

# Compensation Report

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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 Among other changes, the Ordinance against Excessive Compensation in Listed Stock Corporations was repealed and, with few changes transferred to the new law. The Compensation Report is written in accordance with the requirements of the revised Swiss Company Law, 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”.

# 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 2023 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 2023. It explains the underlying framework and philosophy, highlights the changes made during the reporting year and outlines how the business results impacted the variable compensation paid to the Management Board.

## Compensation and Nomination Committee Activities

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

- Compensation structure of the Management Board and Board of Directors
- Further development of the variable compensation framework considering sustainability
- Succession planning including gender diversity
- Nomination and assessment of candidates for the Management Board and Board of Directors
- Objectives setting and performance evaluation based on strategic assessment and individual performance

Following Board of Directors' approval, the CNC implemented the following changes to the compensation structure for the Management Board and for the Board of Directors that were announced in the Compensation Report 2022:

- The compensation mix for the Management Board is adjusted to give more weight to the variable compensation and the weight of the long-term incentive (LTI) is increased to 50% of the target bonus
- The variable compensation plan for the Management Board includes shareholding requirements underpinned with a share-matching plan and the introduction of a five-year blocking period on the LTI shares vested
- The Board of Directors is required to hold a minimum number of companies shares for a period of five years

The changes implemented are described in details in the relevant sections of this report.

The CNC is proposing a change to the Board of Directors, which, if approved by the Annual General Meeting, will increase the Board experience in the areas of technology and digitalization. Both areas are critical for Cembra’s business transformation as outlined in Cembra’s Strategic Plan 2022-2026. With the members proposed to the Annual General Meeting for voting the proportion of female board members will increase above the 30% threshold (50% for the mandate year 2024-2025). The Board of Directors aims to continue to keep a 30% threshold of female board membership in the future.

There will also be some changes in the Management Board strengthening further its customer and growth focus as well as its digital transformation and technology experience.

- Christian Stolz, Business Unit Leader Payments, will be appointed as an additional member of the Management Board following the new organisational structure with the creation of two essential business lines, Payments and Lending.
- Sandra Babylon will join Cembra as Chief Technology Officer and member of the Management Board.

## Shareholders' feedback

As in previous years, we greatly appreciated the opportunity to continue our dialogue with investors and stakeholders. At our 2023 Annual General Meeting, the shareholders expressed their support of the 2022 Compensation Report with about 85% (prior year: 75%) of the votes. This positive voting outcome development encourages us continuing the close dialogue and further development of the compensation structure and reporting. As sustainability is an increasingly important factor also in remuneration of the Management Board, additional changes to the variable compensation framework will be introduced for the new reporting year.

### **Annual General Meeting 2024**

You will again have the opportunity expressing your opinion on the compensation programmes through a non-binding, consultative shareholders' vote on this Compensation Report at the Annual General Meeting in April 2024. Furthermore, we will ask you to vote on the maximum total compensation amount for the Board of Directors for the Annual General Meeting 2024 to Annual General Meeting 2025 term of office and on the maximum total compensation for the Management Board to be paid out in the financial year 2025.

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 sincerely 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

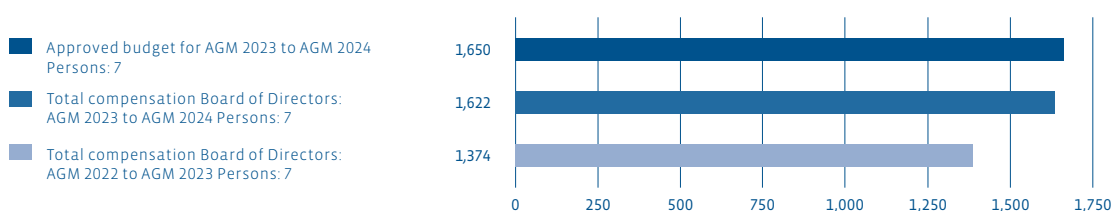
## Total compensation awarded to the Board of Directors for the term of office AGM 2023-AGM 2024

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	354	162
Other Members of the Board of Directors	719	317

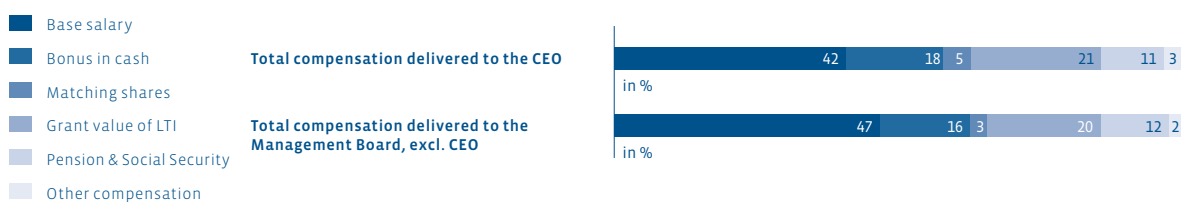


Please refer to section 6 for detailed disclosure.

