Cembra

Annual Report
2024

Table of contents

Business Review
for the financial year 2024

Find the online report with interviews and additional information at reports.cembra.ch

Alternative performance measures
To measure its performance, Cembra uses some key figures that are not defined under US GAAP. A glossary of key figures including alternative performance measures is available at www.cembra.ch/financialreports.

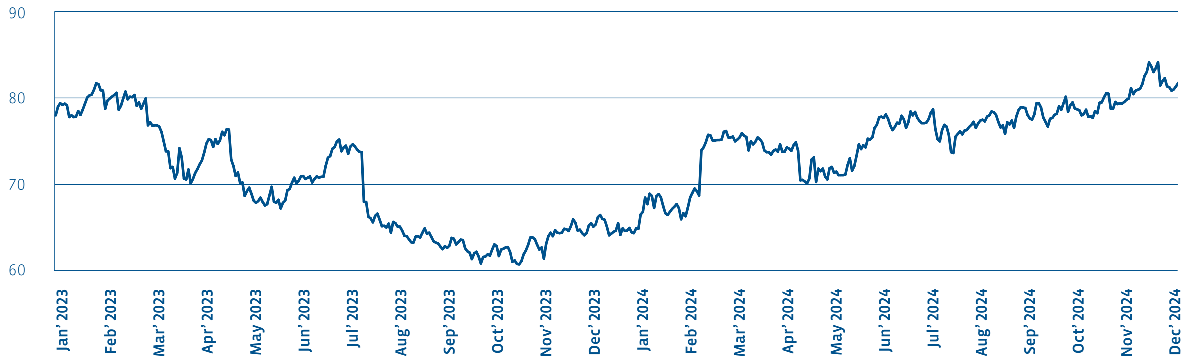
Key figures

Key figures

At 31 December (in CHF millions)	**2024**	2023	2022	2021	2020
Net interest income	**380.5**	347.2	356.2	356.7	375.0
Commission and fee income	**170.0**	168.5	152.7	130.3	122.3
Net revenues	**550.5**	515.7	508.9	487.0	497.2
Provision for losses	**– 74.2**	– 56.9	– 40.9	– 40.3	– 56.4
Total operating expenses	**– 264.5**	– 262.6	– 257.5	– 246.3	– 247.4
Net income	**170.4**	158.0	169.3	161.5	152.9
Total assets	**7,949**	8,088	7,624	7,095	7,244
Net financing receivables	**6,625**	6,687	6,520	6,207	6,293
Personal loans	**2,273**	2,370	2,387	2,292	2,408
Auto leases and loans	**3,182**	3,147	2,975	2,820	2,853
Credit cards	**1,011**	1,028	1,045	1,030	970
BNPL	**159**	141	114	65	62
Shareholders’ equity	**1,285**	1,250	1,274	1,200	1,127
Return on shareholders’ equity (ROE)	**13.4 %**	12.5 %	13.7 %	13.9 %	13.8 %
Net interest margin	**5.6 %**	5.2 %	5.5 %	5.6 %	5.7 %
Cost/income ratio	**48.1 %**	50.9 %	50.6 %	50.6 %	49.8 %
Tier 1 capital ratio	**17.9 %**	17.2 %	17.8 %	18.9 %	17.7 %
Employees (full-time equivalents)	**812**	902	929	916	928
Credit rating (S&P)	**A–**	A–	A–	A–	A–
Basic earnings per share (in CHF)	**5.81**	5.39	5.77	5.50	5.21
Dividend per share (in CHF)	**4.25**	4.00	3.95	3.85	3.75
Book value per share (in CHF)	**43.00**	41.67	42.47	40.00	37.57
Share price (in CHF)	**82.00**	65.60	76.90	66.45	107.20
Market capitalisation	**2,460**	1,961	2,307	1,993	3,216

Share price Cembra

CHF



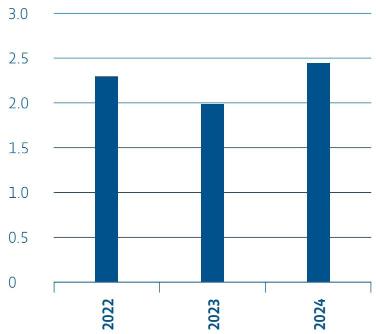
Key figures

CHF

2,460,000,000

was the market capitalisation of Cembra at the end of 2024

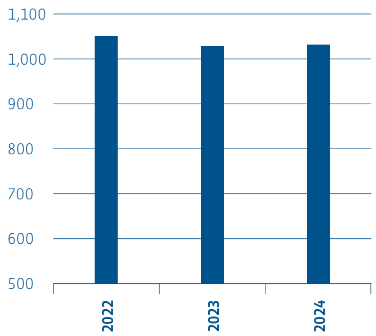
in billion CHF



1,031,000

number of credit cards issued by Cembra

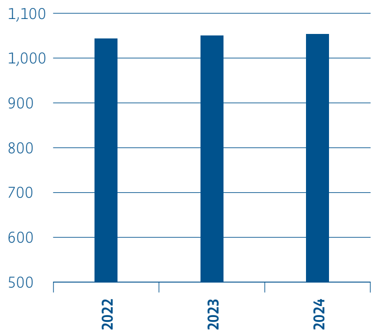
in 1,000



1,030,000

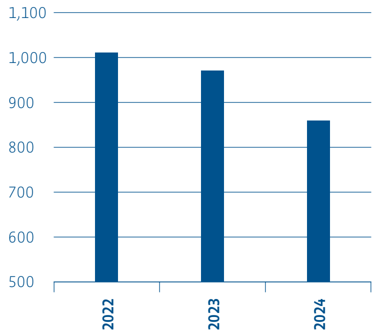
bank customers (excluding BNPL) have chosen Cembra as their preferred partner

in 1,000



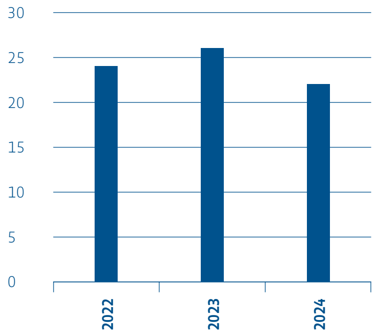
865

employees from about 40 different countries work for Cembra



22

sales area managers serve around 3,200 car dealers across Switzerland

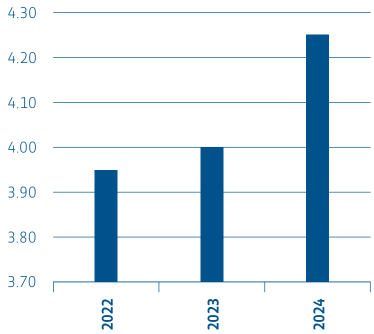


CHF

4.25

dividend per share proposed at Annual General Meeting

in CHF



About Cembra

Cembra is a leading Swiss provider of innovative financing solutions and services. Our product range includes consumer credit products such as personal loans and auto leases and loans, credit cards, insurance products made available in this context, invoice financing, and deposits and savings products.

Across our business lines Lending and Payments we serve over 2 million customers in Switzerland and employ more than 850 people from about 40 different countries. We have our headquarters in Zurich and operate across Switzerland through our network of branches and our online distribution channels, as well as our credit card partners, independent intermediaries and car dealers.

We have been listed as an independent Swiss bank on the SIX Swiss Exchange since 2013. Cembra is rated A- by Standard & Poor's and is recognised for its strong sustainability performance by leading ESG rating agencies.

Offering

We offer a broad range of financing solutions in Switzerland:

- **Personal loans:** Cembra is a leading provider in the highly competitive personal loans market. We are offering a personalised premium service and our products are available through our branches across Switzerland, through independent intermediaries and online.
- **Auto loans and leasing:** Cembra is a large brand-independent auto loans and leasing provider in Switzerland. Our products are sold via a distribution network of around 3,200 car dealers, who act as intermediaries. A dedicated sales force of field agents, together with the employees at our four service centres, provide a personalised, flexible and efficient service.
- **Credit cards:** We are one of the leading credit card providers in Switzerland, with about 1 million cards issued. We offer a range of credit cards through partner programmes with Conforama, FNAC, IKEA, LIPO, SPAR, TCS, and as well as our own credit cards. The cards offer a range of attractive features, such as loyalty points, cash back, personalised designs and no annual fees.
- **Buy now pay later (BNPL):** Through CembraPay we offer invoice financing services and flexible payment options for both online and point-of-sale channels.
- **Insurance products:** We provide access to various insurance products. Alongside our personal loans and auto loans and leasing, insurance provides financial protection in case of involuntary unemployment, accident, illness or disability. We also intermediate travel and card protection insurance for our credit card customers as well as car insurance for our vehicle leasing customers.
- **Savings and deposits:** We provide savings and deposit products at competitive interest rates for both retail customers and institutional clients.

History

The roots of Cembra date back to 1912, when Banque commerciale et agricole E. Uldry & Cie. was founded in Fribourg This bank later became Bank Prokredit. In 1999, GE Capital merged Bank Prokredit with Bank Aufina, which it had acquired in 1997. In October 2013, the Bank separated from its parent company GE and went public as Cembra Money Bank AG. In 2020, we changed our brand name to Cembra. We strengthened our market position by several acquisitions, including the purchase of the consumer finance provider cashgate in 2019.

The Bank is named after the Swiss cembra pine (Pinus cembra), a sturdy and resilient tree with strong roots. This symbolises our Bank's strength and our origin.

Dear Shareholders

The 2024 results demonstrate that we are making good progress with our strategic transformation. We are driving the digitalisation of our products and services to increase customer value and enhance our productivity. By building on this momentum, we will make further progress this year and are confident that we will achieve our 2026 financial targets.

Net revenues up 7% and net interest margin improved to 5.6%
Net financing receivables came in at CHF 6.6 billion. This 1% decrease was mainly due to a 4% drop in net financing receivables to CHF 2.3 billion in the personal loans business, reflecting continued selective underwriting and disciplined pricing in a softened economic environment. Net financing receivables grew by 1% to CHF 3.2 billion in the auto leases and loans business, decreased by 2% to CHF 1.0 billion in credit cards and increased by 12% to CHF 0.2 billion in BNPL.

Net revenues increased by 7% to CHF 550.5 million. Net interest income contributed CHF 380.5 million (+10%) with an increase in the net interest margin to 5.6% (2023: 5.2%). Successful repricing measures led to 15% increase in interest income to CHF 485.7 million, and interest expense rose to CHF 105.3 million (2023: CHF 74.9 million) following the continued rolling of the funding portfolio. Commission and fee income amounted to CHF 170.0 million, up 1%, with the largest contribution coming from the credit cards business, which accounted for CHF 91.6 million (+3%), while BNPL contributed CHF 39.9 million (+1%). The share of net revenues generated from commission and fee income stood at 31% (2023: 33%).

Cost/income ratio improved
Total operating expenses increased by 1% to CHF 264.5 million (2023: 262.6 million), with cost savings offset by restructuring costs and continued investments in strategic initiatives. Personnel expenses declined by 2% to CHF 134.8 million, reflecting the ongoing streamlining of the organisation. General and administrative expenses increased by 3% to CHF 129.7 million. This resulted in a significant decrease in the cost/income ratio to 48.1% (2023: 50.9%). Cembra expects to achieve a cost/income ratio of ≤ 45% for the full year 2025 and has a clear plan to progress towards the target of below 39% in 2026.

Continued solid loss performance
The Group's provision for losses increased by CHF 17.2 million to CHF 74.2 million (2023: CHF 56.9 million) reflecting the maturing of post-Covid asset growth in a slightly more adverse macro environment in which exposed customer segments are facing a higher cost-of-living. This resulted in a loss rate of 1.1% in line with the long-term trend. The rate of over-30-days past due financing receivables stood at 2.7% (2023: 2.1%) and the non-performing loans (NPL) ratio increased to 1.2% (2023: 0.8%). The portfolio is consistently managed with a view to striking the right balance between risk and reward. Going forward, Cembra expects there to be no material change in its loss performance from current levels.

Further diversified funding portfolio
The Group's funding portfolio decreased by 3% to CHF 6.4 billion in 2024, reflecting the trend in receivables. The share of deposits continued to increase, coming in at 55% (2023: 53%). The weighted average duration increased slightly to 2.5 years (2023: 2.4 years). The end-of-period funding cost was 1.53% (31 December 2023: 1.47%).

Strong capital base and dividend increase to CHF 4.25
Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 17.9% (31 December 2023: 17.2%). As expected, the final Basel III standards have a negative impact of 0.5 percentage points on the capital ratio from 1 January 2025 onwards. Shareholders' equity increased by 3% to CHF 1.285 billion.

Given Cembra's solid financial performance, the Board of Directors will recommend a dividend of CHF 4.25 per share at the General Meeting on 24 April 2025, representing a payout ratio of 73% and an increase of CHF 0.25, or 6%, on the previous year.

Strategic transformation progressing

In 2024, Cembra consistently pressed ahead with its strategic transformation enhancing customer value and productivity. The successful launch of the new IT platform for the leasing business strengthened Cembra's relationships with its partners, improved its value proposition, boosted efficiency and has the potential to further increase productivity. Cembra also grew its portfolio of own cards and co-branded partnerships, which drove up interest income and commissions. Additional services, including insurance products, were added to the credit card offering and the Cembra App was enhanced with more self-service functions. Cembra also continued to streamline the organisation and further expanded its technology and services hub in Riga, Latvia. Other developments during the reporting period included the new digital savings offering, the outsourcing of certain customer service processes and the full roll-out of the TWINT pay later feature for all partner banks.

Outlook

For the 2025 financial year, Cembra expects to grow net revenues at least in line with Swiss GDP growth, a continued solid loss performance and a cost/income ratio ≤ 45%. As a result, Cembra expects an increase in net income and a ROE of 14-15% (previously ≥ 15%) for 2025 and confirms its financial targets for 2026.

On behalf of the Board of Directors and Management, we would like to thank our customers, shareholders and business partners for the trust they have placed in us. We would also like to express our particular gratitude to our employees, who shape the success of our Group with their expertise, dedication and engagement.

Franco Morra
Chairman

Holger Laubenthal
CEO

Management Report

Significant developments

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

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

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

Considering market conditions, the regulatory value of hybrid capital and its own capital planning, Cembra announced on 30 August 2024 that it will not exercise the option for an early redemption of the outstanding Additional Tier 1 bond.

Macroeconomic environment

We serve customers exclusively in Switzerland and our financial position and revenues are strongly influenced by domestic macroeconomic factors, especially gross domestic product, the unemployment rate and interest rates. We have limited exposure to foreign currencies.

Swiss gross domestic product

Growth in Switzerland's gross domestic product (GDP) is an important indicator for the Group. Swiss GDP increased by 0.9% in 2024, after an increase of 1.1% in 2023. Consumer spending increased by 1.8% (2023: 1.5%).

Interest rates

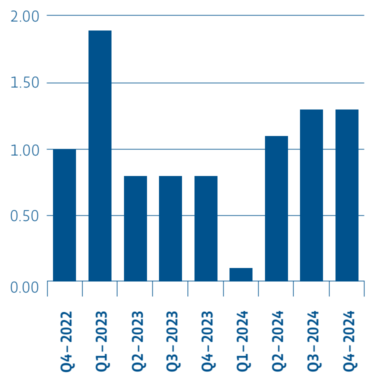
Interest rates have a major impact on the Group's funding. In 2024, the Swiss National Bank initiated a cycle of interest rate cuts and reduced its policy rate in March, June, September and December by a total of 1.25 percentage points to 0.5%.

Unemployment rate

The unemployment rate serves as an important indicator for the credit risk profile of the Group's customers. The unemployment rate in Switzerland increased to 2.8% in December 2024 (December 2023: 2.3%). The average unemployment rate in 2024 was 2.4% (2023: 2.0%).

GDP Switzerland

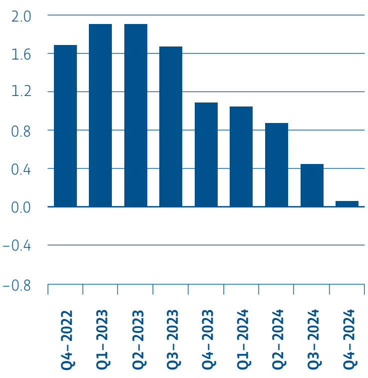
Change versus previous quarter (in %)



Source: SECO

CHF 3-year swap rate

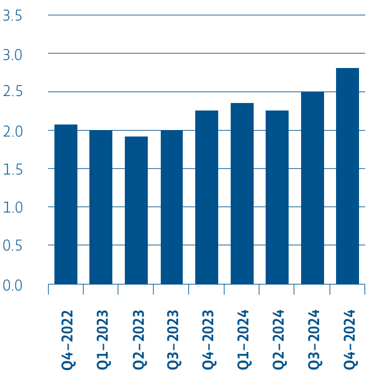
in %



Source: Bloomberg Finance L.P.

Unemployment rate in Switzerland

in %



Source: SECO

Product markets

Consumer loan market

In 2024, the Swiss consumer loan market remained flat. According to the Central Office for Credit Information (ZEK), the Swiss consumer loan market remained flat at CHF 9.048 billion in outstanding assets at 31 December 2024. The number of loan contracts outstanding decreased by 1% to 369,000 (2023: 371,000). In a competitive environment, the Group had an estimated market share of approximately 37% of outstanding consumer loans.

Auto market

The Swiss auto market slightly decreased in the reporting period, driven by lower sales of combustion engines as well as electric vehicles. According to “auto-schweiz” statistics (the association of official Swiss car importers), about 240,000 new cars were registered in 2024, a decrease of 5% compared to 2023. Electric and plug-in hybrid cars sales dropped by 13% and 10%, respectively. A total of 676,000 used cars were sold in Switzerland according to auto-i-dat AG (a provider of automotive market data); this represents a 1% decrease compared to 2023 (684,000). The Group estimates its auto leasing market share to be about 18% of total leasing assets outstanding as of December 2024.

Credit card market

In 2024, the number of credit cards issued in Switzerland remained flat at 8.5 million according to Swiss National Bank statistics. The number of transactions increased by 4% in 2024, to 768 million from 735 million in 2023, and credit card transaction volumes increased by 2% to CHF 57 billion.

The Group’s number of cards increased slightly by about 3,000 to about 1,031,000 compared to 2023. The Group’s market share, based on the number of credit cards in circulation was 12% in 2024, and the share of transactions conducted via near-field communications (NFC) amounted to 16%.

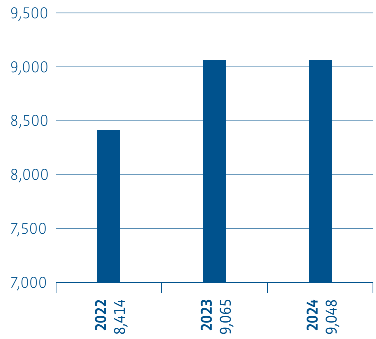
Buy now pay later market

E-commerce sales in Switzerland are estimated at CHF 14.4 billion in 2024. Purchases by buy now pay later (BNPL) represented about 10% of total online sales.

Cembra positions itself in the BNPL market via its subsidiary CembraPay. In 2024, CembraPay recorded a billing volume of CHF 818 million or -9% lower than 2023. Cembra estimates its market share in BNPL in a range from 30% to 40%.

Swiss consumer loan market

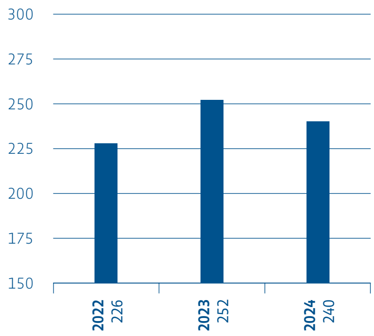
CHF in millions



Source: ZEK

New car registrations in Switzerland

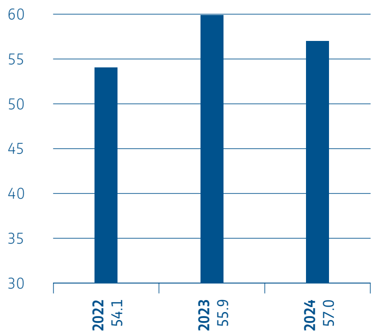
in 1,000



Source: auto-schweiz

Transaction volume Swiss credit cards

CHF in billions



Source: SNB

Balance sheet analysis

At 31 December (CHF in millions)	2024	2023	Change	as %
Assets				
Cash and cash equivalents	**793**	922	– 129	– 14
Net financing receivables	**6,625**	6,687	– 62	– 1
Personal loans	**2,273**	2,370	– 97	– 4
Auto leases and loans	**3,182**	3,147	34	1
Credit cards	**1,011**	1,028	– 17	– 2
BNPL	**159**	141	17	12
Investment securities	**190**	98	92	93
All other assets	**341**	381	– 40	– 10
Total assets	**7,949**	**8,088**	**– 139**	**– 2**
Liabilities and equity				
Deposits and debt	**6,424**	6,595	– 171	– 3
Deposits	**3,524**	3,497	27	1
Debt	**2,900**	3,098	– 198	– 6
All other liabilities	**240**	244	– 4	– 2
Total liabilities	**6,664**	**6,838**	**– 175**	**– 3**
Shareholders' equity	**1,285**	1,250	35	3
Total liabilities and shareholders' equity	**7,949**	**8,088**	**– 139**	**– 2**

Net financing receivables amounted to CHF 6,625 million, a decrease of 1%, or CHF 62 million, compared with year-end 2023. The decrease was mainly driven by continued selective growth in personal loans with conscious underwriting and repricing measures, partly offset by continued growth in the auto leasing business.

At the end of 2024, the Group’s personal loans accounted for 34% (2023: 36%) of net financing receivables, auto leases and loans made up 48% (2023: 47%), the credit cards business accounted for 15% (2023: 15%), and the BNPL business made up 2% (2023: 2%).

As at 31 December 2024, net financing receivables from personal loans amounted to CHF 2,273 million, 4% less than at year-end 2023. Auto leases and loans increased by 1% to CHF 3,182 million from CHF 3,147 million at the end of 2023. Credit cards decreased by 2%, from CHF 1,028 million to CHF 1,011 million. BNPL net financing receivables increased by 12% to CHF 159 million from CHF 141 million at the end of 2023.

Funding

The Group kept its funding diversified in 2024. The deposit base increased from CHF 3,497 million at 31 December 2023 to CHF 3,524 million at 31 December 2024 due to a 20% decrease in the institutional deposit base and a 34% increase in the retail deposit base. The Group’s non-deposit debt decreased by 6% from CHF 3,098 million at 31 December 2023 to CHF 2,900 million at 31 December 2024. In March 2024 and in May 2024, the Group paid back an auto lease backed security (ABS) of CHF 250 million and an unsecured bond of CHF 200 million, respectively. In February 2024, the Group issued an unsecured bond of CHF 250 million.

Equity

Total shareholders' equity increased by CHF 35 million, from CHF 1,250 million to CHF 1,285 million at year-end 2024. The increase was driven by the net income of CHF 170.4 million. The increase was partially offset by the CHF 117 million dividend for the 2023 financial year, which was paid in April 2024.

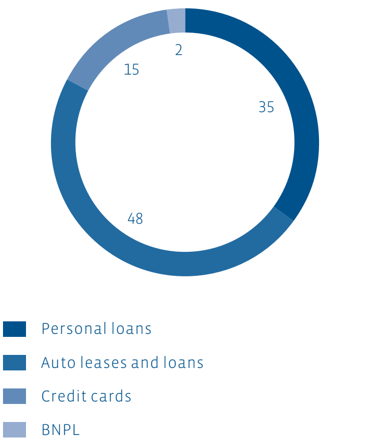
Capital position

At 31 December (CHF in millions)	**2024**	2023	Change	as %
Risk-weighted assets	**6,088**	6,090	– 2	– 0
Tier 1 capital	**1,091**	1,046	45	4
Tier 1 ratio	**17.9 %**	**17.2 %**		

Risk-weighted assets remained stable at CHF 6,088 million at 31 December 2024, compared with CHF 6,090 million at 31 December 2023, largely reflecting the trend in net financing receivables. Tier 1 capital increased by CHF 45 million to CHF 1,091 million, mainly because of the net income generated in 2024, offset by the dividend payment. The Tier 1 capital ratio amounted to 17.9% at 31 December 2024, which is significantly above the regulatory requirement of 11.2%.

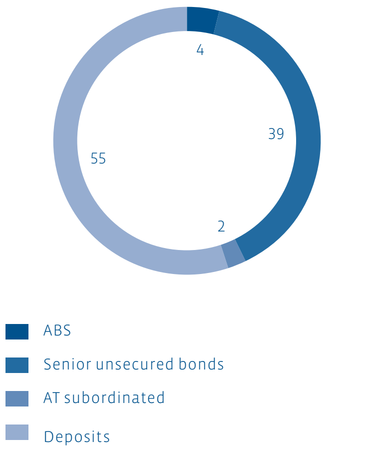
Net financing receivables

in %



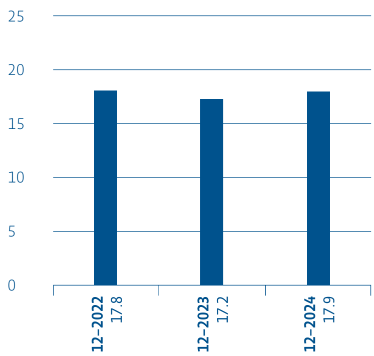
Funding structure

in %



Tier 1 capital ratio

in %

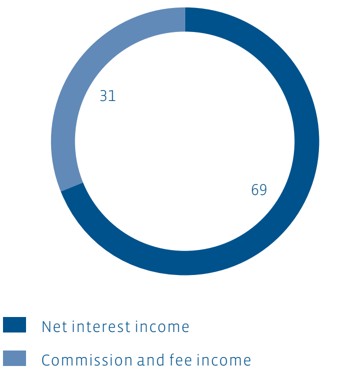


Profit and loss analysis

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Interest income	485.7	422.1	63.6	15
Interest expense	– 105.3	– 74.9	30.3	41
Net interest income	**380.5**	**347.2**	**33.3**	**10**
Commission and fee income	170.0	168.5	1.5	1
Net revenues	**550.5**	**515.7**	**34.8**	**7**
Provision for losses on financing receivables	**– 74.2**	**– 56.9**	**17.2**	**30**
Compensation and benefits	– 134.8	– 137.0	– 2.2	– 2
General and administrative expenses	– 129.7	– 125.6	4.1	3
Total operating expenses	**– 264.5**	**– 262.6**	**1.9**	**1**
Income before income taxes	**211.8**	**196.2**	**15.6**	**8**
Income tax expense	– 41.4	– 38.1	3.2	9
Net income	**170.4**	**158.0**	**12.4**	**8**

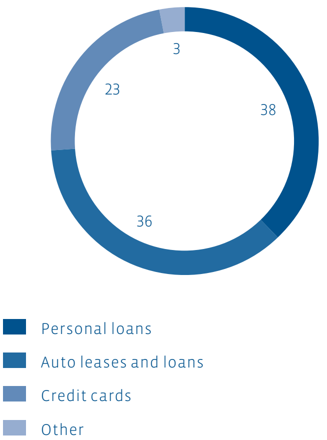
Net revenues

as %



Interest income

as %



Interest income

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Personal loans	**186.2**	171.5	14.7	9
Auto leases and loans	**175.3**	150.8	24.5	16
Credit cards	**109.6**	87.9	21.6	25
Other	**14.7**	11.9	2.7	23
Total	**485.7**	**422.1**	**63.6**	**15**

Overall, the contribution of personal loans to interest income decreased to 38% from 41% in the reporting period. Auto leases and loans made up 36% (2023: 36%) and credit cards increased to 23% from 21%, compared with prior year. The contribution of other interest income increased to 3% (2023: 2%).

Total interest income increased by 15%, or CHF 63.6 million, to CHF 485.7 million in 2024.

Interest income from personal loans increased by CHF 14.7 million, or 9%, to CHF 186.2 million, predominantly due to a higher yield, which increased to 7.7% (2023: 7.0%). Interest income from auto leases and loans increased by CHF 24.5 million, or 16%, to CHF 175.3 million. The yield increased to 5.5% (2023: 4.9%). Interest income from credit cards increased by CHF 21.6 million, or 25%, to CHF 109.6 million in 2024. The yield increased to 10.5% (2023: 8.4%). Other interest income amounted to CHF 14.7 million, mainly from cash and financial instruments.

Cost of funds

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Interest expense on ABS	**7.5**	4.9	2.6	53
Interest expense on deposits	**55.4**	39.6	15.9	40
Interest expense on debt	**42.3**	30.4	11.9	39
Total	**105.3**	**74.9**	**30.3**	**41**

The overall cost of funds increased to CHF 105.3 million in 2024 (2023: CHF 74.9 million) reflecting the changed interest rate environment. Interest expense on auto lease asset backed securities increased by CHF 2.6 million to CHF 7.5 million. Interest expense on deposits increased by CHF 15.9 million to CHF 55.4 million, compared with 2023. Interest expense on debt increased by CHF 11.9 million to CHF 42.3 million in 2024, driven by higher interest rates for new debt compared to redemptions.

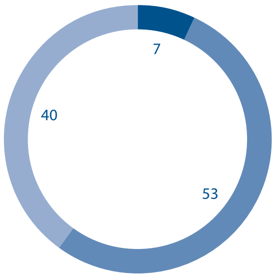
Commission and fee income

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Insurance	**23.5**	23.8	–0.3	–1
Credit cards	**91.6**	89.2	2.4	3
Loans and leases	**15.0**	14.5	0.5	4
BNPL	**39.9**	39.4	0.6	1
Other	**–0.1**	1.5	–1.7	–109
Total	**170.0**	**168.5**	**1.5**	**1**

Commission and fee income increased by CHF 1.5 million, or 1%, from CHF 168.5 million to CHF 170.0 million. Insurance income, which consists mainly of revenues from payment protection insurance products, decreased by CHF 0.3 million, or 1%, to CHF 23.5 million. Fee income on credit cards increased by CHF 2.4 million, or 3%, to CHF 91.6 million, mainly driven by repricing measures. Fees from loans and leases increased by CHF 0.5 million to CHF 15.0 million. Fee income in the BNPL business increased by 1% to CHF 39.9 million in 2024.

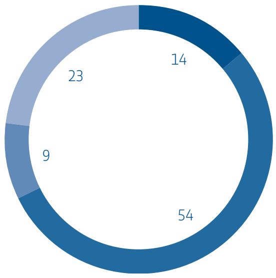
Cost of funds

as %



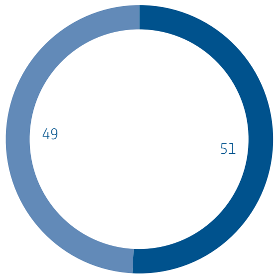
Commission and fee income

as %



Operating expenses

as %



Provision for losses

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Provision for losses on personal loans	**28.7**	40.8	– 12.1	– 30
Provision for losses on auto leases and loans	**29.9**	5.4	24.5	n/a
Provision for losses on credit cards	**4.9**	3.4	1.5	44
Provision for losses on BNPL	**10.7**	7.3	3.4	47
Total	**74.2**	**56.9**	**17.2**	**30**

In 2024, the Group's provision for losses on financing receivables increased by CHF 17.2 million to CHF 74.2 million compared to an increase of CHF 16.0 million in 2023. The main driver of the increase was the post-Covid growth maturing in a slightly more adverse macro environment with stretched cost-of-living in exposed customer segments. The loss provision in 2024 is affected by better synchronisation of collections processes and write-off procedures on personal loans and credit cards following an observed shift in the portfolio towards longer contractual durations. The synchronisation ensures sufficient time for execution of collection activities and to validate the accounts' collectability prior to writing off.

The provision for losses on personal loans decreased by CHF 12.1 million to CHF 28.7 million, driven by portfolio management actions and continued calibration between risk, price and volume. On auto leases and loans, the provision for losses increased by CHF 24.5 million to CHF 29.9 million mainly driven by post-Covid growth and certain volatility in market demand or supply and its impact on vehicle values. The provision for losses on credit cards increased by CHF 1.5 million to CHF 4.9 million. Provision for losses on BNPL increased by CHF 3.4 million to CHF 10.7 million as an impact of accelerated growth with key partners.

The Group's loss rate was at 1.1% compared to 0.8% in prior year reporting period.

Compensation and benefits

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Compensation and benefits	**134.8**	**137.0**	**– 2.2**	**– 2**

Compensation and benefit expense decreased by CHF 2.2 million, or 2%, to CHF 134.8 million. The decrease was mainly driven by the lower number of FTEs, partially offset by severance costs on the restructuring programme.

At 31 December 2024, the number of FTEs stood at 812, a decrease of 90 FTEs compared to 902 at year-end 2023. The Group's average number of FTE decreased to 857 in 2024, compared with 915 in the prior-year period. The increase in average cost per FTE to TCHF 157 in 2024 from TCHF 150 in 2023 was mainly driven by the decline in FTE.

