

Compensation Report

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The Compensation Report is written in accordance with the Ordinance against Excessive Compensation in Listed Stock Corporations, the Directive on Information relating to Corporate Governance of the SIX Exchange Regulation and the principles of the Swiss Code of Best Practice for Corporate Governance by economiesuisse. The compensation principles take into consideration the rules of FINMA Circular 2010/1 “Remuneration schemes”.

On 1 January 2023, the revised Swiss Company Law entered into force. Among other changes, the Ordinance against Excessive Compensation in Listed Stock Corporations was repealed and, with few changes transferred to the new law. References made in this report relate to applicable law as at reference date, i.e., 31 December 2022.

Letter from the Chairperson of the Compensation and Nomination Committee

Dear Shareholders,

On behalf of the Board of Directors and the Compensation and Nomination Committee ("CNC"), I am pleased to introduce the Compensation Report 2022 of Cembra Money Bank AG (hereafter referred to as "Cembra" or "the Bank"). This report outlines the compensation for Cembra's Board of Directors as well as for the members of the Management Board in 2022. It explains the underlying framework and philosophy, highlights the changes made during the reporting year and provides some outlook going forward.

Cembra's Management Board 2022

As part of the strategic realignment introduced at the end of 2021, to further improve our customers' experience and to strengthen the creation of a modern, future-focused technology landscape, Cembra decided to split the roles of Chief Operating Officer and Chief Technology Officer. Alona Eiduka took over the role of Chief Operating Officer on 1 July 2022. Alona Eiduka has worked at Cembra for ten years in various management positions and is the first woman appointed to the Management Board. Her focus is on operational excellence and customer experience on a day-to-day basis. Christian Schmitt was appointed Chief Technology Officer as of 1 November 2022. In this newly created Management Board function, he is responsible for the technical implementation of the strategy as well as the digitalisation of processes. Further, Eric Anliker was appointed General Counsel as of 1 September 2022.

Compensation structure and disclosure

In the reporting year, the CNC, amongst others, has particularly focused on the following topics:

- Compensation structure of the Management Board
- Long-term incentives including shareholding requirements
- Compensation benchmark analysis for the Management Board and Board of Directors
- Nomination and assessment of candidates for the Management Board and Board of Directors
- Succession planning including gender diversity
- Objectives setting and performance evaluation based on strategic assessment and individual performance

The CNC intensively reviewed the compensation structure for the Management Board with the aim to increase its alignment with shareholders' interests. As from 2023, the weight of the variable compensation in the total compensation of the management board, particularly the long-term element, will increase significantly to further incentivise long-term value creation and to encourage the Management Board to increase their share ownership. A glance of the changes is presented in the Outlook section of this report.

As part of the regular review process, the CNC conducted two benchmark assessments looking at the structure and level of compensation of the Management Board and Board of Directors. For the Management Board a new provider was contracted to allow for the disclosure of the peer group and increased transparency.

With the appointment of the first female Management Board member, the CNC reinforces its strategy to increase the gender diversity in management and in the Board of Directors. With two female Board Members, the chair of the Risk and Audit Committee and the chair of the CNC, the current female representation ratio is 28.6%. The CNC started to create a pipeline of potential female candidates so that at least one woman is presented as candidate to the Board of Directors when a vacancy occurs.

In addition to these enhancements, the CNC has initiated a review of the disclosure approach to increase transparency, readability and focus of this report.

Compensation Report

Shareholders' feedback

As in previous years, we greatly appreciated the opportunity to continue our dialogue with investors and stakeholders. At our 2022 Annual General Meeting, the shareholders expressed their support of the 2021 Compensation Report with about 75% of the votes. In line with our general approach of gathering feedback and engaging with our shareholders, the Board of Directors and the CNC took the outcome of this vote seriously and carefully reviewed the continued adequacy of Cembra's compensation framework and disclosure practices. As a result, several changes will be introduced for the new reporting year.

Annual General Meeting 2023

You will have the opportunity to express your opinion on the compensation programmes through a non-binding, consultative shareholders' vote on this Compensation Report at the Annual General Meeting in April 2023. Furthermore, we will ask you to vote on the maximum total compensation amount for the Board of Directors for the Annual General Meeting 2023 to Annual General Meeting 2024 term of office and on the maximum total compensation for the Management Board to be paid out in the financial year 2024.

Looking ahead, we encourage and pursue open and regular dialogue with our shareholders and their representatives, as we continue to evolve our remuneration system, with the goal of ensuring continued alignment with the strategy and performance of Cembra and the interests of our shareholders.

On behalf of the Board of Directors and the CNC, I would like to thank you again for your feedback and trust you will find this report informative.



Susanne Klöss-Braekler
Chairperson of the Compensation and Nomination Committee

1 Compensation at a glance

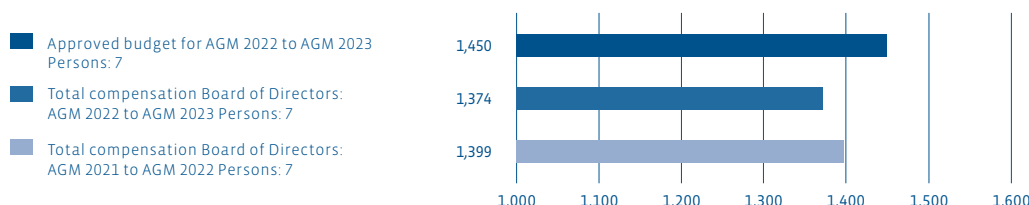
Total compensation awarded to the Board of Directors for the term of office AGM 2022-AGM 2023

Members of the Board of Directors (BoD) only receive a fixed compensation. Two-thirds of the compensation is delivered in cash and one-third of the compensation is delivered in shares subject to a blocking period of five years.

Total compensation Board of Directors

in TCHF

	Fees paid in Cash (TCHF) (two-thirds of the annual compensation)	Fees delivered in blocked shares (TCHF) (one-third of the annual compensation)
Chairman of the Board of Directors	327	150
Other Members of the Board of Directors	600	290



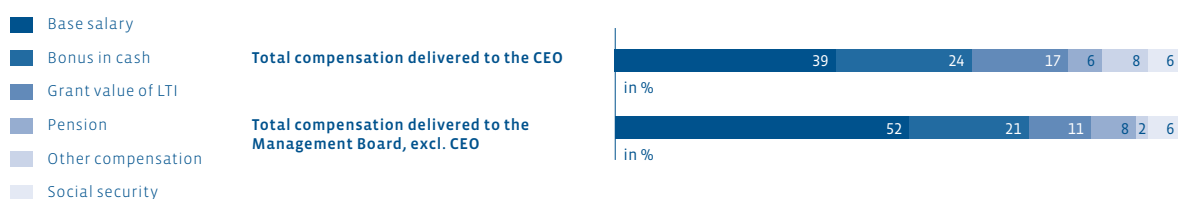
Please refer to section 6 for detailed disclosure.

Total compensation delivered to the Management Board for the performance year 2022

The compensation of the Management Board consists of fixed and variable elements. Base salary and benefits form the fixed compensation and are based on prevalent market practice. Variable compensation consists of short-term and long-term elements and rewards performance against pre-determined targets as well as alignment with long-term shareholder interests. As of 31 December 2022, the Management Board was constituted of seven members, including the CEO. Please refer to section 7 for detailed disclosure.