## Total compensation delivered to the Management Board for the performance year 2023

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 2023, 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 in 2023	Short-term incentive (STI) Cash bonus paid in Q1 2024	Matching Shares Restricted shares delivered in Q1 2024	Long-term incentive (LTI) PSU Grant in Q1 2024	Benefits Pension, welfare and allowances paid in 2023
TCHF 2,574	TCHF 931	TCHF 213	TCHF 1,098	TCHF 792
Total compensation delivered for the performance year 2023 TCHF 5,608				
Maximum aggregate compensation approved by the AGM 2022 for the year 2023 TCHF 7,472				





**Response to feedback received during the last year**

In the dialogue with our shareholders and their representatives during the year 2023, we received positive feedback on the adjustments made to the compensation framework of our Management Board and on the increased level of disclosure transparency and readability of the compensation report. This positive feedback was reflected in the substantially improved voting results at the AGM 2023. Our shareholders provided additional feedback that we aim to further incorporate. The table below sets out the main concerns raised by shareholders and the actions we have taken to address them.

Concern raised	Our response
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	The weight of the variable component increased in the total package, with a shift to the long-term incentive within the variable compensation to emphasise the importance of linking our Management Board's compensation with the long-term interests of our shareholders. Please refer to section 5 for further details.
Absence of executive share ownership guidelines	Share ownership guidelines were introduced in 2023 and are supported by a Share Matching Plan to allow Management Board members to build-up the required level of shareholding in a reasonable time period. The description of the programme is provided in section 5.
Disclosure of individual goals and related targets under the STI	The breakdown of the weightings under each pillar is provided for the financial, quantitative targets. Further, achievement factors and comments on the performance assessment are provided. Please refer to section 5 and 7 for further details.
Disclosure of the strategic assessment under the LTI is limited	The key assessment factors per strategic themes are commented on in section 7 of this report.
Female representation on the Board of Directors is below 30%	With the members proposed to the Annual General Meeting for voting, gender diversity will increase from 28.6% to 50% for the office term 2024-2025. The Board of Directors aims to continue to keep a 30% minimum threshold of female board membership in the future.

## 2 Compensation Governance

### Shareholders' involvement

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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](http://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

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According to the Articles of Incorporation and the Organisational Regulations (available at [www.cembra.ch/corporategovernance](http://www.cembra.ch/corporategovernance) 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 2023, Mrs 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.

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 all members of the Board of Directors.



The CNC holds meetings at least once every quarter. During 2023, the CNC held three meetings as conference calls and four meetings in person. All meetings were fully attended by all CNC members. The table below presents a high-level overview of the activities performed in each of the meetings:

	Jan	Feb	Mar	May <sup>1</sup>	Aug	Oct
<b>Compensation governance, principles and compliance</b>						
Review external stakeholders feedback on Compensation policy and disclosure				■		
CNC charter review						■
Compensation report review	■	■	■			
Company Pension Fund update				■		
<b>Board of Directors Compensation</b>						
Determine BoD compensation for next office term for Annual General Meeting vote		■				
<b>Management Board Compensation</b>						
Executive Variable Compensation Plan - framework assessment				■		
Performance review and bonus approval	■					
LTI strategic 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 2023 – 2025				■		
<b>Nomination and succession planning</b>						
Recruitment for new members of the BoD <sup>2</sup>	■	■	■	■	■	■
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			■	■	■	

<sup>1</sup> Two meetings took place in May 2023

<sup>2</sup> Ongoing activity

## Role of external advisors

The CNC may decide to consult external advisors from time to time for specific compensation matters. In 2023, no external advisor was consulted. Internal compensation experts such as the head of human resources provided support and expertise.

For further governance-related information, see the Corporate Governance Report on page 75.



### 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:

Peer group for Board of Directors compensation benchmarking purpose in 2022

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

The next peer group review is planned for 2024.

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 basic fees were adjusted and minimum shareholding requirements were introduced as from the office term 2023, while the committee fees stayed unchanged. Further details on the compensation system for the Board of Directors are provided in section 4 of this report.

##### 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. The latest benchmark analysis was performed in 2022 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 conducted in 2022 and supported the decision-making on the changes implemented in 2023.

## 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
<b>Basic fee</b>		
Chairman of the Board of Directors <sup>1</sup>	500	
Member of the Board of Directors	120	
<b>Committee / chair fee</b>		
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

<sup>1</sup> The Chairman of the Board of Directors is not eligible for additional committee fees

The 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. At the AGM 2023, the shareholders approved an increase to the basic fee for the members of the Board of Directors and for the Chairman of the Board.

**Share ownership requirements**

In the reporting year, minimum shareholding ownership requirements have been introduced requiring the members of the Board of Directors to hold a minimum number of company shares for a period of five years. The minimum shareholding threshold is a 2.5 multiple of the annual cash component of the compensation for the Chairman of the Board of Directors and a 1.5 multiple of the annual 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.