General and administrative expenses

For the years ended 31 December (CHF in millions)	2024	2023	Change	as %
Professional services	**24.6**	20.8	3.8	18
Marketing	**10.0**	11.7	– 1.7	– 15
Collection fees	**15.6**	15.0	0.6	4
Postage and stationery	**10.4**	10.2	0.2	2
Rental expense under operating leases	**5.8**	6.2	– 0.3	– 5
Information technology	**50.4**	50.6	– 0.2	0
Depreciation and amortisation	**26.8**	27.5	– 0.7	– 2
Other	**– 13.9**	– 16.3	– 2.4	– 15
Total	**129.7**	**125.6**	**4.1**	**3**

General and administrative expenses increased by CHF 4.1 million, or 3%, from CHF 125.6 million to CHF 129.7 million in 2024.

Costs from professional services increased by 18% to CHF 24.6 million, mainly due to outsourcing activities. Marketing expenses decreased by 15%, or CHF 1.7 million, due to lower spend on cards acquisition. Collection fees increased by 4% to CHF 15.6 million driven by outsourcing collections services. Expense for postage and stationery increased by 2% to CHF 10.4 million. Rental expenses decreased by 5%, mainly due to further reductions in rental office space. Information technology costs remained stable at CHF 50.4 million. Depreciation and amortisation decreased by 2% to CHF 26.8 million, mainly driven by lower amortisation of software. Other expenses decreased by CHF 2.4 million largely driven by lower capitalisation and pension fund costs.

The cost/income ratio decreased to 48.1% in 2024 (2023: 50.9%).

Income tax expense

The Group's income tax expense increased by CHF 3.2 million, or 9%, to CHF 41.4 million in 2024 in line with the higher income before taxes. The effective tax rate was 19.5%.

Result by segment

For the years ended 31 December (CHF in millions)	Lending 2024	Lending 2023	Lending Change	Lending as %	Payments 2024	Payments 2023	Payments Change	Payments as %
Interest income	**372.5**	330.9	41.6	13	**113.2**	91.2	22.0	24
Interest expense	**–86.7**	–61.7	25.0	41	**–18.6**	–13.2	5.4	41
Net interest income	**285.8**	**269.2**	**16.6**	**6**	**94.6**	**78.0**	**16.6**	**21**
Commission and fee income	**37.2**	37.7	–0.5	–1	**132.8**	130.7	2.0	2
Net revenues	**323.0**	**306.9**	**16.1**	**5**	**227.4**	**208.7**	**18.7**	**9**
Provision for losses on financing receivables	**–58.6**	**–46.2**	**12.3**	**27**	**–15.6**	**–10.7**	**4.9**	**46**
Compensation and benefits	**–78.5**	–82.3	–3.8	–5	**–56.3**	–54.7	1.6	3
General and administrative expenses	**–63.7**	–62.6	1.1	2	**–66.0**	–63.1	3.0	5
Total operating expenses	**–142.2**	**–144.9**	**–2.7**	**–2**	**–122.3**	**–117.8**	**4.6**	**4**
Income before income taxes	**122.3**	**115.9**	**6.4**	**6**	**89.5**	**80.3**	**9.2**	**11**
Income tax expense	**–23.9**	–22.5	1.4	6	**–17.5**	–15.6	1.9	12
Net income	**98.4**	**93.3**	**5.0**	**5**	**72.0**	**64.7**	**7.3**	**11**

The segment Lending comprises the personal loans and the auto leasing and loans business. For 2024, Lending totaled a net income of CHF 98.4 million (2023: CHF 93.3 million). Net revenues increased by 5% to CHF 323 million. Provision for losses increased to CHF 58.6 million (2023: CHF 46.2 million) and operating expenses decreased by 2% to CHF 142.2 million.

The segment Payments comprises credit cards and the buy now pay later business. In Payments, in 2024, net income increased by 11% to CHF 72.0 million (2023: CHF 64.7 million). Net revenues increased by 9% to CHF 227.4 million. Provision for losses increased to CHF 15.6 million (2023: 10.7 million) and operating expenses increased by 4% to CHF 122.3 million.

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

Business model and strategy

Business model
Cembra is a provider of financing solutions and services in Switzerland. The company operates by offering individuals in Switzerland a diverse range of secured and unsecured consumer lending, credit services and savings. The products include personal loans, credit cards, auto loans and leasing, invoice financing solutions and savings products as well as providing access to related insurance products (for details see page 5). Revenues are generated through interest income and fees on these financial products, often in collaboration with partner businesses for co-branded credit cards, vehicle leasing and other financing options. Cembra places significant emphasis on risk management, utilising credit assessments and underwriting processes to maintain a robust loan portfolio. Cembra operates within the Swiss regulatory framework, adhering to laws and regulations related to consumer lending and banking.

Strategy
In the reporting period, Cembra continued to execute on four programmes to achieve its strategic and financial ambitions until 2026.

Operational excellence: radical simplification and technology transformation
As part of the Operational Excellence programme, Cembra radically simplifies its operating model and transforms its technology landscape. The aim is to deliver a seamless digital customer experience and to significantly increase efficiency through standardisation and automation. With all of our partners, we focus on integrated and tailored one-stop offerings.

Business acceleration: improved value proposition and enhanced market reach
In personal loans, we differentiate our offerings through digital and flexible solutions and services. In the auto business, the emphasis is on dealer-partnerships, and continuously improving services and processes. In our credit card business we focus on both a proprietary card family with attractive features offered to consumers directly as well as long-term co-branding partnerships.

New growth opportunity: buy now pay later (BNPL) as an attractive business
With our business area CembraPay, we are serving the growing BNPL segment. The strategic focus is on the fast and versatile integration of checkout solutions with merchants, new applications and offers.

Cultural transformation: towards an agile, learning-oriented and collaborative organisation
The strategy execution is supported by a comprehensive cultural transformation programme. The emphasis is on fostering an uncompromising customer-first mindset with interdisciplinary teams and empowered people. The aim is to create an agile and learning-oriented organisation.

Our vision
With this strategic background in mind, Cembra has also re-defined its corporate vision for the next years: "We leverage technology to deliver the most intuitive customer solutions in consumer finance." Cembra's vision unites the strategic activities outlined above as well as our ambitions and efforts. It therefore forms the foundation on which Cembra will achieve shared goals. An important part of this is the work on our corporate culture. Above all, it involves how people work with each other and how we interact with our customers.

Outlook

Assuming the Swiss economy continues to grow slightly in 2025, Cembra currently expects to grow net revenues at least in line with Swiss GDP growth, a continued solid loss performance and a cost/income ratio ≤ 45%.

As a result, Cembra expects an increase in net income and a ROE of 14-15% for 2025, confirms its financial targets for 2026, to pay a dividend of at least CHF 4.25 for 2025 and thereafter increasing based on sustainable earnings growth, and will target a Tier 1 capital ratio of above 17%.

Risk Management Report

Risk management

Risk is broadly defined as the possibility that an uncertain event or outcome results in adverse variations in profitability or in losses. Risks might also negatively impact the strength of the Group's balance sheet, its market capitalisation or its brand and reputation. In the process of performing its function as a financial intermediary, the Group is exposed to various categories of risk, such as credit risk, market risk, liquidity risk, operational risk and other risks (such as strategic and business risks, reputational risk and sustainability risk).

Within its risk tolerances and in accordance with its strategic objectives, the Group takes on and manages risks, and controls and monitors them prudently. The Group actively, comprehensively and systematically manages risks and promotes a strong risk and control culture across all business areas. The established risk management framework comprises four core elements:
- Identification of risks across all business activities
- Assessment and measurement of risks, including stress testing
- Limitation, mitigation and transfer of risks
- Effective controls, monitoring and reporting.

Risk governance structure

The Board of Directors is ultimately responsible for determining the Group's risk strategy and corresponding risk tolerances. It has established an effective internal control system that: (i) ensures that key risks are identified, assessed, managed, controlled and mitigated; (ii) oversees the Group's risk profile to ensure it is correctly monitored and managed; and (iii) ensures that the risk management framework and strategies are correctly implemented.

The Group has put in place regulations that govern the risk management and control processes to ensure that all key risks are recorded and supervised. These processes are supported by a framework of approved internal regulations, which set out the principles guiding the Group's attitude to risk and the amount of risk it is willing to take on.

The Group has set up a risk tolerance framework, which includes integrated risk tolerances and limits to control overall risk-taking. It contains a diverse set of quantitative metrics and qualitative statements covering various categories of risk and serves as a decision-making tool for the Management Board. As part of the Group risk policy, it is reviewed at least annually by the Board of Directors and takes into account strategic objectives and business plans. The risk profile is assessed relative to the Group's risk framework and risk exposures are monitored relative to risk tolerance limits on a regular basis. Summary reports are reviewed by the Audit and Risk Committee and reported to the Board of Directors.

Four working committees have been set up.

Committee	Risk category
Credit Committee	Credit risk
Asset & Liability Committee (ALCO)	Market & liquidity risks, funding and capital management
Risk & Controllership Committee (RCC)	Risk management framework, internal control system, compliance, operational risk management and resilience, including cyber risk, information security, critical data and data privacy, ICT, BCM and other risks
Sustainability Committee	Sustainability, related opportunities and risks, monitoring of environmental, social and governance (ESG) trends and ratings, climate-related risks

The Group's risk and control framework operates along the three lines model:
- First line: business functions are responsible for ensuring that a risk and control environment is in place and maintained as part of day-to-day operations
- Second line: control functions provide independent control and oversight of risks
- Third line: the internal audit function evaluates the overall effectiveness of the control environment and provides additional independent assurance.

This three lines model ensures that direct accountability for risk decisions, implementation and oversight of risk management, and the independent control of the effectiveness of risk management are segregated. Internal regulations further detail the expected principles of risk management and control for various categories of risk.

Credit risk

Credit risk is the risk to earnings or capital that may arise from the possibility that a borrower or counterparty may fail to honor their contractual obligations. The obligations include, for example, repayment of principal, interest and fees. A consequent loss may be partial or complete and may arise at any time as a result of a number of isolated or interlinked circumstances. The Group is exposed to credit risk in all its financing products offered in Lending and Payments business lines and investment activities.

The Credit Committee serves as the main decision-making body concerning credit strategies and exposures, and regularly reviews the Group's credit risk performance. Among others, the Credit Committee is responsible for making financing decisions on individual counterparties and financing programmes that are within the frame as delegated by the Board of Directors. The Credit Committee is chaired by the Chief Risk Officer (CRO).

The guidelines for the approval of financing programmes, as well as individual counterparty financing approvals, are set out in the Credit risk policy. Credit authority that has been delegated, is actively monitored and reviewed regularly.

Credit risk metrics, portfolio and collection performance reports and macroeconomic trends are reviewed by the Credit Committee regularly, at least once every quarter. Summary reports of the Group's credit risk profile are reviewed by the Audit and Risk Committee every quarter and reported to the Board of Directors.

The Group maintains stringent underwriting processes, which are continually monitored and optimised to ensure that credit risk is adequately and responsibly managed. Prior to granting credit, the customer's creditworthiness, credit capacity and, where applicable, collateral are assessed. The customer's creditworthiness is evaluated by an automated credit risk rating system, which includes the use of scorecards and leverages available information about the customer. This ensures consistent and systematic decision-making across all financing products.

Where applicable, the credit capacity of consumers is also evaluated in accordance with the legal requirements of the Swiss Consumer Credit Act. Internal models, which utilise internal and external data, determine the credit amount based on the customer's risk profile. Manual underwriting complements the automated system decision in cases where additional information may be required. Segments that are particularly exposed to credit risk are actively restricted beyond the requirements of the Swiss Consumer Credit Act through specific internal rules that aim to effectively implement and ensure responsible lending practices. In periods of macroeconomic stress that might impact customer payment capacity and pattern, the Group might consider a proactive approach to ensure effective risk mitigation. As part of its regular risk management procedures and regular optimisation of risk policies the Group made use of this approach in the course of 2024 where segmented strategies were executed to meet macroeconomic trends and in particular the impaired customers‘ payment capacity due to increased costs of living.

The quality of portfolios and specific customer segments is thoroughly and periodically assessed. Specifically in the area of vehicle leasing the Group is exposed to risks related to the valuation of underlying objects. Contractual residual values might differ from actual values of lease objects and distribution partners might fail to honour their contractual obligations. In addition to the consistent setting of residual values at lease origination, the Group regularly monitors its exposure to this type of risk and makes use of external data sources to verify results. Certain volatility in market demand or supply and its impact on vehicle values might impact credit risk exposures. Hence, the quality and performance of new business are monitored to ensure that the credit approval process continues to effectively mitigate credit risk, and underwriting procedures are being correctly followed. Scorecards are regularly monitored and back-tested to ensure their performance remains within expected levels and, if required, changes are made to the models. Segmented collection strategies are implemented to tailor activities to customer groups with different payment behaviours and to ensure optimal resource allocation and effective mitigation of credit risk. The synchronisation of collection processes and write-off procedures enables the consistent validation of the accounts' collectability (see also page 150). In exceptional individual cases loan restructuring in a form of loan modification is granted (see also our approach to sustainability on page 31). The regular monitoring and control of performance metrics and processes ensure diligent and responsible execution and support the fair treatment of customers across a variety of servicing processes.

For its financing products, the Group uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default based on historical default experience, with default being defined as 90 days past due or write-off. The Group's financing receivables (before allowance for losses) at 31 December 2024 and 2023 were distributed among the CRs as follows:

At 31 December 2024[1]	Personal loans	Auto leases and loans	Credit cards	Total
CR1	41.0 %	52.7 %	68.8 %	51.0 %
CR2	30.9 %	31.1 %	21.8 %	29.6 %
CR3	18.0 %	12.5 %	8.9 %	13.9 %
CR4	7.2 %	2.6 %	0.5 %	3.9 %
CR5	2.8 %	1.0 %	0.0 %	1.5 %

1 Does not include Cembra Credit GmbH (previously eny Credit GmbH, renamed in 2024) and BNPL related to CembraPay AG

At 31 December 2023[2]	Personal loans	Auto leases and loans	Credit cards	Total
CR1	43.2 %	52.1 %	70.4 %	51.7 %
CR2	31.0 %	32.8 %	20.8 %	30.3 %
CR3	17.8 %	12.2 %	8.2 %	13.6 %
CR4	5.7 %	2.3 %	0.5 %	3.3 %
CR5	2.3 %	0.6 %	0.0 %	1.1 %

2 Does not include eny Credit GmbH (renamed to Cembra Credit GmbH in 2024) and BNPL related to CembraPay AG (and to Swissbilling SA, merged in 2024)

The Group is utilising behavioural scoring to enhance consumer rating methodology by considering customer behaviour through the life cycle and its impact on probabilities of default. This enhanced methodology enables to further assess customer data in areas such as calculation of allowances for credit losses, underwriting, limit management and collection strategies. Details about the calculation of allowances for credit losses are further described on page 149.

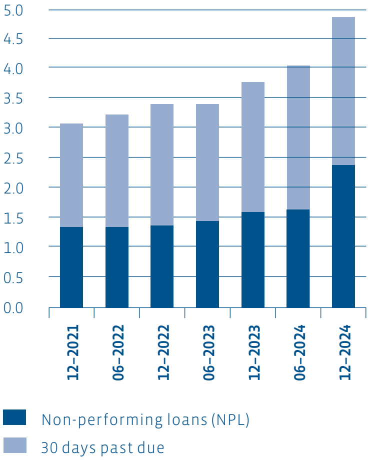
More details on the CRs and implied probability of default are provided in the Consolidated Financial Statements on page 164.

The Group's customer base comprises primarily of individuals and small and medium-sized enterprises. Concentration risks are regularly assessed, managed and monitored. The large number of borrowers and prudent management of exposure limits, naturally result in a broad diversification of credit risk. However, certain concentration risk can be caused by cooperation with external partners.

Credit risk within specific portfolios is also monitored using asset quality metrics, such as delinquency metrics, which are further described on page 163. The historic trend is indicated in the graphs below. The trend of portfolio quality metrics, such as delinquencies, carries certain impact of synchronisation of collection processes and write-off procedures that was implemented in the second half of 2024 and is further detailed on page 150.

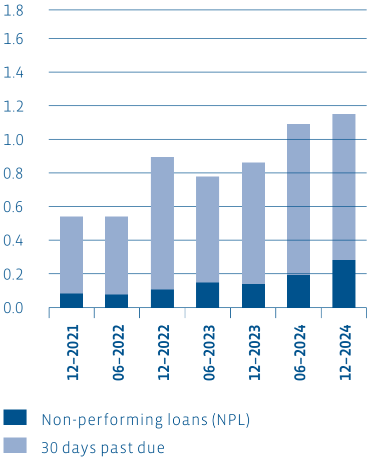
Personal loans

Delinquencies as %



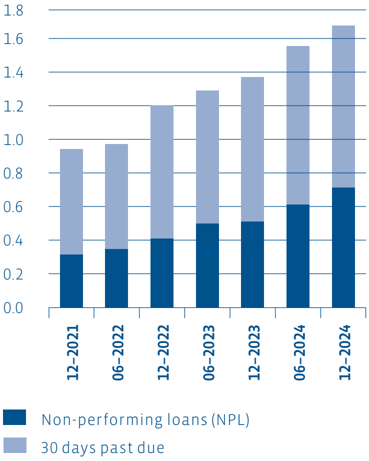
Auto leases and loans

Delinquencies as %



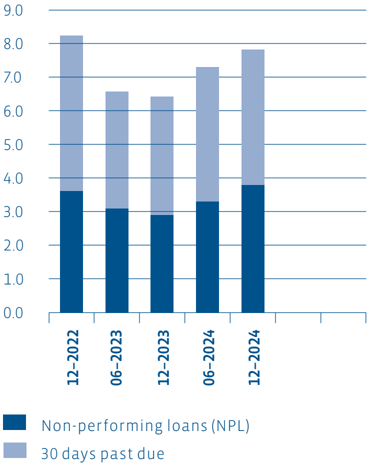
Credit cards

Delinquencies as %



BNPL

Delinquencies as %



ALM, market and liquidity risk

Asset and liability management (ALM) forms part of the Group's risk management framework and can be considered as the coordinated management of various inherent risk types, such as liquidity and market risks, in order to achieve the Group's objectives whilst operating within prudent and predetermined risk tolerances, limits and concentrations. The Asset & Liability Committee (ALCO) is the decision-making committee for asset and liability management activities and has overall responsibility for the administration of the respective regulation, as well as their monitoring and reporting. The ALCO is chaired by the Chief Financial Officer (CFO).

Liquidity risk

Liquidity risk is defined as the risk of the Group not having sufficient funds to meet its contractual obligations when they fall due and support normal business activities, or only being able to secure such funds at excessive costs. The Group recognises that liquidity risks are often consequential or connected rather than isolated in nature and arise from the materialisation of other categories of risk or drivers such as strategic, reputational, credit, regulatory or macroeconomic risks.

The Group's liquidity risk tolerance is defined by the Board of Directors and forms the basis for the Group-internal liquidity risk management strategy, the liquidity-related policies and the risk steering and control process.

The Group aims to maintain a conservative liquidity profile; this approach is viewed as an essential safeguard in protecting the reputation of the Group as a stable institution. The Management Board ensures that adequate liquidity levels are maintained in order to meet operational and regulatory requirements under normal and stressed conditions. Excess liquidity can be invested with two main objectives in mind: principal preservation and liquidity management. Credit risk related to investment activities and liquidity management is assessed and monitored in line with the Credit risk policy.

The Group maintains a robust and stable funding structure. In order to withstand an extended period of limited access to the wholesale funding markets, the Group proactively seeks to reduce reliance on short-term, potentially volatile, sources of funding. The Group actively averts building up concentration risk and strategically diversifies its investor base across different business sectors, by individual counterparty, by maturity buckets and across various categories of debt instruments.

For effective risk controlling, the overall condition of funding markets is regularly monitored and assessed against market-wide and Group-specific early warning indicators to ensure the Group's ability to access funding. This approach is designed to provide management with timely warning of events that might have a potentially unfavourable impact on its access to funding in the near future and, in turn, increase liquidity risk. Consequently, the Group has developed a comprehensive liquidity stress testing process to ensure it can adequately manage its liquidity during times of market stress of differing, yet plausible, magnitudes. This ensures the Group has sufficient controls and mitigation procedures in place to prevent or alleviate the consequences of stressed market conditions. The Group's contingency funding plan is based on the results of stress-testing scenarios and integrated into the Business Continuity Management (BCM) framework. The plan is tested annually, and results reported to the Management Board. Stress-testing results, along with other regulatory liquidity measures, such as the minimum reserve, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), are essential components of the Group's liquidity management approach and are reviewed regularly by the ALCO and the Board of Directors. The Group's LCR at 31 December 2024 was 1265%, well above the regulatory requirement of 100%. The NSFR complements the LCR as part of the liquidity regulations under Basel III. The Group's NSFR at 31 December 2024 was 123%, above the required minimum level of 100%.

Further quantitative information is provided in the separate document "Basel III Pillar 3 disclosures 2024" published on the Cembra website (www.cembra.ch/financialreports).

Market risk
Market risk encompasses the risk of financial losses due to adverse movements in market prices. The Group's business model leads to limited exposure to market risk factors. The Group's main source of market risk is interest rate risk in the banking book (IRRBB). IRRBB is the current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates. Movements in interest rates might change the underlying value of assets, liabilities and off-balance-sheet items and hence their economic value. They might also affect net interest income and earnings by altering interest-rate-sensitive income and expenses. Excessive IRRBB can pose a significant threat to a group's current capital base and/or future earnings if not managed appropriately. The Group has implemented an effective interest rate risk management framework to limit the potential effects on the Group's current capital base or future earnings and to keep interest rate risk at an acceptable level. In the context of an environment of frequently changing interest rates, activities were adopted to mitigate the effect and to continue to execute diligent risk management strategies.

Given the Group's predominantly fixed interest rate assets and liabilities, it is mainly exposed to repricing risk. This is the risk of adverse consequences of increasing or decreasing interest rates because of time differences in when these rate changes affect the Group's assets and liabilities. The Group considers different market scenarios such as a rapid increase or decrease in interest rates and actively manages its funding maturities including reliance on short-term sources of funding. The Group faces relatively low option and basis risk. Consequently, the Group focuses IRRBB monitoring on repricing risk.

The Group actively manages and monitors IRRBB performance. As per the regulatory requirement, the Group applies different interest rate shock scenarios and reports the impact on the economic value of equity (lifetime) and net interest income (next 12 months) on a monthly basis. The Group currently uses cash flow hedging in order to limit the risk of the variability in the interest rate cash flows.

Another type of market risk is foreign exchange (FX) risk, which is defined as the financial risk from adverse movements in the exchange rate on transactions denominated in a currency other than the base currency of the institution. The Group operates predominantly in the Swiss consumer finance market and borrows and lends exclusively in Swiss francs. Therefore, the Group's exposure to FX risk is minimal and limited to external and internal service provider invoices denominated in foreign currencies. FX exposure is monitored closely against internally set triggers, and the Group takes immediate corrective action if limits are exceeded. At 31 December 2024, the Group did not use any hedging instruments to manage its FX risk.

Further quantitative information is provided in the separate document "Basel III Pillar 3 disclosures 2024" published on the Cembra website (www.cembra.ch/financialreports).

Capital management

One of the Group's principal management goals is to maintain a strong capitalisation by taking a prudent approach to balance sheet growth and implementing a balanced dividend payment strategy.

Methodology for calculating minimum capital requirements
The Group uses the Standardised Approach ("SA-BIS") to calculate the minimum capital requirement for covering credit risk. It applies the current exposure method ("CEM") to calculate the required capital for counterparty credit risk for derivative. The simplified approach with credit equivalent calculated with CEM is used to quantify the loss risk to credit value adjustment ("CVA") of the derivative. It calculates the capital charge for market risk according to the standardised approach. The Group also applies the standardised approach to calculate the capital charge for operational risk. Thus, it fulfils the qualitative and quantitative requirements of the Ordinance on Capital Adequacy and Risk Diversification for Banks and Securities Dealers (CAO, SR 952.03).

Capital adequacy ratio
At 31 December 2024, the applicable regulatory requirement for a category 4 bank was set at 11.2% by FINMA. The Group aims to consistently maintain a capital base that is well above this mark, defining a mid-term minimum target for its Tier 1 capital ratio of 17% for the Group. Compliance with the target ratio is monitored at the ALCO meeting. At 31 December 2024, the Group's Tier 1 capital ratio was 17.9%, in line with the mid-term target.

Leverage ratio
The Basel leverage standard supplements the Basel III risk-adjusted capital standards and serves as a backstop. The leverage ratio compares the Group's equity against its total asset base (considering off-balance-sheet items) without any risk adjustment. At 31 December 2024, the Group's leverage ratio was 13.3%, well above the recommended 3.0%.

Further quantitative information is provided in the separate document "Basel III Pillar 3 disclosures 2024" published on the Cembra website (www.cembra.ch/financialreports).

Capital planning
Each year, the Group draws up a three-year capital plan and assesses the impact of several stress scenarios. As per FINMA requirements, the Group assesses its resilience to adverse macroeconomic conditions. In the 2024 stress test, the Group forecasts that it would be in a position to meet the minimum regulatory capital adequacy ratio prescribed by FINMA even under a prolonged severe stress scenario. The capital plan, as well as the output of the stress tests, are approved by the ALCO and submitted to the Board of Directors.

Operational risk and resilience

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. Critical functions include the activities, processes and services – including the underlying resources necessary for their provision – whose disruption would lead to material consequences as described in regulation.

Operational resilience refers to the Group's ability to restore its critical functions in case of a disruption within the tolerances for disruption, to identify threats and possible failures, to protect itself from them and to respond to them. The Group designs its operating model in such a way that it is less exposed to the risk of disruptions in relation to its critical functions.

The Group recognises the importance of the effective management of operational risks and resilience and has implemented a robust framework and appropriate processes to manage them. This framework contains internal risk taxonomy, risk tolerances and concepts for managing and controlling operational risks and enhancing the Group's operational resilience. The Risk & Controllership Committee (RCC) reviews and monitors all key internal controls, compliance and operational risk management activities and has overall responsibility for the administration of the respective regulations, as well as their monitoring and reporting. The RCC is chaired by the General Counsel and the CRO.

Key instruments to manage operational risk and resilience include:
- Operational risk assessments: regular identification and assessment of the likelihood and potential impact of inherent and residual operational risks
- Control catalogue: execution of a set of documented controls aligned with business processes and their risks
- Risk tolerances and risk tolerance limits: regular monitoring of risk exposures and risk tolerances that serve as early warning indicators for key operational risks
- Loss data collection: historical dataset of loss events used to identify operational risks deriving from process inefficiencies or control gaps
- Analysis of external events: analysis of external operational risk events applicable to the Group's risk profile to identify emerging risks and evaluate controls
- Critical functions testing: the ability to provide critical functions within their tolerance for disruption in severe but plausible scenarios.

The Group is exposed to a wide variety of operational risks, including information and communication technology risk and cyber-risk that stem from dependencies on information and communication technology and service providers. The Group acknowledges the evolving cyber-risk landscape and has therefore developed a far-reaching information security framework to effectively manage and control this type of risk. This framework addresses regulatory requirements, is based on international standards and is supported by a strategy for dealing with cyber risks that ensures continuous improvements. Relevant cyber-threats are regularly identified and assessed, and corresponding measures are considered. Specific response plans are maintained and continuously improved. The Group has further defined its strategies for dealing with business continuity management (BCM), critical data and information and communication technology. These defined technical and organisational measures include specifically training of relevant staff, BCM and operational resilience recovery plans and procedures, protection of data confidentiality, integrity and availability, and making use of vulnerability scans and penetration tests.

The Group is aware that severe but plausible scenarios and events beyond its control (such as natural disasters) may result in an inability to fulfil some or all of its business obligations, particularly where its physical assets or information and communication technology would be damaged or made inaccessible. The Group has implemented a BCM and operational resilience programme. The programme involves identifying critical functions which include activities, processes and services and their dependency on critical information and communication technology and service providers. The Group's BCM framework encompasses planning, testing and other related activities. The framework aims to ensure that critical functions will either continue to operate in spite of severe but plausible scenarios or will be recovered to an operational state within defined tolerances for disruption. In addition to its BCM framework and in the context of operational risk management the Group targets effective operational resilience in its critical functions in order to ensure robustness under consideration of severe but plausible scenarios.

Comprehensive crisis management plans are in place and define the processes to be followed in case of a business emergency while crisis is defined as a situation that requires critical decisions and cannot be handled with ordinary measures and decision-making powers. The aim is to safeguard the continuity of the Group's business-critical activities and to limit potential damage in the event of a significant business interruption.

Compliance risk is the operational risk of legal or regulatory sanctions, reputational damage and financial forfeiture or material loss deriving from violations of laws and regulations, internal regulations, prescribed best practice, or professional and ethical standards. The Group is exposed to this type of operational risk as a consequence of being a market participant in the financial services industry, with its legal and regulatory requirements and the changes made to them. To ensure operational independence, the Group has a separate legal & compliance function. This function effectively manages, controls, monitors and reports on legal and compliance risks and ensures that the Group's business activities adhere to all relevant legal requirements, regulatory standards and requirements for effective corporate governance. The Group acknowledges the increasing importance of behavioural compliance related to conduct risk in the banking sector and addresses this within the provisions of the Group's Code of Conduct. The Group has no tolerance for integrity breaches, internal fraud and other types of misconduct and will continue to apply strict consequence management measures.

In its financing activities, the Group is exposed to fraud risk, which is managed through comprehensive fraud detection, prevention and investigation processes and tools. The Group might make use of an automated digital identity verification process in order to identify and prevent digital fraud attempts.

The Group has chosen to use service providers to support its business activities. With the implementation of policies governing this area and an ongoing monitoring process, the Group ensures compliance with relevant regulatory requirements. Before entering any material engagement with a service provider, a due diligence exercise is conducted.

The status of the BCM and operational resilience programme and the status of the operational risks, cyber and information security framework are regularly reviewed by the RCC and a summary report is provided to the Audit and Risk Committee and the Board of Directors at least annually. In 2024, the Group completed the implementation of the fully revised regulatory requirements on operational risk and resilience at banks which entered into force on 1 January 2024.

Sustainability risk

Sustainability risk is defined as the risk that the Group negatively impacts or is impacted by ESG matters and particularly climate-related changes. For management of sustainability risks, the Group builds on the established risk management process as described on page 21. The management of sustainability risks is integrated into the Group's risk strategy. Related risk tolerances require the adherence to relevant standards and key stakeholder's expectations (e.g. business partners, shareholders, ESG rating agencies). The Sustainability Committee is the decision-making and monitoring committee for management of sustainability-related risks and opportunities. The Sustainability Committee is chaired by the CEO. The Board of Directors, supported by the Audit and Risk Committee, oversees the sustainability management and provides strategic direction.

Particularly, climate-related risks (one of the nature-related risks) can typically be mapped into other categories of risk such as credit risk, market risk, operational risk or other risks. Consequently, climate-related risks do not necessarily represent a new risk category, but rather an underlying risk driver for a risk category or individual risk.

Climate-related risks include physical, transition, or legal and reputational risks that impact the Group or the Group negatively impacts. Physical risks might result in costs and losses due to the increasing severity and/or frequency of weather events and changes, including climate change and the associated impairments to ecosystems. These can be acute and result from extreme weather events or chronic events, arising from progressive shifts in weather patterns, rising sea levels or other events. Transition risks arise from disruptive technological breakthroughs or action taken on climate and environmental policies that will transform the economy, with the implication that assets in certain sectors may lose value. Such events, as changes in law and regulation, shareholders expectations or state policies could impact the Group's core business and operations and may drive legal, financial or reputational damage, if not adequately addressed. Legal risks may arise among others from legal claims seeking compensation for losses suffered because of actions or inactions of governments or corporations.

Transition risks could gradually materialise in the form of credit risk where the leased assets may lose value over medium to long term. In connection with its auto lease business, the Group purchases vehicles and resells them in accordance with the lease contract. The risk that the re-sale value of any lease vehicle may be less than the remaining outstanding balance at the time such lease agreement is terminated, at contractual end or during contract term, is borne by the Group. This risk is mitigated by the Group's right under the dealer agreements obliging a dealer to repurchase a lease vehicle at the contractually defined price. Shifting of consumer preferences, including environmental considerations or potential bans for certain engines, such as combustion ones are among others potential reasons for a lower residual value of purchased lease assets, which may have a negative impact on new vehicle sales or used vehicle supply. The Group regularly monitors vehicle brand and model diversification and adopts bespoke mitigation measures. For further information on managing the residual value risk refer to the Credit risk section on page 22 and see also our approach to sustainability on page 31.

Immediate physical risks and their impact on the Group or on the environment are generally considered low due to being a financial services provider that operates exclusively in Switzerland. The Group assesses physical security of its office locations on a regular basis.

The Group is committed to ensure compliance with relevant climate-related regulations and guidelines and adapts risk management practices accordingly. This includes the consideration of climate-related impacts or the assessment of climate-related risks in strategic planning and decision-making processes as well as in the assessment of all categories of risk. In particular, the assessment of existing and new risks is based, among others, also on climate-related changes impact criteria. Therefore, climate-related risk as a driver for other categories of risk is actively identified, assessed, monitored and managed.

The Group's sustainability approach follows a multi-year roadmap considering the Group's most relevant sustainability topics. It is designed to integrate sustainability and climate-related risk considerations into its risk management framework, related policies and processes. The Group's roadmap is configured to address current and emerging regulations and builds capacity through expertise and collaboration including engagement with internal and external stakeholders and experts.