Annual Base Salary Paid in cash TCHF 2,709	Short-term incentive (STI) Cash bonus paid in Q1 2023 TCHF 1,214	Long-term incentive (LTI) PSU Grant in Q1-2023 and RSU grant in Q3-2022 ¹ TCHF 723	Benefits Pension, welfare and allowances paid in 2022 TCHF 944
Total compensation delivered for the performance year 2022 TCHF 5,590			
Maximum aggregate compensation approved by the AGM 2021 for the year 2022 TCHF 6,400			

¹ including 1,453 RSUs granted as replacement award to a new Management Board Member hired in 2022



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Response to feedback received during the last year

Following the outcome of the vote at the 2022 Annual General Meeting, we engaged in a dialogue with our shareholders to better understand their views. The table below sets out the main concerns raised by shareholders and the actions we have taken to address them.

Concern raised	Our response
Disclosure and transparency: The information is sometimes difficult to find and the writing style unclear	The Compensation Report has been restructured and the style carefully reviewed to ease the reading
Disclosure of the individual name of companies included in the peer group used for Management Board compensation benchmark.	A new provider was contracted for the benchmark analysis performed in 2022 to allow for disclosure of the full peer group (see section 3)
Pay for performance principle: The relatively low portion of variable compensation for the Management Board, in particular of the LTI does not reflect the pay-for performance principle	As from performance year 2023, the payment mix will be shifted significantly to variable pay. Within the variable compensation the weight of the long-term incentive will increase to emphasise the importance of linking our Management Board's compensation with the long-term interests of our shareholders.
Absence of executive share ownership guidelines	Shareholding guidelines will be introduced in 2023 and will be supported by a Share Matching Plan to allow Management Board members to build-up the required level of shareholding in a reasonable time period.

Please refer to the Outlook section on page 123 for further information about the changes in 2023.

2 Compensation Governance

Shareholders' involvement

The shareholders are involved and have decision-making authority on various compensation matters. They annually approve the maximum amounts of compensation for the Board of Directors and for the Management Board in separate votes. We further ask our shareholders annually for their opinion and feedback on our compensation system in general via our consultative vote on the Compensation Report. In addition, the principles of compensation are governed by the Articles of Incorporation, which have been approved by the shareholders. The provision of the Articles of Incorporation on compensation are summarised below and can be found on our website (please refer to www.cembra.ch/governance under "Regulations and principles"):

- **Compensation principles applicable to the Board of Directors** (art. 25c): The compensation of the Board of Directors consists of fixed compensation for services rendered as a member of the Board of Directors and – if applicable – as a committee member or a committee chairperson, which may be paid out partially in cash and partially in blocked, registered shares of the Bank.
- **Compensation principles applicable to the Management Board** (art. 25d, 25h, 25i): The compensation for the Management Board consists of a fixed base salary paid in cash and a variable compensation. Variable compensation may comprise short-term and long-term elements. Compensation may be paid in cash, shares or other benefits.
- **Say-on-pay vote** (art. 11a): The Annual General Meeting annually approves the aggregate maximum amounts of compensation of the Board of Directors for the period until the next ordinary Annual General Meeting and the maximum compensation of the Management Board that is awarded or paid out in the business year following the Annual General Meeting. In addition, the Compensation Report is submitted to a consultative vote.
- **Additional amount for new members of the Management Board** (art. 25e): The additional aggregate compensation per year for all new members of the Management Board appointed after the Annual General Meeting has approved the aggregate maximum compensation shall not exceed 30% of the last aggregate maximum compensation amount approved by the Annual General Meeting.
- **Loans, credits and pension benefits** (art. 25g): The Bank may grant loans, credits, and pension benefits outside the occupational pension scheme to the members of the Board of Directors and the members of the Management Board to an extent that in total does not exceed 50% of the maximum total remuneration last approved by the Annual General Meeting. The payment of bridge or interim annuities by the Bank to members of the Management Board is possible between early retirement and the statutory retirement age.

The Bank also engages in dialogues with shareholders and their representatives on a regular basis to gather outside perspectives.

Compensation and Nomination Committee

According to the Articles of Incorporation and the Organisational Regulations (available at www.cembra.ch/governance under "Regulations and principles"), the Compensation and Nomination Committee (CNC) consists of at least two but not more than four members of the Board of Directors who are elected annually and individually by the Annual General Meeting for a period of one year. At the Annual General Meeting 2022, Ms Susanne Klöss-Braekler (Chairperson), Mr. Thomas Buess, and Mr. Marc Berg were elected members of the CNC. Information on the individual members of the Board of Directors including other external mandates can be found in the Corporate Governance Report on page 76. Re-election is possible.

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The functions, responsibilities and powers of the CNC are specified in art. 22a of the Articles of Incorporation and comprise the following elements:

- Nominate and assess candidates for positions to the Board of Directors and assess candidates for positions to the Management Board
- Establish and review the compensation strategy and principles
- Propose to the Board of Directors the maximum aggregate amounts of compensation of the Board of Directors and of the Management Board to be submitted to the shareholders' vote at the Annual General Meeting
- Annually review and make a recommendation to the Board of Directors concerning the structure and amount of the compensation for the members of the Board of Directors, the CEO, and the other members of the Management Board
- Annually review and assess the objectives upon which the compensation of the CEO and the other members of the Management Board is based
- Provide the Board of Directors with a performance assessment of the CEO and of the other members of the Management Board and make a recommendation on the individual compensation level of the CEO and of the other members of the Management Board together with a recommendation on the annual incentive opportunity level and the long-term incentive opportunity level
- Recommend to the Board of Directors any employment agreements and other arrangements or provisions, and special or supplementary benefits for the CEO and the other members of the Management Board

The members of the Board of Directors shall abstain from voting when their own individual compensation is concerned.

Approval and authority levels

The following table illustrates the breakdown of decision-making authority between the CNC, the Board of Directors and the Annual General Meeting in matters related to the compensation of the Board of Directors and the Management Board:

Decision on	Recommendation by	Review by	Approval by
Compensation policy and principles	CNC		Board of Directors
Incentive compensation plans including share-based compensation	CNC		Board of Directors
Maximum aggregate compensation amount of Board of Directors and of Management Board	CNC	Board of Directors	Annual General Meeting (binding vote)
Individual compensation of Chairman and members of the Board of Directors	CNC		Board of Directors
Compensation of Chief Executive Officer	CNC		Board of Directors
Individual compensation of members of the Management Board (excluding CEO)	CEO	CNC	Board of Directors
Consultative vote on the Compensation Report	CNC	Board of Directors	Annual General Meeting (consultative vote)

Generally, meetings of the CNC are attended by the Chairman of the Board of Directors, the CEO and the head of human resources in an advisory capacity as guests. However, they do not take part in the section of the meetings where their own performance and/or compensation are discussed and have no voting rights. Other members of the Management Board and Board of Directors as well as other individuals may be invited if deemed necessary. The Chairperson of the CNC reports to the Board of Directors after each meeting on the activities of the CNC. The minutes of the CNC meetings are available to the members of the Board of Directors.