**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 follows 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 an important part of 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 the 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)). In 2022, the CNC reviewed the compensation system for the MB considering shareholders' expectations, market best practice in compensation design and alignment with the strategic business objectives of the Bank. It resulted in an adjustment to the compensation mix effective 2023. Under the revised system, the weight of the variable compensation elements in the total package increased towards long-term performance. Further, shareholding requirements underpinned with a Share Matching Plan and with a blocking period on the LTI shares vested have been introduced. The details of each programme are described in the following sections.

The overall structure of Management Board compensation is 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 in 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	Four years <sup>1</sup>
Share ownership	n/a	n/a	Matching shares for STI bonus amount converted in Cembra restricted shares	Vested shares blocked for five years

<sup>1</sup> Grant subject to strategic assessment at the end of the performance year, plus three years vesting period subject to rTSR and EPS performance

**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.

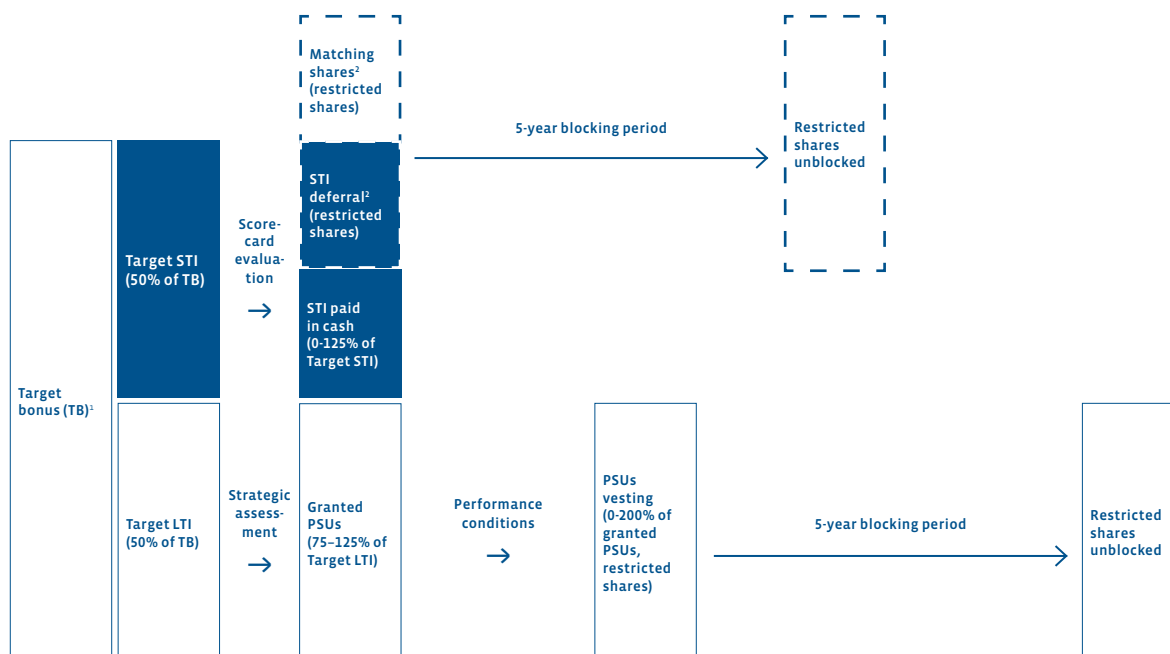
Members of the MB may also receive certain executive benefits such as company car and other benefits in kind. For employees who have been relocated from abroad, benefits may also include schooling and tax support. The monetary value of these other elements of compensation is evaluated at fair value and 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 110% of the annual base salary for the CEO and the CFO (2022: 90%), and to between 70% - 80% (2022: 50% - 60%) for the other members of the MB. The individual target bonus is divided equally in a target STI and a target LTI. The structure of the EVCP is illustrated below:

Executive Variable Compensation Plan mechanism



Performance year 2023	Q1 2024	Q1 2025	Q1 2026	Q1 2027	Q1 2028	Q1 2029	Q1 2030	Q1 2031	Q1 2032
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- The target bonus is split equally into a target STI and a target LTI
- Matching ratio 1-1: for each one share purchased with the STI deferral amount, one share is granted as matching share

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	110 %		70 % - 80 %	
% of target bonus	50 %	50 %	50 %	50 %
Target bonus as % of annual base salary	55 %	55 %	35 % - 40 %	35 % - 40 %
Cap at grant in % of annual base salary	69 %	69 %	44 % - 50 %	44 % - 50 %
Pay out / vesting range in % of annual base salary	0-69 %	0-125 % <sup>1</sup>	0-44 % (50 %)	0-88 % (100 %) <sup>1</sup>

<sup>1</sup> Not taking into account any increase in the underlying share price.

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 all MB Members, the STI target amounts to 50% of the Target Bonus, which represents 55% of the base salary for the CEO and the CFO (2022: 54% of the base salary for the CEO and the CFO), and 35% to 40% of the base salary for the other MB members (2022: 35% - 42% of the base salary).

At the beginning of the year, each MB 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

Each MB member's balance scorecard is composed of financial goals relative to the Bank (weight: 50%-60%; Control functions: 25%) and non-financial goals (weight: 40%-50%; 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 125% of the STI target (2022:150%).

