
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	3.09
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	-
Share price (CHF, end of period)	58.55	55.00	64.40	74.20	90.85	77.85	106.00	107.20	66.45	68.20
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	2.0

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

# The Cembra share

## Shareholder structure: 100% free float

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



## Main investors and indices

**Holdings >5% of share capital** ■ UBS Fund Management (Switzerland)

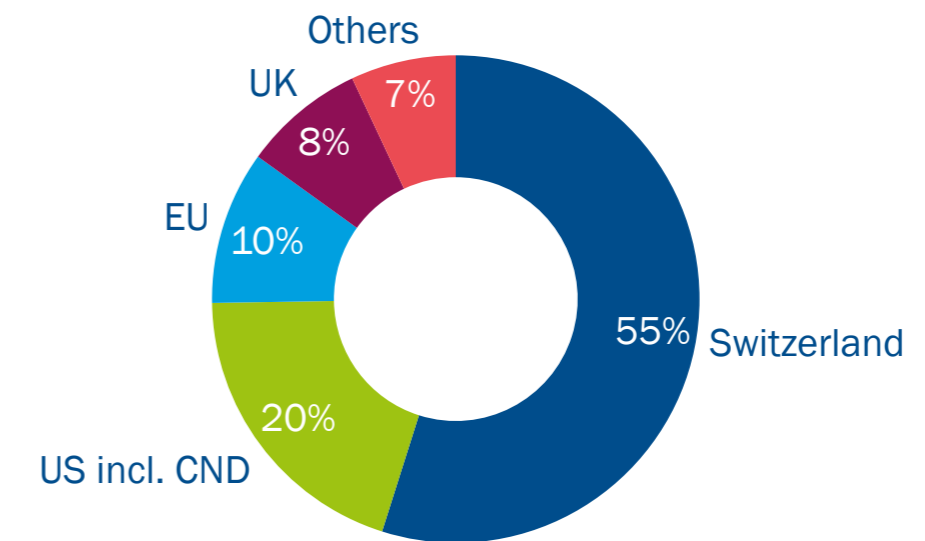
**Holdings >3% of share capital** ■ Credit Suisse Funds AG  
 ■ Swisscanto Fondsleitung AG  
 ■ BlackRock, Inc.

**Selected indices:** ■ 2022 Bloomberg Gender Equality Index  
 ■ MSCI ESG Leaders 2022  
 ■ SPI



<sup>1</sup> Estimates

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



## Share data

	H1 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	29,361,176	29,378,525

# Cautionary statement regarding forward-looking statements

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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The numbers in this presentation are rounded; therefore rounding differences may occur.

# Calendar and further information

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## Corporate events

23 February 2023 Publication 2022 full-year results  
15 March 2023 Publication 2022 Annual Report  
21 April 2023 Annual General Meeting 2023

## Investor conferences, roadshows and calls

2 November 2022 ZKB Swiss Equities conference, Zurich  
17 November 2022 Credit Suisse Swiss Equities conference, Zurich  
12 January 2023 Baader Swiss Equities Conference, Bad Ragaz  
13 January 2023 Octavian Swiss Seminar, Flims

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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