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The CNC holds meetings at least once every quarter. During 2022, the CNC held four meetings as conference calls and four meetings in person. Five meetings were attended fully by all CNC members and three meetings were attended by two of the three CNC members. The table below presents a high-level overview of the activities performed in each of the meetings:

	Jan	Feb	Mar	May	Aug	Oct	Nov ¹	Dec ¹
Compensation governance, principles and compliance								
Review external stakeholders feedback on Compensation policy and disclosure				—				
CNC charter review					—			
Compensation report review	—	—	—					—
Benchmark analysis review, including peer group, for BoD compensation and MB compensation					—	—	—	
Company Pension Fund update				—				
Board of Directors Compensation								
Determine BoD compensation for next office term for Annual General Meeting vote		—						—
Management Board Compensation								
Executive Variable Compensation Plan - framework assessment				—				
Executive Variable Compensation Plan - framework review						—		
Performance review and bonus approval	—							
Lookback assessment	—							
Set goals and objectives for upcoming year	—	—						
Individual compensation review	—		—					—
Determine maximum aggregated compensation amount for Annual General Meeting vote		—						
EPS target approval for LTI 2022 – 2024			—					
Nomination and succession planning								
Recruitment for new members of the BoD and of the MB ²	—	—	—	—	—	—		
Review BoD composition					—			
BoD performance assessment								—
Nomination of BoD & CNC Members for next office term		—						—
Election of the CNC Chair			—					
Succession planning review for MB members and their direct reports			—	—	—			

¹ Extraordinary meeting

² Ongoing activity

Role of external advisors

The CNC may decide to consult external advisors from time to time for specific compensation matters. In 2022, HCM International Ltd provided a benchmark analysis report on Board of Directors compensation as well as independent advice on compensation matters related to the Management Board. Willis Towers Watson provided a compensation analysis report on Management Board compensation. HCM International Ltd and Willis Towers Watson hold no other mandate with Cembra. In addition, internal compensation experts such as the head of human resources provided support and expertise. Section 3 of this report provides information on how benchmark analysis is used in the process of determination of compensation.

For further governance-related information, see the Corporate Governance Report on page 70.

3 Process of determination of Board of Directors and Management Board Compensation

To assist decision-making on the compensation of the Board of Directors and Management Board, benchmarking studies are carried out periodically. The compensation practices of comparable companies are analysed in order to assess market practices and competitive compensation levels and structures. The results of the benchmarking studies are taken into account in setting the fee structure and levels for the Board of Directors as well as the compensation structure and levels for the CEO and the other Management Board members.

The CNC also considers other factors it deems relevant in its judgement such as Cembra's performance, the environment in which Cembra operates, individual performance of the members of the Management Board.

Further details of the benchmarking analyses and the peer groups of companies are provided below.

Benchmarking and peer group

Benchmarking and peer group for Board of Directors Compensation

The CNC regularly reviews the compensation of the Board of Directors as well as the peer group used for benchmarking studies. The most recent benchmarking was conducted in 2022 by the Company's independent advisors of HCM International Ltd, to assess the market competitiveness of the compensation of the members of the Board of Directors in terms of structure and quantum. The peer group consisted of financial institutions listed in Switzerland with comparable governance arrangements to take account of industry specifics that may affect the supervisory mandate of the Board of Directors. The difference in size of the companies in the peer group was normalised through a regression analysis to ensure a congruent comparison. This general approach has remained unchanged since 2015, thereby establishing stability in approach and comparability over the years. The final comparison group consisted of 18 companies (2018: 17 companies):

Peer group for Board of Directors compensation benchmarking purpose

Baloise	Julius Baer	Swiss Re
BB Biotech ¹	Leonteq	UBS
CS Group	Liechtensteinische Landesbank	Valiant
EFG	Partners Group	Vaudoise Assurances
GAM	Swiss Life	Vontobel
Helvetia	Swissquote ¹	Zurich Insurance

¹ Newly included in the peer group, Pargesa was excluded following their delisting in 2020

The guiding principles for the fee structure are as follows:

- For all members of the Board of Directors, total compensation shall be at or below the market benchmark; and
- The internal pay equity ratios between the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the ordinary Board of Directors members shall be maintained at comparable market level.

Following the review conducted in 2022, the Board of Directors decided to request the shareholders' approval on an adjustment to the basic fees at the Annual General Meeting 2023 while the committee fees shall stay unchanged. Further details are provided in the Outlook section (page 123) and in the invitation to the Annual General Meeting.

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Benchmarking and peer group for Management Board Compensation

The compensation of the Management Board is reviewed annually considering among other elements, compensation benchmark information provided by an independent consulting firm. The benchmark analysis is typically performed every two years and generally also includes a review of the applied peer group. Until 2021, the list of the peer group selected for the benchmark analysis could not be disclosed due to non-disclosure and confidentiality agreements that some of the companies had with the independent consulting firm. Some of our shareholders and their proxy advisors perceived this as a lack of transparency, which the Bank was keen to address. In 2022, a new analysis was performed by Willis Towers Watson considering a peer group of 15 companies based in Switzerland and Liechtenstein that are comparable in size and industry sector. The peer group was set so that Cembra is positioned around the market median in terms of revenue, market capitalisation and headcount and comprises the following companies:

Peer group for Management Board compensation benchmarking

Bank for International Settlements	Julius Baer & Co	Refinitiv
Banque Cantonale Vaudoise	Leonteq	SIX Group
BB Biotech	LGT	Swisscard
Cofra Holding	Liechtensteinische Landesbank	Vontobel
IG Group	MasterCard	VP Bank

The total direct compensation on target shall be positioned between the median and the upper quartile of the market benchmark. The benchmark analysis assisted the review of the compensation structure and supported the decision-making on the changes to be implemented in 2023. These changes are outlined in the Outlook section on page 123.

4 Board of Directors Compensation System

Compensation principles of the Board of Directors

To underpin their independence in their supervisory duties, the members of the Board of Directors receive only fixed compensation and no variable elements nor pension benefits. Reasonable cash expenses that occur in the discharge of their duties are reimbursed as incurred. The compensation is delivered partially in cash and partially in blocked shares to strengthen the alignment with shareholders' interests.

The fee structure for the members of the Board of Directors consists of an annual fixed compensation for services on the Board of Directors ("basic fee") and additional fees ("committee fees") for serving on committees of the Board of Directors. The Chairman of the Board of Directors receives only a basic fee and is not compensated for any additional work on committees.

One-third of the compensation is delivered in Cembra Money Bank AG shares blocked for a period of five years during which they cannot be sold, transferred or pledged. Should the Board member not stand for re-election at the Annual General Meeting, the initial blocking period will be lifted, but the shares will remain blocked until the earlier of two years after such date or the regular expiry of the blocking period. In case of death, disability or change of control, the blocking period may be lifted immediately.

Structure of the Board of Directors compensation

In TCHF	Basic fee	Committee/ chair fee
Basic fee		
Chairman of the Board of Directors ¹	450	
Member of the Board of Directors	100	
Committee / chair fee		
Vice Chairman		30
Chairperson of the Audit and Risk Committee		65
Chairperson of the CNC		50
Member of the Audit and Risk Committee		35
Member of the CNC		30

¹ The Chairman of the Board of Directors is not eligible for additional committee fees

The current pay structure (basic and committee fees), pay mix (cash or equity) and levels of compensation have been set up in 2015 and reviewed in a benchmarking study conducted in 2022 by the Company's independent advisors of HCM International Ltd as described in chapter 3 of this report.

Clauses on changes of control

The contracts of the members of the Board of Directors (including the Chairman of the Board of Directors) do not contain change of control clauses other than regarding the lifting of the blocking period for shares as described earlier in this section.

5 Management Board compensation system

Compensation principles of the Management Board

Cembra's compensation programmes are based on the following guiding principles:

Pay for performance

Cembra endorses a performance-oriented approach. Variable compensation of the Management Board is based on the achievements of Cembra's objectives as well as individual performance. Performance objectives reflect both financial as well as non-financial metrics and thereby enable an assessment of the performance of members of the Management Board from both a quantitative as well as a qualitative perspective.