### STI goal framework for the performance year 2023

	Alignment to strategic programme	CEO	Chief Financial Officer	Chief Sales & Distribution Officer	Chief Technology Officer	Chief Operating Officer	Chief Risk Officer	General Counsel
<b>1. Financials</b>		<b>60 %</b>	<b>60 %</b>	<b>60 %</b>	<b>50 %</b>	<b>50 %</b>	<b>25 %</b>	<b>25 %</b>
Net Income		30 %	30 %	30 %	30 %	30 %	25 %	25 %
Cost/Income ratio	Operational excellence	10 %	10 %	10 %	10 %	10 %		
Net Revenue growth	Business acceleration	10 %	10 %	10 %				
Swissbilling/BNPL growth	Growth opportunity	10 %	10 %	10 %	10 %	10 %		
<b>2. Customer and market</b>		<b>10 %</b>	<b>10 %</b>	<b>10 %</b>				
Market share	Business acceleration	10 %	10 %	10 %				
<b>3. Operational excellence</b>		<b>20 %</b>	<b>20 %</b>	<b>20 %</b>	<b>40 %</b>	<b>40 %</b>	<b>65 %</b>	<b>65 %</b>
Roadmap execution	Operational excellence	X		X	X	X	X	X
Service level	Operational excellence					X		
Loss ratio	Operational excellence						X	
Division effectiveness	Operational excellence		X		X	X	X	X
<b>4. People and leadership</b>		<b>10 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>
Employee satisfaction and corporate culture	Cultural transformation	10 %	10 %	10 %	10 %	10 %	10 %	10 %
Overall payout range 0 % - 125 %								

The internal financial and qualitative goals and the individual and/or financial targets under the STI are commercially sensitive. Disclosing such targets would allow delicate insight into the strategy of Cembra and could create a competitive disadvantage to the Bank. Therefore, the decision was made not to disclose the specifics of the goals and targets but to provide the achievement level and general comments on the performance for the reporting year. The achievement level per goal is disclosed and commented on in section 7 of this report.

### Share Matching Plan

As from and including 2023, MB members including the CEO have the opportunity to invest up to 40% of their cash bonus in company shares. They may define a certain amount or a percentage of their cash bonus to be invested in shares. MB members receive one additional free share (“Matching Shares”) for each share purchased through the programme. The shares purchased and the Matching Shares are blocked for five years.

### Long-term Incentive (LTI) mechanism

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

In 2022, the CNC reviewed the Target Bonus levels to re-balance the overall compensation package of the MB towards higher performance-sensitivity in particular for long-term performance. As from and including 2023, the LTI target amounts to 50% of the Target Bonus for all MB members including the CEO. The LTI target represents 55% of the base salary for the CEO and the CFO (2022: 36% of the base salary), and 35% to 40% of the base salary for the other MB members (2022: 15% to 18% of the base salary).

### 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 assessment of the Company’s performance by the Board of Directors. The strategic 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%:

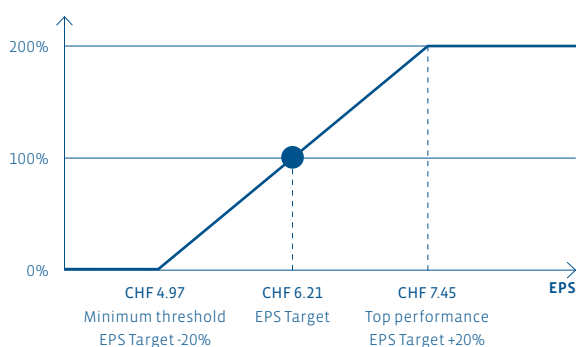
The target performance levels are determined at a challenging but achievable level. Any positive and/or negative deviation from the target performance level is reflected proportionately in the number of vested PSUs.

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.

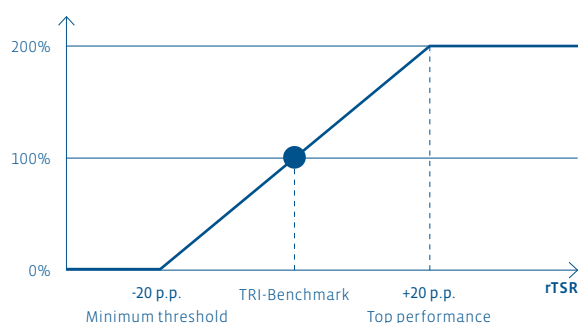
- For rTSR, if Cembra’s TSR exceeds the Total Return Index (TRI)-Benchmark by 20% or more, a payout factor of 200% applies. If Cembra’s TSR falls short of the TRI-Benchmark by 20% or more, the payout factor is 0%. If Cembra’s TSR is between –20% and +20% of the TRI-Benchmark, the payout factor is determined 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 2023, the EPS target was approved at CHF 6.21 for the performance period 2023 until 2025.

EPS Payout Factor for PSUs granted in 2023



Relative TSR Payout Factor for PSUs granted in 2023



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

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

Blocking period

As from the performance year 2023, the vested shares will be blocked for five years.