Other risks

Strategic and business risk is defined as possible losses that arise from uncertainties or untapped opportunities inherent in the Group's strategic and business goals. The Group addresses these risks as any other risk through the established risk management process as described on page 21. The general risk management process is also applied for strategic and business risks that are caused by extraordinary events such as outbreak of pandemics, geopolitical conflicts, power supply shortages or economic downturns. In such events and periods, multiple risk factors or categories might be impacted and need to be managed accordingly. The Group's BCM and operational resilience framework and its crisis management procedures support the effective continuation of business operations.

The Group's strategic programmes and transformation roadmap aim to accomplish a future state as outlined in the Group's vision and mission statements. Its execution highly depends on employees that through the Group's values determine the corporate culture. Consequently, various risks related to this transformation, such as human capital or employee health risks but also general execution risks relating to a changing technology and process landscape, are identified, assessed, managed, monitored and reported.

Reputational risk is the risk of losses resulting from damages to the Group's reputation. The Management Board directly manages and supervises strategic risk, business risk and reputational risk. Recognising the fact that reputational risk can be difficult to quantify and arises as a consequence of another materialised risk, the Group manages reputational risk jointly with other risks by assessing the inherent reputational impact of those risks.

Sustainability Report 2024

Introductory notes

This report has been prepared in accordance with the Swiss Code of Obligations, the Swiss Ordinance for Climate Disclosure and the Global Reporting Initiative (GRI). The reporting period is 2024 and the scope of consolidation is Cembra group except where mentioned. Relevant information is mapped to the index table on pages 35-36, and in the GRI content index 2024.

Additional detailed information and explanations are provided in the "Annex to Sustainability Report 2024". This annex was approved by Cembra's Sustainability Committee in March 2025 as a part of our sustainability disclosures.

This sustainability report and all related disclosures are available at www.cembra.ch/sustainability.

1 Letter from the Chairman

Dear Customers, Partners, Shareholders, Employees and other Stakeholders,

Ensuring sustainability remains an important part of our strategy. In 2024, we continued to foster sustainability and responsible behaviour throughout the organisation, and details of that work are provided in this report. We are proud that we were again able to make considerable progress.

Despite the current economic uncertainty, and thanks to our cautious, long-term risk management approach we delivered solid results while we provided appropriate solutions tailored to customer needs and behaviours (see pages 43-47).

Our risk management framework includes sustainability risk which is defined as the risk that the Group negatively impacts or is impacted by environmental, social and governance matters. For management of sustainability risk, the Group builds on the established risk management process. We describe how we mitigate this risk in our Risk Management Report (see Risk Management Report page 29).

We continued the development of climate-related mid and long-term targets and actions and other elements of the TCFD (task force for climate-related disclosures) framework. We also extended our reporting on carbon emissions in the value chain and we disclose specific climate-related mid and long-term targets and actions. In this context, our total scope 1 and 2 emissions declined by 42%, driven by the further increased share of electric vehicles in our own car fleet, and by low-carbon heating at our headquarters since 2024 (see pages 57-66).

The Sustainability Committee, which is chaired by the CEO, held six meetings in 2024, in which it oversaw ongoing sustainability initiatives and projects. In addition, the committee confirmed the sustainability targets which are designed to drive further improvements along our most material sustainability topics. Sustainability targets have been part of the criteria for determining the Management Board’s incentive-based compensation since 2020 (see Compensation Report, pages 123-124).

The Board, supported by the Audit and Risk Committee, provides oversight and strategic direction on sustainability-related topics. We were again seeking external limited assurance for the entire Sustainability Report (see pages 38 and 76-78).

Our longstanding efforts to further improve sustainability were again acknowledged by leading ESG rating agencies. In 2024 MSCI ESG Research confirmed their AAA rating on Cembra. Sustainalytics, an ESG rating agency owned by Morningstar, included Cembra on their "Top industry leaders 2025" list for the first time. Moreover, we were again certified as “Great Place to Work” (see pages 38 and 48).

Your feedback matters to us, and we would like to continue our dialogue with you on sustainability and on our performance in this area. Please do not hesitate to get in touch with us.

Franco Morra
Chairman

2 Our approach to sustainability

Aspirations, values and policies

Cembra has set out a sustainability aspiration which is available at www.cembra.ch/sustainability.

Aspiration

At Cembra, we seek to generate long-term value by considering the interests and expectations of our stakeholders, encouraging responsible behaviour and practices and actively working to build a more sustainable future. We are aware of our responsibilities and the impact that our operations have on our customers, business partners, shareholders, employees, regulators and communities. In this way, we always aim to adhere to high responsibility standards from an economic, legal, social, environmental and ethical perspective. Our sustainability commitments:

- We ensure our products and services meet high quality and integrity standards, by responsibly creating financial solutions that support aspirations. When developing new products and services and enhancing existing solutions, we factor in the extent to which they will help us to achieve our sustainability targets.
- As a forward-looking business partner, we embrace innovation and leverage new technology in order to develop reliable, demand-driven products and services that generate added value.
- As a credible investee, we adhere to strict corporate governance and risk management practices.
- As an attractive employer, we aim to raise our people up by creating a healthy work environment and promoting diversity, equal opportunities and personal development. We also support our employees' awareness of and engagement in environmental and social responsibility.
- As a good corporate citizen we contribute to community development and use resources sustainably, by continuously reducing our impact on the environment.
- As part of our stakeholder-oriented approach we consult with stakeholders on sustainability topics, we continuously monitor our sustainability performance and work towards our environmental, social and governance-related targets set for the next years.

This policy statement applies to all Cembra employees and is actively shared with contractors, suppliers and other key business partners. The members of the Management Board are responsible for ensuring full compliance with this policy across the company.

Values

The daily work of our employees is guided by our values. In line with our strategy announced in December 2021, our values serve as our guiding principles: customer obsession, "trust and team", accountability and empowerment, and change and learning. Our cultural transformation programme which started in January 2022 is driven by what matters to us, enabling us to foster a customer-first mindset and promote an engaging and motivating culture based on a spirit of learning, collaboration, curiosity, and accepting failure as part of growth.

- **Customer obsession:** The customer is at the forefront of everything I do.
- **Trust and team:** I act with integrity and care; I collaborate without boundaries.
- **Accountability and empowerment:** I take charge and fix what doesn't work.
- **Change and learning:** I lead change and manage ambiguity; I keep it simple.

For details on our values, see Annex to Sustainability Report 2024, chapter 2

Policies

Cembra adheres to high standards in corporate governance, risk management and internal controls. Policies guide decisions and the behaviour of all our employees and business partners. Members of the Management Board are responsible for ensuring full compliance with Cembra's policies. The legal and compliance department in particular supports the internal implementation and development of effective policies and guidelines in this regard. The Board of Directors supervises the business conduct of the Management Board through corporate governance mechanisms with effective checks and balances (see the chapter on business integrity, page 66).

Our other main policies are described on pages 72-74.

Organisation

Organisation at the Board level
Sustainability matters, including climate-related matters, are addressed periodically by the Board of Directors, which oversees Cembra's processes to identify and manage the company's impacts on the economy, environment, and people, including performance as well as the associated targets, reflecting an important direction of the Group. The Board of Directors regularly reviews the feedback and inputs of institutional investors and other stakeholders. Questions regarding remuneration, the Board's composition and shareholder rights are always dealt with transparently.

The Board of Directors is updated on all sustainability-related activities at Cembra by the Sustainability Committee and by members of the Management Board at least twice a year. In turn, the Board of Directors provides strategic direction and approves Cembra's sustainability approach and periodic reporting as part of the annual report.

In 2024, the Board of Directors held a session on the company's sustainability strategy and targets in March and was updated about climate-related topics in five meetings (in May, July, August, October and December 2024). The Compensation and Nomination Committee reviewed Cembra's ESG performance as part of the strategic lookback assessment for the long-term incentive compensation in January 2025, and the Audit and Risk Committee did again a special walk through this Sustainability Report in March 2025. This Sustainability Report was reviewed and approved by the Board of Directors in March 2025, assisted by the Audit and Risk Committee.

Organisation at the executive management level
Sustainability, including climate-related matters, is managed by the Management Board through a dedicated Sustainability Committee. It complements the existing Management Board committees, which include the Credit Committee, the Asset and Liability Committee, and the Risk and Controllership Committee. The Sustainability Committee is chaired by the CEO, and members of the Management Board, the head of human resources, and the head of investor relations & sustainability also sit on the committee. The committee's role is to develop and implement the overall sustainability strategy, including climate-related topics, and to monitor key improvement projects and initiatives (see Risk Management Report page 20). In 2024, the Sustainability Committee held six meetings, in January, March, May, July, October and December.

The sustainability-oriented key performance indicators (see page 38) are considered important for the implementation, and they have formed part of the criteria for determining the Management Board's short-term and long-term incentive compensation since 2020 (see Compensation Report, pages 123-124).

GRI reporting
This report was drawn up in accordance with the Global Reporting Initiative (GRI) Standards and in line with its eight reporting principles, taking into account the Standards' most recent recommendations and guidelines. The GRI Content Index 2024 is available online at www.cembra.ch/sustainability.

Reporting on non-financial matters
This report was drawn up in accordance with the reporting on non-financial matters according to the Swiss Code of Obligations and on the Swiss Ordinance on Climate Disclosure as part of the environmental matters. All relevant information is mapped to the content index table below.

Swiss CO and Ordinance on Climate Disclosure content index

Swiss Code of Obligations	References and explanations	Page
Art. 964b para. 1 in particular The report on non-financial matters shall cover environmental matters, in particular the CO2 goals, social issues, employee-related issues, respect for human rights and combating corruption. The report shall contain the information required to understand the business performance, the business result, the state of the undertaking and the effects of its activity on these non-financial matters.	Cembra's most relevant sustainability themes were developed under the GRI framework and are material for Cembra, and they are in line with the legal framework on non-financial matters. The themes are described in chapter 2 under "Most relevant sustainability themes" and include the requirements as follows: – Quality and integrity of products and services (including social matters) – People and development (including employee related matters) – Environmental stewardship (including environmental matters and carbon emission goals) – Business integrity (including respect for human rights and combating corruption)	38
	The impact of the non-financial matters on Cembra's financial performance and the effects of its activity (concept of double materiality) are described in chapter 2 under "GRI materiality matrix" and the "Most relevant sustainability themes".	37
	Details about the material sustainability themes (non-financial matters) are described in the Sustainability Report in the chapters 3 to 7.	
The report shall include in particular:		
Art. 964b para. 2 item 1 a description of the business model.	See chapter 2, under "Business model" (note: part of Management Report 2024 p 19 under "Business model and strategy").	39
Art. 964b para. 2 item 2 a description of the policies adopted in relation to the matters referred to in paragraph 1, including the due diligence applied.	Cembra ensures compliance with the relevant legal frameworks by means of internal regulations and processes, determines key figures and discloses them in accordance with GRI and the UN Global Compact.	39
	Cembra has detailed internal policies in place, which aim to prevent bribery and corruption.	73
	See chapter 2, under "Policies", "Organisation" and "Coverage and reporting boundaries".	33-34
Art. 964b para. 2 item 3 a presentation of the measures taken to implement these policies and an assessment of the effectiveness of these measures.	For each material topic, the measures described in the chapters 3-7 under the paragraphs "Aim and approach" and "Progress in 2024".	41, 43, 48, 57, 66
	The assessments of the effectiveness of the measures are made as part of the KPI assessment (see below under 964b 2, 5).	
Art. 964b para. 2 item 4 a description of the main risks related to the matters referred to in paragraph 1 and how the undertaking is dealing with these risks; in particular it shall cover risks: a. that arise from the undertaking's own business operations, and b. provided this is relevant and proportionate, that arise from its business relationships, products or services.	Our overall risk management framework includes sustainability (non-financial) risk which is defined as the risk that the Group negatively impacts or is impacted by environmental and social matters including climate-related changes. For management and mitigation of sustainability risk, the Group builds on its established risk management process as a regulated bank.	
	In particular, the assessment of existing and new risks is based, among others, also on climate-related changes. See chapter 6 under "Climate-related risks."	60
Art. 964b para. 2 item 5 the main performance indicators for the undertaking's activities in relation to the matters referred to in paragraph 1.	Cembra's key performance indicators for the most material sustainability (non-financial themes are described in Chapter 2 under "Commitments, performance measures and assessment 2024".	39
964b para. 3 If the report is based on national, European or international regulations (…), the regulations applied must be mentioned in the report. In applying such regulations, it must be ensured that all the requirements of this Article are met. If necessary, a supplementary report must be prepared.	This report is in accordance with the GRI framework, see chapter 2 under "Reporting".	34
Art. 964b para. 4 If an undertaking has sole control or joint control with other company of one or more other Swiss or foreign undertakings, the report shall cover all these undertakings.	This report covers the Group with the exception of some specific figures and policies where it is mentioned in the report. See chapter 2 under "Coverage and reporting boundaries".	36

Ordinance on Climate Disclosure	References and Explanations	Page
Art. 3 in particular Para 1 and 2 Climate disclosures based on the report "Recommendations of the Task Force on Climate-related Financial Disclosures", version of June 2017, the "Supplemental Guidance for the Financial Sector", "Guidance on Metrics, Targets, and Transition Plans", version of October 2021, and the annex "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures", version of October 2021, comprise, in particular, the implementation of the recommendations on the following topics: a. Governance; b. Strategy; c. Risk management; d. Key figures and targets	Our climate disclosure is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and was developed according to the guidelines of the specific reports mentioned in the Ordinance on Climate Disclosure. The thematic areas include the following key information:	
	a. Governance: Our governance on sustainability (including climate-related issues) is described in chapter 2 "Our approach to sustainability" under "Organisation at the Board level" and "Organisation at the executive management level"	34
	b. Strategy: Our strategy related to climate-related issues is described in chapter 6 "Environmental stewardship". It includes the description of our approach to environmental management, identified risks and opportunities, its impact on our business as well as a scenario analysis to test the resilience of our strategy.	57-58
	A transition plan has been developed in accordance with Swiss climate goals.	58
	Assumptions, methods and standards used are described.	57
Para 3 The thematic area "strategy" shall cover a.) a transition plan that is comparable with the Swiss climate goals; b.) where possible and appropriate, information in quantitative form, as well as assumptions, methods and standards used	c. Risk management: Cembra's risks related to climate are part of Cembra's overall risk management framework and are fully integrated into existing processes. See Chapter 6 under "Sustainability risks".	59-60
Para 4 The thematic area "key figures and targets" shall comprise in particular: a.) quantitative CO2 targets and, where necessary, targets for other greenhouse gases; b.) the disclosure of all greenhouse gas emissions; c.) quantitative information, as well as the disclosure of the main assumptions, methods and standards used	d. Key figures and targets: Our climate-related metrics and targets are described in chapter 6 "Environmental stewardship". The metrics and targets were developed in accordance with the sector-specific guidance for financial institutions and quantitative targets haven been developed, where possible and appropriate. The chapter also includes the disclosure of all our greenhouse gas emissions as well as the disclosure of assumptions, methods and standards used.	62-64
Para 5 The inclusion of sector-specific guidance for financial institutions when implementing the recommendations of the thematic area "key figures and targets" shall comprise forward looking, scenario-based climate compatibility analyses.	See chapter 6 "Environmental stewardship".	58, 62-64
Para 6 The effectiveness of the measures taken by the company in connection with climate issues can be demonstrated as part of a qualitative or quantitative overall assessment.	See "Overall assessment of the effectiveness of the climate-related measures taken".	65

Independent limited assurance

This Sustainability Report 2024 was provided independent limited assurance by KPMG with a view to the Global Reporting Initiative (GRI) Standards and the Swiss Code of Obligations including, for the first time, the Swiss Ordinance on climate-related disclosures. For the independent limited assurance and further details see pages 76-78.

Coverage and reporting boundaries

This report describes the current situation and the progress made by Cembra in the area of sustainability in the 2024 financial year. Most data and indicators are available for the three financial years up to and including 2024. Following the consolidation of Cembra Latvia, a subsidiary and service company in Riga, in the reporting period 2023, Cembra Latvia's activities and figures are included in this sustainability report, with the exceptions of chapter 6 (environmental stewardship, see page 58 for details) or when marked in footnotes.

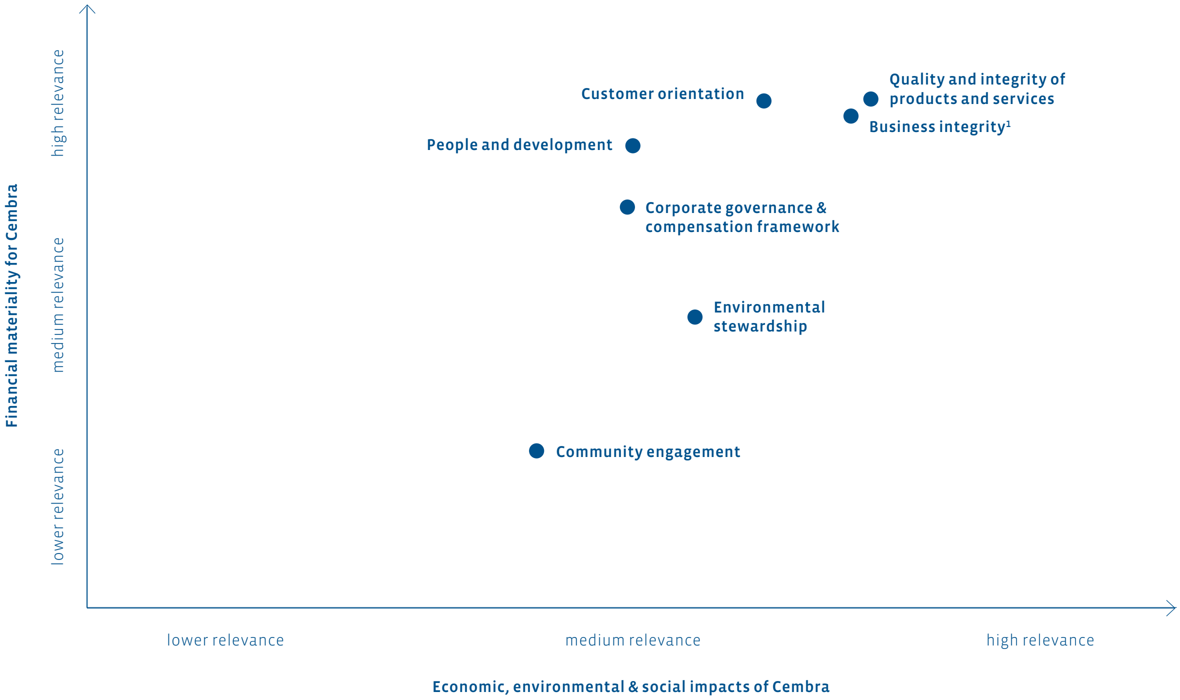
Stakeholder materiality assessment

We are aware of the impact of our activities and responsibilities towards our stakeholders. We consequently seek dialogue at different levels and with various partners in our everyday business. Cembra employees from various business functions are in close and regular contact with individuals from these groups. The Group interacts with other stakeholders, such as representatives of civil society, local communities and non-governmental organisations, on a case-by-case basis. The feedback we receive from investors, analysts, sustainability rating agencies, proxy advisors and other stakeholders is considered very important and helps us to decide on actions that are taken to manage the material topics and related impacts, and to review the effectiveness of these actions.

As part of our continued efforts to manage sustainability we carried out stakeholder assessments in accordance with the GRI Standards in 2018, 2020 and 2023. The most recent assessment in the second half of 2023 had again been supported by an external specialised consultant. The formal stakeholder engagement enabled Cembra to identify the topics that are most relevant to stakeholders and to understand why they are important. The process resulted in quantified results leading to an updated materiality matrix. In 2023, all previous material topics were confirmed, and no additional material topics were brought up. This made us confident that the current material sustainability topics of Cembra are highly relevant, comprehensive and mutually exclusive. In addition, we received valuable feedback on our focus areas in sustainability management (including the related impacts on economy, environment and people), inputs for its further development, and cultivated relationships with our internal and external stakeholders. For more detail see the Annual Report 2023, page 35.

Materiality matrix

With a view to the EU's Corporate Sustainability Reporting Directive (CSRD), the non-financial matters according to the Swiss Code of Obligations and the GRI standards, the topics were assessed according to the principle of double materiality, i.e. from an in-side out perspective (x-axis = impact of Cembra) and an outside-in perspective (y-axis = financial materiality for Cembra).



[1] including data privacy & security

Continued strong ESG ratings performance
Cembra actively participates in several ESG ratings by leading ESG rating agencies both in order to demonstrate the company's sustainability performance and to learn about relevant areas of improvement. In May 2024, MSCI confirmed the ESG rating on Cembra of AAA, and our "Low ESG risk" rating by Morningstar Sustainalytics was reaffirmed. Selected ESG rating levels are mentioned on page 230.

Inclusions in ESG indices
In the reporting period, Cembra was included in several ESG indices of leading index providers by the Swiss stock exchange. In January 2025, the ESG rating agency Morningstar Sustainalytics included Cembra in their "Top industry performer 2025" list in the category global diversified financials. Until 2023 Cembra had been included in the Bloomberg Gender-Equality Index which was not updated since then.

Most relevant sustainability themes
As a result of our engagement with our main stakeholders, Cembra focuses on the five most relevant sustainability themes.

- **Customer orientation** (chapter 3) addresses Cembra's aim of providing high customer value and setting ourselves apart through our outstanding and transparent services as well as our operational excellence. Cembra's offerings are designed to meet current clients' needs and address changes in customers' financial behaviour. Being a reliable provider of access to specific financial services, we offer high value for our retail customers.

- **Quality and integrity of products and services** (chapter 4) covers the responsible provision of financing products and services that adhere to strict safety standards. Access to financial services, taking into account individual situations, can have a positive impact on customers' personal lives. Our overall goal is to provide customers with the amount of credit that suits their individual situation. Cembra aims to prevent customers from taking on too much debt, as this would not only have a negative impact on our customers' personal lives but also could affect Cembra's credit default risk.

- **People and development** (chapter 5) includes recruitment, education and training, personal development, health promotion, work-life balance, diversity management and embedding Cembra's corporate values. These aspects directly impact the work and lives of employees and their families. Our employees are one of our most important stakeholder groups. Their commitment and contributions enable us to be a successful bank in Switzerland.

- **Environmental stewardship** (chapter 6) is achieved by optimising processes and outputs that have an environmental impact. It is addressed both within the Group (direct impact) and in the area of financing (indirect impact). Further, Cembra recognises that climate change poses a significant risk to society, nature, our business, our customers and our partners.

- **Business integrity** (chapter 7) covers compliance with laws and regulations, as well as governance, risk management practices, human rights, combating corruption, and ethical business conduct. It also covers the protection and security of customers' privacy, limiting the potentially negative impacts with regard to their personal data.

Community engagement (chapter 8) was not considered a material topic by our stakeholders. Nevertheless, Cembra has been committed to a number of community-related and philanthropic activities since 2003, and we report on this engagement in chapter 8. The topics "Corporate governance" and "incentives and the compensation framework" were combined because incentives and compensation are commonly regarded as an aspect of corporate governance by external stakeholders, especially by proxy advisors and other governance specialists. Details of these topics are included in the Corporate Governance Report and in the Compensation Report.

In December 2024, the Sustainability Committee reviewed the stakeholder assessment and the prioritisation of material topics and confirmed the most relevant sustainability themes.

Commitments, performance measures and assessment 2024

We have developed commitments and key performance indicators for each of the five most relevant topics

Most relevant topics	Customer orientation	Quality and integrity of products and services	People and development	Environmental stewardship	Business integrity
Commitment	We strive for satisfied customers who reward us through high retention and loyalty	We are a responsible provider of financing products and services	We are a Great Place to Work (GPTW)[1]	We reduce our environmental footprint per employee	We take a zero tolerance approach to non-compliance
Key performance indicators	Net promoter score of at least +30 on a scale from -100 to +100	Qualitative assessment of lending portfolio quality metrics	GPTW employee trust index of at least 70%	Reduce scope 1+2 emissions until 2025 by 75% (basis 2019). Reduce scope 1+2 and operational scope 3 emissions[2] by at least 25% by 2030, and achieve net zero carbon emissions by 2050 (basis 2023)	Qualitative assessment of reported complaints and cases
Assessment 2024	Net promoter score of 23 (2023: 21)	Continued solid asset quality metrics	Employee trust index of 72% in 2024 (2022: 71%), measured every two years	Reduction of scope 1+2 emissions by 40% in 2024, and on track to reach targets	No reportable cases
Reference and details	Page 41	Page 43	Page 48	Page 57	Page 66

1 www.greatplacetowork.ch
2 Scope 3.categories 3.1 Purchased goods & services, 3.2 Capital goods, 3.3 Fuel & energy related activities, 3.5 Waste, 3.6 Business travel, 3.7 Employee commuting

Details of the five most relevant topics and their key performance indicators as well as on and our community engagement are provided in the following chapters.

Business model
Cembra is a provider of financing solutions and services in Switzerland. The company operates by offering individuals in Switzerland a diverse range of secured and unsecured consumer lending, credit services and savings. The products include personal loans, credit cards, auto loans and leasing, invoice financing solutions and savings products as well as providing access to related insurance products (for details see Annual Report 2024 page 5). Revenues are generated through interest income and fees on these financial products, often in collaboration with partner businesses for co-branded credit cards, vehicle leasing and other financing options. Cembra places significant emphasis on risk management, utilising credit assessments and underwriting processes to maintain a robust loan portfolio. Cembra operates within the Swiss regulatory framework, adhering to laws and regulations related to consumer lending and banking (see Management Report page 19).

UN Global Compact and Sustainable Development Goals
Cembra is a signatory to United Nations Global Compact (UNGC) since 2020. Cembra is committed to supporting the Ten Principles on human rights, labour, environment and anti-corruption and to making these part of our strategy, culture and day-to-day operations. Regarding our support of the UNGC principles for human rights for see chapter Business integrity page 66.

Our commitment to fully supporting the Sustainable Development Goals (SDGs) is borne out in our sustainability aspirations and our participation in the UNGC since 2020. In 2024, we re-assessed where Cembra can make the most significant contribution. As a result of these discussions, we confirmed that Cembra has the greatest impact on SDGs 4, 5, 8, 10, 12 and 16. We also concluded that Cembra can play a role in promoting SDG 13 (i.e., taking urgent action to combat climate change and its impacts) by participating in the on-going transition to a low-carbon economy through segments of our vehicle financing business (see section Environmental stewardship on page 57 for details). For further information on our contributions to the SDGs see the Annex to Sustainability Report 2024.

Other specific sustainability-related characteristics
Cembra operates predominantly in Switzerland. Given the stringent regulatory environment, and as we are a purely financial services company, our approach to many environmental, economic and social aspects already meets high standards, or the topics are not material.

- In 2024, 93% of Cembra's total assets were in cash (or cash equivalents) or in unsecured and secured loans (net financing receivables) in Swiss francs and provided almost exclusively in Switzerland.
- Although we are a bank, we offer no investment funds or financing for international projects. Cembra does not manage any third-party assets, and responsible fund investment considerations are therefore not a critical issue for the company. As a consequence, there are no investments in the fossil-fuel sector.
- Most of our suppliers are based in Switzerland. Our Business Partners' Principles of Conduct (supplier standards, see page 65) help us to identify, manage and mitigate national and international sustainability risks.

This forms a solid basis for our sustainable and responsible business model.

3 Customer orientation

Aim and approach

We aim to ensure that our customers are satisfied and reward us with a high level of retention and loyalty. For us, customer orientation means that we want to provide high customer value and set ourselves apart through outstanding service and operational excellence. We are committed to offering our clients transparent and responsible solutions that meet their needs and foster sustainable behaviour.

We have made "customer obsession" one of our values (see page 32), thereby underpinning the importance we place on customers' needs. We are aware of the fact that our products can significantly impact the financial situation of our customers. Taking responsibility for ensuring that our customers have a good understanding of our products and services is of utmost importance. We have several internal policies that govern business practices and define how employees should behave towards customers. But while the way we behave with our customers is of utmost importance, we also need to make sure we keep pace with their ever-evolving needs. Customer behaviour is shifting, with increasing use of digital services and changing financing needs. This, of course, effects the way we approach and interact with our customers.

Cembra uses several indicators to assess customer orientation. The most relevant indicator is customer satisfaction for each business (excluding BNPL), measured by the net promoter score (NPS). The NPS evaluates customer loyalty towards a company. Customers are asked how likely they are to recommend a company to a friend or family member. The score can range from –100 to +100.

We seek to improve our NPS by carrying out continuous surveys of our three main businesses – personal loans, auto leases and loans, and credit cards. The surveys identify the factors that drive customer satisfaction and areas where customers think there is room for improvement. Net promoter scores were introduced at Cembra in 2016, and the Management Board is responsible for them. In 2023, Cembra had implemented continuous feedback collection for NPS measurement which is complemented by separate surveys on products and services throughout the customer life cycle.

Progress in 2024
In 2024, Cembra's new NPS as measured on a continued basis came to +23 (2023: +21) on a scale of –100 to +100. The positive trend in 2024 supported our aim to achieve an NPS of at least +30 in the mid term, through ongoing and planned action and initiatives.

Transparent, needs-based offerings

As a leading provider of financing solutions in Switzerland, we aim to provide transparent and needs-based offerings across our businesses.

- **Premium personalised service in personal loans.** For details on our lending process and services, please see the chapter on the quality and integrity of products and services (page 43).
- **Personalised and flexible service in auto loans and leasing.** We provide a personalised, flexible and efficient auto loans and leasing service through our dedicated sales force and other teams at our four service centres in the German-, French- and Italian-speaking regions of Switzerland.
- **High customer value in the credit card business.** Through partner programmes and our own offerings, we provide a range of credit cards with high customer value. There is no annual fee on most of the cards, and in several independent consumer ratings, our credit cards regularly rank among the best in terms of customer value.
- **Buy now pay later:** Through our brand CembraPay and a partnership with the leading Swiss online payment app TWINT we offer invoice financing services and flexible payment options for both online and point-of-sale selling.

We provide customers with financing solutions. The financial situation of our customers can vary depending on their personal circumstances, and some of our customers need financing for matters such as moving to a new place, mobility and education.

Investments in digital platforms and training

To satisfy the needs of existing and new customers, we invest in intuitive payment and financing solutions, through use of technology and continued strong customer service, including a user-friendly, needs-based digital platform. In the reporting period, we successfully rolled out a new leasing business platform to all our partners.

Our customer focus is also enhanced by the selection, motivation and training of employees (see page 50-52).

Moving towards widely accessible products (access to finance)

In the last decade, we have been successfully pursuing a long-term strategic shift towards a balanced product portfolio. In all businesses we offer very good value for our customers. Credit cards are a part of the daily lives of our customers, and we support customers in their daily payment transactions and provide convenient and secure cashless payment solutions. For more information on our products see the sections About us (page 5) and Products and markets (page 11).

Long-term shift in business mix (as % of net revenues)

	2014	2019	**2024**
Personal loans	58%	40%	**33%**
Auto leases and loans	20%	22%	**25%**
Credit cards	22%	37%	**34%**
BNPL	–	1%	**7%**

NB: 2019 not adjusted (including cashgate revenues for 4 months), and BNPL included in Other fee and commission income

Since its initial public offering in 2013, Cembra increased the number of bank customers in Switzerland by about 60% to one million in 2024. The total consolidated number of customers including invoice financing (BNPL) amounts to more than two million customers. This high number of customers in Switzerland – a country with about 9 million inhabitants – is reflecting the high customer value of our products, as well as a long-term shift in business mix towards products and services providing simple and secure access to finance. For other information relating to access to finance see the chapters 4 and 7 in this report as well as the Annex to Sustainability Report 2024, section 7.

4 Quality and integrity of products and services

Aim and approach

We aim to be recognised by our stakeholders as a responsible provider of intuitive customer solutions in consumer finance. Comprehensive and transparent information on financial products, its opportunities and risks, both have an impact on customers' decisions. We want to provide customers with just the right amount of credit that meets their individual needs and capabilities. While the access to financial services may have a positive impact on customers' lives, Cembra prevents customers from taking on too much debt, thereby mitigating the risk of over-indebtedness and credit default. Swiss laws and regulations require us to handle our products and services with adequate due diligence, protecting customers, partners, the public hand and the bank. In case of unforeseen events leading to excess debt, Cembra facilitates mutually agreeable solutions in close cooperation with the customers. To ensure the quality and integrity of Cembra's operations, we constantly monitor various performance and quality metrics during the lifecycle of our customer portfolio.

The Management Board is accountable for ensuring the quality and integrity of products and services.

Progress in 2024
In 2024, the main economic trends in Switzerland were a low GDP growth, decreasing interest rates and remaining uncertainty about the economic development in the mid-term. Unemployment increased moderately to 2.8% by the end of the year (see page 10). Overall, Cembra observed a slightly more adverse macro environment with stretched cost-of-living impacting debt servicing capacity in exposed customer segments. Hence, Cembra observed an elevated number of customers facing financial difficulties. This increase is seen as modest as the loss performance in 2024 is mainly a reflection of an anticipated normalisation towards long term trends and is around the communicated mid-term targets. Cembra's overall prudent approach to risk management and adaptions of risk policies help to overcome any potential negative economic consequences on customers during economic downturns.

Cembra continued its robust loss performance in 2024 (see the Management Report, page 16) and our asset quality metrics continued to remain solid.