Sound risk management

The compensation framework of the Management Board is designed to further foster the Bank's sound risk management practices. Compliance and governance-related aspects are present in the set of KPIs used to measure performance, further underlining the importance of a balanced risk culture. In order to avoid excessive risk taking, risk metrics and behaviours are included in the performance evaluation, and the variable compensation payouts are capped.

Cembra's business strategy and Cembra's values

The compensation policy supports a culture that rewards excellent performance in delivering Cembra's strategic agenda. The four strategic programmes (Operational excellence, business acceleration, new growth opportunities and cultural transformation) as well as Cembra's core values are embedded in variable compensation elements.

Market competitiveness and internal fairness

Cembra is committed to rewarding employees appropriately and competitively. The compensation is based on the scope of the roles, individual skills and responsibilities. It is not influenced by individual attributes such as gender, race, nationality or religion. In order to attract and retain talented executives, Cembra regularly benchmarks the total compensation for the Bank's management to ensure market competitiveness while maintaining internal equity.

Control functions

Cembra ensures that the remuneration structure and goals for control functions are predominantly linked to the core duties of the functions and that the compensation plans do not create incentives that lead to conflicts of interest. In particular, the variable compensation of these individuals is not based solely or largely on financial measures and is not directly dependent on the financial performance of the business units, specific products, or transactions these individuals monitor. Should an individual being responsible for a control function also be in charge of certain operational tasks, the compensation structure ensures that no inappropriate incentives are created.

Structure of Management Board compensation

The compensation structure of the Management Board (MB) consists of fixed compensation elements (annual base salary as well as pension and other benefits) and variable compensation elements (short-term incentive (STI) and long-term incentive (LTI)), as illustrated below:

Key element	Fixed compensation elements		Variable compensation elements	
	Annual base salary	Pension and other benefits	Short-term incentive (STI)	Long-term incentive (LTI)
Vehicle	Cash	Contributions to retirement plans and insurances, perquisites in kind or in cash	Cash	Performance Share Units (PSU)
Purpose	Attract and retain	Protect employees and their dependents against risks	Pay for performance	Alignment with shareholders' interests, participation to the long-term success of the Bank
Drivers	Scope and responsibilities of the role; individual's experience and skills; market competitiveness	Market practice	Business and individual performance over a one-year period	Business performance over a three-year period, share price development
Performance measures	n/a	n/a	Bank financial goals, divisional goals and qualitative goals	Relative Total Shareholder Return (rTSR), Earnings Per Share (EPS)
Performance period	One year	n/a	One year	Three years

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Fixed compensation elements

Annual base salary

The annual base salary for members of the MB is paid monthly in twelve equal instalments in cash. Annual base salaries are established based on the following factors:

- Scope, size and responsibilities of the role, and the skills required to perform the role;
- External market value of the role; and
- Skills, experience and performance of the individual in the role.

Pension and other benefits

Benefits consist mainly of retirement and insurance plans that are designed to provide a reasonable level of protection for the employees and their dependents in respect to the risk of retirement, disability and death. The members of the MB also participate in regular pension plans offered to all employees.

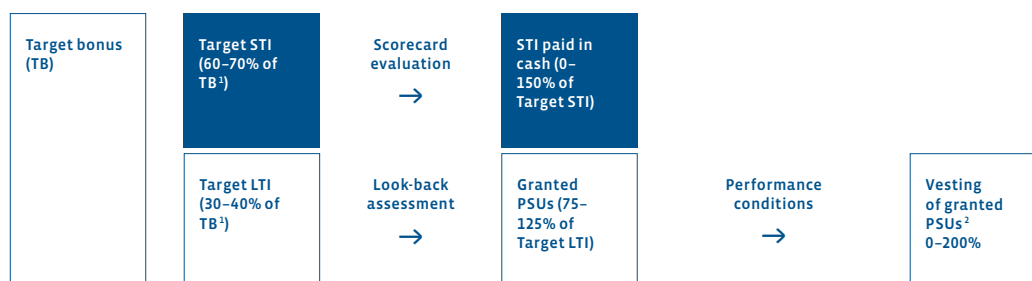
Members of the MB may also receive certain executive benefits such as company car and other benefits in kind. For employees who have been relocated from abroad, benefits may also include schooling and tax support. The monetary value of these other elements of compensation is evaluated at fair value and is disclosed in the compensation table in section 7 of this report

Variable compensation elements

The variable compensation of the MB is governed by the Executive Variable Compensation Plan (EVCP) guideline. The purpose of the EVCP is to reward for Cembra's success and individual contributions of the participants, as well as to drive long-term shareholder value creation in a sustainable manner. The EVCP is composed of two elements, a STI and a LTI.

Each member of the MB is awarded a so-called individual Target Bonus which amounts to 90% of the annual base salary for the CEO and the CFO, and to between 50% - 60% for the other members of the MB. The individual target bonus is divided in a target STI and a target LTI. The structure of the EVCP is illustrated below:

Executive Variable Compensation Plan mechanism



Performance year 2022	Q1 2023	Q1 2024	Q1 2025	Q1 2026	Q1 2027
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¹ The target bonus is split into a target STI and a target LTI depending on function (CEO and CFO: 60%/40%, other members of the Management Board: 70%/30%)

² Vesting of PSUs settled in shares

EVCP Target and maximum payout potential

The below table illustrates the target and maximum STI and LTI at grant and at vesting:

	CEO and CFO		Other Management Board Members	
	STI	LTI	STI	LTI
Target bonus in % of annual base salary	90 %		50 % - 60 %	
% of target bonus	60 %	40 %	70 %	30 %
Target bonus as % of annual base salary	54 %	36 %	35 % - 42 %	15 % - 18 %
Cap at grant in % of annual base salary	81 %	45 %	53 % - 63 %	19 % - 23 %
Pay out / vesting range in % of annual base salary	0-81 %	0-90 % ¹	0-53 % (63 %)	0-38 % (46 %) ¹

¹ Not taking into account any increase in the underlying share price.

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Short-term Incentive (STI) mechanism

The STI is a cash-based variable bonus designed to reward collective company performance and individual performance over a period of one year.

The STI target (i.e. the bonus at 100% target achievement) is expressed as a percentage of the Target Bonus. For the CEO and the CFO, the STI target amounts to 60% of the Target Bonus (54% of the base salary) and for the other Management Board members the STI target amounts to 70% of the Target Bonus (35% to 42% of the base salary).

At the beginning of the year, each Management Board member receives a balanced scorecard containing financial and non-financial goals based on the following four pillars:

- Financials;
- Customer and market;
- Operational excellence; and
- People and leadership

At the beginning of the year 2022, the CNC assessed the adequacy of the goal framework with the strategic programmes and the cultural transformation. Subsequently, the Board of Directors decided to simplify the goal framework by reducing the number of goals and selected those that are most relevant to determine success for the Management Board as a team. As from and including the year 2022, each MB member's STI balance scorecard is composed of financial goals relative to the Bank (weight: 60%; Control functions: 25%) and non-financial goals (weight: 40%; control functions: 75%) relative to the Bank, divisions and individual performance. Financial goals are of quantitative nature, while non-financial goals are of qualitative or quantitative nature.

The Board of Directors, based on a recommendation by the CNC, sets the STI goals relative to the Bank, divisions and individual performance at the beginning of the year. Each goal is assigned a measurable minimum performance level, under which no payout occurs, a target performance level, leading to a payout of 100%, and a maximum performance level leading to a payout of 125 % to 150% of the target level depending on the nature of the objective. Generally, objectives of qualitative nature have a maximum performance level of 125% while objectives of quantitative nature have a maximum performance level of 150%. The overall payout is capped at 150% of the STI target.