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 MB members in case of a change of control.



### **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 assessment of the Bank's performance. The sustainability related factors considered in the strategic 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 strategic assessment is performed at the end of the year and affects the LTI grant amount.

As part of its regular activities, the CNC reviews the STI goal framework every year to ensure adequacy with the business strategic objectives. In the reporting year, the CNC evaluated the STI goal framework for the upcoming performance year and decided to reinforce the sustainability objectives by including Sustainability as one of the four pillars. The objectives included in the Sustainability pillar will be described in the 2024 Compensation Report.

### **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.

### **Share ownership guidelines**

Minimum share ownership requirements were implemented in the reporting year. The MB members are required to own at least a multiple of their annual base salary in Cembra shares within five years starting from the effective date of the guidelines. For any MB members appointed after the effective date, the build-up period shall start from the effective date of their appointment to the Management Board.

The multiple amounts to 250% of the annual base salary for the CEO and 150% of the annual base salary for the other MB members. In the event of a substantial rise or drop in the share price, the Board of Directors may, at its discretion, amend the build-up time period or the minimum share ownership accordingly.

To calculate whether the minimum holding requirement is met, all vested shares, acquired shares, and matching shares are considered, regardless of whether they are blocked or not. However, unvested PSUs are excluded. The CNC reviews compliance with the share ownership guideline on an annual basis.

## **Employment contracts of the Management Board**

### **Termination clause, notice period and severance agreements**

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

### **Clauses on changes of control**

The contracts of the MB 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 MB, 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 terminate prior to vesting, vesting of awards will be subject to the terms and conditions of the EVCP rules. In the year under review, no replacement award was granted.

## 6 Compensation awarded to the Board of Directors in 2023 (audited)

The following tables disclose the compensation awarded to the members of the Board of Directors for 2023 and 2022. For 2023, members of the Board of Directors received a total compensation of TCHF 1,553 (previous year TCHF 1,367).

For the year ended 31 December 2023 (CHF)

Name	Function	Basic fee <sup>3</sup>	Committee/ chair fee	Other Payments <sup>4</sup>	Employer social security contributions	Total	Thereof in shares in CHF <sup>5</sup>	Number of shares
Dr Franco Morra <sup>1</sup>	Chairman	347,528	–	–	22,982	370,509	115,864	1,769
Dr Felix Weber <sup>2</sup>	Chairman	137,225	–	–	8,319	145,545	45,762	596
Thomas Buess	Vice Chairman, Member CNC	113,901	60,000	–	9,908	183,809	58,024	849
Jörg Behrens	Member Audit and Risk Committee	113,901	35,000	–	11,024	159,925	49,644	727
Marc Berg	Member CNC	113,901	30,000	–	10,656	154,558	48,014	703
Alex Finn	Member Audit and Risk Committee	108,652	33,387	–	18,201	160,240	47,326	693
Susanne Klöss-Braekler	Chairperson CNC	113,901	50,000	25,000	–	188,901	54,695	801
Dr Monica Mächler	Chairperson Audit and Risk Committee	113,901	65,000	–	10,221	189,122	59,678	873
<b>Total compensation of the members of the Board of Directors</b>		<b>1,162,911</b>	<b>273,387</b>	<b>25,000</b>	<b>91,311</b>	<b>1,552,608</b>	<b>479,007</b>	<b>7,012</b>

<sup>1</sup> Chairman of the Board since Annual General Meeting 2023

<sup>2</sup> Chairman of the Board until Annual General Meeting 2023

<sup>3</sup> The table shows the compensation for the fiscal year 2023. The basic fee approved at 2023 AGM is consequently pro-rated.

<sup>4</sup> Additional fees were paid to S. Klöss-Braekler to recognise the time spent providing oversight and input on a specific project related to IT. The provision of such fees to recognize additional time spent was provided within the framework of the Board mandate.

<sup>5</sup> Number of shares reflects shares granted 1 February 2023 for the period 1 January 2023 until Annual General Meeting 2023 and shares granted 1 February 2024 for the period Annual General Meeting 2023 until 31 December 2023. For the grant of 1 February 2023 the share price is CHF 76.80 - volume-weighted average price ("VWAP") 60 trading days before grant date (source: SIX). For the grant of 1 February 2024 the share price is CHF 65.50 - 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.

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 <sup>9</sup>	Number of shares
Dr Felix Weber	Chairman	450,000	–	27,246	477,246	150,059	2,068
Martin Blessing <sup>1</sup>	Vice Chairman, Chairman CNC	30,495	24,396	–10,588	44,302	18,298	284
Thomas Buess <sup>2</sup>	Vice Chairman, Member CNC	100,000	52,376	9,574	161,950	50,837	696
Urs Baumann <sup>3</sup>	Member CNC	30,495	9,148	2,625	42,268	13,227	205
Jörg Behrens <sup>4</sup>	Member Audit and Risk Committee	69,505	24,327	2,315	96,147	31,281	407
Marc Berg <sup>5</sup>	Member CNC	69,506	20,852	2,232	92,589	30,160	393
Alex Finn <sup>6</sup>	Member Audit and Risk Committee	64,826	24,312	3,416	92,554	29,733	387
Denis Hall <sup>7</sup>	Member Audit and Risk Committee	28,305	10,673	2,938	41,916	13,011	202
Susanne Klöss-Braekler <sup>8</sup>	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
<b>Total compensation of the members of the Board of Directors</b>		<b>1,043,131</b>	<b>274,985</b>	<b>49,101</b>	<b>1,367,217</b>	<b>439,693</b>	<b>6,060</b>