Responsible handling of customers in the lending process

We take our responsibility towards customers and society seriously, enforcing our responsible lending principles by our binding Code of Conduct. We identify and mitigate the risks leading to over-indebtedness throughout the underwriting process and beyond. We are particularly focusing on a rigorous application of the Swiss Consumer Credit Act (CCA) and industry leading best practice.

- Protection of consumers through the Swiss Consumer Credit Act and contractual terms
- Responsible product development
- Marketing and sales
- Customer information
- Evaluation of loan applications and customer behaviour
- Underwriting (including the assessment of creditworthiness and borrowing capacity)
- Loan origination and payout
- Customer service and repayment
- Customer complaint management
- Monitoring and learning

Each step in this process is described in detail below.

Protection of consumers through the Swiss Consumer Credit Act and contractual terms
We provide lending in accordance with the Swiss Consumer Credit Act (CCA). The CCA aims to prevent consumers from taking on too much debt and sets out precise requirements with regarding the content of the contract and the assessment of the customer's borrowing capacity, including a budget calculation (see insert).

The Swiss Consumer Credit Act
The aim of the Consumer Credit Act (CCA) is to protect customers against over-indebtedness. The CCA covers various types of consumer credits to natural persons. The main points of the CCA are:

- **Mandatory check of the borrower's borrowing capacity:** A detailed borrowing capacity check must be carried out by the lender for loans and leasing agreements up to a total exposure of CHF 80,000, to ensure that the amount requested does not lead to the customer's over-indebtedness. The borrowing capacity check assumes that the consumer loan will be repaid within 36 months, even if the contract concerned specifies a longer period. For credit cards with a credit option, the law provides for a summary check. These checks are based on the information provided by the borrower regarding their income and assets, as well as information obtained by the lender from the Swiss Central Office for Credit Information (ZEK) on lines of credit registered in its database.
- **Reporting requirement on the part of the lender:** Lenders must inform the ZEK of the consumer credits they grant and of any leasing agreements subject to the CCA.
- **Maximum interest rate:** The Federal Council determines the maximum effective annual interest rate allowed for consumer credit, based on a formula. Lenders must comply with this maximum interest rate. As a consequence of the changes in interest rates, the maximum interest rate increased to 12% for personal loans and to 14% for credit cards as per 1 January 2024, and decreased to 11% for personal loans and to 13% for credit cards as per 1 January 2025.
- **Right of revocation within 14 days ("cool-off period"):** Customers can cancel the contract within 14 days of receiving their copy of the agreement.
- **Early repayment:** Customers are entitled to repay their loan early and, in such cases, to be released from paying any further interest and to a fair reduction in the charges related to the unused part of the loan.
- **Advertising for consumer credit may not be aggressive:** Lenders offering consumer financing in Switzerland follow the rules set by members of the industry association, Swiss Consumer Finance (KFS).

In addition to the requirements deriving from applicable laws and regulations, Cembra makes use of additional measures, based on its long-term experience and empiric data. Cembra's actions are pre-emptive and in the interests of all applicable parties. It is our goal to establish long term, sustainable relationships, rather than maximising short term profits. In line with the previous years, no material legal infringements have been found by judicial authorities in 2024.

Responsible product development
As a responsible provider of financing solutions, we are committed to ensuring the quality and integrity of all our products and services (see the section on our sustainability commitment and performance measures, page 32). Many features of our products are designed to protect customers from the risk of over-indebtedness. We are providing advisory services, and offer financial literacy programmes to enable the customers to make informed decisions. When it comes to financing and related topics, we aim to provide customers with consistent value that goes beyond the product and provide them with alternatives towards more sustainable consumption patterns. We embrace digitalisation, aiming to strike the right balance between convenience securing the customers' data. In product development and approval processes, several risk factors, such as credit, operational and reputational risk, are considered. Details of new products and the performance of existing products are reported to the Credit Committee, which reviews and monitors risks and product features (see the Risk Management Report, page 20).

Marketing and sales
We are committed to marketing our products responsibly and with a certain restraint. The CCA stipulates that marketing for consumer credit may not be aggressive. Extending these legal requirements, the members of Swiss Consumer Finance (KFS), the Swiss Leasing Association (SLV) and other lending and leasing institutions self-regulate their advertising for consumer loans and take appropriate preventive measures. The "Marketing convention for consumer credit in Switzerland", which took effect on 1 January 2016, is a self-regulation agreement approved by the Federal Council. It goes beyond the commitment not to provide information that is misleading. It also states that aggressive marketing measures must not target young adults and must not suggest taking out credit for expensive short-term investments such as holidays. For the credit card business, a similar convention was adopted by the members of the Swiss Payment Association and took effect on 1 January 2022. This revised convention replaced the previous credit card business agreement of 2016. The agreements are available at www.cembra.ch/sustainability in German. Cembra is a member of

these associations and is committed to complying with their guidelines. In 2024, there were no cases or breaches of the guidelines (2023: no cases). The guidelines and processes concerning marketing activities are detailed in an internal policy (see page 74 for details).

Since 2018, our advertising campaigns have focused on lifecycle events. In other words, a loan should be an appropriate response to life circumstances and events. Campaigns address certain situations in life when a loan might be an option, such as education, housing/moving and vehicle purchases.

Cembra is also committed to adhering to responsible sales practices. To ensure responsible sales and customer service, regular training sessions are conducted for both employees and partners. The trainings focus on enabling standardised and compliant advisory and sales processes. All front-line employees receive regular training (once per year) on regulatory requirements and customer service. Completion tests and certificates confirm the employee's successful participation. Partners (independent intermediaries, car dealers and credit card partners) also receive regular training (see the chapter on business integrity for more details). Sales practices are subject to regular monitoring, and sales personnel receive feedback on their performance and on ethical business practices (see paragraph below on monitoring and learning).

Customer information
We provide comprehensive, accurate and balanced information to our customers: Swiss regulations (such as Swiss Federal Act Against Unfair Competition, UCA) require banks to provide loan calculation examples for all online and offline marketing materials. In addition, the CCA requires all costs to be accurately and visibly presented in the contract. All marketing materials for personal loans include a legal disclaimer about the risk of over-indebtedness. In the credit card business we inform our customers both via email as well on the app via push notifications.

For each contract, information is provided on the Swiss Consumer Credit Association's principles for responsible lending. This information is also available on our website, in German and French (www.cembra.ch/sustainability). An additional guidance specifically informs young adults (under 25 years) about how to handle budgets and debt. This information also forms part of the contractual agreement with customers under 25 years. It is available at www.cembra.ch/sustainability, in German.

The guidelines and processes concerning customer information are set out in the internal policy on marketing activities and customer relationship management (see page 74).

In September 2024, we launched a new dedicated section on our website to help our customers understand financial topics and responsible lending (www.cembra.ch/en/about-us/good-to-know/).

Evaluation of loan applications and customer behaviour
We carefully and systematically evaluate every consumer loan application. Before a contract is entered into, we assess both creditworthiness and borrowing capacity. In addition, we might contact our customers to further reduce the risk of customer over-indebtedness and debt repayment (servicing) problems. Applying industry-leading due diligence, the Bank often requests additional documents to validate the accuracy of the income and expenses (e.g. rental expenses) and performs plausibility checks.

We also draw on our long experience by using the Bank's databases and analysing historical behaviour and patterns of customers, in the interests of conscious risk taking. Personal contact with customers is essential to the Bank's business. Knowing the borrower and the borrower's personal situation does not only keep the underwriting process concise, but it also helps in identifying the best possible financial solution for the customer's individual situation.

Loan applications that do not meet our strict standards are rejected.

Underwriting (including the assessment of creditworthiness and borrowing capacity)
Underwriting and the assessment of creditworthiness and borrowing capacity are key procedures that the Bank uses to prevent over-indebtedness and to limit default risk.

The **assessment of creditworthiness** involves evaluating the customer's financial circumstances and personal situation. The assessment is supported by an automated and statistically powerful scorecard-based credit risk rating system that is based on available customer information. There are five consumer ratings, each having an implied probability of default based on historical default experience. A customer's behaviour can also influence the assessment of creditworthiness (see pages 160-161 for further details).

The **assessment of borrowing capacity** is based on: a) the legal provisions of the CCA; b) available customer data from the Swiss Central Office for Credit Information (ZEK); and c) client-specific metrics pursuant to internal rules, on top of the legal requirements. The underwriting process requires detailed budget calculations based on the information provided by the customer concerning current income and expenses. Customers should be granted loans only if they understand how loan repayment works and if they are expected to manage it without financial difficulties. Applicants who do not meet the necessary criteria are denied credit.

The underwriting process is backed by regular plausibility checks, the monitoring of scorecards and case-specific controls regarding the consistency and completeness of the assessment. The combination of these rules-based tools and the in-depth experience of employees ensure consistent and systematic decision-making for all lending products. All underwriting decisions consider the specified risk tolerance and risk limits applicable throughout the Bank (see the Risk Management Report, page 20).

Loan origination and payout

Following the conclusion of the loan agreement, loans are paid out after a "cool-off period" of 14 days (starting when the customer receives the copy of the agreement), under the condition that the customer has not exercised their statutory revocation right during said period.

Customer service and repayment

Customers in arrears are made aware of the payments due through collection notifications at an early stage of the repayment process. This allows them to handle any potential repayment issues early on, and to give customers the option of rearranging their payment schedules.

In accordance with the CCA, customers can make additional early repayments at any time during the contract term, which lowers their total interest payments. In the event of early repayment, the consumer is entitled to a reduction in interest and to a reasonable reduction in the costs attributable to the unused credit period.

Customer complaint management

Cembra is committed to responding to customer complaints in a timely manner and with respect and fairness. In addition to chapter III.2 of the Code of Conduct on responsible lending – which states that we will respond promptly and respectfully to customer complaints – we have a resolution management process in place for external complaints.

Maladministration and/or violation of rights are thoroughly investigated and handled in accordance with applicable laws and our internal regulations. The process is formalised in an internal policy. We have mechanisms in place for receiving and investigating complaints and implementing corrective action. Customer grievances (i.e. complaints) are usually handled via letters: we receive customer grievances in a written form and provide a formal reply in writing. Complaints that are received via phone are tracked separately. (See also the section on grievances in the business integrity chapter, page 69).

In 2024, the number of complaints again amounted to less than 0.2% of the base of bank customers of 1.0 million (2023: <0.2%).

Monitoring and learning

The quality of new transactions is monitored internally to ensure that underwriting requirements are fulfilled and that the loan approval process still mitigates credit risk effectively. Underwriters receive regular feedback from their supervisors to prevent decisions that might lead to unwanted outcomes such as customer payment difficulties.

Monitoring of product and service quality is part of our net promoter score (NPS) assessment. (See chapter on customer orientation, page 41). Finally, Cembra conducts ad hoc customer surveys and regularly monitors the quality of the call centre services.

Training on product safety

To ensure product safety for customers, Cembra provides training on ensuring a responsible product offering and marketing, responsible sales practices, responsible explanations and responsive services. Tools (e.g. manuals) complement these training sessions and an internal training team provides functional onboarding activities. Know-how transfer regarding policies and regulations is mandatory and standardised. All newly hired employees in departments with customer contact follow tailor-made blended training programmes. These prepare and support new employees in their roles, responsibilities and competencies relating to product safety, and system and process know-how (see pages 50-52 for details on functional trainings).

Serving customers in financial difficulty

Responsible practices in cases of potential over-indebtedness

Although all of the pre-emptive action we take means that our portfolio is of a consistently high quality, we also help to provide debt counselling and enable fair repayment where applicable.

- **Regular contact with ombudsman:** In Switzerland, all customers and their representatives have access to the Swiss Banking Ombudsman, to whom they can address their concerns about banks. We are in regular contact with the Swiss Banking Ombudsman in order to find solutions for relevant cases.
- **Information support for debt counselling services:** Cembra supports external debt counselling services when they request information in order to find solutions for clients with debt repayment problems. We are therefore in regular contact with debt counselling institutions in Switzerland.
- **Customer complaints** process: In any case, all customers also have access to the regular customer complaints process (see page 46).

Responsible practices in exceptional cases

We have put a number of measures in place in the event that repayment difficulties nonetheless arise due to unforeseen events such as unemployment, sickness, or divorce, resulting in the decrease in a customer's capacity to make repayments:

- **Finding affordable repayment solutions:** The Bank always aims to find fair and affordable repayment solutions for all affected customers. Our internal collections department can respond appropriately and quickly to any unusual situations. The experts in Cembra's collections team have an average of more than 10 years of experience.
- **Cessation of interest payments:** In certain exceptional and unfavourable situations, we allow interest payments to be ceased. In addition, at a certain stage in the collection process, interest is automatically no longer charged under Swiss debt collection and bankruptcy law.
- **Individual amicable solutions:** In certain exceptional and unfavourable situations, Cembra may try to find an individual amicable solution, e.g. by adjusting the terms of the product.
- **Loan restructurings:** Cembra makes use of a set of tools that aim to support customers in financially difficult situations by offering to rearrange payment schedules. These tools typically target short-term payment difficulties on personal loans. The usage of these tools is cautiously applied after the customer's need is assessed and substantiated. Loan extensions or deferrals are used in financially difficult situations to enable the customer to fulfil contractual obligations. Cembra has only minimal exposure to troubled debt restructuring (TDR) and such restructuring would be granted in exceptional individual cases only (see page 142 for further details).
- **Mortality risk borne by the Bank:** In the personal loans business the mortality risk arising from the customers' obligations under the contract is borne by the Bank.

Outcome: consistently high quality of our lending portfolio

Thanks to internal regulations, actions and measures we apply regarding the quality and integrity of products and their distribution, our loan portfolio is of a consistently high quality. Over the last eight years and including the 2024 financial year, our provisions for losses consistently amounted to around 1% of financing receivables, and non-performing loans accounted for around 1% of financing receivables. The Bank exercises an equal amount of caution when ensuring responsible treatment of customers (see the Risk Management Report, page 20).

5 People and development

Aim and approach

Our employees are one of our most important stakeholder groups. Their commitment and contributions enable us to be a successful bank in Switzerland. We are therefore committed to providing our employees with a great place to work, as defined by the worldwide organisation Great Place to Work: it is important for us to provide our employees with a healthy environment, to further their development and careers, and to appreciate their performance. A number of different programmes, initiatives and specific training courses are aimed at attracting, retaining and promoting qualified and responsibly minded staff. We also recognise and consider the advantages of a diverse workforce, be it in terms of gender, age, nationality or cultural background. We strongly believe that diverse teams deliver more diverse solutions, which in turn enables us to offer better solutions to our equally diverse clients. In the areas of work-life balance, wellbeing (including health) promotion, diversity and development our initiatives directly impact the lives of our employees and their families.

Progress in 2024

Our key performance indicator in this area is employee satisfaction. Our goal is to achieve an Employee GPTW (greatplacetowork.org) trust index of at least 70% in bi-annual assessments. The most recent survey was conducted in December 2024 and Cembra achieved a trust index score of 72% (see table on page 39).

We also set internal targets for a number of other indicators, such as employee retention rates, the absentee rate and diversity. On diversity we have set ourselves a goal of 50% female appointments on management and senior employee levels (hiring and promotions combined). In 2024, 31% of such appointments were female (2023 37%). This figure does not include CembraPay and Cembra Latvia which had 42% such female appointments in 2024.

Responsibilities

The People & Culture (human resources) department is responsible for hiring and developing people, for internal training programmes and for ensuring effective employee relations. The head of People & Culture (human resources) reports directly to the CEO.

Progress in 2024

The main progress in people and development in the 2024 financial year was as follows:
- At the end of 2024 we conducted the bi-annual “Great Place to Work” employee satisfaction survey, we were able to slightly increase the trust index of 72% (2022 71%).
- In the reporting year, Cembra introduced a staff committee to represent the collective interests of the Group's employees vis-à-vis the employer.
- The former subsidiary Swissbilling was merged with CembraPay, and all affected employees received new employment contracts with uniform employment conditions.
- As part of our strategic transformation, the new location in Riga, Latvia, was further strengthened and expanded.
- We introduced an additional new talent management programme, Cembra Talent Lab, which is aimed at employees who want to develop their career in a targeted manner.
- We again received a “We Pay Fair” certification from the University of St. Gallen.

Coverage

This chapter “People and development” covers all employees, and our subsidiaries Cembra Pay and Cembra Latvia are included in the indicators since 2024 except where mentioned. The figures up until 2023 have not been restated. The indicators and activities regarding temporary workers (see below) do not include temporary workers from agencies (4% of headcount; 2023: 4%) as they do not have a direct employment contract with Cembra; employees of third parties providing services to the Group or external consultants for specific projects.

Temporary workers

Temporary workers are usually employed by a staffing firm that is in the business of supplying temporary labour. These workers are typically engaged to supplement, or provide cover for, existing employees at times of work surges, finite projects or employee absence. The staffing firm pays salary and benefits to these workers, although the Bank or a subsidiary generally provides daily direction and control. At the end of the reporting period the Group engaged 39 temporary workers (FTE: 38) compared to 27 (25 FTE) in 2023. The increased demand was primarily related to our strategic programme Operational Excellence. The majority of these people work either in the call centre or in the technology area.

The majority of employees work at our headquarters in Zurich Altstetten (73%), while the remainder work in our network of branches and service centres across Switzerland (18%) and in our Riga office in Latvia (9%).

A. Human resources management

Employee turnover rate

One of our key performance metrics for the material topic “people and development” is the retention rate. The retention rate as a % is defined as 100 less the turnover rate as a %.

Employee turnover figures[1]	Retention rate – permanent contracts	Turnover rate – permanent contracts	Turnover rate – voluntary[2]	Turnover rate – temporary contracts	Average number of years of employment
2022	85%	15%	12%	1%	7.4
2023	84%	16%	10%	0%	10.2
2024	**78%**	**22%**	**12%**	**1%**	**10.1**

1 Turnover rate and seniority per gender can be found in the Annex to Cembra’s Sustainability Report 2024
2 Only considers resignations on employees’ own initiative, excluding dismissals by the employer and retirements

The increase in employee turnover is mainly due to the restructuring measures announced at the beginning of the reporting period. The voluntary fluctuation remained stable compared to previous years. Details regarding new employees are provided below, in the table on diversity and equal pay.

Headcount development

As part of the strategic realignment, the headcount was reduced to 812 full-time equivalents by the end of 2024. This measure is part of the efficiency gains achieved by simplifying the organisational structure and making greater use of technological resources.

Wherever possible, the reduction was realised through natural fluctuation and early retirement. Where redundancies were unavoidable, the employees affected were supported with a social plan that was drawn up together with the employee representatives. Until 2023, there had been no large-scale redundancies (i.e., job cuts affecting more than 5% of the total workforce) since our initial public offering in 2013.

Employee satisfaction surveys and measures to further improve satisfaction

We measure the satisfaction and engagement of our employees every two years. In order to conduct standardised trust index surveys and to compare ourselves to benchmarks, we work with the worldwide organisation Great Place to Work (en.greatplacetowork.ch).

Employee satisfaction (Great Place to Work)	**2024**	2022	2020
Trust index	72%	71%	71%
Participation rate	80%	73%	72%

The bi-annual survey was conducted in the reporting period 2024 with a participation rate of 80% (2022: 73%), which resulted in a trust index of 72% (2022: 71%). With a Trust index of 72% we achieved the re-certification as Great Place to Work.

Staff committee
At the beginning of the reporting year, a staff committee was introduced. Cembra's staff committee represents the collective interests of the Group's employees vis-à-vis the employer. It consists of seven members who are elected by the employees. Its involvement has the following objectives in particular:
- Receives employee issues insofar as they relate to the general interest and collective needs and represents these to the employer or employer representatives
- Promotes a dialogue as an interface between employees and the employer or employer representatives
- Exercises its participation rights in accordance with the legal requirements and the regulations of the staff committee

Recruitment
We believe that recruiting based on our values helps us to achieve our long-term goals and supports our values (see page 33). It is important to us that potential new employees can identify with our corporate culture. During the interview process, we not only check candidates' technical and functional skills, but we also assess how they would fit into the team and our culture, based on the principles of our Code of Conduct.

Staff regulations
The staff regulations form the basis of our interaction with employees, and the Code of Conduct describes the key principles of working together within the company. These policies also specify that our behaviour should be based on mutual appreciation and respect. This includes protecting personal privacy, integrity and employee wellbeing. Our Code of Conduct also ensures that ethical and moral standards are safeguarded. We do not tolerate any discriminatory conduct, in particular based on race, nationality, gender, sexual orientation, religion or age (see chapter on diversity below). Nor do we tolerate violations of people's rights, in particular workplace bullying. In 2024, there was one case reported (2023: two cases).

Our "Dialogue" performance management approach
The "Dialogue" approach was put in place in 2020, replacing the traditional performance ratings (management by objectives). The four key elements of "Dialogue" are a continuous dialogue about priorities instead of annual goals, focus on team performance, discussion of behaviour and feedback for the line manager by the employee. With this approach, we aim to promote an open and honest dialogue between managers and employees through continuous feedback in both directions to learn from each other and help each other further develop our strengths. Employees are encouraged to periodically give subjective feedbacks to their manager with regard to their perceived leadership behaviour. "Dialogue" also places greater emphasis on the ambitions that we as a team want to achieve together. Shorter-term milestones will be defined for individual employees so that we can respond in a more agile way to changes. The rules governing variable compensation have been aligned with this approach for employees eligible for our variable incentive compensation plan.

B. Development and training

Knowledge is an important asset. With Cembra's internal training programme, we support employees of all functional levels in building and expanding their knowledge.

Mandatory training
Cembra requires **all employees** to complete specific mandatory online training courses (see page 67) in order to meet regulatory requirements. These courses cover topics relating to general compliance, operational risk and resilience awareness, employees' reporting obligations, work and rest period provisions in Switzerland, anti-money-laundering compliance, Group-wide information security, business continuity management awareness, data protection and governance, insider trading, and conflict of interest. Where necessary, specific groups of employees receive additional mandatory online training covering operational topics or guidance for users with high privileged access.

Key figures mandatory training	2024	2023	2022
Number of mandatory e-learning courses offered (of which 10 were mandatory for all employees in 2024)	**24**	17	20
Total average training hours per employee	**4.0**	4.0	4.1

All new employees attend a mandatory Welcome Day usually in the first 2-3 months of employment, covering topics such as compliance, our vision and culture, our products as well as employee benefits and the Cembra brand. In addition, all new employees are required to complete various e-learning courses covering topics such as operational risk and resilience management, information security, data protection and anti-money-laundering compliance.

Those new employees who will be working in operations roles within the Group also attend specific onboarding training sessions. Among these, we offer monthly new hire training on sales, originations, customer servicing and collections. Training does not only cover products, systems and process skills; human skills are also strengthened in order to ensure an excellent customer experience throughout the entire customer journey.

These mandatory **functional training sessions for new employees** in operations roles last between two days and two weeks. They are a mix between classroom and web-based training, one-to-one coaching, testing, self-study and job-monitoring formats. The structure is adapted to the employee's specific needs, and we aim to make the learning content as personalised as possible. The new-hire training sessions are held in the German-, French- and Italian-speaking parts of Switzerland in order to reach all employees. In 2023 the training team introduced blended learning principles in all functional training activities in order to strengthen self-organised learning attitudes of newly hired employees as well as, to open new forms of interrelation between trainer and students and to increase the efficiency and flexibility of the trainers.

In addition, where necessary, **specific groups of employees** receive functional refresher training to improve operational readiness and awareness relating to relevant topics (e.g. on changes in compliance, in technology, processes or new products). Further training is provided in cases where management identifies skill gaps in customer service employees, e.g. managing complaining customers, negotiation skills and handling retention issues.

The mandatory functional training programmes are developed and carried out by five internal functional trainers. In 2024 a total of 777 (2023: 973) participants were trained through 11 (2023: 47) different courses.

Non-mandatory training

We aim to find a balance that gives employees the opportunity to develop both professional and soft skills. Cembra's internal training programme supports employees at all levels in building and expanding their knowledge. The broad offering adapts to the needs of the Group, but also the needs and aspirations of our employees. The course offerings are announced regularly. We use a wide variety of learning formats for this purpose: classroom, virtual, lunch and learns, interactive "moments that matter" and learning nuggets. Cembra offers relevant, modern and practical training that are aimed to approach tasks more competently and efficiently.

Some of the courses offered in 2024 to our leaders were: "Coaching for Leaders", "Conflict Resolution", "Design your Resilience" as well as absence management. These topics aimed to enable our line managers to develop personal insight, to address the employees' wellbeing and to strengthen leadership skills.

Key figures for non-mandatory internal training

	2024	2023	2022
Courses offered	**22**	24	20
Number of employees taking part in management and soft skills training sessions	**322**	349	224
% of employees trained in management and soft skills	**37%**	39%	24%
Total training costs in CHF 1,000	140	198	300

Cembra Pay and Cembra Latvia included since FY 2024

In 2024, 37% of employees took advantage of the offering (2023: 39%). The decrease in training costs is explained by the lower number of employees, the higher investments in cultural transformation at the begin of the current strategic cycle in 2022 and 2023, and a higher efficiency of the provided courses.

External training
Employee training is an essential part of employee performance, satisfaction and retention. By training employees well, we enable them to reach their full potential.

In 2024, CHF 0.11 million was spent on technical and functional training and certifications by external providers (2023: CHF 0.26 million) and a total of 86 employees received such training. These training courses generally last one or two days and ensure that our employees and specialists can adapt to constantly changing professional and technical conditions.

Furthermore, we support employees in improving their language skills and their professional development. All employees have the opportunity to apply for funding for a course or training session at an external educational institution. In 2024 we reimbursed CHF 0.03 million to a total of 26 employees for language training and CHF 0.14 million to 37 employees for external advanced training such as a MAS (Master of advanced studies), DAS (Diploma of advanced studies), CAS (Certificate of advanced studies) and EMBA.

As a founding member of the "Advance" network for gender equality in business, we get access to various skills-building training courses (for details, please see page 56). In 2024, 17 employees took courses on topics such as Key Negotiation Skills for Women, Leading Your Team Effectively, Future-Proof Your Career in the Era of AI, and Get Respect in any Situation.

Succession planning and talent development
The development of internal talents is important to Cembra, as we aim to fill management and expert positions with internal candidates where possible. Internal succession plans help us to steer this process. Possible succession solutions for all roles at the top management level and one functional hierarchy level below, as well as critical dependencies on single or key people, were discussed for the entire Group in the reporting period.

Talent development programme
Our talent management programmes consist of the Cembra Impact Programme and the Cembra Talent Lab. Through these programmes, we aim to develop and retain the targeted talents by offering them assistance in form of different possibilities and tools.

The Cembra Impact Programme is aimed at experienced leaders and is designed to enable them to achieve a sustainable impact and drive change. It includes an individual development centre with an external coach as a position determination for each participant. This assessment forms the basis for the creation of individual development plans and for the elaboration and enactment of appropriate development measures. In addition, the programme comprises regular exchange meetings, as well as theme-based workshops and trainings.

The Cembra Talent Lab focuses on experienced employees and further develops their management and leadership skills. It includes individual 360° feedbacks that forms the basis for the creation of individual development plans. Cembra Talent Lab participants also complete a CAS in General Management & Leadership in collaboration with the University of Applied Sciences Zürich (HWZ). The programme is complemented by regular informal exchange meetings, as well as theme-based workshops and trainings.

Apprenticeship programme
One pillar of Cembra's efforts in developing new talent for the future is our internal apprenticeship programme in Switzerland. We generally hire new apprentices every year. After the apprenticeship, we try to take on all the apprentices and offer them their desired position, often successfully. In addition, following the apprenticeship, we help young employees to complete their further education with the possibility of working part time.

Over the past 10 years, 52 apprentices have successfully completed their programme at Cembra, of which 13 are still employed. Three of the five apprentices who graduated in 2024 are still working within the Group.

C. Working conditions

Cembra aims to be an attractive employer by providing competitive monetary and non-monetary benefits, as well as a healthy work environment in which employees feel comfortable and are able to realise their full potential.

Responsibility for working conditions and ensuring a healthy work environment lies with the Management Board, which regularly reviews the progress made. The head of people and culture, reporting to the CEO, coordinates well-being and safety management activities. Line managers ensure that statutory wellbeing and safety requirements are met. Measures to maintain and improve working conditions include the following topics, which are described in detail below:
- Absentee rate measurements and targets
- Healthy work environment and work-life balance
- Employee assistance and mental health management
- Flexible ways of working
- Annual leave and absentee regulation
- Leave for dependent care and maternity leave
- Safety in the workplace and emergency response system
- Non-salary employee benefits
- Predominantly permanent employment contracts
- No significant sub-contracting of employees

Absentee rate measurements and targets
The absentee rate is an indicator we use to learn about our employees' well-being. The absentee rate is calculated as the percentage of work time that an employee is absent due to sickness or an accident. Sickness includes both short-term and long-term sickness as well as sickness during pregnancy. In 2024, the absentee rate was 3.2% (2023: 3.4%). The calculation does not include employees of Cembra Latvia. Cembra has set internal targets with the aim of reducing the absentee rate. In 2024, three training workshops on absence management for 19 leaders were pursued.

Healthy work environment and work-life balance
Employee wellbeing is important to us, and we are continuously working on improving our wellbeing management. We focus on preventive measures and avoid activities that could put our employees at risk. We encourage our employees to take responsibility for their own wellbeing and support them with appropriate measures. The current measures include:

- **Absence prevention and absence management** workshops for line managers and the senior management including the management board. The training provides managers with a clear process before, during and after an absence due to a personal crisis, an illness or an accident (see also paragraph above).
- Through the company's **wellbeing promotion and prevention programme** numerous sports events are offered throughout the year (such as indoor cycling, boxing, surfing, kayaking or hiking), as well as online and face-to-face events on the topics of nutrition, health and well-being. All of these aim to support employees in finding a healthy balance between work and leisure. 2,191 participants joined these sports events during the reporting period.
- The **in-house gym** at headquarters offers fitness courses and yoga classes.
- **Seminar and events** on topics such as "strengthen strengths" and "sleeping well", have been offered to benefit employees' mental wellbeing and resilience.
- To support employees with the new ways of working models, Cembra provides a dedicated webpage with tips and recommendations for employees to stay healthy while electing to work remote.

Cembra ensures that **health risks** and issues are managed effectively and that related action plans are prioritised. We provide documents on health risks and hold regular discussions between human resources and managers on this topic; executive management is also involved in preventing health issues.

Employee assistance and mental health management

The size of our company allows us to handle every case in a responsible way and on an individual basis. Cembra works with external providers that support and provide counselling to employees and management on cases related to personal matters (e.g. family, marriage, migration), occupational issues (e.g. conflicts in the workplace, tension within the team, sexual harassment, termination, mobbing), health matters (e.g. stress, burnout, longer-term illness, addiction, disability), and personal finance (e.g. budget consultancy, burden of debt, retirement). In 2024, 29 cases were handled by our external providers. For medical issues including mental health problems and in cases of long-term absences, we work within Switzerland with our insurance providers and the related disability insurance office to ensure the best possible support during the recovery process. In 2024, 5 medical and/or long-term absences were handled (2023: 10).

Flexible ways of working

The Group offers flexible working solutions to foster a healthy work-life balance. The solutions include part-time and remote work arrangements, given that Cembra is convinced that flexible ways of working can increase job satisfaction, employee commitment, productivity and retention. Most of our employees have the technical prerequisites to be able to work remotely and many of them opt for a hybrid solution. Our policy regarding flexible working models allows employees to work remotely and ensures there are no complicated approval procedures for this. Remote work from abroad is also permitted for up to 10 days per calendar year under certain specific conditions and subject to approvals. The flexible work arrangements are outlined in our ways of working policy. The key elements of the framework are described on page 74.

Many of our part-time employees are working parents. At year-end 2024, 23% (2023: 24%) of all employees were working part time (for the detailed figures please see the Annex to Sustainability Report 2024).

Annual leave and absentee regulation

The wellbeing of our employees and their families is a high priority for the Group. In general, we believe that annual leaves and other days off have positive effects on health and well-being, that they limit the time employees have to take off due to sickness, and also improve morale and productivity in the workplace.

All of our employees in Switzerland are entitled to 25 days of paid annual leave. This is above the legal minimum of 20 days and corresponds to the industry standard in Switzerland. Employees over the age of 50 are entitled to five additional days of annual leave. In addition, our employees can purchase up to two additional weeks of vacation per calendar year, and we grant employees paid days off for various family matters.

In Latvia our employees are entitled to 20 days of paid annual leave which corresponds to the legal minimum requirement. Additionally, employees are allowed to use up to three wellness days throughout the calendar year and we also grant employees paid days off for various family matters.

Safety in the workplace and emergency response system

In collaboration with external associations, Cembra offers all employees in Switzerland and in Latvia the opportunity to take part in first aid training, in case of emergency. Such courses are offered to employees on a voluntary basis in order to ensure that we have enough people who are trained in first aid and in the use of an AED (automated external defibrillator). We have a dedicated safety point webpage on our intranet so that all emergency information is provided on one page.

Leave for dependant care and maternity leave

Cembra offers fully paid maternity and paternity leave to all employees, the duration of which in some cases exceeds the legal requirements. See the Annex to Sustainability Report 2024 for details and country-specific regulations.