STI goal framework for the performance year 2022

	Alignment to strategic programme	CEO	Chief Financial Officer	Chief Sales & Distribution Officer	Chief Technology Officer	Chief Operating Officer	Chief Risk Officer	General Counsel
1. Financials		60 %	60 %	60 %	60 %	60 %	25 %	25 %
Net Income		X	X	X	X	X	X	X
Cost/Income ratio	Operational excellence	X	X	X	X	X		
Net Revenue Growth	Business acceleration	X	X	X	X	X		
Swissbilling/BNPL Growth	Growth opportunity	X	X	X	X	X		
2. Customer and market		10 %	10 %	10 %	10 %	10 %		
Market share	Business acceleration	X	X	X	X	X		
3. Operational excellence		20 %	20 %	20 %	20 %	20 %	65 %	65 %
Roadmap execution	Operational excellence	X		X	X	X	X	X
Service level	Operational excellence					X		
Division effectiveness	Operational excellence		X		X	X	X	X
4. People and leadership		10 %	10 %	10 %	10 %	10 %	10 %	10 %
Employee satisfaction and Corporate culture	Cultural transformation	X	X	X	X	X	X	X
Overall payout range 0% - 150%								

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Due to the commercial sensitivity of financial and qualitative goals, the internal individual and/or financial targets under the STI are not disclosed ex ante in the Compensation Report. The payout level of the STI bonus paid for the reporting year is disclosed and commented on in section 7 of this report.

Long-term Incentive (LTI) mechanism

The LTI is a Performance Share Unit (PSU) Plan designed to reward long-term company performance and to align Management Board's interests with those of Cembra's shareholders.

The LTI target is expressed as a percentage of the Target Bonus. For the CEO and the CFO the LTI target amounts to 40% of the Target Bonus (36% of the base salary), and for the other Management Board members the LTI target amounts to 30% of the target bonus (15% to 18% of the base salary). In the reporting year, the CNC reviewed the Target Bonus levels to re-balance the overall compensation package of the Management Board towards higher performance-sensitivity in particular for long-term performance. More information can be found in the outlook section of this report.

Grant mechanism

PSUs are granted to the participants as part of the compensation for the previous performance year. At grant, the individual LTI target is subject to an initial hurdle by means of a strategic look-back assessment of the Company's performance by the Board of Directors. The look-back assessment may result in a decrease or an increase of the individual LTI target in a range of 75% to 125% of the LTI target amount and considers, among others, the following factors:

- Overall market positioning of Cembra (e.g., market share development, brand reputation);
- Quality of earnings (e.g. sustainability of income drivers and price levels, financing structure and credit rating, digitisation and unit cost efficiency, quality of compliance and risk framework);
- Future strategy (e.g. strategic roadmap for profitable growth, execution of strategic projects, strategic financial targets, quality of succession planning);
- Sustainability (e.g. definition of sustainability strategy and framework, achievement of sustainability goals, reputation and market perception of Cembra's sustainability commitment and performance); and
- An assessment of the individual contributions of the participants.

The number of PSUs granted is calculated by dividing the actual LTI target amount by the average of the daily volume-weighted average share price during the 60 trading days before the grant date. The value and the number of PSUs granted in the reporting year is disclosed and commented on in section 7 of this report.

Performance measurement and vesting mechanism

The PSUs vest after a period of three years conditionally upon the achievement of two performance metrics, both equally weighted:

- Relative Total Shareholder Return (rTSR): The Company's Total Shareholder Return (TSR) is compared to the SPI Financial Services Index, called Total Return Index (TRI)-Benchmark, over a three-year period; and
- Fully diluted Earnings Per Share (EPS)

For each performance metric, there is a minimum performance threshold below which no payout occurs, a target performance level, which corresponds to a payout factor of 100% and a maximum threshold of top-performance leading to a payout factor of 200%:

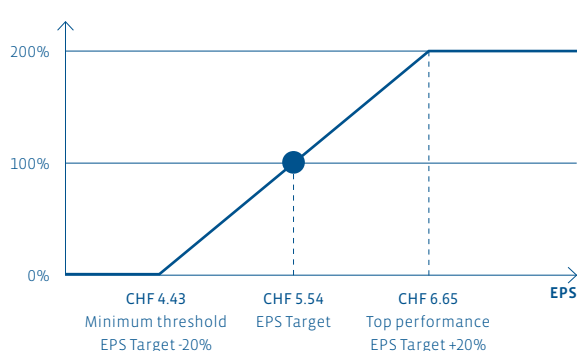
The target performance levels are determined at a challenging but achievable level. Any positive and/or negative deviation from the target performance level is reflected proportionately in the number of vested PSUs.

A symmetrical link between realised performance and payout factor above and below the target performance level enables a robust long-term variable compensation system while limiting excessive risk-taking by plan participants.

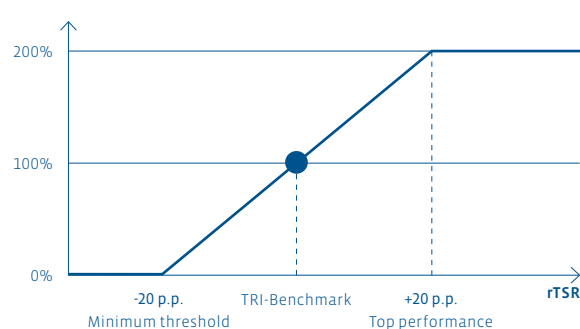
Compensation Report

- For rTSR, if Cembra's TSR exceeds the Total Return Index (TRI)-Benchmark by 20% or more, a payout factor of 200% applies. If Cembra's TSR falls short of the TRI-Benchmark by 20% or more, the payout factor is 0%. If Cembra's TSR is between -20% and +20% of the TRI-Benchmark, the payout factor is determined by linear interpolation.
- For EPS, the Board of Directors sets an objective three-year target during the annual target setting process, taking into account analysts' views/shareholders' expectations and internal strategic plans. The cumulative EPS is calculated by giving 50% weight to the second and 50% weight to the third financial year following the grant date. If the actual EPS reaches or exceeds the maximum threshold for top-performance, a payout factor of 200% applies. If the actual EPS falls below the minimum threshold, the payout factor is 0%. The maximum threshold is set at 20% above target and the lower threshold at 20% below target. Linear interpolation applies between the minimum threshold, the target and the maximum threshold. For the grant in 2022, the EPS target was approved at CHF 5.54 for the performance period 2022 until 2024.

EPS Payout Factor for PSUs granted in 2022



Relative TSR Payout Factor for PSUs granted in 2022



At the end of the three-year vesting period, the achievement of each performance metric is calculated and their respective payout factor is determined accordingly. The average of both payout factors provides for the overall payout factor. The number of PSUs originally granted is multiplied by the overall payout factor in order to define the number of shares vested:

Calculation of the number of shares vested

$$\text{Number of shares vested} = \text{Number of PSUs originally granted} \times \text{Overall payout factor}$$

Rules applicable to employment termination

The vesting is subject to the following forfeiture rules in case of employment termination before the end of the vesting period.

Termination reason	Vesting provision	Early vesting	Vesting level
Voluntary resignation	Full forfeiture	n/a	n/a
Termination for cause	Full forfeiture	n/a	n/a
Termination without cause, death, disability	Pro-rata to the number of full months expired	yes	On target
Retirement	Pro-rata to the number of full months expired	no	Based on actual performance

In addition, in case of termination following a change of control, the unvested PSUs are subject to an early vesting at a level determined by the Board of Directors. These rules apply to all plan participants and therefore do not benefit Management Board members in case of a change of control.