<sup>1</sup> Vice Chairman and Chairperson CNC until Annual General Meeting 2022

<sup>2</sup> Vice Chairman and Member CNC since Annual General Meeting 2022

<sup>3</sup> Member CNC until Annual General Meeting 2022

<sup>4</sup> Member Audit and Risk Committee since Annual General Meeting 2022

<sup>5</sup> Member CNC since Annual General Meeting 2022

<sup>6</sup> Member Audit and Risk Committee since Annual General Meeting 2022

<sup>7</sup> Member Audit and Risk Committee until Annual General Meeting 2022

<sup>8</sup> Chairperson CNC since Annual General Meeting 2022

<sup>9</sup> 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.

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 2023 to the Annual General Meeting 2024 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 2023-AGM 2024	2023	1 Jan 2023 to 2023 AGM <sup>1</sup>	1 Jan 2024 to 2024 AGM	2023 AGM to 2024 AGM	2023 AGM	2023 AGM
<b>Board of Directors (total)</b>	<b>1,552,608</b>	<b>428,543</b>	<b>498,230</b>	<b>1,622,295</b>	<b>1,650,000</b>	<b>98%</b>
AGM 2022-AGM 2023	2023	1 Jan 2022 to 2022 AGM <sup>1</sup>	1 Jan 2023 to 2023 AGM	2022 AGM to 2023 AGM	2022 AGM	2022 AGM
<b>Board of Directors (total)</b>	<b>1,367,217</b>	<b>422,085</b>	<b>429,067</b>	<b>1,374,199</b>	<b>1,450,000</b>	<b>95%</b>

<sup>1</sup> The difference to the 2022 figures is due to reduced social security obligations

The total for the period from AGM 2023 to AGM 2024 will amount to TCHF 1,622 and is within the maximum aggregate compensation amount of TCHF 1,650 approved at the Annual General Meeting on 22 April 2023. A conclusive assessment for the entire period will be included in the Compensation Report 2024.

**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 2023, please refer to sub-chapter “Loans and credits: Amounts due from members of governing bodies” on page 128 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 2023 (audited)

In 2023, the members of the Management Board received a compensation of TCHF 5,608 million (2022: TCHF 5,590 ).

For the performance year ended 31 December (CHF)	2023				2022			
	CEO	Active Management Board	Former Management Board Members	Total compensation	CEO	Active Management Board	Former Management Board Members	Total compensation
Base salary	630,000	1,943,626	-	2,573,626	630,000	1,668,541	410,417	2,708,958
Social security	46,865	151,093	-	197,958	55,881	136,584	32,937	225,402
Pension plan	84,084	265,371	-	349,455	90,198	244,366	67,422	401,986
Other compensation <sup>1</sup>	46,799	69,738	-	116,537	128,561	52,504	11,025	192,090
<b>Total fixed compensation</b>	<b>807,749</b>	<b>2,429,829</b>	<b>-</b>	<b>3,237,577</b>	<b>904,640</b>	<b>2,101,995</b>	<b>521,801</b>	<b>3,528,436</b>
STI/ EVCP paid in cash <sup>2</sup>	268,661	662,786	-	931,447	381,062	811,539	21,845	1,214,446
Matching Shares <sup>3</sup>	75,225	137,914	-	213,139	-	-	-	-
LTI/ EVCP granted in PSUs	324,603	773,501	-	1,098,104	265,797	357,031	-	622,828
Number of PSUs granted <sup>4</sup>	5,291	12,608	-	17,899	3,397	4,563	-	7,960
Value per PSU <sup>5</sup>	61.35	61.35	-	61.35	78.24	78.24	-	78.24
Social security	37,258	90,201	-	127,459	43,857	79,229	1,481	124,567
Replacement award granted in RSUs	-	-	-	-	-	100,054	-	100,054
Number of RSUs granted <sup>6</sup>	-	-	-	-	-	1,453	-	1,453
Value per RSU <sup>7</sup>	-	-	-	-	-	68.86	-	68.86
<b>Total variable compensation for the performance year</b>	<b>705,746</b>	<b>1,664,402</b>	<b>-</b>	<b>2,370,148</b>	<b>690,717</b>	<b>1,347,852</b>	<b>23,326</b>	<b>2,061,895</b>
<b>Total compensation for the performance year</b>	<b>1,513,495</b>	<b>4,094,231</b>	<b>-</b>	<b>5,607,725</b>	<b>1,595,357</b>	<b>3,449,847</b>	<b>545,127</b>	<b>5,590,330</b>
Number of persons who received compensation		7	-	7		10	4	12
Average FTE who received compensation		6.90	-	6.90		6.00	1.25	7.32

<sup>1</sup> Includes benefits for relocated employees such as school fees as well as other benefits such as company cars.