In the reporting period a total of 6 women took maternity leave (1 is still on leave) and 8 men took paternity leave. In the previous year, 11 women took maternity leave and 12 men took paternity leave. Of these 11 women, 7 have returned and 7 were still employed by the Group at year-end 2024.

Non-salary employee benefits

Alongside salaries customary for the sector, Cembra's non-salary (fringe) employee benefits contribute to our attractiveness as an employer. The Group offers a variety of benefits with a focus on mobility, personal health and family matters.

Predominantly permanent employment contracts, and no significant sub-contracting
All our staff members are employed either under Swiss law or Latvian law. We aim to limit the use of non-regular employment to specific projects and to address short-term needs to cover peak times in operational departments, such as customer service and originations.

The number of people working for Cembra to address short-term needs represented 4% (2023: 4%) of the workforce. These temporary employees, hired through recruitment agencies generally for a few weeks or months and at short notice, are not included in this report. Cembra also works with IT and other expert advisors for project-related work.

Any significant outsourcing is reported on a yearly basis to the regulator FINMA. This includes major IT outsourcing to expert companies such as leading telecom and IT providers. Our due diligence and supervision processes adhere to the strict requirements of FINMA's regulation "Outsourcing – Banks".

D. Diversity and equal pay

At Cembra, we aim to create a healthy work environment and promote diversity, equal opportunities and personal development for our employees. In particular, we do not discriminate against anyone on the basis of gender, ethnicity, religion, origin, sexual orientation, age, marital status, genetic information, skills, disability or any other characteristic. This is outlined in our staff regulations and our Code of Conduct (See section II. "Cembra's responsibility as an employer").

We believe in the power of our differences and know from experience that diversity across dimensions drives innovation, helps us make better decisions, creates a more engaging workplace, and directly contributes to better outcomes for all stakeholders.

We strive for equal opportunities with regards to gender equality and other diversity, and, of course, equal pay. In the coming years, we will focus in particular on promoting women in management positions. We will achieve this by targeting 50% female appointments on management and senior employee levels (hiring and promotions combined). In 2024, 31% of such appointments were female (2023 37%). This figure does not include CembraPay and Cembra Latvia.

Gender and age
45% of our employees are women (2023: 47%). At the employee level (including the employee and senior employee levels), the proportion of female employees is 47% (2023: 49%). At the management level (including the management and senior management levels), it is 25 % (2023: 24%). The figures per employee level have not yet been included for CembraPay and Cembra Latvia as these operations were consolidated in the course of April 2023. For the detailed figures please see the Annex to Sustainability Report 2024.

Career mobility

HR key figures (headcount)	**2024**	2023	2022
Total entries	**103**	103	140
– of which women	**41**	47	51
– of which total new employees 50+	**8**	8	17
Internal department changes	**55**	21	56
Internal promotions (pay grade changes)	**22**	65	51
– of which women	**11**	29	25

Women-only networking groups
Giving female employees the opportunity to take part in networking groups is an efficient way for women to come together and offer each other support, build up a valuable network and gain ideas. It also provides them with a space to discuss gender issues and equality without judgement.

Our internal "Connect" programme provides women across different functions and hierarchies with various platforms to facilitate personal development, career advancement and the exchange of ideas. A team of volunteers contributes to the organisation of talks, panel discussions with internal and external speakers and events on topics such as diversity, finances and family. The programme is open to all female staff within the organisation, with some events also open to men.

Additionally, Cembra is a founding member of the "Advance" association for gender equality in business. As an Advance Gold Member, Cembra gets access to 17 skills-building training days per year for talented women in middle and upper management as well as to workshops and networking events for best practice sharing on innovative working models supporting diversity. In addition, Cembra can take part in its cross-company mentoring programme, a specific opportunity for female employees' personal and professional growth.

Internationality and cultural backgrounds
The internationality and cultural background of employees are considered part of Cembra's diversity. Despite being a relatively small company, Cembra employs people from about 40 different countries (not counting multiple citizenships) and with diverse cultural backgrounds. For the details please see the Annex to Sustainability Report 2024, section 5.

Equal pay for men and women
In the reporting period 2024, we performed an internal equal pay analysis based on legal requirements (including Cembra Money Bank and CembraPay, excluding Cembra Latvia) in order to identify differences in pay between men and women doing work of equal value for the Bank. The analysis confirmed that Cembra complies with the principle of "equal pay for work of equal value". Based on the analysis, Cembra was awarded the "We Pay Fair" certificate in 2024 by the Competence Center for Diversity and Inclusion of the University of St Gallen.

Unlike pay gap models in some other countries, the tool looks at factors that can explain a pay gap, such as workplace-related criteria like employee level and personal qualification elements, i.e. education, to calculate an adjusted pay gap.

Pay quartiles
In 2024, women made up 22.1% of our top earners (i.e., whose pay was in the 1st quartile; 2023 24.5%). These figures do not include employees of Cembra Latvia.

Within the Group, 48% of our revenue-producing roles were held by women (2023: 50%).

Cembra pay quartiles: proportions of women

Pay quartile	**2024**	2023	2022
Upper quartile	**22.1%**	24.5%	23.8%
Upper Middle quartile	**40.2%**	41.7%	42.6%
Lower Middle quartile	**57.9%**	56.6%	58.9%
Lower quartile	**60.9%**	65.8%	65.8%

Coverage: Cembra Money Bank and CembraPay, excluding Cembra Latvia

CEO-to-employee salary ratio
The top-to-median pay ratio was 12.8 in 2024, in line with previous years (2023: 12.1, 2022: 11.6). The slight increase was predominantly driven by the first-time inclusion of Cembra Pay and Cembra Latvia. The median salary (without the highest salary) was CHF 108,426 in 2024 and the highest salary was CHF 1,323,000. The pay ratio is calculated based on the annual base salary plus variable target compensation and the annual base salary is extrapolated to full-time equivalents. For details on the compensation of the highest salary see Compensation Report on page 130.

6 Environmental stewardship

Aim and approach

Environmental stewardship is an important element of our sustainability aspiration. To minimise the negative impact of our operations, and to support the transition to a low-carbon economy, we are committed to using resources in a sustainable manner. As identified by our materiality assessment, our key stakeholders considered environmental stewardship to have an overall “medium” relevance compared to other sustainability topics (see page 37). To adequately manage climate-related risks and opportunities, we have implemented the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). For a content index of our TCFD-related disclosures see page 35.

Cembra manages its environmental impact using a two-fold approach:

- **Operational environmental management:** We remain focused on protecting the environment by conserving natural resources and preventing pollution from both our business operations and supply chain partners. In addition, Cembra strives to manage the climate change-related risks on the business and identify any opportunities arising from climate change. Where deemed relevant, we include environmental risks and opportunities in our business planning.
- **Ongoing shift towards financing of electromobility:** Cembra is a provider in financing mobility, with electric vehicles expected to represent a growing proportion of vehicles in Switzerland in the long-term. The expected long-term increase in demand for climate-friendly products is seen by our business as an opportunity.

Progress in 2024

In the reporting period, our total scope 1 and 2 emissions decreased by 42%, and the scope 1 and 2 emissions intensity decreased from 0.37 tCO2e/FTE average in 2023 to 0.24 tCO2e/FTE average, a decrease of 35%. The decrease was mainly driven by a lower number of cars with traditional engines in the own car fleet as well as further reductions in carbon emissions from heating at headquarters (for details see page 64).

Through an internal working group supported by a specialised consultant, Cembra continued the development of climate-related mid and long-term targets and actions, scenario analysis and other elements of the TCFD (task force for climate-related disclosures) framework. The working group results were reviewed by the Sustainability Committee and acknowledged by the Board of Directors, assisted by the Audit and Risk Committee (for details see page 34).

Accordingly, our carbon emissions **reporting** transparently covers all scope 1, 2 and scope 3 emissions from 2024 on.

We also set ambitious mid-term and long-term **targets** for scope 1 and 2 and operational scope 3 emissions (i.e., excluding scope 3.15 investments/vehicle leasing, due to lack of established target setting methodology). See below for details.

Our approach to carbon footprint assessment

Over the last few years our approach to assess and report on our carbon footprint has been continuously refined:

- In 2020, we adopted a mid-term scope 1 and market-based scope 2 carbon emissions reduction target until 2025. Since then we transparently outline our progress and measures to reduce our operational carbon footprint, and we communicate on our target achievement.
- Since 2021, Cembra’s scope 1 and market-based scope 2 carbon footprint includes all relevant scope 1 and 2 categories.
- Since 2022, we report on a full GHG emissions inventory to capture all material scope 1, 2 and scope 3 emissions from our corporate operations (scope 3 categories 1, 2, 3, 5, 6 and 7). This included a detailed analysis of emissions from our value chain.
- Since 2024, we include scope 3 emissions from scope 3/15 investments (vehicle leasing) in our reporting, following the refining of our approach. In this context we again assessed other elements of scope 3/15 investments which were deemed not having appropriate methodologies available, or being not material.

To align with international best practice guidance, including the GHG Protocol: Corporate Standard (2004:2015), the Partnership for Carbon Accounting Financials (PCAF) Financed Emissions (Part A, 2022), Cembra’s organisational boundary was based on a financial control approach (for details see below under Coverage and boundaries). This approach focuses on elements Cembra can influence, with activities considered significant based on the level of financial control and ability to control processes associated with these activities. Currently there is no methodology according to PCAF available for other consumer loan categories, including credit card loans.

Cembra continues to review and improve its approach to assess and report on its carbon footprint in line with best practice guidance.

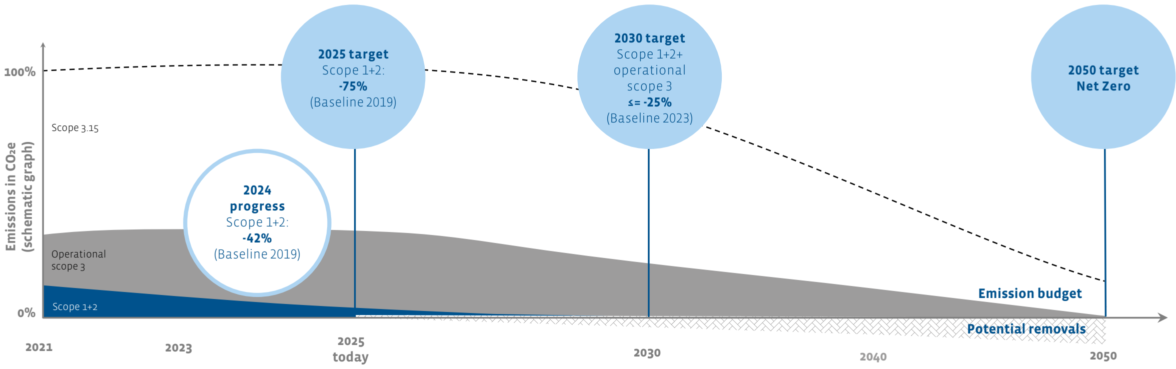
Coverage and boundaries
In line with best practice, we report on GHG emissions for all material scope 1, scope 2 and scope 3 emissions. Our emissions reporting covers the Group including Cembra Latvia for the most material categories (scope 3 categories 1 and 15 (investments/vehicle leasing), amounting for more than 99% of total carbon emissions), representing 100% of our employees. Hence, scope 1 and 2 figures and related operational figures exclude Cembra Latvia. For some figures, e.g., district heating or electricity, Cembra uses extrapolated average annual numbers.

Targets
In addition to our existing Scope 1 and 2 target until 2025 we established a mid-term and a long-term target to ensure that we continue to contribute to facilitate the transition to a net zero economy. The following targets are in place:

- Short-term target by 2025 to reduce the emissions in scope 1 and scope 2 by 75% (base year 2019).
- Mid-term target by 2030 to reduce the emissions in scope 1, 2 and operational scope 3 emissions (categories 1, 2, 3, 5, 6, 7, excluding category 15/vehicle leasing) by at least 25% (base year 2023).
- Long-term target by 2050 to reduce the emissions in scope 1, 2 and operational scope 3 emissions to net zero.

Transition plan

Roadmap to net zero and action plan



Our roadmap to net zero carbon emissions (scope 1, 2 and operational scope 3 emissions, base year 2023) is based on the following actions:

- **Scope 1+2 emissions:** Because we were able to exercise control over our scope 1 and 2 emissions, we have reduced these significantly since the chosen base year 2019. Since 2016, the electricity used at our headquarter is almost entirely from renewable sources. Subsequent additional measures implemented include using district heating and district cooling (powered by energy from a nearby ice-hockey stadium) at our headquarter, sourcing almost 100% renewable energy for our branches, transitioning a significant part of our own vehicle fleet to electric and plug-in hybrids, and promoting public transport for employee commutes. In 2024, we reduced our scope 1 and market based scope 2 emissions by 42% to 203 tCO2e. Hence we are confident to achieve the targeted 75% reduction of scope 1 and 2 emissions by 2025. Thereafter we aim to continue with measures to further reduce scope 1 and scope 2 emissions.
- **Operational scope 3 emissions** (including scope 3 categories 1, 2, 3, 5, 6, 7 and excluding category 15/vehicle leasing): We aim to achieve reductions by 2030 through cost reductions as part of our strategy until 2026, by engagement with suppliers and by improving underlying emissions factors. Because the emissions from purchased goods and services account (scope 3.1) for 93% of operational scope 3 emissions, we also expect and rely upon our suppliers and partners to reduce their footprint meaningfully until 2030. The progress and the measures towards the mid-term target in 2030 will be overseen by the Sustainability Committee.

Explanations and remarks to the roadmap:

- A new baseline year was set to 2023 for scopes 1 and 2 and operational scope 3 (including categories 1, 2, 3, 5, 6, 7 and excluding category 15/vehicle leasing), because the baseline year 2019 only accounted for scope 1 and 2 emissions.
- Our long-term goal net zero until 2050 is in line with the Swiss government's requirement and supports the economy-wide transition through our ongoing climate engagement. This is reflected by the net zero carbon emission target until 2050.
- The 2030 target range is in line with the chosen expected climate target scenarios: a -25% reduction follows the well-below two degrees scenario ("delayed transition", +2°C by 2100) and a -42% reduction is in line with the ambition of the Paris Agreement to limit the global average temperature increase to 1.5°C above pre-industrial levels by the end of the century ("net zero by 2050")
- The target until 2030 includes our operational scope 3 emissions (Scope 3.1 Purchased goods & services, 3.2 Capital goods, 3.3 Fuel & energy related activities, 3.5 Waste, 3.6 Business travel, 3.7 Employee commuting) excluding our vehicle leasing business (Scope 3.15). Currently, there is no established target setting methodology (e.g. Science-based target initiative, SBTi) for vehicle leasing available. The latest SBTi Financial Institutions (2022) guidance suggests that vehicle and personal loans, including credit card loans, are out of scope due to the limited control or influence that a loan provider has over the use of products. We will continue to closely monitor any methodological developments related to scope 3.15 and we will consider to set targets accordingly.
- We do not apply an internal carbon pricing system as emissions from business travel amounted to 27 tCO2e in 2024 and the existing metrics are currently considered sufficient to incentivise and drive business decisions to facilitate a transition to a net zero economy. In addition, we are not directly exposed to the EU or Swiss emission trading system. The necessity to implement an internal carbon price is and further will be assessed on a regular basis.
- The net zero target until 2050 includes potential future carbon removals. Science acknowledges that, even with significant reduction efforts, some emissions will remain. We will consider addressing these residual emissions with high-quality carbon removal solutions in the mid-term.

Climate-related opportunities and risks
In 2024, we further refined relevant climate-related opportunities and risks for our business model. The identification of the relevant opportunities and risks was performed by an interdisciplinary group of executives including Management Board members and selected subject-matter experts. The process was mediated and supported by a specialised consultant with broad experience in the area of sustainability. In the sections that follow, we provide an overview on the identified climate-related opportunities and risks.

Cembra identified specific climate-related opportunities in the following areas:

- **Financing clean mobility:** Reducing the carbon footprint of the transport and mobility sector is considered among the most relevant and most challenging endeavours when it comes to mitigating climate change. For Cembra, financing clean mobility is of high strategic importance offering ample opportunities for our net zero transition. As a leading provider in the vehicle leasing business in Switzerland, Cembra is committed to support the transition to a net zero economy with its efforts to finance a clean – climate-neutral – mobility sector.
- **Green operations:** Further reducing the carbon footprint from our own operations to support the goals of the international and Swiss community that aim to attain net zero GHG emissions by 2050. We have set clear targets to reduce our operational emissions and assess our direct and indirect emission from scope 1, scope 2 and relevant operational scope 3 categories (operations-related categories purchased goods and services, capital goods, business travel and employee commuting). The decarbonisation targets are outlined in the paragraph Targets 2025 above.
- **Empower customers' and partners' climate transition:** As a leading consumer finance company in Switzerland, Cembra is aware of the lever it possesses to empower its partners and its customer base for their climate transition. We thus also focus on measures that create incentives to support an ecosystem in which environmental-friendly products become the norm in the future. As a business partner in the areas of credit cards and vehicle leasing we see the potential to provide the necessary incentives to further accelerate the adoption towards the climate transition in Switzerland.

- **Green funding:** Developing and offering low carbon-intensive products and services might require sufficient funding. Following climate-related opportunities in the future will allow Cembra to broaden the access to green funding sources.

Climate-related risks
Climate-related risks (one of the nature-related risks) can typically be mapped into other categories of risk such as credit risk, market risk, operational risk or other risks. Consequently, climate-related risks do not necessarily represent a new risk category, but rather an underlying risk driver for a risk category or individual risk.

Cembra is committed to ensure compliance with relevant climate-related regulations and guidelines and adapts risk management practices accordingly. This includes the consideration of climate-related impacts or the assessment of climate-related risks in strategic planning and decision-making processes as well as in the assessment of all categories of risk. In particular, the assessment of existing and new risks is based, among others, also on climate-related changes impact criteria. Therefore, climate-related risk as a driver for other categories of risk is actively identified, assessed, monitored and managed.

Cembra's sustainability approach follows a multi-year approach considering the Cembra's most relevant sustainability topics. It is designed to integrate sustainability and climate-related risk considerations into its risk management framework, related policies and processes. Cembra's roadmap is configured to address current and emerging regulations, such as the FINMA circular 2026/1 on Nature-related financial risks, and builds capacity through expertise and collaboration including engagement with internal and external stakeholders and experts.

Cembra identified specific climate-related risks in the following areas:
- **Distribution partner and object valuation risks (Transition risk):** The risk that the re-sale value of any lease vehicle may be less than the remaining outstanding balance at the time such lease agreement is terminated, at contractual end or during contract term and the distribution partners might fail to honour their contractual obligations.
- **Loss of market share (Transition risk):** Loss of market share due to climate-related market developments (e.g. increased competition in the low carbon vehicle leasing market) or changes in preferences and behaviour of Cembra's current and future customers.
- **Rating and reputation deterioration (Transition risk)**: The risk of increased stakeholder concerns which may result in Cembra's rating and reputation deterioration, e.g. through rating agency channels or shareholders reactions.
- **Lack of compliance with regulatory environment (Transition risk):** The risk of non-compliance with existing and emerging regulatory requirements in the climate and environmental domains. Materialisation of the risk might result in regulatory sanctions, Cembra's brand and reputation damage or direct financial losses.
- **Physical damage of Cembra assets (Physical risk):** The risk of event-driven (acute) or longer-term shifts in climate patterns (chronic) which have a direct adverse impact on Cembra's business activities and its assets.

Scenario analysis: approach
In 2024, Cembra performed a scenario-based climate-related risks analysis and assessment utilising its internal risk management framework. This analysis aimed to test the resilience of Cembra's business model and strategy under different scenarios and time horizons in line with the recommendations of TCFD. Utilising scenarios developed by the Network for Greening the Financial Systems (NGFS), the scenario analysis assessed the impact of the identified climate-related risks on Cembra's businesses, strategy, and financial planning over time horizons going beyond the regular financial planning cycle.

The impacts of the identified risks on the organisation were assessed in terms of determination of the risk level. The risk level was determined by the assessment of the likelihood of the specific risk to materialise and the evaluation of impact factors. The analysis took into account three time horizons (short term up to 3 years, medium term 4-12 years, long term 13+ years). Cembra reviewed the relevant time horizons that were used to evaluate impact from identified climate-related risks and considered combined medium and long term horizon to be most applicable for its scenario-based analysis. The short-term time horizon is embedded within Cembra's financial planning horizon and thus scenario-based climate-related risks analysis has limited applicability and significance.

Scenario analysis: selected scenarios
The scenarios selection was driven by broad considerations of identified climate-related risks with varying degrees of transitional and physical type characteristics and by Cembra's business strategy.

Accordingly, Cembra chose two applicable scenarios:

- **Scenario A: Net zero by 2050** limits global warming to 1.5 °C through early adoption of stringent climate policies and innovations. Net-zero emissions reached around 2050, giving at least a 50% chance of limiting global warming to below 1.5 °C by the year 2100.
- **Scenario B: Delayed transition** assumes no new climate policies until 2030 with high regional variation in policy implementation. Emissions exceed the carbon budget temporarily and decline more rapidly to ensure a 67% chance of limiting global warming below 2°C.

Scenario analysis: results
Scenario analysis and climate-related risks assessment were performed by group of subject matter experts across Cembra's organisation, reviewed by external specialised consultant and consolidated by the risk control function. The results of scenario analysis and assessment provide risk levels for each of the identified climate-related risks under considered scenarios. The risk levels were aggregated and averaged across individual risk assessments provided by each subject matter expert.

The results of scenario analysis and climate-related risk assessment did not indicate any of the climate-related risks that would be outside of Cembra's risk tolerance taking into account considered NGFS scenarios and the applicable time horizon.

The distribution partner and object valuation risks level under the Net zero by 2050 scenario was assessed as medium compared to low-medium level under the Delayed transition scenario. The risk levels difference was driven by the fact that the materialisation of distribution partner and object valuation risks had a higher estimated likelihood, paired with stronger impacts across assessed factors under the Net zero by 2050 scenario. The comparison of risk level differences for loss of market share risk, medium and low-medium respectively, revealed that the estimated likelihood was at the same level under both scenarios, coupled with stronger impacts across assessed factors under Net zero by 2050 scenario.

Climate-related risks	Risk levels (medium & long-term time horizon)		Controls/Mitigations
	Net zero by 2050	Delayed transition	
Distribution partner and object valuation risks	Medium	Low-medium	Risk levels were determined under the assumption of a potential decreased ability of car dealers to fulfil contractual obligations. Monitoring of dealers' financial conditions, re-sale and residual values of vehicles, and technological trends. Analyse dealers' exposures, vehicle brands and models diversification. Generally, adopt adequate mitigation measures when and where needed.
Loss of market share	Medium	Low-medium	Re-calibrate and adjust Cembra's product, pricing, volume and risk parameters to address market developments. Continue close cooperation with partners' networks and ensure its range and diversification, reflect provided feedback and customer preferences .
Deterioration of reputation	Medium	Medium	Continue strong focus on execution of business and sustainability strategies. Identify, assess, manage and monitor diligently existing and emerging climate-related risks. Provide continuously adequate and transparent disclosures to the markets and main stakeholders.
Lack of compliance with regulatory requirements	Low-medium	Low-medium	Address timely and completely existing and emerging regulatory requirements and ensure adoption in Cembra's internal regulations, processes and systems. Continue the dialogue within the industry, and with independent experts.
Physical damage of Group assets	Low-medium	Low-medium	Protect and insure physical assets as part of business strategy and product design. Assess, protect and monitor physical security of locations on a regular basis. Implement, test and continuously enhance business continuity management, disaster recovery and operational resilience programmes.

Legend: Cembra's risk levels are low, low-medium, medium, medium-high and high.

The consolidated outcomes of the scenario analysis serve as an indication of Cembra's prioritisation for future climate-related initiatives, action plans and the relative importance of each stream. The overall results suggest that Cembra's business and sustainability strategies, customer-centric approach, commercial excellence and diversified product offerings supported by robust risk management framework and culture, continue to provide financial and operational resilience and adaptability to the climate-related change impacts.

Based on the analysis, Cembra concluded that its ongoing analysis of evolving climate-related risk exposures and trends, its overall strategic development and other values provide sufficient flexibility to maintain resilient currently and in future.

We also assessed how our identified risks and opportunities relate to our climate-related metrics. The main climate-related transition risks (distribution partner and object valuation risks and loss of market share risk) are associated with the key environmental figures (see the following section).

Key environmental figures
In 2024, Cembra's total GHG emissions (scope 1, 2 and 3) were 288 mCO2e, and the total GHG emissions intensity came to 524 tCO2e per CHF million net revenue. Our total scope 1 and 2 emissions were 198 tCO2e (2023: 339) or less than 1% of total emissions. Within scope 3, the category investments (category 15) accounted for 90% of emissions. See table below.

Breakdown of carbon emissions

	Unit	2024	2023	2022
Consumption				
Refrigerants	kg	**28**	28	29
Vehicle fuel	1000 km	**1,399**	1,717	1,016
Gas and heating oil	mWh	**317**	364	343
District heating/cooling	mWh	**799**	958	706
Electricity	mWh	**840**	1,116	1,642
Water	m^3	**2,912**	3,166	2,822
Waste	tonnes	**248**	351	836
Purchased goods	1000 euros	**90,879**	96,128	93,049
Capital goods	1000 euros	**4,518**	2,753	2,360
Fuel- and energy-related activities	mWh	**1,958**	2,438	2,690
Business travel – transport	p. 1000 km	**260**	241	145
Business travel – hotel stays	per room per night	**195**	216	132
Employee commuting	p. 1000 km	**5,734**	6,525	6,640
Employee commuting – homeworking	FTE working days	**74,097**	84,326	85,804
Greenhouse gas emissions				
Direct emissions (scope 1)	**tCO2e**	163	**278**	**253**
Vehicle fuel	tCO2e	**62**	166	142
Boiler fuel (natural gas and heating oil)	tCO2e	**62**	72	69
Refrigerants	tCO2e	**39**	39	42
Indirect emissions (scope 2)	**tCO2e**	**34**	**61**	**65**
Purchased electricity (location-based)	tCO2e	**10**	13	20
Purchased heating/cooling	tCO2e	**24**	48	45
Indirect emissions (scope 3)	**tCO2e**	288,000	**n.a.[1]**	**n.a.**
Purchased goods and services (category 1)	tCO2e	**27,800**	29,800	26,700
Capital goods (category 2)	tCO2e	**1,610**	1,070	910
Fuel- and energy-related activities (category 3)	tCO2e	**70**	87	90
Waste generated in operations (category 5)	tCO2e	**5**	9	19
Business travel (category 6)	tCO2e	**27**	27	11
Employee commuting (category 7)	tCO2e	**482**	549	563
Investments (category 15)	tCO2e	**258,000**	n.a.	n.a.
Scope 1, 2 and 3 emissions	**mCO2e**	288	**n.a.**	**n.a.**
– thereof scope 1, 2 and operational scope 3 emissions	**mCO2e**	**30.0**	**31.8**	**28.6**
– thereof scope 1 and 2 emissions	**mCO2e**	**0.197**	**0.339**	**0.318**

Note: Scope 3 categories 1, 2 and 15 and total greenhouse emissions figures rounded to three significant digits

1 Scope 3 including Investments (category 15) since 2024

Operational environmental management

Cembra's environmental management is based on Swiss law relating to environmental protection, energy and carbon. We continue to ensure environmental stewardship mainly by optimising processes and outputs with a significant environmental impact. We also achieve cost reductions by optimising and reducing our use of energy and equipment.

Scope 1, 2 and operational scope 3 emissions
Purchased goods and services (part of scope 3) was the most significant source of operational emissions (i.e. excluding scope 3 investments) in 2024. Total emissions generated by this category declined by 7% relative to 2023. The decrease was predominantly driven by IT contractors and marketing. Seven areas of expenditure accounted for 91% of emissions: IT contractors, software licenses (and maintenance of the software), marketing, postage and paper and cards plastic.

Use of energy
Cembra continuously implements various measures aimed at reducing GHG emissions associated with energy. As a result, Cembra has been able to significantly reduce its energy consumption over the past years, resulting in a kWh/average FTE reduction of 29% (2023: 22%) since 2019. Overall, this trend continued in the reporting period:

- **Renewed voluntary commitment to optimise energy efficiency.** As a participant of the voluntary energy programme run by the Energy Agency of the Swiss Private Sector (EnAW) in Zurich since 2012, we have committed to optimising energy efficiency and actively reducing carbon emissions by collaborating with the EnAW, an official partner of the Swiss Federal Government and cantons for energy savings and climate protection. In 2024, the contract was renewed with an updated commitment.
- **Continued reduction of use of electric power.** The replacement of the cooling systems at the headquarters in 2023 – and since then re-using cooling energy from an ice-hockey stadium nearby in Zurich Altstetten – had a favourable effect. In addition, double monitor screens were replaced by more efficient curved screens, and the switch to LED lights was completed at the headquarters.

		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Electricity	kWh/FTE avg	**1,045**	1,222	1,767	1,845	2,317	2,570	2,633	2,525	2,649	2,944	3,188
Gas	kWh/FTE avg	**398**	398	372	1,361	871	850	1,231	1,220	1,695	2,351	1,983
District heating/cooling	kWh/FTE avg	**994**	1,049	765	9	–	–	–	–	–	–	–

Coverage: Excluding Cembra Latvia. From 2021, heating includes oil and natural gas. Until 2020, heating consisted of gas heating at headquarters only. Since 2023, district cooling included in district heating/cooling.

- **Remaining electricity consumption largely from renewable sources.** In terms of our operations, the energy consumption accounts for the largest impact on the environment. Since 2016, 100% of the electricity we consume at our headquarters (accounting for about three quarters of all employees) is generated from renewable sources. Moreover, our branches use an electricity mix whereby most of the electricity is derived from renewable sources.
- **New contract with lessor to further reduce carbon emissions from heating:** Since 2022, Cembra's headquarters use district heating. These environmentally friendly and energy efficient thermal networks, which are largely powered by waste and biomass, replaced the gas heating at our headquarters. In the second half of 2024, we established a new contract with the lessor at our headquarters, in which the share of renewable energy was increased from 75% to 100% in district heating, partly already affecting the 2024 financial year. The majority of our branches consume natural gas for heating, and heating oil is used by two branches.
- **Stable procurement of energy.** To ensure our business operations are not impeded, we have a strong interest in maintaining a stable procurement of energy.
- **Company fleet:** In 2020, Cembra had adopted a new internal target to significantly reduce carbon emissions from its own vehicles. In 2024, the number of cars in our fleet declined by 14% and amounted to 51 (2023: 59). The share of electric-powered vehicles (EV and PHEV) in our company increased to 82% (2023: 58%). As a consequence, the total number of kilometres travelled by our company fleet decreased by 19% from 2023 to 2024.
- **Employee benefits to support the use of public transport:** We encourage our people to commute using public transport as part of our employee benefits; in fact, the majority of public transport commuting costs are covered by Cembra for most employees (see page 65). In 2024, our employees commuted 5.7 million kilometres (2023: 6.5). Including homeworking this represents a carbon footprint of 482 tCO2e, or 0.60 tCO2e per FTE.

Emissions from financed assets in the vehicle leasing business
Cembra is financing electromobility in Switzerland, offering loans and leases for electric vehicles.

The Swiss vehicle leasing market is driven by international and national regulatory trends, which follow a net zero strategy in 2050 in accordance with the Paris Agreement and foresee a phase-out of fossil fuel-based vehicles in the mobility sector. In the mid and in the long term, electric vehicle leasing is expected to generate an increasing share of the market, with the supply of used vehicles expected to increase.

In the mid and long term, we are aiming to increase the share of our business related to electric mobility and specific financing products in line with the market trend. In general, leasing can be seen as an environmentally friendly means to prolong the lifecycle of used vehicles. In 2024, Cembra's vehicle financing portfolio accounted for 74% used cars (2023: 71%).

In 2024, Cembra estimates its assets relating to traditional vehicle engines to 91% of the total auto assets (2023: 88%). The decrease of the share of financing electric vehicles corresponds with the decline of such sales in Switzerland to 28% (2023: 30%). Over the mid to long term, Cembra expects the share of electric vehicles financed to again increase.

Overall assessment of the effectiveness of the climate-related measures taken
Over the last years, Cembra has significantly extended the assessment, the management and the reporting on carbon emissions.

Since 2020 we have adopted a scope 1 and 2 reduction target. In 2022 we began to disclose our operational scope 3 carbon emissions, and since 2024 we report on the full scope 1, 2 and 3 emissions.

Cembra has set ambitious targets to reduce its emissions also in the medium (2030) and long term (2050). The targets for reducing the most material categories (mainly part of the operational scope 3 emissions) are backed by effective measures to decarbonise our direct and indirect emissions.

As part of our groupwide risk management approach, we continued to integrate climate-related risks as a risk driver in our existing risk management framework and the associated processes. In 2024 we also refined our climate-related opportunities and risks. The top opportunity (financing clean mobility) and the top risks (distribution partner and object valuation risks) are directly related to our vehicle leasing business.

Our vehicle leasing business is monitored through financed emissions related to scope 3.15, metrics about our vehicle leasing business, and our exposure to carbon-related assets.

Currently Cembra concludes that these elements contribute to the resilience of our approach to address climate-related topics. We will continue to observe relevant trends and regulatory change to adapt our approach.