Compensation Report

Sustainability performance in the STI and the LTI

Sustainability is integrated in the STI goal framework and in the LTI grant decision. Under the STI goal framework, sustainability related goals are included under the People and Leadership pillar. Further, under the LTI plan, the individual target LTI may be increased or decreased by up to 25%, based on a strategic look-back assessment of the Bank's performance. The sustainability related factors considered in the strategic look-back assessment take into account the definition of sustainability strategy and framework, the achievement of sustainability goals, the reputation and market perception of Cembra's sustainability commitment and performance. The look-back assessment is performed at the end of the year and affects the LTI grant amount.

Malus and clawback of variable compensation for STI and LTI

The STI is subject to a stringent malus condition in case of financial loss at group or divisional level, breach of regulatory Tier 1 ratio, compliance, risk, regulatory and reputational issues or incidents.

Clawback provisions allow for partial or full recovery of the variable compensation (STI paid in cash, vested and unvested PSU awards). These provisions apply for the three years preceding the discovery of the event in the case of material accounting restatement due to noncompliance with financial reporting requirements, of serious misconduct detrimental to the Bank or its reputation, of fraudulent or criminal activities, of breach of internal risk management or compliance procedures, or of noncompliance with the Swiss Banking Act.

Employment contracts of the Management Board

Termination clause, notice period and severance agreements

Employment contracts of members of the Management Board are subject to a notice period of a maximum of 12 months. The contracts concluded with the members of the Management Board do not contain any clauses relating to severance payments.

Clauses on changes of control

The contracts of the Management Board do not contain change of control clauses other than the accelerated vesting provision in the EVCP as described in sub-section "Rules applicable to employment termination". For further information refer to the Corporate Governance Report starting on page 70.

Replacement awards

When an individual forfeits outstanding deferred compensation at a former company as a result of joining Cembra's Management Board, the Board of Directors may offer replacement awards on a comparable basis to mirror the value and type of compensation forfeited. The aim is to compensate what is required to match the economic value of the awards forfeited by the individual. Should employment terminates prior to vesting, vesting of awards will be subject to the terms and conditions of the EVCP rules.

In the year under review, one replacement award was granted in Restricted Share Units (RSUs) subject to a three-year cliff vesting. The number of RSUs granted and their fair market value are disclosed in the table presenting the compensation awarded to the Management Board in section 7.

6 Compensation awarded to the Board of Directors in 2022

The following tables disclose the compensation awarded to the members of the Board of Directors for 2022 and 2021. For 2022, members of the Board of Directors received a total compensation of TCHF 1,367 (previous year TCHF 1,400).

For the year ended 31 December 2022 (CHF)

Name	Function	Basic fee	Committee/ chair fee	Employer social security contributions	Total	Thereof in shares in CHF ⁹	Number of shares
Dr Felix Weber	Chairman	450,000	–	27,246	477,246	150,059	2,068
Martin Blessing ¹	Vice Chairman, Chair- man CNC	30,495	24,396	–10,588	44,302	18,298	284
Thomas Buess ²	Vice Chairman, Member CNC	100,000	52,376	9,574	161,950	50,837	696
Urs Baumann ³	Member CNC	30,495	9,148	2,625	42,268	13,227	205
Jörg Behrens ⁴	Member Audit and Risk Committee	69,505	24,327	2,315	96,147	31,281	407
Marc Berg ⁵	Member CNC	69,506	20,852	2,232	92,589	30,160	393
Alex Finn ⁶	Member Audit and Risk Committee	64,826	24,312	3,416	92,554	29,733	387
Denis Hall ⁷	Member Audit and Risk Committee	28,305	10,673	2,938	41,916	13,011	202
Susanne Klöss-Braekler ⁸	Chairperson CNC	100,000	43,901	–	143,901	48,031	658
Dr Monica Mächler	Chairperson Audit and Risk Committee	100,000	65,000	9,343	174,343	55,058	759
Total compensation of the members of the Board of Directors		1,043,131	274,985	49,101	1,367,217	439,693	6,060

¹ Vice Chairman and Chairperson CNC until Annual General Meeting 2022

² Vice Chairman and Member CNC since Annual General Meeting 2022

³ Member CNC until Annual General Meeting 2022

⁴ Member Audit and Risk Committee since Annual General Meeting 2022

⁵ Member CNC since Annual General Meeting 2022

⁶ Member Audit and Risk Committee since Annual General Meeting 2022

⁷ Member Audit and Risk Committee until Annual General Meeting 2022

⁸ Chairperson CNC since Annual General Meeting 2022

⁹ Number of shares reflects shares granted 1 February 2022 for the period 1 January 2022 until Annual General Meeting 2022 and shares granted 1 February 2023 for the period Annual General Meeting 2022 until 31 December 2022. For the grant of 1 February 2022 the share price is CHF 64.45 - volume-weighted average price ("VWAP") 60 trading days before grant date (source: SIX). For the grant of 1 February 2023 the share price is CHF 76.80 - VWAP 60 trading days before grant date (source: SIX). Due to the blocking period a discount of 25.274% is applied according to the table published by the circular no 37 of the Federal Tax Administration Office.

Compensation Report

For the year ended 31 December 2021 (CHF)

Name	Function	Basic fee	Committee/ chair fee	Employer social security contributions	Total	Thereof in shares in CHF ²	Number of shares
Dr Felix Weber	Chairman	450,000	–	27,244	477,244	150,031	2,051
Prof. Dr Peter Athanas ¹	Vice Chairman, Member CNC	30,769	18,462	2,742	51,973	16,420	156
Martin Blessing ²	Vice Chairman, Chair- man CNC	69,231	55,385	9,222	133,837	41,541	645
Urs Baumann	Member CNC	100,000	36,154	10,118	146,272	45,415	612
Thomas Buess	Member Audit and Risk Committee	100,000	35,000	10,058	145,058	45,055	616
Denis Hall	Member Audit and Risk Committee	93,441	34,380	14,578	142,398	42,661	583
Susanne Klöss-Braekler ³	Member CNC	69,231	20,769	–	90,000	30,029	466
Katrina Machin ⁴	Member CNC	28,807	9,067	1,395	39,269	12,638	120
Dr Monica Mächler	Chairperson Audit and Risk Committee	100,000	65,000	9,342	174,342	55,042	752
Total compensation of the members of the Board of Directors		1,041,478	274,216	84,699	1,400,393	438,832	6,002

¹ Vice Chairman and Member CNC until Annual General Meeting 2021

² Vice Chairman and Chairperson CNC since Annual General Meeting 2021

³ Member CNC since Annual General Meeting 2021

⁴ Member CNC until Annual General Meeting 2021

⁵ Number of shares reflects shares granted 1 February 2021 for the period 1 January 2021 until Annual General Meeting 2021 and shares granted 1 February 2022 for the period Annual General Meeting 2021 until 31 December 2021. For the grant of 1 February 2021 the share price is CHF 105.05 - volume-weighted average price ("VWAP") 60 trading days before grant date (source: SIX). For the grant of 1 February 2022 the share price is CHF 64.45 - VWAP 60 trading days before grant date (source: SIX). Due to the blocking period a discount of 25.274% is applied according to the table published by the circular no 37 of the Federal Tax Administration Office.