<sup>2</sup> Paid out in March 2024, respectively March 2023

<sup>3</sup> Value of matching shares on the deferred portion of the STI

<sup>4</sup> PSUs granted in 2024 and 2023 for the performance years 2023 and 2022

<sup>5</sup> PSUs for 2023: Fair Market Value is based on the risk-adjusted volume-weighted average price ("VWAP") 60 trading days before grant date 1 February 2024 (CHF 65.50 - source: SIX). 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). Determination through a Monte Carlo simulation algorithm.

<sup>6</sup> RSUs granted in 2022 as replacement award for a New Hire

<sup>7</sup> 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)

The highest total compensation awarded in 2023 was paid to the CEO. For compensation details, please refer to the above table.

**Explanatory comments to the compensation table:**

- There were 7 members in the Management Board in 2023 who received compensation for a full year of service. This compares to 10 members in 2022, of which 4 served on a full-year basis.
- The fixed compensation paid in the reporting year includes an overall increase to the base salary of 1.2% across the active MB members. This small adjustment considered, the fixed compensation paid in 2023 decreased by 5% compared to prior year.
- The short-term incentive awards paid for the reporting year are lower compared to previous year, reflecting a lower performance achievement factor overall, thus demonstrating the pay for performance principle.
- Three MB members and the CEO opted to purchase restricted company shares with a portion of their short-term incentive award for a total value of CHF 213,139 and consequently received the equivalent amount in matching shares. The shares purchased and the matching shares are subject to a 5-year blocking period.
- The higher long-term incentive awards paid for the performance year 2023 compared to the awards paid in 2022 reflect the higher level of long-term variable compensation in the total package under the revised compensation structure. The LTI strategic assessment lead to a payout of 100% and his explained in the paragraph LTI Performance on page 126.

**Changes to the Management Board compensation in 2023**

In the reporting year, the Board of Directors approved an increase to the base salary for one recently appointed MB member, reflecting progression in the role and considering market positioning. Overall, the increase in base salaries is 1.2%, which is lower than the increase allocated to all employees. These changes are reflected in the compensation table presented. Details of the MB compensation system and of the applicable variable incentive plans are provided in section 5.

**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 68% to 85% for the performance year 2023 for the members of the Management Board including the CEO (previous year 109% to 114%). No malus was applied.

The achievement factors per goal and general comments on the performance assessment are provided in the table below.

**STI goals assessment compared to plan**

Goal	Goal weight CEO	Goal weight Other MB Members	2023 assessment	Goal achievement factor
1. Financials	60%	25% – 60%		
Net Income	30%	25% – 30%	Net Income outside of ROE objective. With disciplined execution; rising interest rate partially offset.	85%
Cost/Income ratio	10%	0% – 10%	Stable Cost/Income ratio. Revenue gaps addressed.	112%
Net revenue growth	10%	0% – 10%	Growth below target. Stabilized through repricing in H2.	80%
Swissbilling/BNPL growth	10%	0% – 10%	Integration successfully completed, growth achieved.	120%
2. Customer and market	10%	0% – 10%	P-Loan: Focus on selected growth, price increase; Auto: Stable in spite of price increases; Cards: transaction volumes down, largely in line with plan.	60%
3. Operational excellence	20%	20% – 65%		
Roadmap execution	X	X	Initial roll-out of leasing platform. Operational excellence benefits realisation delayed compared to target.	
Service level		X	Loss rate in line with target. Continued robust compliance and risk framework in place, further enhanced in areas such as operational resilience.	
Loss ratio		X	Services delivered in line with SLAs in most periods.	55%
Divisional effectiveness		X		
4. People and leadership	10%	10%	Launched new Employer Value Proposition. GPTW certification. Comprehensive simplification actions in place.	100%
Employee satisfaction and corporate culture	10%	10%		

### LTI Performance

Based on the strategic assessment, the long-term incentive grants for the performance year 2023 have been approved by the Board of Directors at 100% (previous year 115%), which reflects an overall achievement meeting expectations. The table below provide insight in the assesement of each strategic theme.

Strategic theme	Key assessment factor
Overall market positioning	Unique position in the market, offering a variety of products. Continued delivery on profitable growth in Auto Leasing and Personal Loans. One of the largest B2C card offerings established.
Quality of earnings	Results were achieved through a disciplined plan execution.
Future strategy	On track to deliver on the 2022 - 2026 strategy, including mid-term targets.
Sustainability	Achievement of sustainability goals are on track. Cembra's top ranked position in the consumer finance sector is reflected in the strong external ratings.
Individual contribution	Strong leaders in a simplified organisational set-up with strengthened capabilities in commercial functions.
Overall assessment	Targets were overall achieved.