7 Business integrity

Aim and approach

As an independent bank that has been listed since 2013, we are required to comply with strict regulatory requirements. We continuously aim to provide greater transparency than most of our competitors, many of which are neither listed nor have a banking licence. However, as a market leader, we are convinced that strict regulatory requirements and transparent information are a good way to foster greater confidence, particularly among customers and other key stakeholders who want to know about the Group's financial and non-financial services, its business practices, and the integrity of the senior management. For us, business integrity in many aspects implies going beyond the mere legal requirements that we need to fulfil and act in a way that ensures we are perceived as a transparent and trustworthy business partner, such as ensuring responsible cooperation or supporting customers in financial difficulties.

Due to the nature of our financing products and services, we have to handle a large amount of sensitive and personal data. It is therefore our duty to handle and store data with diligence and take adequate protective measures. Therefore, the protection of data and security of customers' and employees' privacy is a key priority of our data governance.

Clearly defined structures, responsibilities and processes, as well as their regular review, enable us to manage compliance and reputational risks in a highly regulated and competitive market with increasing customer and stakeholder expectations. With zero-tolerance as for integrity breaches, we continuously aspire to be a trusted business partner.

Cembra operates predominantly in Switzerland, where there are relatively low risks of financial crimes. We nevertheless apply international standards to effectively fight against corruption, money laundering, terrorist financing and the circumvention of embargos (see below for related policies and processes).

Our commitment (see table page 39) implies both, business and management integrity. Our employees are required to act in the best interests of the Group and our customers. At the same time, they are responsible for their business activities to be documented and comply with the law. Through our training and performance management system, employees gain in-depth knowledge of products, processes and market conditions and stay on top of the latest trends, innovations and regulations. The company's governance framework ensures these standards and provides visibility of possible compliance breaches or misconduct enabling timely measures to minimise potential damage.

We are maintaining a good relationship with our regulators, by approaching potential issues in a proactive and transparent manner.

Progress in 2024
In 2024, there were no reportable cases on our business integrity commitment (2023: no cases)

Compliance and risk framework
Cembra has detailed internal regulations in place, which, among other elements, aim to prevent bribery and corruption. These include the codes of conduct for the Group and its business partners, regulations and processes to prevent fraudulent practices by external parties, the undue acceptance and presentation of gifts, sponsoring and contributions (summaries of the most relevant policies and directives are available at the end of this chapter). Cembra is fully committed to adhere with global regulations with effect on the territory of Switzerland, such as the Foreign Account Tax Compliance Act (FATCA) and the Automatic Exchange of Information (AEI) in order to prevent tax evasion.

The Group applies the concept of three lines of controls to manage risk and monitor compliance with legal requirements and internal regulations (see Risk Management Report pages 20 for more details). Binding, regularly updated processes further ensure that the Group complies with applicable laws and regulations. Various policies and directives are in place to ensure business integrity and a high level of compliant, responsible behavior.

Operating guidelines for reporting irregularities and suspicious transactions are complementing the policies and directives and facilitate the due implementation of the respective processes (e.g. AML, see page 73).

Accountability of the Board of Directors and the Management Board
The Board of Directors and the Management Board establish a culture in which employees are aware of their responsibilities and can express concerns without fear of reprisals. Directors and managers promote ethical behavior and provide adequate resources for the Bank's compliance programme.

Each member of the Management Board is accountable for the ethical behavior within his or her respective area of responsibility. They are responsible for addressing compliance-breaches, following specified procedural requirement for an auditable investigation, remediation and document retention. These rigorous requirements are complemented by an established whistleblowing-procedure, including the internal ombuds person and the anonymous, independent external ombudsperson, represented by a large, well-reputed law-firm in Zurich.

The Management Board is the highest level of executive oversight for the company's anti-bribery and anti-corruption programme and for business ethics. A compliance report, including but not limited to a risk assessment, review plan and anti-money-laundering report, is resolved by the Management Board and the Board of Directors every year and updated quarterly.

The compliance department is represented on the Management Board by the General Counsel.

Mandatory training for employees
Cembra has a comprehensive programme of mandatory training based on both regulatory and in-house requirements for all employees (for details see page 50). Employees are required to complete this mandatory training once a year and confirm their skills by successfully completing several online tests.

- **Annual mandatory training for all employees on ten topics:** General compliance, operational risk awareness, reporting obligations for employees, anti-money-laundering compliance, Bank-wide information security, business continuity management awareness, data protection, insider trading, conflicts of interest, and industry data security standard for payment cards.
- **Annual mandatory training for specific target groups:** Credit cards, insurance (intermediation), fraud prevention, identity and access management.
- **Mandatory training for all new employees:** Onboarding day typically at the start of the employment.

Cembra's head of people and culture is responsible for ensuring that all mandatory training is made accessible to employees. The members of the Management Board are responsible for ensuring that all targeted employees successfully complete the mandatory training courses.

Code of Conduct

Cembra introduced a Code of Conduct in 2005, and it has been updated several times. The current version was approved by the Board of Directors in March 2020, published in April 2020 and reviewed for topicality in May 2022. In our Code of Conduct, we have defined internal rules that include compliance with laws and professional standards and form the basis for our behaviour, supporting our long-term success. The Code of Conduct is intended to provide clear guidance for all employees as to the principles that must be complied with and the rules by which Cembra is governed. The Code of Conduct addresses the areas of basic conduct requirements, Cembra's responsibility as an employer, Cembra's responsibility in dealing with customers, business partners and third parties, the personal integrity of Cembra employees, Cembra assets, and Cembra's responsibility to society and the environment. Cembra conducts occasional audits to determine internal compliance with its Code of Conduct, via first-, second- and third-level controls (three lines model, see Risk Management Report page 21). The Code of Conduct is available at http://www.cembra.ch/governance.

Coverage
Compliance with the Code of Conduct is mandatory for all employees and for the members of the Board of Directors. The Code of Conduct is an integral part of all employment contracts and is available in four languages (German, English, French, and Latvian), and it has been adopted by Cembra's operational subsidiaries.

Implementation and training
Annual training on the Code of Conduct is mandatory for all employees.

- All new employees are given the Code of Conduct as part of their employment contract.
- All employees are required to attend annual online compliance training that covers key components of the Code of Conduct. All employees take an annual online test to demonstrate that they understand the contents of the Code of Conduct, the whistleblowing process, and the related procedures. Regular controls based on the three lines model ensure that compliance risks regarding the Code of Conduct are identified and actively mitigated as needed.
- Suspected employee violations of laws, regulations or the Code of Conduct must be reported to the supervisor, the compliance department, the human resources department or the ombudsperson (whether internal or external). Violations by the Management Board must be reported to the general counsel or to the Audit and Risk Committee. Violations by the CEO must be reported to the Chairman of the Board of Directors.
- Violations of the Code of Conduct have a negative impact on employee performance reviews and may affect variable compensation. Such violations may also result in disciplinary actions, including dismissal.
- All employees in scope completed the mandatory online compliance training including the Code of Conduct and pledged to comply with the provisions of the Code.
- All employees are required to sign-off on the key compliance policies as part of the annual e-learning programme. The execution on this sign-off requirements is controlled by the internal control system and run by the risk function.
- For further details on mandatory training, see the section on development and training, page 50.

Whistleblowing process
The Code of Conduct, various policies and the groupwide intranet provide information on the whistleblowing process for employees and on the procedures and responsibilities that apply to actual or suspected violations of laws, regulations, administrative or judicial orders, and internal regulations and procedures.

- Cembra does not tolerate reprisals against anyone who reports alleged violations in good faith.
- Employees can report suspected violations internally (to their supervisor, human resources department, compliance department or the internal ombudspersons) or to the independent external ombudsperson. A form is also available on the Cembra intranet.
- All employees are informed about the ombudsperson and educated about what to do and whom to contact if they uncover possible violations.
- Whistleblowers can report their concerns confidentially and anonymously. The whistleblowing process is subject to regular reviews by compliance. Violation of the Code of Conduct by Board members, the Management Board or employees can lead to disciplinary measures. Violations amounting to criminal behaviour will be brought to the attention of the competent authorities. If suspected violations of the Code of Conduct are reported, Compliance will investigate. If a violation is confirmed, Compliance will inform the relevant supervisor and the member of the Management Board.
- In 2024, no cases were reported (2023: one case).

Anti-corruption measures
Although Cembra operates predominantly in Switzerland, where there are relatively low risks of corruption compared with other countries (following surveys by Transparency International and World Bank), Cembra applies international standards to prevent corruption (e.g. code of conduct, internal regulations on AML, fraud prevention and on acceptance and presentation of gifts), which govern processes and behaviour. Such international standards are also contractually imposed on our key business partners and suppliers, following a third-party risk assessment. Processes and controls are designed and implemented to effectively assure compliance with these standards. Employees have to complete regular trainings to ensure awareness and compliance.

Grievance procedures
Information and general guidelines on Cembra's grievance mechanisms concerning matters of employees' personal interests (including freedom of association) can be found in the Code of Conduct itself as well as the Bank's intranet, to ensure that all employees are aware of the applicable reporting procedures (including the internal and external ombuds system). Furthermore, Cembra's staff regulations also encourage all employees to report any violations (including suspected violations) or unethical behaviour. Violations can be reported anonymously by phone or via email to an external ombudsperson.

Political involvement

Cembra does not make any political contributions, as stated in the Code of Conduct chapter 3, paragraph 5. Also, the internal regulations on sponsoring, contributions and donations state that no support shall be given to political parties (find more information on the respective policy below).

Human rights

By signing the UN Global Compact in 2020, Cembra publicly committed to observing and complying with the Ten Principles, which include human rights. Furthermore, we acknowledge, support, and respect the UN Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights, and the fundamental labor rights outlined in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Within our sphere of influence, we support the protection and promotion of human rights and set the frame that all employees act in accordance with internationally recognised human rights. We do not tolerate child labour or forced labour or any other form of exploitation of human beings. This applies to our own operations, employees, products and services and is also something we require of our suppliers and partners.

At the Sustainability Committee meeting in September 2024, the actual or potential human rights issues were reviewed and Cembra committed to continue fulfilling the UN Global Compact's Ten Principles.

Cembra has several internal regulations in place to facilitate compliance with human rights. These include the Code of Conduct, the Business Partners' Principles of Conduct and the staff regulations which govern internal regulations, processes, and behaviour. These policies are binding for all employees and contractually agreed with third parties. The controls and processes are in place to ensure the compliance with the requirements.

Supplier standards and management

Cembra's supplier selection is based on comprehensive assessments, which include but are not limited to criteria about sustainability and risk control, as applicable. In order to safeguard the social, environmental and economic impact of our extended supply chain, we recently issued a set of updated supplier standards and values.

Supplier standards

Through our supplier standards (Business Partners' Principles of Conduct, available at www.cembra.ch/sustainability) our business partners and their subcontractors agree to comply with all applicable laws, regulations, industry standards, agreements and guidelines relating to social standards (including labour law and occupational health and safety regulations). This includes but is not limited to data protection impact assessments with suppliers. This includes providing a safe working environment that ensures the physical and mental integrity of employees at all times.

Our supplier standards are derived from the Code of Conduct. They explicitly cover integrity, anti-corruption and social and environmental standards and are aligned with the principles of the UN Global Compact. With our approach, we strive to embrace areas that are not comprehensively covered by law or where we need our suppliers to adhere to more stringent standards than those applicable in their respective locations. As an example, we require explicitly that our suppliers ban child labour, forced labour, discrimination, harassment and abusive behaviour and that health and safety requirements are met throughout their entire value chain (i.e. including upstream subcontractors and auxiliary staff in all geographic regions).

Coverage

Besides ensuring that our key suppliers are aware of and fulfil our sustainability expectations, our supplier standards also aim to raise awareness and to develop our other suppliers regarding sustainability, especially those that do not already have their own sustainability programmes. Most of our suppliers are Switzerland-based companies with extensive supplier standards that fulfil Cembra requirements. Cembra has updated templates of the framework contract to include these standards. The templates are now in use whenever framework contracts are renewed or when larger new contracts are awarded based on Cembra templates. This means that the standards will be contractually endorsed following a risk-based approach: larger suppliers, operating in regions with lower standards than Switzerland, have endorsed the standards and those remaining are addressed, as needed, e.g. part of the renewal cycle. In those situations where an increased sustainability risk has been identified and the contracting is not based on Cembra templates, we apply a case by case, risk-based approach. We typically strive to include a reference to our Standards unless we see that coverage of our principles is in principle otherwise established (e.g. own sustainability programmes).

Supplier management processes
We rely on a multi-layered enforcement process:

- Our supplier standards are available on our website, and our suppliers will be actively and continuously made aware of our requirements throughout the procurement lifecycle.
- For our key suppliers – i.e. all third parties delivering products or services to the Bank that may directly support the delivery of core banking processes –, the supplier standards are integral part of the contractual framework unless already covered in Partner standard contract governing the business relationship. We continuously extend coverage and include the supplier standards in all relevant supplier agreements by renewing and extending existing contracts, thereby making it a contractual obligation. Where large key suppliers do not accept deviations from their standard contractual language, such suppliers run their own sustainability and corporate social responsibility programmes, substantially covering our standards.
- Our key suppliers are obliged, and all others are expected, to report and mitigate breaches of the supplier standards upon detection of a problem. Breaches are monitored and followed up on by Cembra.
- Most of the requirements imposed on our suppliers are legal requirements, covered in an industry standard and widely accepted. For many aspects, compliance is independently monitored and enforced by public authorities, industry bodies, regulators, and other institutions.

Cembra's sourcing and vendor management departments are responsible for continuously raising awareness of Cembra's requirements, enforcement approach and controls among all relevant internal stakeholders.

Controls
We require our key suppliers to have a robust control system in place in order to detect failures to comply with standards and to ensure that corrective action is taken. This is complemented by an obligation for Cembra employees in charge of a specific service or supplier to report and escalate any observation of non-compliance, as well as to carry out periodic checks of key suppliers. In cases of non-compliance, we review the seriousness of the specific case and take appropriate corrective action. Additionally, all new suppliers are screened, including through watchlist screening and further checks depending on services and the extent to which data is shared. The intensity of these checks depends on the type of relationship and integration with Cembra. The highest level of diligence is applied when secret, confidential or otherwise very sensitive data are shared and/or a material outsourcing is in place. The risk assessment is reviewed periodically. We manage third-party information security risks, focusing on key suppliers. We ensure our suppliers implement stringent security measures to protect sensitive information. Key suppliers are assigned minimum yearly performance assessment ratings covering all critical aspects of supplier performance.

We are continuously working with our suppliers to improve our control quality and appreciate all related efforts.

Audits
Key suppliers are contractually obliged to report (suspected) breaches without undue delay. Non-compliance is treated on a case-by-case basis, with consequences ranging from supplier development to contract termination, civil and penal action. For our key suppliers, we undertake regular performance review meetings, and adherence to data protection and information security requirements is monitored through a risk-based approach (controls ranging from self-declaration to on-site audits).

Training
The sourcing and the vendor management department includes senior employees who actively draw up Cembra policies and supplier standards (and hence do not require training themselves). New and existing sourcing employees undergo both Cembra-wide and department-specific onboarding processes and receive training covering corporate responsibility and sustainability requirements.

Privacy and data protection

The protection of personal data, using lawful and transparent data processing, is important to us. We regularly review and optimise processes and controls in order to protect personal data, including customer data. We have implemented a comprehensive framework to ensure data protection, banking secrecy and information security, in order to adhere to applicable legislation and regulations.

- The Group implements this framework with the overall intent of ensuring that critical information, personal data (such as customer data), and information technology relevant to data processing are protected. This framework also covers the protection of data processed by service providers. Such service providers are diligently selected, instructed, and controlled.
- All employees receive regular training on data protection, information security and cyber-crime (e.g. awareness about phishing). For further details see the section on mandatory training, page 50.
- Cembra has published a privacy policy that sets out the rules governing data processing in the Bank and the corresponding rights of customers. The Bank's privacy policy is published on Cembra's website (https://www.cembra.ch/en/legal/privacy-policy/) and applies to all relevant business lines. It informs customers about the Bank's data processing and provides all information on how to exercise their rights.

Cembra adheres to the duty to report cyber-attacks pursuant to Article 29 para. 2 FINMASA. Such cyber-attacks could lead to potentially severe information security incidents, including breaches of data confidentiality. In 2024, Cembra did not report any cyber-attack pursuant to Article 29 para. 2 FINMASA with the regulator.

Furthermore, the Bank has implemented and maintains response plans in line with the requirements of FINMA and the Swiss Federal Act on Data Protection (FADP), namely the notification to the Federal Data Protection and Information Commissioner (FDPIC). This also includes response plans with notification requirements towards the customer.

Cembra conducts regular audits of its information security, cyber-security and data protection frameworks and related process and technology control effectiveness. Audit frequencies are determined in accordance with internal and external policies, and audits are usually conducted at least on an annual basis.

Ensuring the business integrity of partners

The Group conducts business across Switzerland via a network of branches, as well as alternative sales channels such as online, credit card partners, independent intermediaries (personal loans) and car dealers (auto leases and loans).

Longstanding active relationships

We maintain close, longstanding relationships with our distribution partners. In many cases, partnerships have been developed over several decades. At year-end 2024, 88 (2023: 102) independent intermediaries were originating personal loans for the Bank. In the auto leases and loans segment, we partner with around 3,200 car dealers. In the credit card segment, we have longstanding relationships in Switzerland with Conforama (since 2008, renewed in 2022), Touring Club Suisse (since 2011, renewed in 2024), and FNAC (since 2016, renewed in 2022). In 2019 and 2020, new partnerships were entered into with the retailers LIPO and IKEA Switzerland and in 2022 with SPAR Switzerland. In September 2022, we entered a partnership with the leading Swiss payment app TWINT.

Processes in place to ensure business integrity and ethical conduct

We are committed to working together with our business partners to serve the interests of our clients. Partnerships are designed to ensure service quality and product integrity. Cembra has various processes in place to ensure compliance, good governance and risk management practices, and ethical business conduct in partnerships.

- Our collaboration with independent intermediaries and car dealers is guided by standard procedures to minimise risks of non-compliant behaviour.
- Formal processes govern the selection, training, instruction and monitoring of independent intermediaries and car dealers. The precautions and requirements for independent intermediaries are particularly strict and tightly regulate the Bank's business dealings with them.
- All partners undergo anti-money-laundering (AML) screening processes (see above).

Overview: quality assurance, training, responsibilities, and monitoring of business partners

	Independent intermediaries	Car dealers	Credit card partners
Quality assurance We require our business partners to meet high standards of integrity.	Quality is reviewed monthly, with more in-depth reviews conducted quarterly.	Quality is reviewed yearly or at least every three years.	Credit card partners and their branches are regularly visited by a review team.
Training We provide regular training to ensure business integrity.	Training focuses on business and product strategies, products, processes and compliance. Around 88 independent intermediaries receive training each year. In 2024 all training sessions were conducted.	Training focuses on business and product strategies, products, processes and compliance. Training is given to our dealers mostly locally by our 22 sales area managers.	Retailer credit card partners receive regular training and additional onboarding training for new partnerships. The number of point-of-sale training sessions amounts to about 300, reflecting increasing needs, for our partners' about 90 branches. In 2024 the training sessions were conducted both at the partners' locations and virtually.
Responsibilities and monitoring Various departments (including compliance, underwriting and – through guidelines and escalation processes – risk management) are involved in the quality assurance processes. Bank departments handle the budget calculations and underwriting processes internally. The Bank always has the ultimate responsibility for approving a loan, a lease or a credit card and bears the risk for possible losses due to default.	Specific policies for independent intermediaries ensure professional delivery of services and full compliance with ethics requirements. These policies are included in every business relationship in order to minimise compliance risk.	Car dealers are regularly visited by the Bank's sales area managers, who report their findings via an online tool. Abnormal findings are investigated, and in case of non-compliance by the dealer, the partnership is terminated.	Credit card partners and their branches are regularly visited by a review team. They provide support and perform spot checks of customer applications. Any irregularities are investigated jointly with the partners and are reported internally. Additional training sessions are provided where deemed necessary.

Other policies covering aspects of business integrity

In addition to the Code of Conduct and the Business Partners' Principles of Conduct (both available on our website), Cembra has put in place other internal regulations.

- Each policy and directive are reviewed and updated on a regular basis.
- As with the Code of Conduct, there is an annual e-learning programme, which is mandatory for all employees covering the most important topics and other related policies.
- An internal monitoring system is implemented by the control functions (risk and compliance).
- Internal regulations are applicable to all employees and enforceable with disciplinary measures under labor law.

The most relevant internal regulations (policies and directives) are described below.

Anti-money-laundering (AML)

As a financial intermediary, the Bank is subject to the Anti-Money-Laundering Act and thus operates a programme to prevent money laundering. Some of the key requirements are the following:

- We systematically assess customers and partners before concluding a contract or business relationship.
- This exhaustive onboarding process protects the Bank from engaging in relationships with individuals or entities that have been placed on international sanctions lists.
- Politically exposed persons (PEPs) and high-risk relationships are thoroughly analysed.
- Customers and partners continue to be regularly reviewed after the contract or business relationship has been concluded. In addition to the continuous review of customers, transactions and payment practices are constantly monitored. Suspicious transactions are flagged and reviewed by the Bank's compliance officers.
- All new Bank employees receive introductory training that covers the Bank's AML programme and then attend regular refresher training sessions in subsequent years (see the chapter on people and development, page 50).

Fraud prevention

Internal regulations govern the competencies, measures, and controls for preventing fraudulent practices including cybercrime that can adversely affect the Bank. Some of the key requirements are the following:

- Cembra defines the processes, roles and responsibilities needed to prevent suspected cases of fraud by external parties and to investigate such cases accordingly.
- The risk function is in charge of setting up a strategy for preventing fraud and conducting further investigations.
- To ensure the timely monitoring of operating activities, the risk function is supported by other departments within the business to customer area.

Acceptance and presentation of gifts

In addition to the Code of Conduct, there is also a policy on accepting and presenting gifts. This policy sets out the standards of behaviour to be maintained by all employees when giving and receiving gifts or where business entertainment is accepted or provided. Some of the key requirements are the following:

- Conflicts of interest must be avoided, and the Bank's reputation protected.
- Furthermore, it sets out competencies regarding the administration of customer and partner gifts of any kind.
- It covers receiving gifts, presenting gifts and events. In particular, the policy stipulates under which circumstances gifts and invitations can be accepted, the principles that are observed when the Bank presents gifts to third parties, and the ethical behaviour to be followed by the Bank as a host of events or by employees as guests at events. Furthermore, it states that granting or accepting facilitating payments or goods is strictly forbidden. The legal and compliance departments are responsible for any changes to this policy.

Sponsoring, contributions, and donations

Internal regulations set out the requirements to be observed in connection with sponsoring activities and the awarding of contributions and donations. It defines criteria for sponsoring and donation purposes and corresponding review and approval processes; it is applicable to all employees of the Bank. When working with third parties (e.g. advertising agencies), it must be ensured that such third parties also comply with and implement the requirements of this policy.

Providing sponsoring and making contributions or donations to organisations, interest groups and associations is intended to strengthen Cembra's image. Such activities are also an opportunity to create a platform for active customer care. Some of the key requirements are the following:

- Contributions may only be awarded to those institutions and organisations with which goodwill will be created, in the specific interests of the Bank or a subsidiary and its sales channels.
- No support shall be given to political parties.
- Contributions with a strictly personal connection are not permitted. Furthermore, contributions may not be awarded in cases where an applicant's request is made solely with reference to an ongoing or terminated customer relationship.
- The internal review and approval process for donations provides details in accordance with the above criteria.

Securities trading and use of insider information
The purpose of these internal regulations is the prevention of insider trading and market manipulation. Some of the key requirements are the following:

- An orderly information flow and reporting obligations.
- Immediate capital market information concerning non-public, potentially price-sensitive facts in accordance with the Listing Rules.
- Prevention of market abuse.
- Rules and procedures applicable to any third parties providing services having access to insider information (maintaining of insider list and documentary requirement).

Marketing activities and customer relationship management
The internal regulations describe both the regulatory and internal requirements applicable to marketing and advertising activities. They specify the requirements related to the development of marketing and advertising activities/materials and the corresponding design requirements and approval process. Some of the key requirements are the following:

- Consumer credit contracts (including lease and loan agreements, credit, and customer cards) may not be advertised aggressively.
- In product advertising, the relevant provider (company) must be clearly specified and a calculation example, including the effective interest rate and the total costs, must be provided in all cases.
- An over-indebtedness warning must be included, referring to the fact that any loan that would lead to the consumer taking on too much debt is prohibited.
- All application forms for products offered by the Bank or its subsidiaries must contain a notice concerning data protection and processing, in particular for marketing purposes.
- Appropriate controls must be implemented to ensure compliance with the requirements of the policy.

Flexible Work Arrangement Framework
The Bank is committed to fostering cooperation based on mutual trust and supports flexible ways of working, provided that the personal needs of employees can be reconciled with company goals. As a result, the Bank has acted on the desire for greater flexibility and to work from home; it has also adapted to changes in working practices. The internal regulations demonstrate various working models offered by the Bank and is the responsibility of human resources. Some of the key requirements are the following:

- Specifies the criteria to apply when deciding which working models are appropriate for which area of activities.
- Sets out the guiding principles for effective implementation of a flexible working culture (e.g. customer focus will not be compromised) and describes different work options (flexible location or time, part-time working, job-sharing). Employees may freely choose their own ways of working in conjunction with their line managers, considering the Bank’s core principles.
- Addresses how to deal with data protection, banking and business secrecy and work equipment and costs when working remote and outside the business premises.

8 Community engagement

Aim and approach

Our community engagement aims to have a positive impact on society. Despite such engagement is not considered to be a highly material topic by our stakeholders, it is important for our employees as well as for communities in the society. We therefore address the topic separately in this chapter.

At Cembra, we see ourselves as part of a wider social network and as a community member. Being part of the local community comes with great advantages but also responsibilities. We take our social responsibility seriously, want to be a good corporate citizen and are committed to important social policy issues. We see ourselves as equal partners, and we attach great importance to supporting projects and initiatives over the long term.

Our community engagement has three goals:
- **Enhancing understanding and awareness about social responsibility in general:** Our social engagement aims not only to take our responsibility towards society seriously but also to foster understanding about social responsibility.
- **Engagement for Cembra's social responsibility:** The voluntary contribution by employees to social projects has a positive social impact. It also has a positive effect on the feeling of togetherness within the company, contributing to a greater awareness of Cembra's social responsibility.
- **Strengthening employee loyalty:** Finally, we are convinced that social engagement strengthens our employees' loyalty to the company.

Progress in 2024
In 2024, we continued our long-term oriented community engagement activities.

Alongside other activities (e.g. collaboration with Swiss Red Cross by organising blood drives and the Pink Ribbon Charity Walk), we work with Swiss schools (years one to nine) through the YES programme "Personal Economics". As a Cembra volunteer, employees can take on the role of teacher for some lessons and can make an important contribution to the practical entrepreneurial education of children and young people. Cembra employees supported the Theodora Foundation at the Kid's Day to fund raise the Giggle Doctors' visits to children in hospitals. Volunteers also support the Children's Cancer Aid Switzerland at holiday camps in Lenzerheide and Engelberg, caring for children and allowing parents to take a break from everyday life.

In the last quarter of 2024 we evaluated and re-designed our community engagement activities in order to enhance the influence and awareness of our various initiatives. In November 2024, a company-wide event was held to bring forward social and environmental employee engagement and volunteering initiatives. Cembra supports volunteering activities by counting such activities as working time if they take place on weekdays.

Cembra regularly informs all employees about the community engagement and volunteering activities. We also kept a constant dialogue with our partners.

KPMG

Independent limited assurance report on Cembra Money Bank AG's Sustainability Report 2024

To the Board of Directors of Cembra Money Bank AG, Zurich

We have undertaken a limited assurance engagement on Cembra Money Bank AG's (hereinafter "Cembra") Sustainability Information in the following sections of the Sustainability Report as part of the Annual Report 2024 on pages 33-75 for the year ended 31 December 2024 (hereinafter "Sustainability Information"):

- Our approach to sustainability
- Customer orientation
- Quality and integrity of products and services
- People and development
- Environmental stewardship
- Business integrity
- Community engagement

Our Limited Assurance Conclusion

Based on the procedures we have performed as described under the *'Summary of the Work we Performed as the Basis for our Assurance Conclusion'* and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Information is not prepared, in all material respects, in accordance with the Sustainability Reporting Criteria.

Our assurance engagement and our conclusion do not extend to information in respect of earlier periods or future looking information or to any other information included in the Sustainability Report 2024 or in the Annual Report 2024, information linked from the Sustainability Report 2024 or from the Annual Report 2024, or any images, audio files or embedded videos, nor to the requirements of Article 964d–964l of the Swiss Code of Obligations (Swiss CO).

Understanding how Cembra has Prepared the Sustainability Information

Cembra prepared the Sustainability Information using the following criteria (hereinafter referred to as the "Sustainability Reporting Criteria"):

- Global Reporting Initiative (GRI) Standards;
- For the sections referenced within the "Swiss Code of Obligations" content index on page 35 – Article 964b (1) and (2) of the Swiss CO;
- For the sections referenced within the "Ordinance on Climate Disclosure" content index on page 36 – Article 3 of the Swiss Ordinance on Climate Disclosures and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Consequently, the Sustainability Information needs to be read and understood together with these criteria.

Inherent Limitations in Preparing the Sustainability Information

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities may occur in disclosures of the Sustainability Information and not be detected. Our engagement is not designed to detect all internal control weaknesses in the preparation of the Sustainability Information because the engagement was not performed on a continuous basis throughout the period and the audit procedures performed were on a test basis.

Cembra's Responsibilities

The Board of Directors of Cembra is responsible for:

– selecting or establishing suitable criteria for preparing the Sustainability Information, taking into account applicable law and regulations related to reporting the Sustainability Information;
– preparing the Sustainability Information in accordance with the Sustainability Reporting Criteria; and
– designing, implementing and maintaining internal control over information relevant to the preparation of the Sustainability Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We are responsible for:

– planning and performing the engagement to obtain limited assurance about whether the Sustainability Information is free from material misstatement, whether due to fraud or error;
– forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
– reporting our independent conclusion to the Board of Directors of Cembra.

As we are engaged to form an independent conclusion on the Sustainability Information as prepared by the Board of Directors, we are not permitted to be involved in the preparation of the Sustainability Information as doing so may compromise our independence.

Professional Standards Applied

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* (ISAE 3000), issued by the International Auditing and Assurance Standards Board (IAASB).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent and multidisciplinary team including assurance practitioners and sustainability experts. We remain solely responsible for our assurance conclusion.

Summary of the Work we Performed as the Basis for our Assurance Conclusion

We are required to plan and perform our work to address the areas where we have identified that a material misstatement of the Sustainability Information is likely to arise. The procedures we performed were based on our professional judgment. Carrying out our limited assurance engagement on the Sustainability Information included, among others:

- assessment of the design and implementation of systems, processes and internal controls for determining, processing and monitoring sustainability performance data, including the consolidation of data;
- inquiries of employees responsible for the determination and consolidation as well as the implementation of internal control procedures regarding the selected disclosures;
- inspection of selected internal and external documents to determine whether quantitative and qualitative information is supported by sufficient evidence and presented in an accurate and balanced manner;
- assessment of the data collection, validation and reporting processes as well as the reliability of the reported data on a test basis and through testing of selected calculations;
- analytical assessment of the data and trends of the quantitative disclosures included in the scope of the limited assurance engagement;
- assessment of the completeness of the Sustainability Report 2024 regarding the disclosures required by Article 964b (1) and (2) of the Swiss CO and Article 3 of the Swiss Ordinance on Climate Disclosures; and
- assessment of the consistency of the Sustainability Information with the other disclosures and key figures and of the overall presentation of the disclosures through critical reading of the Sustainability Report 2024.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

KPMG AG

Silvan Jurt
Licensed Audit Expert

Saskia Weiss
Licensed Audit Expert

Zurich, 19 March 2025

Corporate Governance Report

Information relating to the Corporate Governance

Cembra Money Bank AG ("Bank", together with its subsidiaries, "Group") is committed to transparent and responsible corporate governance. The term "corporate governance" is being used when referring to the organisational structure of the Group as well as the operational practices of its management. The Group's internal governance framework, including the Bank's articles of incorporation ("Articles of Incorporation") and the organisational regulations ("Organisational Regulations") as well as the Group Governance Regulations (in place since 1 January 2023), embody the principles required in order for the business of the Group to be managed and supervised in accordance with good corporate governance standards.

As a company having its shares listed on the SIX Swiss Exchange (SIX), the Bank is subject to – and acts in compliance with – the Directive on Information Relating to Corporate Governance and its Annex and Commentary (DCG), issued by SIX Exchange Regulation AG. If information required by the CGD is published in the Notes to the Consolidated Financial Statements, a reference indicating the corresponding note to the Consolidated Financial Statements is provided. The Swiss Code of Best Practice for Corporate Governance, issued by economiesuisse, has also been taken into account.

The Organisational Regulations (available at www.cembra.ch/corporategovernance), further outline the duties, powers and regulations of the governing bodies of the Group.

Unless expressly stated otherwise, this Corporate Governance Report presents the law as of the balance sheet date (31 December 2024).