Compensation Report

The compensation disclosed in the Compensation Report always includes the respective calendar year (January to December). However, shareholders approve the compensation to be paid for the period between Annual General Meetings (May to April). The total compensation (including pre-estimated social security contributions) for the period from the Annual General Meeting 2022 to the Annual General Meeting 2023 is disclosed below, including a comparison with the compensation amount approved by the shareholders.

Reconciliation between the reported compensation of the Board of Directors and the amounts approved by the shareholders at the Annual General Meeting (AGM)

	Compensation earned during financial year as reported (A)	Less compensation earned from Jan to AGM of financial year (B)	Plus compensation accrued from Jan to AGM of following year (C)	Total compensation earned for the period from AGM to AGM (A-B+C)	Amount approved by shareholders at respective AGM	Ratio of compensation earned for the period from AGM to AGM versus amount approved by shareholders
AGM 2022-AGM 2023	2023	1 Jan 2022 to 2022 AGM ¹	1 Jan 2023 to 2023 AGM	2022 AGM to 2023 AGM	2022 AGM	2022 AGM
Board of Directors (total)	1,367,217	422,085	429,067	1,374,199	1,450,000	95%
AGM 2021-AGM 2022	2022	1 Jan 2021 to 2021 AGM	1 Jan 2022 to 2022 AGM ¹	2021 to 2022 AGM	2021 AGM	2021 AGM
Board of Directors (total)	1,400,347	431,201	429,503	1,398,649	1,450,000	96%

¹ The difference to the 2021 figures is due to retroactive social security corrections

The total for the period from AGM 2022 to AGM 2023 will amount to TCHF 1,374 and is within the maximum aggregate compensation amount of TCHF 1,450 approved at the Annual General Meeting on 22 April 2022. A conclusive assessment for the entire period will be included in the Compensation Report 2023.

Other compensation, fees and loans to members or former members of the Board of Directors

No other compensation or fees than the amounts reported in the tables above were accrued for, or paid to, any member or former member of the Board of Directors during the reporting period.

For details related to loans outstanding at 31 December 2022, please refer to sub-chapter "Loans and credits: Amounts due from members of governing bodies" on page 122 of this report.

Compensation, loans or credits to related parties

No compensation, loans or credits have been paid or granted to persons related to current or former members of the Board of Directors, which are not at arm's length.

7 Compensation awarded to the Management Board in 2022

In 2022, the members of the Management Board received a compensation of TCHF 5,590 million (2021: TCHF 5,823).

For the performance year ended 31 December (CHF)	2022				2021		
	CEO Holger Laubenthal	Active Management Board	Former Management Board	Total compensation	CEO ⁷	Management Board ⁸	Total compensation
Base salary	630,000	1,668,541	410,417	2,708,958	525,000	2,623,751	3,148,751
Social security	55,881	136,584	32,937	225,402	46,603	286,965	333,569
Pension plan	90,198	244,366	67,422	401,986	75,165	425,749	500,914
Other compensation ¹	128,561	52,504	11,025	192,090	120,442	181,341	301,783
Total fixed compensation	904,640	2,101,995	521,801	3,528,436	767,210	3,517,807	4,285,016
STI/ EVCP paid in cash ²	381,062	811,539	21,845	1,214,446	238,616	824,688	1,063,303
LTI/ EVCP granted in PSUs	265,797	357,031	–	622,828	183,110	207,681	390,791
Number of PSUs granted ³	3,397	4,563	–	7,960	2,951	3,347	6,298
Value per PSU ⁴	78.24	78.24	–	78.24	62.05	62.05	62.05
Social security	43,857	79,229	1,481	124,567	24,460	59,877	84,337
Replacement award granted in RSUs	–	100,054	–	100,054	–	–	–
Number of RSUs granted ⁵	–	1,453	–	1,453	–	–	–
Value per RSU ⁶	–	68.86	–	68.86	–	–	–
Total variable compensation for the performance year	690,717	1,347,852	23,326	2,061,895	446,185	1,092,247	1,538,432
Total compensation for the performance year	1,595,357	3,449,847	545,127	5,590,330	1,213,395	4,610,053	5,823,448
Number of persons who received compensation		10	4	12			8
Average FTE who received compensation		6	1.25	7.32			7.83

¹ Includes benefits for relocated employees such as school fees as well as other benefits such as company cars.

² Paid out in March 2023, respectively March 2022.

³ PSUs granted in 2023 and 2022 for the performance years 2022 and 2021.

⁴ PSUs for 2022: Fair Market Value is based on the risk-adjusted volume-weighted average price ("VWAP") 60 trading days before grant date 1 February 2023 (CHF 76.80 - source: SIX). PSUs for 2021: Fair Market Value is based on the risk-adjusted volume-weighted average price ("VWAP") 60 trading days before grant date 1 February 2022 (CHF 64.45 - source: SIX). Determination through a Monte Carlo simulation algorithm.

⁵ RSUs granted in 2022 as replacement award for a new hire.

⁶ RSUs 2022: Fair Market Value is based on the risk-adjusted volume-weighted average price ("VWAP") 60 trading days before grant date 1 September 2022 (CHF 68.86 - source: SIX).

⁷ Start date CEO 1 March 2021.

⁸ Includes the former CEO for the full year 2021.

The highest total compensation awarded in 2022 was paid to the CEO. For compensation details, please refer to the above table.

Compensation Report

Explanatory comments to the compensation table:

- There were 10 members in the Management Board in 2022 who received compensation. Considering the transition in roles, 4 members served on a full-year basis and 6 members served part of the year. This compares to 8 members in 2021, of which 7 served on a full-year basis.
- The fixed compensation decreased by 18% as a result of the changes in the Management Board composition with some of the roles filled on a part-time basis for a transition period.
- Other compensation paid dropped by 36% compared to previous year; this is mainly due to the departure of the former CEO who was receiving some expatriate related benefits.
- The short-term and long-term incentive awards paid for the performance year 2022 are higher than the awards paid in 2021 as a result of the increase of Target Bonus for three MB members and a higher performance compared to previous year. The increase in Target Bonus was decided in a first step towards rebalancing the level of variable and fix compensation in the total package. The higher performance achievements reflect the good financial results as well as the delivery of the strategy during the first year of transformation. The compensation adjustments are explained below and the outcome of performance assessment is disclosed in the next sections.

Changes to the Management Board compensation in 2022

In the reporting year, the Board of Directors approved compensation increases for three MB members, reflecting market adjustments as well as a first step towards rebalancing the weight of the variable compensation in the total package. Taken together, the three adjustments represent a 1.2% increase on annual base salary and a 1% on the total compensation on target. These changes are reflected in the compensation table presented.

STI Performance

The individual overall short-term incentive payout percentage, which is based on the achievement of the Bank and divisional financial goals as well as qualitative KPIs, ranges from 109% to 114% for the performance year 2022 for the members of the Management Board including the CEO (previous year 56% to 99%). No malus was applied.

The achievement per goal on average is illustrated in the table below.

	Assessment compared to plan	CEO	Other MB Members ²	2022 assessment		
				Minimum	Target	Maximum
STI	1. Financials	60%	25% – 60%			
	Net Income	X	X			
	Cost/Income ratio	X	X			
	Net revenue growth	X	X			
	Swissbilling/BNPL growth	X	X			
	2. Customer and market	10%	0% – 10%			
	Market Share	X	X			
	3. Operational excellence	20%	20% – 65%			
	Roadmap execution	X	X			
	Service Level		X			
	Divisional Effectiveness		X			
	4. People and leadership	10%	10%			
	Employee Satisfaction and Corporate Culture	X	X			
LTI	Strategic look-back assessment					

Compensation Report

LTI Performance

Based on the strategic look-back assessment, the long-term incentive grants for the performance year 2022 have been approved by the Board of Directors at 115% (previous year 100% to 125%). The lookback assessment above target recognises the progress in delivering the strategic objectives and the high engagement of the Management Board as a team. Further, sustainability concerns are integrated in the day-to-day management work and the results are reflected in the latest ESG rating from MSCI who positions Cembra number 1 in consumer finance.