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 119 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) <sup>1</sup>
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	16 %	0 %	8 %	80	5,340
EVCP 2021	2022	2022 - 2024	5.54	2025	n/a	n/a	n/a	n/a	n/a
EVCP 2022	2023	2023 - 2025	6.21	2026	n/a	n/a	n/a	n/a	n/a
EVCP 2023	2024	2024 - 2026	n/a	2027	n/a	n/a	n/a	n/a	n/a

<sup>1</sup> 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; EVCP vesting on 1 February 2024 valued with share price of CHF 66.75

## 8 Compensation awarded to former members of the Board of Directors and to former members of the Management Board (audited)

During the reporting year, no such compensation was paid to members of the Board of Directors who left the Bank during the reporting period, nor did former members of the Management Board receive compensation.

## 9 Shareholding and loans (audited)

As required by art. 734d 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 2023 and 31 December 2022.

### Shareholdings of the Board of Directors

At 31 December		2023		2022	
Name	Function	Number of shares	Number of blocked shares	Number of shares	Number of blocked shares
Dr Franco Morra	Chairman	-	-	-	-
Thomas Buess	Vice Chairman	-	1,823	-	1,128
Jörg Behrens	Member	2,350	586	2,350	-
Marc Berg	Member	-	565	-	-
Alex Finn	Member	-	557	-	-
Susanne Klöss-Braekler	Member	-	1,325	-	673
Dr Monica Mächler	Member	1,087	3,053	589	2,834

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

At 31 December		2023			2022		
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	-	6,348	1,056	-	2,951
Eric Anliker <sup>1</sup>	General Counsel	-	1,453	223	-	1,453	-
Alona Eiduka <sup>2</sup>	COO	88	718	295	88	718	-
Volker Gloe	CRO	1,476	-	2,341	1,334	-	1,971
Pascal Perritaz	CFO	1,447	-	4,003	1,284	-	2,492
Christian Schmitt	CTO	-	-	145	-	-	-
Peter Schnellmann	Chief Sales and Distribution Officer	-	-	813	-	-	-

<sup>1</sup> RSUs granted as replacement award

<sup>2</sup> RSUs granted prior to her appointment as COO

### Loans and credits: amounts due from members of governing bodies

At 31 December (CHF in thousands)	2023	2022
Amounts due from members of governing bodies	45	47

Amounts due from members of governing bodies as of 31 December 2023 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 Functions held by members of the Board of Directors and members of the Management Board in other companies (audited)

In accordance with Art. 734e of the revised Swiss Company Law, the table below lists functions exercised by members of the BoD and of the MB in other for-profit companies, to the extent these functions are comparable to the function they hold with Cembra Money Bank AG.

### Functions exercised by members of the Board of Directors as of 31 December 2023

Name	Company	Function exercised
Dr Franco Morra	Winsight GmbH (CH)	Managing Director
	Hellohome AG (CH)	Member of the Board of Directors
Thomas Buess	Swiss Life Holding AG (CH) <sup>1</sup>	Member of the Board of Directors
	Swiss Life AG (CH) <sup>2</sup>	Member of the Board of Directors
	Sygnum Bank AG, (CH)	Member of the Board of Directors
	Gronova Watch AG (CH)	Member of the Board of Directors
	Wotobu AG (CH)	Member of the Board of Directors
Jörg Behrens	Swiss KMU Partners AG (CH)	Member of the Board of Directors
	Ubinetic AG (CH)	Member of the Board of Directors
	MRMSolution (CH)	Managing Director
Marc Berg	Fintegral AG (CH)	Chairman
	BYRG GmbH (DE)	CEO
Alex Finn	Statista GmbH (DE)	CEO
	Markel Syndicate Management Ltd (UK)	Member of the Board of Directors
	Markel International Insurance Company Ltd (UK)	Member of the Board of Directors
Susanne Klöss-Braekler	Abrdn Asia Focus plc (UK)	Member of the Board of Directors
	Deutsche Pfandbriefbank AG (DE) <sup>1</sup>	Member of the Supervisory Board
	ING DiBa AG (DE)	Chair of the Supervisory Board
	ODDO BHF AG (DE)	Member of the Supervisory Board
	Auticon GmbH (DE)	Member of the Advisory Board
Dr Monica Mächler	HDI Deutschland Bancassurance GmbH (DE)	Member of the Advisory Board
	Zurich Insurance Group Ltd <sup>3</sup> (CH)	Member of the Board of Directors
	Zurich Insurance Company Ltd (CH)	Member of the Board of Directors

<sup>1</sup> Company listed on the stock exchange

The members of the MB exercise no comparable functions in for-profit companies as of 31 December 2023. The curricula vitae of the BoD members and of the MB members are disclosed in the Corporate Governance 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 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the sections marked "audited" on pages 122 to 129 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Compensation Report complies with Swiss law and the Company's articles of incorporation.

### 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 the tables marked "audited" in the Compensation Report, the consolidated financial statements, the stand-alone financial statements 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 pursuant to Art. 734a-734f CO 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 judgement and maintain professional skepticism 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 Tuefekçi  
Licensed Audit Expert  
Auditor in Charge

André Schuler  
Licensed Audit Expert

Zurich, 20 March 2024