1 Group structure and shareholders

1.1 Group structure

1.1.1 Description of the Group's operational structure

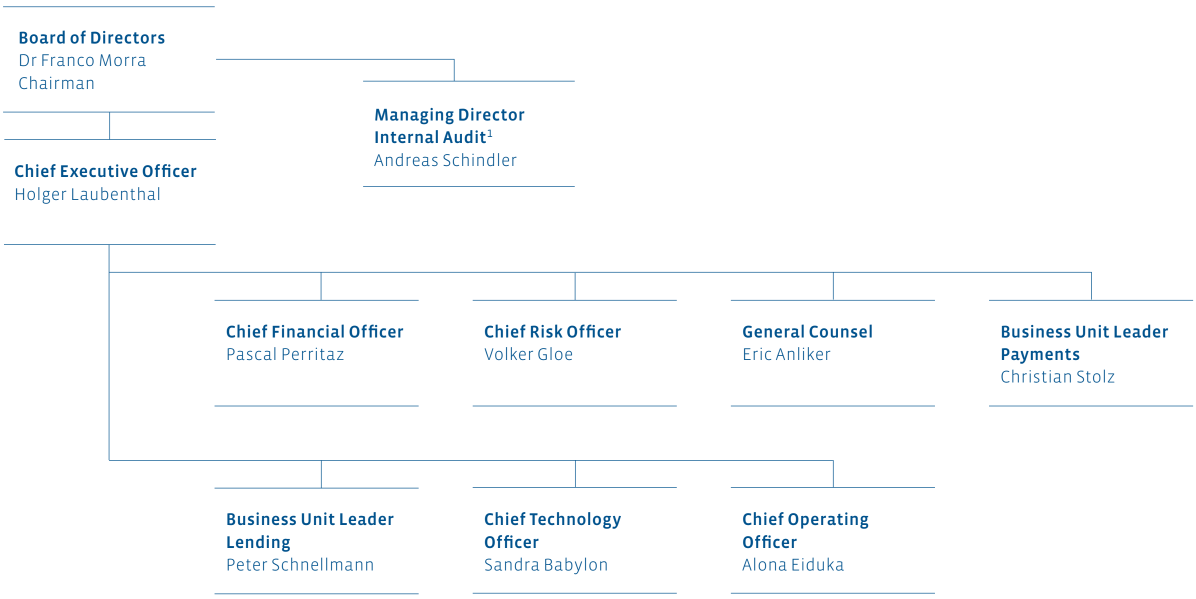
The Bank is a public limited company (Aktiengesellschaft) organised under the laws of Switzerland in accordance with art. 620 et seq. of the Swiss Code of Obligations (CO). The registered address and head office of the Bank is at Bändliweg 20, 8048 Zurich, Switzerland. On 31 May 2024 Swissbilling SA was merged into CembraPay AG and on 14 November 2024 eny Credit GmbH was renamed Cembra Credit GmbH.

The Group operations activities mainly focus on consumer finance. The Bank is subject to prudential supervision by the Swiss Financial Market Supervisory Authority (FINMA) and provides a range of financial products and services including deposit and saving products.

Headquartered in Zurich, the Group operates in Switzerland through a network of branches and online distribution channels, as well as credit card partners, independent intermediaries and car dealers.

In the first quarter of 2024, Cembra changed its management structure resulting in the implementation of operating reportable segments that reflect how the Chief Executive Officer (CEO) manages the Group, including allocating resources and measuring performance. The Group organised its reporting into two reportable operating segments including all of the Group's consumer finance product business: Lending and Payments. Lending includes auto loans and leasing, which has auto loans and leasing financing solutions (and the insurance sold in this context) distributed via independent intermediaries and car dealers as well as personal loans, which are offered through a network of branches, independent intermediaries and online. Payments includes credit cards, which has proprietary card portfolios and co-branded credit cards (and the insurance sold in this context) through partner programmes (including Conforama, FNAC, IKEA, LIPO, SPAR) and buy now pay later (BNPL), which provides consumer invoice financing services and flexible payment options for both online and point-of-sale channels. In addition, the Bank maintains corporate functions which include finance, operations, technology, legal & compliance, communications, risk management, investor relations including sustainability, internal audit and human resources.

Organisational Group structure at 31 December 2024:

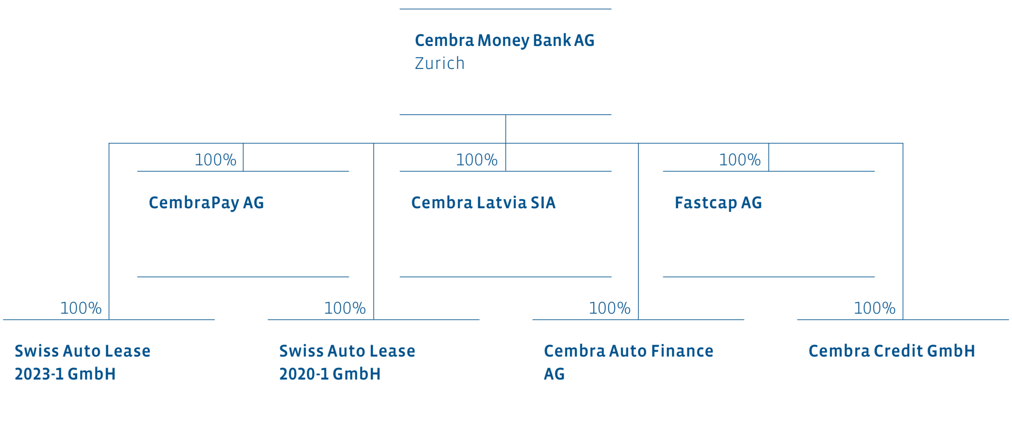


1 The internal audit department is an independent function with a reporting line to the Board of Directors and the Audit and Risk Committee (see section 3.5)

1.1.2 Group entities

The Group comprises the Bank as the parent company and its wholly owned subsidiaries:

- Fastcap AG (with registered office in Zurich, Switzerland, share capital CHF 100,000, shares 100,000 x CHF 1);
- Cembra Credit GmbH (with registered office in Zurich, Switzerland, stated capital CHF 20,000, shares 1 x CHF 20,000);
- CembraPay AG (with registered office in Zurich, Switzerland, share capital CHF 100,000, shares 100 x CHF 1,000);
- Cembra Latvia SIA (with registered office in Riga, Latvia, share capital EUR 2,800, shares 2,800 x EUR 1.00);
- Swiss Auto Lease 2023-1 GmbH (with registered office in Zurich, Switzerland, stated capital CHF 20,000, shares 200 x CHF 100);
- Swiss Auto Lease 2020-1 GmbH (with registered office in Zurich, Switzerland, stated capital CHF 20,000, shares 200 x CHF 100);
- Cembra Auto Finance AG (with registered office in Zurich, Switzerland, share capital CHF 100,000, shares 1,000 x CHF 100).



Within the Group, only the Bank is a listed company. The Bank's registered office is in Zurich and its registered shares are listed pursuant to the International Reporting Standard of SIX (securities number: 22517316, ISIN: CH0225173167, ticker: CMBN). As of 31 December 2024, the Bank's issued nominal share capital amounted to CHF 30,000,000 and the market capitalisation amounted to CHF 2,460 million.

1.2 Significant shareholders

According to the rules regarding the disclosure of significant shareholdings of Swiss companies listed on the SIX, disclosure has to be made if the holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 33⅓%, 50% or 66⅔% of the voting rights, whether or not the voting rights can be exercised. The percentage thresholds are calculated on the basis of the total amount of voting rights according to the number of shares issued as disclosed in the commercial register. The Bank is obliged to announce shareholdings by third parties in its shares when notification is received from a third party that a threshold has been reached or crossed. As shareholders are only required to notify the Bank and the SIX Exchange Regulation AG if their holding reaches, falls below or exceeds the thresholds listed above, the percentage holdings of significant shareholders of the Bank may vary at any given time compared to the date of submission of the most recent notification for these respective shareholders.
As of 31 December 2024, the Bank was not aware of any person or institution, other than UBS Fund Management (Switzerland) AG (14.003%), BlackRock, Inc. New York, US (3.151%), and Swisscanto Fondsleitung AG (3.054%), which, directly or indirectly, had an interest as a beneficial owner in shares of Cembra Money Bank AG reaching or exceeding the relevant thresholds prescribed by law. The announcements related to these notifications can be found via the search facility on SIX Exchange Regulation AG's platform:
www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html.

1.3 Cross shareholdings

The Group has not entered into any cross shareholdings that exceed 5% of the share capital or voting rights on either side.

2 Capital structure

2.1 Capital

At 31 December 2024, the Bank's registered share capital amounted to CHF 30,000,000, divided into 30,000,000 registered shares with a par value of CHF 1.00 each ("Shares"). The Shares are fully paid-in and non-assessable and rank pari passu with each other.

Further information is available in note 16 to the Consolidated Financial Statements.

2.2 Capital band and conditional capital

2.2.1 Capital band
On 1 January 2023 the reform of the Swiss stock company law came into force with a transition period of two years for companies to amend their Articles of Incorporation. Among others the authorised capital was functionally replaced by a capital band which can be implemented in the Articles of Incorporation and provides the possibility of the share capital to be reduced or increased by max. 50% of the current registered share capital. The capital band may be introduced for a period of up to five years.

On 21 April 2023 the General Meeting approved a capital band in art. 4 of the Articles of Incorporation (available at www.cembra.ch/en/investor/investor-relation/corporate-governance/articles-of-incorporation/), allowing during a period of two years from the date of the 2023 Annual General Meeting to increase the share capital by a maximum of 10% (upper limit of CHF 33,000,000) or decrease it by no more than 5% (lower limit of CHF 28,500,000) without further approval by a General Meeting in one or more increases and/or reductions. Capital reductions can be conducted either through a reduction of the nominal value of the shares or through cancellation of shares. To minimise the possible dilution of existing shareholders, the combined maximum amount of new shares that may be issued without pre-emptive or advance subscription rights under the capital band or the conditional capital pursuant to art. 4 to 6 of the Articles of Incorporation to max. 3,000,000 Shares (corresponding to max. 10% of the current share capital). The subscription and acquisition of the new Shares and any subsequent assignment of the Shares shall be subject to the restrictions of art. 8 of the Articles of Incorporation.

In case of a share capital increase the Board of Directors shall, to the extent necessary, determine the number of shares, the issue price, the type of contribution, the date of issue, the conditions governing the exercise of the pre-emptive rights and the commencement of dividend entitlement. The Board of Directors may issue new shares which are underwritten by a bank or other third party and subsequently offered to existing shareholders. The Board of Directors is authorised to restrict or to exclude trading in the pre-emptive rights. In the event of pre-emptive rights not being exercised, the Board of Directors may, at its discretion, either allow such rights to expire, place them or the shares to which they are entitled at market conditions, or use them in some other manner conducive to the interests of the Bank.

In case of a share capital increase, the Board of Directors is authorised to withdraw or limit the pre-emptive rights of the shareholders and allow such rights to individual shareholders or third parties if (i) the new Shares are to be used for the acquisition of an enterprise, part(s) of an enterprise or participations, or for the financing or refinancing of such transactions, or for the financing of new investment plans of the Bank, (ii) the new Shares are to be used for the purpose of broadening the shareholder constituency of the Bank in connection with the listing of new Shares on domestic or foreign stock exchanges or, for purposes of the participation of strategic partners of the Bank or (iii) in the determination of the issue price of the new Shares, the market price is taken into account.

For further details please refer to art. 4 of the Articles of Incorporation under: www.cembra.ch/corporategovernance.

2.2.2 Conditional share capital

The Bank's conditional share capital of CHF 3,900,000 in aggregate is available for the issuance of up to 3,900,000 Shares with a nominal value of CHF 1.00 each. The amount of CHF 3,900,000 corresponds to 13% of the existing share capital.

The Bank's share capital may be increased – based on art. 5 of the Articles of Incorporation (available at www.cembra.ch/corporategovernance) – by up to CHF 3,000,000 by the issuance of up to 3,000,000 Shares (a) through the voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with the issuance on national or international capital markets of newly or already issued bonds or other financial market instruments by the Bank or one of its subsidiaries; and (b) through the exercise of warrant rights granted to the shareholders by the Bank or one of its subsidiaries. The Board of Directors may use warrant rights not taken up by shareholders for other purposes in the interest of the Bank. The pre-emptive rights of the shareholders are excluded in connection with the issuance by the Bank or any of its subsidiaries of bonds or other financial market instruments which are linked to conversion rights and/or the issuance of warrants. The then current owners of conversion rights and/or warrants shall be entitled to subscribe for the new Shares. The conditions of the conversion rights and/or warrants shall be determined by the Board of Directors.

In connection with the issuance by the Bank or one of its subsidiaries of bonds or other financial market instruments which are linked to conversion rights and/or warrants, the Board of Directors is authorised to restrict or deny the advance subscription rights of shareholders if such issuance is made for the purpose of financing or refinancing the acquisition of an enterprise, parts of an enterprise, or participations or for new investments or for the issuance on national or international capital markets. If advance subscription rights are denied by the Board of Directors, the bonds or other financial market instruments which are linked to conversion rights and/or warrants shall be issued at the relevant market conditions and new shares shall be issued at market conditions, under consideration of the current price on the stock exchange of the shares of the Bank and/or comparable financial instruments having a market price. Conversion rights may be exercised during a maximum 20-year period, and warrants may be exercised during a maximum 10-year period, in each case from the date of the respective issuance. The advance subscription rights of the shareholders may be granted indirectly.

In addition, the share capital may be increased – based on art. 6 of the Articles of Incorporation (available at www.cembra.ch/corporategovernance) – by up to CHF 900,000 through the issuance of up to 900,000 Shares each by the issuance of new Shares to members of the Board of Directors, members of the Management Board and employees of the Bank and its subsidiaries. The pre-emptive rights of the shareholders of the Bank shall be excluded. The Shares or rights to subscribe for Shares shall be issued to members of the Board of Directors, members of the Management Board and employees of the Bank or its subsidiaries pursuant to one or more regulations to be issued by the Board of Directors. Shares or subscription rights may be issued at a price lower than that quoted on the stock exchange.

The acquisition of Shares through the voluntary or mandatory exercise of conversion rights and/or warrants or within the context of employee share ownership and each subsequent transfer of the Shares are subject to the restrictions of art. 8 of the Articles of Incorporation.

Capital increases (i) from conditional capital pursuant to this art. 5 of the Articles of Incorporation, which result from the exercise of conversion rights and/or warrants in connection with bonds or other financial market instruments issued under exclusion of advance subscription rights as well as (ii) from conditional capital pursuant to art. 6 of the Articles of Incorporation are limited by capital increases already carried out from the capital band pursuant to art. 4 of the Articles of Incorporation under exclusion of pre-emptive rights. The maximum amount of such capital increases under exclusion of pre-emptive rights or advance subscription rights, respectively, may not exceed CHF 3,000,000, corresponding to 3,000,000 registered shares with a nominal value of CHF 1.00 each whereby the allocation between the two categories shall be at the discretion of the Board of Directors.

For further details please refer to art. 5 and 6 of the Articles of Incorporation under: www.cembra.ch/corporategovernance.

2.2.3 Conversion capital

Based on art. 5a of the Articles of Incorporation (available at www.cembra.ch/corporategovernance), the Bank's share capital may be increased by up to 4,200,000 Shares (i.e., 14% of the existing share capital) through the conversion of claims from mandatory convertible bonds or similar financial instruments of the Bank, which provide for a conditional or unconditional mandatory conversion into Shares upon the occurrence of a trigger event. The pre-emptive rights of shareholders are excluded. The then current owners of mandatory convertible bonds shall be entitled to subscribe for the new shares. The advance subscription rights of shareholders with respect to mandatory convertible bonds shall be granted. The Board of Directors is authorised to deny the advance subscription rights of shareholders for the issuance of mandatory convertible bonds, provided that the mandatory convertible bonds are issued at market conditions or at a discount that is necessary to ensure a fast and complete placement. The Board of Directors shall determine the issue price of the new shares taking into account the market price of the shares and/or comparable instruments. The acquisition of shares through the conversion of mandatory convertible bonds and each subsequent transfer of shares shall be subject to the restrictions of art. 8 of the Articles of Incorporation.

2.3 Changes in capital

There were no changes in the share capital in 2022, 2023 and 2024, respectively.

2.4 Shares and participation certificates

The Bank has issued 30,000,000 registered shares with a par value of CHF 1.00 each. All Shares are fully paid up and entitled to dividends. Each Share carries one vote. There are no preferential rights or similar rights attached to the Shares (Stimmrechtsaktien).

The Bank has not issued any non-voting equity securities, such as participation certificates (Partizipationsscheine) or preference shares (Vorzugsaktien).

2.5 Dividend-right certificates

There are no dividend-right certificates outstanding.

2.6 Limitations on transferability and nominee registrations

The Shares are freely transferable.

The Bank keeps a share register ("Share Register"), in which the holders and usufructuaries of the Shares are entered with name, address and nationality and in case of legal entities, the company name and registered office. Upon application to the Bank, acquirers of Shares will be recorded in the Share Register as shareholders with voting rights, provided they expressly declare that they have acquired and hold these Shares in their own name and for their own account and that there is no agreement on the redemption or return of the corresponding shares and that the shareholder bears the economic risk associated with the shares.

Any person who does not expressly state in his or her application to the Bank that the relevant Shares were acquired for his or her own account and that there is no agreement on the redemption or return of the Shares and that the shareholder bears the economic risk associated with the shares will be regarded as a nominee ("Nominee"). A Nominee may be entered in the Share Register as a shareholder with voting rights for Shares representing a maximum of 3% of the total outstanding share capital of the Bank. With respect to Shares in excess of this limit, a Nominee may only be entered into the Share Register as a shareholder with voting rights if he or she declares in writing that he or she is prepared to disclose the name, address and shareholding of any person for whose account he or she is holding 0.5% or more of the Bank's total outstanding share capital.

For purposes of determining if a person holds 0.5% or more of the Bank's outstanding share capital, legal entities, partnerships or groups of joint owners and other groups in which individuals or legal entities are related to one another through capital ownership or voting rights or have a common management or are otherwise interrelated, and legal entities or partnerships that act in concert (especially as a syndicate) with intent to evade the foregoing limitations are considered and treated as a single shareholder.

The introduction, amendment and withdrawal of provisions regarding the restriction of the transferability of Shares in the Articles of Incorporation require a resolution of the General Meeting passed by at least two-thirds of the votes and the absolute majority of the par value of shares, each as represented at a General Meeting.

2.7 Convertible bonds and options

As of 31 December 2024, the Bank had one convertible bond listed on the SIX Swiss Exchange (security no: 48659822, ISIN: CH0486598227) outstanding with a total outstanding nominal amount of CHF 250,000,000. The Bank has not issued any options on its Shares.

Principal amount	Conversion Ratio	Conversion Price	Maturity Date	Interest
Nominal value of CHF 200,000 each	1,636.6612 registered shares with a nominal value of CHF 1.00 each	CHF 122.20	9 July 2026	0%, the bonds do not bear interest

Upon exercise of their conversion rights, bondholders will receive (i) if the value of the Shares underlying the convertible bonds is higher than the principal amount of the convertible bonds converted, an amount in cash equal to the principal amount of the convertible bonds and any excess in Shares ("Net Shares") or (ii) if the value of the Shares underlying the convertible bonds is lower than the principal amount, an amount in cash equal to the value of the Shares underlying the convertible bonds.

The Shares to be delivered upon conversion of convertible bonds, if any, will be, at the sole discretion of the Bank, either Shares to be issued from the conditional capital of the Bank or Shares otherwise held or acquired by the Bank. The number of Shares that would need to be issued or delivered in case of a conversion of convertible bonds (if any) depends on the value of the Shares around the time of conversion and is therefore not determinable in advance. However, the Bank may, at its discretion, deliver the equivalent of the Net Shares (if any) in cash so that no Shares would need to be delivered and/or issued.

The Bank may call the convertible bonds (i) at any time on or after 31 July 2023 at par if the VWAP (Volume-Weighted Average Price) of the Bank's Shares is equal or greater than 130% of the conversion price on at least 20 out of 30 consecutive trading days or (ii) at any time from the settlement date, at par if less than 15% in aggregate of the principal amount of the convertible bonds is outstanding.

Unless previously converted or repurchased and cancelled, the convertible bonds will be redeemed at maturity at 100% of their principal amount of CHF 200,000 per convertible bond.

3 Board of Directors

3.1 Members of the Board of Directors

As the Bank is subject to the Swiss Federal Banking Act and the Banking Ordinance, no member of the Board of Directors may also be a member of the Bank's management. In addition, in accordance with FINMA Circular 2017/1 Corporate governance – banks ("FINMA Circular 17/1"), at least one-third of the members of the Board of Directors should be independent within the meaning of the FINMA Circular 17/1. As of 31 December 2024, all members of the Board of Directors were non-executive, as mandated by Swiss law applicable to the Bank as a regulated entity and also met the independence criteria prescribed in the FINMA Circular 17/1.

As required by the FINMA Circular 17/1, the Board of Directors in its totality has adequate management expertise and the pre-requisite specialist knowledge and experience of the respective banking and financial services sector. Furthermore, the Board of Directors is diversified to the extent that all key aspects of the business, including finance, accounting and risk management, are adequately represented.

At the Annual General Meeting on 24 April 2024, Dr Franco Morra, Thomas Buess, Marc Berg, Susanne Klöss-Braekler and Dr Monica Mächler were re-elected for a one-year term. Dr Jörg Behrens and Alex Finn did not stand for re-election at the Annual General Meeting on 24 April 2024. Detailed information about Dr Jörg Behrens and Alex Finn can be found in the Corporate Governance Report of the Annual Report 2023 (available at www.cembra.ch/corporategovernance). Sandra Hauser was elected as new independent member of the Board of Directors for a one-year term at the Annual General Meeting on 24 April 2024. The business address for the members of the Board of Directors is Bändliweg 20, 8048 Zurich, Switzerland.

In-depth induction meetings were provided to the new member of the Board of Directors in particular regarding roles and responsibilities. Regular training sessions were held for the Board of Directors. Among others, a training on trends and regulatory update was held by KPMG for the members of the Audit and Risk Committee and optionally for the other members of the Board of Directors. This training included among others an update on ESG, AI Act and AML. All members of the Board of Directors attended the meeting. Additional sessions were held about consumer financing, internal process and risk management and on ESG and sustainability trends. Furthermore, a half day strategy review meeting has been held in August 2024 between the Board of Directors and the executive board.

The meetings of the Board of Director lasted in average one day and the meeting of its committees lasted between one hour and three hours and were also attended – depending the meeting – by members of the Management Board. An overview of these meetings can be found under section 3.5.1 and section 3.5.2 (page 94 and seq.).

The table below sets forth the name, nationality, function and committee membership of each member of the Board of Directors as of 31 December 2024, followed by a short description of each member's professional experience, education and activities.

Name	Nationality	Function	Committee membership	First elected	End current period
Dr Franco Morra	CH/IT	Chairman		2023	2025
Thomas Buess	CH	Vice Chairman	Member Compensation and Nomination Committee and Member Audit and Risk Committee	2020	2025
Marc Berg	DE	Member	Member Compensation and Nomination Committee	2022	2025
Sandra Hauser	CH	Member	Member Audit and Risk Committee	2024	2025
Susanne Klöss-Braekler	DE	Member	Chairperson Compensation and Nomination Committee	2021	2025
Dr Monica Mächler	CH	Member	Chairperson Audit and Risk Committee	2015	2025

Name	Dr Franco Morra
Nationality	Swiss/Italian
Function	Chairman
First elected	2023
End current period	2025

Dr Franco Morra

Swiss/Italian national and Swiss resident, born in 1967

Dr Morra was first appointed as Chairman of the Board of Directors ("Chairman") by the Annual General Meeting on 21 April 2023. His current term expires at the Annual General Meeting in 2025. Dr Morra has a Master in Business Administration & Marketing as well as a doctorate in Economics & Health Care Management from the University of St. Gallen.

Professional experience:

- Since 2019: CEO and Founder of Winsight GmbH (Zollikon, Switzerland)
- 2010 – 2018: Key positions at HSBC PBRS SA (Switzerland):
  CEO Private Bank (Suisse) SA (2010 – 2018)
  Global Private Banking Regional Head Europe International and MENA (2010 – 2018)
  Country Manager Switzerland (2010 – 2018)
- 2005– 2010: Key positions at UBS AG (Switzerland):
  CEO of UBS Switzerland AG (Zurich, Switzerland) and Member of the Group Executive Board of UBS Group (2009 – 2010)
  Head of Wealth Management Western Europe, Middle East and Americas (2007 – 2008)
  Head of Wealth Management Italy (2005 – 2007)
- 1992 – 2005: Managing Director and Global Partner at The Boston Consulting Group (Zurich, Switzerland)

Other board memberships and activities:

- Since 2021: Member of the Board of Directors of Hellohome Schweiz AG (Baar, Switzerland); Chairman (2021 – 2023)

Previous board memberships:

- 2012 – 2018: Member of the Board of Directors of the Swiss Bankers Association (Basel, Switzerland), serving as well as member of the Audit Committee (2014 – 2018) and member of the Board Committee (2013 – 2018)
- 2012 – 2018: Member of the Board of Directors of the Association of Foreign Banks in Switzerland (Geneva, Switzerland), serving as well as President (2014 – 2018) and Vice-President (2012 – 2014)
- 2014 – 2018: Member of the Board of Directors of Genève Place Financière (Geneva, Switzerland)
- 2013 – 2018: Member of the Board of Directors of HSBC Private Bank (Monaco) SA (Monte Carlo, Principality of Monaco)
- 2014 – 2018: Chairman of the Board of Directors of HSBC Global Asset Management (Switzerland) Ltd
- 2012 – 2015: Member of the Board of Directors of HSBC Private Bank UK Ltd (London, UK)
- 2015 – 2018: Senior Member at FINMA Expert Panel on Private Banking Industry and Regulation
- 2016 – 2018: Fondation de prévoyance des entités suisses du Groupe HSBC, Representative of the employer

Name	Thomas Buess
Nationality	Swiss
Function	Vice Chairman
First elected	2020
End current period	2025

Thomas Buess

Swiss national and resident, born in 1957

Mr Buess was appointed first as a member of the Board of Directors on 16 April 2020. He is Vice Chairman, member of the Compensation and Nomination Committee and member of the Audit and Risk Committee. His current term expires at the Annual General Meeting in 2025. Mr Buess has completed his business administration and economics studies at the University of St. Gallen.

Professional experience:
- 2009–2019: Group Chief Financial Officer and Member of the Corporate Executive Board of the Swiss Life Group (Zurich, Switzerland)
- 2009: Head of Operational Transformation at Allianz Group (Munich, Germany)
- 2005–2008: Chief Operating Officer Global Life and Member of the Group Management Board of Zurich Insurance Group (Zurich, Switzerland)
- 2002–2004: Group Chief Financial Officer and Member of the Group Management Board of Zurich Insurance Group (Zurich, Switzerland)
- 1999–2002: Chief Financial Officer of Zurich North America Business Division and Zurich Holding Company of America (Schaumburg IL, USA)
- 1997–1999: Chief Financial Officer of all Swiss operations of Zurich Insurance Group (Zurich, Switzerland)
- 1994–1997: Chief Financial Officer and Member of the Executive Committee of the Swiss P&C business at Zurich Financial Insurance Group (Zurich, Switzerland)
- 1985–1993: Various positions in the area of finance at the ELVIA Group (Zurich, Switzerland)

Other board memberships and activities:
- Since 2021: Member of the Board of Directors of Grovana Watch AG (Tenniken, Switzerland)
- Since 2021: Member of the Board of Directors of Swiss KMU Partners AG (Jona, Switzerland)
- Since 2019: Member of the Board of Directors and Chairman of the Investment and Risk Committee of Swiss Life Holding and Swiss Life AG (Zurich, Switzerland), listed on SIX
- Since 2019: Member of the Board of Directors and Chairman of the Audit and Risk Committee of Sygnum Bank AG (Zurich, Switzerland)

Name	Marc Berg
Nationality	German
Function	Member
First elected	2022
End current period	2025

Marc Berg

German national and resident, born in 1975

Mr Berg was appointed first as member of the Board of Directors on 21 April 2022. He is also member of the Compensation and Nomination Committee. His current term expires at the Annual General Meeting in 2025. Mr Berg has completed his lic. oec. and Master in Science at the University of St. Gallen and his Executive MBA in Marketing at the University of Münster (Germany).

Professional experience:
- Since 2023: CEO, Statista GmbH (Hamburg, Germany)
- 2022–2023: Managing Director, Solvd GmbH, Allianz SE (Munich, Germany)
- 2018–2022: CEO of Free Now Group (Intelligent Apps GmbH) (Hamburg, Germany)
- 2016–2018: CEO of Klarna GmbH and Sofort GmbH (Munich, Germany)
- 2013–2016: CEO of Otto Group Digital Solutions GmbH (Hamburg, Germany)
- 2009–2012: Director Corporate Strategy of Otto Group (Hamburg, Germany)
- 2006–2009: Director for Marketing, Purchasing and E-Commerce at Marionnaud Parfumeries (Fällanden, Switzerland)
- 2002–2006: Head of Sales and Brand Strategy at Otto GmbH & Co KG (Hamburg, Germany)
- 1999–2000: Product Manager at Advantage Medical Network AG (Zug, Switzerland)

Previous board memberships:
- 2012–2016: Board member at Ifeelgood Inc. (Redwood City, USA)
- 2012–2016: Board member at Shopping24 GmbH (Hamburg, Germany)
- 2013–2016: Board member at About You SE (Hamburg, Germany)

Sandra Hauser

Name	Sandra Hauser
Nationality	Swiss
Function	Member
First elected	2024
End current period	2025

Swiss national and resident, born in 1969

Ms Hauser was first appointed as a member of the Board of Directors on 24 April 2024. Her current term expires at the Annual General Meeting in 2025. She is also member of the Audit and Risk Committee. She holds a Master's in Computer Science from the ETH Zurich (Switzerland) and is a financial analyst and portfolio manager from AZEK (Switzerland).

Professional experience:
- Since 2023: Founder and Managing Director at acreas GmbH (Rotkreuz, Switzerland)
- 2019–2023: Executive Board Member at Zurich Insurance (Zurich, Switzerland)
- 2016–2019: Executive Board Member at Arizon Sourcing (St. Gallen, Switzerland)
- 2012–2016: Global Head of BPO Center Management at Avaloq Group AG (Switzerland, Singapore and Germany)
- 2009–2012: Managing Director and global CIO at Coutts/Royal Bank of Scotland (UK, Scottland, Hong Kong, Singapore and Switzerland)
- 1988–2009: Different leading IT positions, i.a. Executive Director at UBS AG (Switzerland, Monaco, US and Russia)

Other board memberships and activities:
- Since 2020: Member of the Board of Trustees of the Institute for Intelligent Analysis and Information Systems IAIS at the Fraunhofer Institute Germany (Sankt Augustin, Germany)

Previous board memberships:
- 2018–2024: Member of the Board of Directors and Member of the Risk and Audit Committee at Kantonalbank Uri (Altdorf, Switzerland)
- 2011–2024: Member of the Financial Strategy Committee of the Community of Risch (Risch, Switzerland)
- 2013–2022: Member of the Board of Directors and Chair of the Nomination and Compensation Committee, Member of the Audit and Risk Committee at Assura Health Insurance (Pully, Switzerland)
- 2013–2016: Member of the Board of Directors and Chair of the Examination Committee of ICT Vocational Training Switzerland (Bern, Switzerland)
- 2012–2019: President of the Rischer Energie Genossenschaft (Risch, Switzerland)
- 2010–2019: Member of the Board of the Liberal Party FDP (Risch, Switzerland)

Name	Susanne Klöss-Braekler
Nationality	German
Function	Member
First elected	2021
End current period	2025

Susanne Klöss-Braekler

German national and resident, born in 1964

Ms Klöss-Braekler was first appointed as a member of the Board of Directors on 22 April 2021. She is also the Chairperson of the Compensation and Nomination Committee. Her current term expires at the Annual General Meeting in 2025. She holds a Master in Business Administration from Johann Wolfgang-Goethe University in Frankfurt am Main (Germany).