The final value of this grant will be determined by the performance conditions outlined in the sub-chapter Long-term Incentive (LTI) mechanism on page 113 of this report.

Vesting of PSU grants

Plan	Grant year	Performance period	EPS target	Vesting year	EPS achievement	rTSR achievement	Vesting factor	Number of PSUs vested	Value at vesting (in CHF) ¹
EVCP 2016	2017	2017 - 2019	4.98	2020	154 %	200 %	177 %	8,349	904,197
EVCP 2017	2018	2018 - 2020	5.43	2021	95 %	200 %	147 %	5,869	569,880
EVCP 2018	2019	2019 - 2021	6.10	2022	39 %	0 %	19 %	336	21,286
EVCP 2019	2020	2020 - 2022	6.25	2023	50 %	0 %	25 %	382	30,923
EVCP 2020	2021	2021 - 2023	6.71	2024	n/a	n/a	n/a	n/a	n/a
EVCP 2021	2022	2022 - 2024	5.54	2025	n/a	n/a	n/a	n/a	n/a
EVCP 2022	2023	2023 - 2025	n/a	2026	n/a	n/a	n/a	n/a	n/a

¹ EVCP vesting on 1 March 2020 valued with share price of CHF 108.30; EVCP vesting on 1 February 2021 valued with share price of CHF 97.10; EVCP vesting on 1 February 2022 valued with share price of CHF 63.35; EVCP vesting on 1 February 2023 valued with share price of CHF 80.95

8 Compensation awarded to former members of the Board of Directors and to former members of the Management Board

No such compensation was paid to members of the Board of Directors who left the Bank during the reporting period.

During the reporting year, four former members of the Management Board received compensation in line with the execution of their employment agreement. The total compensation awarded amounted to CHF 545,127 and is disclosed in detail in the section 7.

9 Shareholding and loans

As required by art. 663c of the Code of Obligations, the Bank discloses the shareholdings of the members of the Board of Directors and the Management Board as of 31 December 2022 and 31 December 2021.

Shareholdings of the Board of Directors

At 31 December		2022		2021	
Name	Function	Number of shares	Number of blocked shares	Number of shares	Number of blocked shares
Dr Felix A. Weber	Chairman	11,713	8,603	9,750	8,238
Thomas Buess	Vice Chairman	-	1,128	-	411
Jörg Behrens	Member	2,350	-	-	-
Marc Berg	Member	-	-	-	-
Alex Finn	Member	-	-	-	-
Susanne Klöss-Braekler	Member	-	673	-	-
Dr Monica Mächler	Member	589	2,834	-	2,569

Shareholdings and unvested Performance Share Unit and Restricted Stock Unit ownership of the Management Board

At 31 December		2022			2021		
Name	Position	Number of shares	Number of RSUs	Number of PSUs	Number of shares	Number of RSUs	Number of PSUs
Holger Laubenthal	CEO	1,056	-	2,951	1,056	-	-
Eric Anliker ¹	General Counsel	-	1,453	-	-	-	-
Alona Eiduka ²	COO	88	718	-	-	-	-
Volker Gloe	CRO	1,334	-	1,971	1,229	-	1,569
Pascal Perritaz	CFO	1,284	-	2,492	1,250	-	1,354
Peter Schnellmann	Chief Sales and Distribution Officer	-	-	-	-	-	-
Christian Schmitt	CTO	-	-	-	-	-	-

¹ RSUs granted as replacement award

² RSUs granted prior to her appointment as COO

Loans and credits: amounts due from members of governing bodies

At 31 December (CHF in thousands)	2022	2021
Amounts due from members of governing bodies	47	48

Amounts due from members of governing bodies as of 31 December 2022 are in connection with credit card and lease-balances. Due to the insignificance of the amounts involved, there was no disclosure by name for members of the Board of Directors and the Management Board.

10 Outlook

Board of Directors Compensation

Further to the compensation benchmark analysis performed in 2022, the Board of Directors is proposing an adjustment to the basic fee. Subject to shareholders approval, as from the next office term the basic fee will amount to TCHF 120 (currently TCHF 100) for the Members of the Board of Directors and to TCHF 500 (currently TCHF 450) for the Chairman of the Board of Directors. The committee fees and the pay mix will remain unchanged, with one-third of the compensation delivered in company shares blocked for a period of five years and two-third delivered in cash. The Board of Directors will be required to hold a minimum number of company shares for a period of five years. The minimum shareholding threshold will be a 2.5 multiple of the cash component of the compensation for the Chairman of the Board of Directors and a 1.5 multiple of the cash component of the compensation for the Members of the Board of Directors. The minimum shareholding requirements are expected to be reached within five years. The Board of Directors will not receive any matching shares.

With these adjustments, the quantum and structure of the compensation of the Board of Directors will be in line with market practice. The impact on the maximum aggregated compensation amount is outlined in the invitation to the Annual General Meeting 2023.

Management Board Compensation

The CNC reviews the compensation system for the Management Board on a regular basis to ensure alignment with strategic business objectives, the external market and best practice in compensation design as well as our shareholders' expectations. Throughout 2022, the CNC carefully evaluated the current compensation system and individual compensation levels considering the latest compensation benchmark, shareholders and proxy advisors feedback as well as the evolving environment in which the Bank operates. As a result, the Board of Directors approved the following changes to the compensation system for the Management Board as from 2023:

- The compensation mix is adjusted to give more weight to the variable compensation in the total package. The portion of variable compensation on target will correspond to 41% to 52% of the total package (currently 33% to 47%) and the weight of the LTI will increase to 50% of the Target Bonus (currently 30% to 40% of the Target Bonus).
- At the same time, the maximum payout potential under the STI will be capped at 125%.
- The EVCP will include shareholding guidelines requiring the Management Board members to hold a minimum number of company shares. The minimum shareholding threshold will be 250% of the annual base salary for the CEO and 150% of the annual base salary for the other Management Board members. The minimum shareholding requirements are expected to be reached within five years.
- In relation to the shareholding requirements, the shares vested from the LTI plan will be subject to a 5-year blocking period and a Share Matching Plan (SMP) will be implemented. Under this newly created SMP, Management Board members will receive additional shares ("Matching Shares") upon deferral of a portion of their cash bonus in company shares. The shares allocated from the cash bonus and the Matching Shares will be blocked for five years.

The aim of these changes is to further align Management Board's interest with those of our shareholders and to further the shareholder culture within management. The changes will be explained in detail in the 2023 Compensation Report.



Report of the Statutory Auditor

To the General Meeting of Cembra Money Bank AG, Zurich

Report on the Audit of the Compensation Report

Opinion

We have audited the Compensation Report of Cembra Money Bank AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) contained in sections 6, 7 and 9 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the Compensation Report (pages 99 to 123) complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include sections 3.2, 4.2 and 6 in the Compensation Report, the consolidated financial statements, the financial statements, the sustainability report and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Ertugrul Tüfekçi
Licensed Audit Expert
Auditor in Charge

Malea Bourquin
Licensed Audit Expert

Zurich, March 14, 2023