Professional experience:
- 2018–2020: Member of the Management Board of DB Privat- und Firmenkundenbank AG (Frankfurt am Main, Germany)
- 2012–2018: Member of the Management Board of Deutsche Postbank AG (Bonn, Germany)
- 2011–2016: Global Head of Credit Products, Deposits & Payments, Managing Director at Deutsche Bank AG (Frankfurt am Main, Germany)
- 1988–2011: Accenture PLC (Dublin, Ireland); last position: Managing Partner and Member of the Financial Services Management Board (Dublin, Ireland)

Other board memberships and activities:
- Since 2021: Member of the Supervisory Board of Deutsche Pfandbriefbank AG (Garching, Germany), a company listed on the German Stock Exchange
- Since 2021: Co-Chair of the Supervisory Board of ING DiBa AG, since 09/2021 Chairperson of the Supervisory Board (Frankfurt am Main, Germany)
- Since 2021: Member of the Supervisory Board of ODDO BHF AG (Frankfurt am Main, Germany)
- Since 2021: Member of the Advisory Board of Auticon GmbH (Munich, Germany)
- Since 2015: Member of the Advisory Board of HDI Deutschland Bancassurance GmbH (Hilden, Germany)

Previous board memberships:
- 2019–2020: Member of the Supervisory Board of Schufa AG (Wiesbaden, Germany)
- 2016–2020: Chairperson of the Supervisory Board of Postbank Direkt GmbH (Bonn, Germany)
- 2013–2020: Member of the Supervisory Board of Postbank Filialvertrieb AG, since 2017 Chairperson of the Supervisory Board (Bonn, Germany)
- 2013–2020: Member of the Supervisory Board of BHW Bausparkasse AG (Hameln, Germany)
- 2013–2015: Member of the Supervisory Board of Deutsche Bank Bauspar AG (Frankfurt am Main, Germany)
- 2012–2018: Member of the Supervisory Board of Eurex Frankfurt AG (Frankfurt am Main, Germany), a company listed on the German Stock Exchange
- 2012–2018: Member of the Board of Directors of Eurex Schweiz (Zurich, Switzerland)
- 2011–2014: Member of the Supervisory Board of Gigaset AG (Munich, Germany), a company listed on the German Stock Exchange

Name	Dr Monica Mächler
Nationality	Swiss
Function	Member
First elected	2015
End current period	2025

Dr Monica Mächler

Swiss national and resident, born in 1956

Dr Monica Mächler was first appointed as a member of the Board of Directors on 29 April 2015. Her current term expires at the Annual General Meeting in 2025. She is also the Chairperson of the Audit and Risk Committee. She earned her Doctorate in Law (Dr iur.) at the University of Zurich's law school, was admitted to the Zurich bar and complemented her studies by attending programmes on UK, US and private international law.

Professional experience:

- 2009–2012: Vice Chair of the Board of Directors of the Swiss Financial Market Supervisory Authority (FINMA, Berne, Switzerland), while serving as a member of the Executive Committee and Chair of the Policy Development Committee (formerly called Technical Committee) of the International Association of Insurance Supervisors (IAIS) (Basel, Switzerland)
- 2007–2008: Director of the Swiss Federal Office of Private Insurance (Berne, Switzerland)
- 1990–2006: Key positions at Zurich Insurance Group (Zurich, Switzerland): Corporate Legal Advisor (1990–1998), Group General Counsel (1999–2006) and member of the Group Management Board (2001–2006)
- 1985–1990: Attorney at Law at De Capitani, Kronauer & Wengle (Zurich, Switzerland)

Other board memberships and activities:

- Since 2021: Member of the Boards of IICI-F, Foundation (The Hague, the Netherlands) and of IICI, Public Benefit Corporation (California, USA)
- Since 2017: Member of the Board of the Europa Institut at the University of Zurich (Zurich, Switzerland)
- Since 2014: Member of the Board of the "Stiftung für schweizerische Rechtspflege" (Solothurn, Switzerland)
- Since 2013: Member of the Board of Directors of Zurich Insurance Group Ltd (Zurich, Switzerland), listed on SIX and of Zurich Insurance Company Ltd (Zurich, Switzerland), serving as Member of the Audit Committee and of the Governance, Nomination and Sustainability Committee of the respective companies
- Since 2012: Member of the Advisory Board of the International Center for Insurance Regulation at the Goethe University (Frankfurt am Main, Germany), serving as Chair since 2015

Previous board memberships:

- 2012–2018: Member of the Supervisory Board of Deutsche Börse AG (Frankfurt am Main, Germany), serving as member of the Audit Committee and of the Risk Committee, a company listed on the German Stock Exchange

3.2 Other activities and vested interests of the Members of the Board of Directors

Please refer to the information provided in each member's biography in section 3.1 above.

3.3 Numbers of permitted activities

The members of the Board of Directors are entitled to be engaged in up to fifteen activities of which a maximum of five may be in listed companies. The term "activities" means memberships in the senior management or oversight bodies of legal entities obliged to register themselves in the Commercial Register in Switzerland or a foreign equivalent thereof ("Activities"). Multiple Activities in legal entities under common control or under the control of the same beneficial owner are deemed to be one Activity. The following Activities do not fall under the above restrictions:

- Activities in entities controlled by the Bank;
- Activities in entities controlling the Bank;
- Activities in associations, charitable institutions as well as welfare and pension institutions,

whereas no member of the Board of Directors may have more than ten such Activities.

Please refer to the biographies of the members of the Board of Directors in section 3.1 above regarding the additional Activities of the members of the Board of Directors.

3.4 Election, term of office and succession planning

According to art. 18 of the Articles of Incorporation (available at www.cembra.ch/corporategovernance), the Board of Directors consists of at least five but not more than seven members. Each member of the Board of Directors is elected for a term of one year. For the purpose of this provision, the term "one year" refers to the time period between two ordinary Annual General Meetings, or, if a member is elected at an extraordinary General Meeting, to the time period between the extraordinary and the next ordinary Annual General Meeting. Each member of the Board of Directors, including the Chairman, is individually elected by the shareholders at the Annual General Meeting. The maximum term of each member of the Board of Directors is limited to ten years. Please refer to the biographies of the members of the Board of Directors in section 3.1 above for each initial date of election.

The General Meeting individually appoints all members of the Board of Directors, the Chairman, the members of the Compensation and Nomination Committee and the independent proxy, each for a one-year term.

There are no rules differing from the statutory legal provisions with regard to the appointments of the Chairman, the members of the Compensation and Nomination Committee and the independent proxy.

The internal requirements profile (in addition to FINMA Circular 17/1) further specifies that the Board of Directors should be composed of persons of integrity which, as a whole, possess expertise and experience in relevant areas such as business strategy and risk policy, legal, leadership and organisation, human resources and corporate culture, financial expertise, operational experience, investment and technology/digitalisation. The professional competencies are evidenced by recognised and long-standing professional experiences at Executive Boards, Group Executive Boards or Board of Directors in medium-sized or larger companies in the relevant areas.

The Compensation and Nomination Committee started in 2023 the creation of a pipeline of female candidates for the Board of Directors in order to continue to adequately consider gender diversity.

3.5 Internal organisational structure

3.5.1 Allocation of tasks within the Board of Directors and working methods of the Board of Directors

The Chairperson is elected by the Annual General Meeting. The Board of Directors may appoint from among its members a Vice Chairperson and appoints a secretary. The secretary does not have to be a member of the Board of Directors. According to the Bank's Organisational Regulations (which can be downloaded from www.cembra.ch/corporategovernance), the Board of Directors convenes upon the invitation of the Chairperson or the secretary on the Chairperson's behalf or, in the Chairperson's absence, of the Vice Chairperson as often as business requires, but at least once every quarter.

Unless set out otherwise in the Organisational Regulations, the presence of the majority of the members of the Board of Directors is required for passing valid board resolutions. No attendance quorum is required for resolutions of the Board of Directors on adjustments or ascertainments in connection with capital increases or on simplified mergers. Resolutions of the Board of Directors and of its committees are passed by way of the absolute majority of the votes represented. In the case of a tie of votes, the acting Chairperson or committee chairperson has the deciding vote. If a committee consists of two members only, the respective chairperson's right for a casting vote shall no longer apply, and for a valid resolution unanimity is required. Resolutions passed in writing including by e-mail or in electronic form (circular resolutions) are only deemed to have passed if (a) at least the majority of all members of the Board of Directors cast a vote or give written notice that they abstain in the event of a conflict of interest, (b) the required majority to approve the proposed resolution is reached in accordance with the Organisational Regulations, and (c) no member of the Board of Directors requests a Board of Directors meeting in relation to the subject matter of the proposed resolution within three business days of receiving notice of the proposal. Any resolution passed by circular resolution is as binding as a resolution adopted at a Board of Directors meeting.

The Board of Directors critically assesses its own performance (meeting of targets and method of operating) on an annual basis. The self-assessment process is steered by Compensation and Nomination Committee. The self-assessment mainly relies on a questionnaire, additional questions, and comments and suggestions. It focuses on Board composition and organisation, management oversight, internal controls, committee tasks, and meeting content and quality. The last review concluded that the Board and its committees are functioning effectively and efficiently.

The composition of the Board of Directors and its committees is disclosed in section 3.1 above.

In 2024, seven Board of Directors meetings were held. The meetings on average lasted a day. During the reporting year all members of the Management Board attended each of the Board of Directors' meetings and were available to answer questions from the Board of Directors. In addition, several strategy updates have been held during 2024. The attendance of the Board of Directors meetings was 97.95% in 2024.

Board of Directors meeting dates and corresponding attendance were as follows in 2024:

Date	Dr Franco Morra	Thomas Buess	Dr Jörg Behrens[3]	Marc Berg	Alex Finn[3]	Susanne Klöss-Braekler	Dr Monica Mächler	Sandra Hauser[2]
21 February 2024[1]	X	X	X	X	X	X	E	
20 March 2024	X	X	X	X	X	X	X	
23 May 2024	X	X		X		X	X	X
23 July 2024[1]	X	X		X		X	X	X
28 August 2024	X	X		X		X	X	X
23 October 2024	X	X		X		X	X	X
4 December 2024	X	X		X		X	X	X

1 Conference call
2 Elected as member of the Board of Directors at the Annual General Meeting held on 24 April 2024
3 Did not stand for reelection at the Annual General Meeting held on 24 April 2024
E Excused

3.5.2 Members list, tasks, area of responsibility and working methods for each committee of the Board of Directors

The Board of Directors may delegate some of its duties to committees. The standing committees are the Audit and Risk Committee and the Compensation and Nomination Committee.

Each of the committees is led by a chairperson whose main responsibility is to organise and lead the meetings. Following meetings of the committees, the chairperson of the respective committee informs the Board of Directors at its next meeting about the matters discussed in the committee meeting.

Audit and Risk Committee

The Audit and Risk Committee currently consists of three members of the Board of Directors: Dr Monica Mächler (Chair), Thomas Buess and Sandra Hauser. All members of the Audit and Risk Committee are appointed by the Board of Directors. All members of the Audit and Risk Committee have relevant accounting and financial expertise to carry out their duties in the Audit and Risk Committee effectively.

The Audit and Risk Committee has a supervisory and monitoring function, particularly regarding the Group's financial reporting, internal control systems, risk management, sustainability as well as internal and external audit. It makes recommendations to the Bank's Board of Directors and proposes measures where necessary, particularly regarding (i) the financial reporting and the integrity of the financial statements as well as the non-financial reporting of the Group on a legal entity and a consolidated basis; including assistance on non-financial information (ii) monitoring the effectiveness of the internal control system, specifically also the risk control, the compliance function and internal audit; (iii) discussing the Group-wide risk management framework, assessing annually the Group-wide risk management framework and ensuring that necessary changes are made; (iv) controlling the adequacy and effectiveness of the risk management and its processes in relation to the risk situation of the Group; (v) monitoring the implementation of risk strategies, ensuring in particular that they are in line with the defined risk tolerance and risk limits defined in the Group-wide risk management framework; (vi) supervising the Group's approach to internal controls; (vii) the appreciation of the capital and liquidity planning; (viii) monitoring and assessing the effectiveness and independence of the external auditors and their interaction with internal audit, including discussion of the audit reports with the lead auditor; (ix) preparing the election, determining the appointment, the compensation and the retention and exercising the oversight of the activities of the Bank's and the Group's auditors and any other registered public accounting firm hired for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Bank or the Group; (x) assessing of the regulatory audit plan, audit rhythm and audit results of internal audit and the external auditors, and (xi) monitoring the Group's compliance with legal entity and consolidated regulatory and financial reporting requirements. The external auditors report directly to the Audit and Risk Committee. The Audit and Risk Committee's duties and responsibilities are determined in compliance with FINMA Circular 17/1.

The Audit and Risk Committee holds meetings as often as required, but in any event at least once every quarter. The meetings are convened by the Chairperson of the Audit and Risk Committee or are initiated by an Audit and Risk Committee member. In 2024, meetings of the Audit and Risk Committee lasted on average three hours and were also attended by all members of the Management Board, the Bank's Managing Director Internal Audit and the external auditor. During 2024, seven Audit and Risk Committee meetings were held. The attendance of the members to the Audit and Risk Committee meetings was 100% in 2024.

Please see details in the table below:

Date	Dr Monica Mächler	Thomas Buess	Sandra Hauser[2]	Dr. Jörg Behrens[3]	Alex Finn[3]
19 February 2024[1]	X			X	X
19 March 2024	X			X	X
22 May 2024	X	X	X		
23 July 2024[1]	X	X	X		
27 August 2024	X	X	X		
21 October 2024	X	X	X		
4 December 2024[1]	X	X	X		

1 Conference call
2 Elected as Member of the Board of Directors on 24 April 2024
3 Elected as Member of the Board of Directors at the Annual General Meeting until 24 April 2024

Compensation and Nomination Committee
The Compensation and Nomination Committee currently consists of three members of the Board of Directors: Susanne Klöss-Braekler (Chair), Marc Berg and Thomas Buess. In accordance with the Swiss Code of Obligations, the members of the Compensation and Nomination Committee are elected by the Annual General Meeting. The Board of Directors designates a member of the Compensation and Nomination Committee as committee Chairperson.

The Compensation and Nomination Committee supports the Board of Directors in fulfilling its duties to conduct a self-assessment, to establish and maintain a process for selecting and proposing new members to the Board of Directors, and to manage, in consultation with the Chairperson, the succession of the Chief Executive Officer (CEO). In consultation with the CEO, it also assesses candidates for the other Management Board positions for which it takes into account a range of criteria, including diversity.

In addition, the Compensation and Nomination Committee serves to establish the compensation strategy for the Group, and to approve or make recommendations to the Board of Directors regarding certain compensation matters, in particular to review, on behalf of the Board of Directors and within the limits set by the Annual General Meeting, the compensation to be paid to the members of the Board of Directors and the Management Board. The Compensation and Nomination Committee also decides on guidelines for candidates for the Board of Directors and the Management Board. Please refer to the Compensation Report on page 109-140 for information on (i) responsibilities and procedures involved in determining the compensation, (ii) the compensation, shareholdings and loans of the members of the Board of Directors and the Management Board and (iii) the rules in the Articles of Incorporation regarding the compensation, loans and the vote on pay at the General Meeting.

The Compensation and Nomination Committee holds meetings as often as required, but in any event at least once every quarter. The meetings are convened by the Chairperson of the Compensation and Nomination Committee or on the initiative of a member of the Compensation and Nomination Committee. During 2024, meetings of the Compensation and Nomination Committee lasted on average one to two hours and were also attended by the head of human resources and the CEO were invited to certain meetings. During 2024, five Compensation and Nomination Committee meetings were held. The attendance of the members of the Compensation and Nomination Committee was 93.33% in 2024.

Please see details in the table below:

Date	Susanne Klöss-Braekler	Thomas Buess	Marc Berg
26 January 2024[1]	X	X	E
20 February 2024[1]	X	X	X
22 May 2024	X	X	X
27 August 2024	X	X	X
22 October 2024	X	X	X

1 Conference call
E Excused

3.6 Definition of areas of responsibility

The Board of Directors has the ultimate responsibility for directing, supervising and controlling the management of the Group. The Board of Directors may adopt resolutions on all matters that are not expressly reserved or assigned to the General Meeting of shareholders or to another corporate body by law, the Articles of Incorporation or the Organisational Regulations.

In addition to the inalienable duties of the Board of Directors pursuant to statutory law (art. 716a of the Swiss Code of Obligations), the powers and duties of the Board of Directors comprise the approval of certain material matters, including, among other, (i) material restructuring projects, (ii) initiation and terminations of legal proceedings as well as settlement agreements with a significant amount in dispute or settlement amount, (iii) other agreements or transactions with significant value or cost, (iv) substantial changes in the financing product portfolio, (v) significant counterparty lending, (vi) significant investments in debt instruments, (vii) significant foreign exchange settlements and (viii) significant loans and other financing by the Bank or Group companies.

Please refer to art. 3.2 of the Organisational Regulations (available at www.cembra.ch/corporategovernance) for further details on the power and duties of the Board of Directors.

Except as otherwise provided by Swiss law, the Articles of Incorporation and the Organisational Regulations, all other duties, especially the preparation and execution of its resolutions, the supervision of the business and the management of the Bank are delegated to the Audit and Risk Committee, the Compensation and Nomination Committee, the Chairman, the CEO and the other members of the Management Board.

Details of roles and responsibilities of the Board of Directors and the Management Board can be found in the Organisational Regulations of the Board of Directors, which can be downloaded from: www.cembra.ch/corporategovernance.

CEO

The CEO is appointed by the Board of Directors upon proposal of the Chairperson and the Compensation and Nomination Committee for an indefinite term of office. The CEO is the highest executive officer of the Group and oversees the day-to-day for the management and performance of the Group. The Management Board acts under his leadership.

The CEO sets the business and corporate agenda, ensures high quality and timely decision-making and controls the implementation of decisions taken. He ensures alignment of the individual Management Board members to the business and corporate agenda. He supports and advises leaders of all organisational units and fosters an integrated entrepreneurial leadership spirit across the Group. The CEO assumes a leading role in preparing the Board of Directors' consideration of the Group's strategy. He is – together with the Compensation and Nomination Committee – involved in the succession planning for the Management Board level. He represents the Group in contacts with important investors, customers and other stakeholders, as well as towards the general public.

Management Board

The Management Board includes as a minimum the CEO, the Chief Financial Officer (CFO), the Chief Risk Officer (CRO), the General Counsel (GC) and other members who lead significant business units. These members are appointed by the Board of Directors. As of 31 December 2024, in addition to the CEO, the Management Board consisted of the CFO, the CRO, the General Counsel, the Chief Operating Officer (COO), the Chief Technology Officer (CTO), the Business Unit Leader Lending and the Business Unit Leader Payments (see also section 4.1 below).

All members of the Management Board (with the exception of the CEO) are proposed by the CEO, and the Board of Directors approves their appointments following an assessment by the Compensation and Nomination Committee.

The Management Board, acting under the leadership of the CEO, is responsible for the management of the Group. It implements the strategy of the Group as defined by the Board of Directors and ensures the execution of resolutions by the General Meeting of shareholders and the Board of Directors in accordance with the law, the Articles of Incorporation and Organisational Regulations. The Management Board supports the CEO in the execution of his duties. It participates in all matters and decisions that are important to the Group; by doing so, it forms opinions and performs a coordinating and preparative function. It is responsible in particular for (i) managing day-to-day business, operational revenue and risk management, including management of the balance sheet structure and liquidity and representing the Company vis-à-vis third parties in operational matters, (ii) submitting applications to the Board of Directors regarding transactions for which the Board is responsible or for which its approval is required, and issuing rules for regulating business operations, (iii) developing and maintaining effective internal processes, an appropriate management information system, an internal control system and the necessary technological infrastructure. Furthermore, the Management Board is responsible to develop and execute the Group-wide risk management framework.

3.7 Information and control instruments vis-à-vis the Management Board

The Board of Directors supervises the Management Board through various meetings with Management Board, including meetings of the Board of Directors and its committees. The Board of Directors requires that it is fully informed about all matters that materially impact the Group. It requires that it receives sufficient information from the Management Board to perform its supervisory duty and to take decisions.

The Board of Directors meets at least on a quarterly basis as specified in the Organisational Regulations (available at www.cembra.ch/corporategovernance); in practice, the Board of Directors holds five to ten meetings every year. During 2024, all members of the Management Board attended each of the Board of Directors' meetings (with exception of the Board of Directors' meeting in December) and were available to answer questions from the Board of Directors.

The CEO ensures that the Chairman and the Board of Directors are provided with information in a timely manner and in a form and of a quality appropriate to enable the Board of Directors to carry out its duties. The CEO regularly reports to the Board of Directors at board meetings (or outside of board meetings) as agreed with the Chairman on the business development and on important business issues, including on all matters falling within the duty and responsibility of the Board of Directors. Such reports cover in particular (i) the current business developments including key performance indicators concerning the core business of the Group, existing and emerging risks, and updates on developments in relevant markets and of peers, (ii) quarterly reports on the statement of income, cash flow and balance sheet development, investments, personnel and other pertinent Group data, (iii) and information on all issues which may affect the supervisory or control function of the Board of Directors, including the internal control system and data privacy and cybersecurity.

The CFO informs the Board of Directors on a quarterly basis and the CEO and the Management Board on a monthly basis of the course of the business and the financial situation of the Group – especially the income statement with a comparison to the budget – and provides information on special developments. In particular, the CFO gives immediate notice to the CEO and to the Management Board about extraordinary events or urgent financial matters regarding the Group.

The GC informs the Management Board, the Audit and Risk Committee and, if and when requested, the Board of Directors at least on a quarterly basis about the supervisory, legal and regulatory situation of the Group. He informs these bodies immediately about any extraordinary legal and regulatory developments and urgent matters.

The CRO informs the Management Board and the Audit and Risk Committee at least on a quarterly basis, and the Board of Directors if required, about the development and implementation of principles and appropriate framework for risk identification, measurement, monitoring, controls and reporting as well as the implementation of the risk control mechanisms as decided by the Board of Directors. The Group has established an internal risk management process based on the Group risk framework. The process focuses on credit, market, liquidity and operational risks as well as non-financial risks within the Group. Detailed information on the management and monitoring of these risks can be found in the Risk Management Report on pages 20 - 30.

The Managing Director of Internal Audit is present at each meeting of the Audit and Risk Committee and informs at least on a quarterly basis about the status and progress of the annual plan, significant issues and other reporting matters as they pertain to the Audit and Risk Committee and Board of Directors. In accordance with the Organisational Regulations (www.cembra.ch/corporategovernance), the internal audit department reviews in particular; (i) the compliance with applicable laws, rules and regulations as well as the internal regulations, directives and resolutions; (ii) the annual financial statements, accounting and information technology, loans and other areas approved on an annual basis by the Audit and Risk Committee; and (iii) the fitness, reliability and functioning of the operational organisation and effectiveness of the control systems. Furthermore, the members of the Board of Directors receive monthly reports about the performance of the business, specific projects and any other relevant information.

The members of the Board of Directors have regular access to the CEO, CFO and other members of the Management Board as well as to the Managing Director of Internal Audit and may request information concerning the course of the business or other specific projects from the CEO at any time.

The external auditor prepares the regulatory audit report as well as further reports on audits addressing specific topics. Further, the external auditor is generally present at the meetings of the Audit and Risk Committee as well as at the meetings of the Board of Directors in which the annual financial statements are approved by the Board of Directors as well as further meetings to the extent required, which was not the case in the reporting year.

3.8 Material changes after the balance sheet date

As announced on 28 January 2025, Dr Monica Mächler will not longer be available for re-election as member of the Board of Directors of the Bank due to the statutory ten-year term limit. Wanda Eriksen will be proposed for election as her successor at the 2025 Annual General Meeting.

4 Management Board

4.1 Members of the Management Board

In accordance with Swiss law, the Articles of Incorporation and the Organisational Regulations (both availabe at www.cembra.ch/corporategovernance) and subject to those matters that lie within the responsibility of the Board of Directors by law, the Articles of Incorporation and the Organisational Regulations, the Board of Directors has delegated the executive management of the Group to the CEO, who is supported by the other members of the Management Board in fulfilling this task.

The members of the Management Board are appointed by the Board of Directors. Supervised by the Board of Directors, the CEO, together with the other members of the Management Board, conducts the operational management of the Group pursuant to the Organisational Regulations and reports to the Board of Directors on a regular basis. In accordance with the Swiss Federal Banking Act, the Banking Ordinance and the Organisational Regulations, no member of the Management Board may be a member of the Board of Directors.

The business address for each member of the Management Board is Bändliweg 20, 8048 Zurich, Switzerland.

The table below sets forth the name, nationality, date of appointment and position of each member of the Management Board as of 31 December 2024, followed by a short description of each member's professional experience, education and activities.

Name	Nationality	Appointed	Position
Holger Laubenthal	DE	2021	Chief Executive Officer (CEO)
Eric Anliker	CH	2022	General Counsel (GC)
Sandra Babylon	DE	2024	Chief Technology Officer (CTO)
Alona Eiduka	LV	2022	Chief Operating Officer (COO)
Volker Gloe	DE	2013[1]	Chief Risk Officer (CRO)
Pascal Perritaz	CH	2018	Chief Financial Officer (CFO)
Christian Stolz	CH	2024	Business Unit Leader Payments
Peter Schnellmann	CH	2022	Business Unit Leader Lending

1 Appointed in predecessor organisations prior to IPO

Holger Laubenthal

Name	Holger Laubenthal
Nationality	German
Appointed	2021
Position	Chief Executive Officer (CEO)

German national and Swiss resident, born in 1972

Mr Laubenthal has been the Bank's Chief Executive Officer since March 2021. Mr Laubenthal holds an MBA degree from Harvard Business School (2002) and a Diplom-Ingenieur (equivalent to Master of Science) in Wirtschaftsingenieurwesen (Industrial Engineering).

Professional experience:
- 2019–2020: President, Consumer & Manufacturing of Alghanim Industries (Kuwait)
- 2016–2019: President & CEO of GE Inspection Technologies (Lewistown, PA, USA & Cologne, Germany)
- 2014–2016: President & CEO of Mubadala GE Capital PJSC (Abu Dhabi, UAE)
- 2011–2014: President & CEO of GE Money Bank Russia (Moscow, Russia)
- 2008–2011: Vice President & Global Head of Strategy at GE Capital Corporation (Norwalk, CT, USA)
- 2007–2008: Vice Chairman of the Executive Board at GE Money Bank Germany (Hannover, Germany)
- 2006–2007: Director, Auto and Retail Sales Finance at GE Money Bank Germany (Hannover, Germany)
- 2003–2006: Different leadership roles at GE Money Bank Switzerland (Zurich, Switzerland)
- 1997–2000: Different roles including Senior Manager Sales Controlling at DaimlerChrysler AG (Germany, UK and Indonesia)

Mr Laubenthal is Chairman of the Board of Directors of the Bank's following subsidiaries: CembraPay AG and Fastcap AG. Furthermore, he is member of the Board of the Advance association located in Zurich, Switzerland and advisor to the company 786 Holdings Limited.

Eric Anliker

Name	Eric Anliker
Nationality	Swiss
Appointed	2022
Position	General Counsel (GC)

Swiss national and resident, born in 1968

Mr Anliker has been the Bank's General Counsel since September 2022. He finished the studies of law at the University of Berne with his admission to the bar in 1994.

Professional experience:

- 2018–2022: General Counsel at Ocorian Group (Jersey, UK)
- 2009–2017: Executive Counsel at GE Capital International (London, UK)
- 2005–2008: General Counsel at Central & Eastern Europe & Middle East (Paris, France)
- 2002–2005: General Counsel at GE Money Bank AG, today Cembra Money Bank AG (Zurich, Switzerland)
- 1999–2002: Senior Associate at Nägeli & Streichenberg (Zurich and Berne, Switzerland)
- 1995–1999: Transaction Counsel at UBS AG (Zurich, Switzerland)

Mr Anliker is member of the Board of Directors of the Bank's subsidiaries CembraPay AG and Cembra Latvia SIA and he is also member of the Bank's Pension Fund Board.

Sandra Babylon

German national and Swiss resident, born in 1971

Ms Babylon has been appointed as Chief Technology Officer of the Bank in June 2024. She studied languages, economics and cultural studies at the University of Passau (Germany) and the University of Lancaster (UK) and holds a diploma in economics and cultural studies from the University of Passau.

Professional experience:

- 2020–2023: Managing Director and Member of the Executive Board at ITERGO (Part of MunichRe) (Dusseldorf, Germany)
- 2017–2020: Senior Partner at PricewaterhouseCoopers (Frankfurt, Germany)
- 1998–2017:Various roles in the financial services industry as a consultant and thereof Managing Director Technology and Management Consulting at Accenture (Frankfurt, Germany) as of 2011.

Name	Sandra Babylon
Nationality	German
Appointed	2024
Position	Chief Technology Officer (CTO)

Alona Eiduka

Latvian national and Swiss resident, born in 1980

Ms Eiduka has been the Bank’s Chief Operating Officer since July 2022. She holds a Bachelor of Humanities in Philology from the University of Latvia and an MBA in Cross-Cultural Leadership from the University of Applied Sciences Northwestern Switzerland and Edinburgh Business School.

Professional experience:

- 2019–2022: Head of Origination at Cembra Money Bank AG (Zurich, Switzerland)
- 2014–2018: Collections Leader at Cembra Money Bank AG (Zurich, Switzerland)
- 2013–2014: Senior Manager Operations Productivity at Cembra Money Bank AG (Zurich, Switzerland)
- 2012–2013: Collections Leader ad-interim at GE Money Bank AG Switzerland (Zurich, Switzerland)
- 2007–2012: Various roles at GE Money Bank Latvia (Riga, Latvia)
- 2004–2007: Various roles at Atlas Services Group (Riga, Latvia)

Ms Eiduka is member of the Board of Directors of the Bank's subsidiary Cembra Latvia SIA.

Name	Alona Eiduka
Nationality	Latvian
Appointed	2022
Position	Chief Operating Officer (COO)

Volker Gloe

Name	Volker Gloe
Nationality	German
Appointed	2013
Position	Chief Risk Officer (CRO)

German national and Swiss resident, born in 1968

Mr Gloe has been the Bank's Chief Risk Officer since 2013. He holds a university degree in Business Administration (Diplom-Kaufmann) from the University of Kiel (Christian-Albrechts-Universität zu Kiel) in Germany.

Professional experience:
- 2007–2013: Chief Risk Officer at GE Money Bank Norway (Stavanger, Norway)
- 2005–2007: Risk Strategist at GE Money Bank Norway (Stavanger, Norway)
- 2002–2005: Marketing Analyst and from 2003 FBB Marketing for GE Consumer Finance (Stavanger, Norway)
- 1999–2002: Customer Intelligence Manager for Comdirect Bank AG (Quickborn, Germany)
- 1997–1999: Market Researcher for Deutsche Herold Versicherungsgruppe der Deutschen Bank (Bonn, Germany)

Mr Gloe is Chairman of the Board of Managing Directors of the Bank's subsidiaries Swiss Auto Lease 2023-1 GmbH and Swiss Auto Lease 2020-1 GmbH and Vice Chairman of the Board of Managing Directors of Cembra Credit GmbH. He is member of the Board of Directors of the Bank's subsidiary Fastcap AG and Cembra Auto Finance AG. Furthermore, he is the President of the ZEK (Central Office for Credit Information).

Pascal Perritaz

Name	Pascal Perritaz
Nationality	Swiss
Appointed	2018
Position	Chief Financial Officer (CFO)

Swiss national and resident, born in 1972

Mr Perritaz has been the Bank's Chief Financial Officer since October 2018. He has a Master's Degree in Economics from the University of Fribourg and a Swiss Federal Diploma as Financial Analyst and Portfolio Manager. Furthermore, he is a graduate from the Program for Leadership Development at Harvard Business School in Boston (USA).

Professional experience:
- 2014–2018: Chief Financial Officer, Commercial Insurance at Zurich Insurance Group AG (Zurich, Switzerland), a company listed on SIX
- 2014: Chief of Staff, Group Finance at Zurich Insurance Group Ltd (Zurich, Switzerland)
- 2010–2013: Chief Financial Officer, Middle East / Africa at Zurich Insurance Group Ltd (Dubai, UAE)
- 2007–2010: Group Operations Manager at Zurich Insurance Group Ltd (Zurich, Switzerland)
- 1996–2006: Various roles with Zurich Insurance Group Ltd (Zurich, Switzerland and Dublin, Ireland)

Mr Perritaz is Vice Chairman of the Board of Managing Directors of the Bank's subsidiaries Swiss Auto Lease 2023-1 GmbH and Swiss Auto Lease 2020-1 GmbH. Furthermore he is Chairman of the Board of Managing Directors of the Bank's subsidiary Cembra Credit GmbH and Member of the Board of Directors of CembraPay AG and Cembra Auto Finance AG as well as member of the Bank's Pension Fund Board.

Name	Peter Schnellmann
Nationality	Swiss
Appointed	2022
Position	Business Unit Leader Lending

Peter Schnellmann

Swiss national and resident, born in 1973

Mr Schnellmann has been the Bank's Business Unit Leader Lending since January 2022. He has a Bachelor of Business Administration from the European Business School in Zurich (Switzerland) and a CAS in Digital Innovation & Business Transformation from University of St. Gallen (HSG).

Professional experience:
- 2020–2021: Co-Founder and Partner of Buyogo GmbH (Zurich, Switzerland)
- 2018–2019: Member of the Management Board, Distribution Officer at Bank Cler AG (Basel, Switzerland)
- 2018–2019: Member of the Management Board of Basler Kantonalbank Gruppe (Basel, Switzerland)
- 2014–2018: Managing Director, Consumer Banking at Cembra Money Bank AG (Zurich, Switzerland)
- 2009–2014: Head Institutional & Commercial Sales at GE Money Bank AG (Zurich, Switzerland)
- 2005–2009: Sales Leader Direct Sales at GE Capital (later GE Money Bank AG) (Zurich, Switzerland)
- 2003–2005: Project Manager Finance at Holcim Group Central & Eastern Europe (Switzerland)
- 1997–2002: Project Manager at Avantiac AG (Wollerau, Switzerland)
- 1992–1997: Customer advisor at UBS AG (Schwyz, Zug and Berne, Switzerland)

Mr Schnellmann is member of the Board of Directors of the Bank's subsidiaries Fastcap AG and he is member of the Bank's Pension Fund Board. Furthermore, he is the President of "Konsumfinanzierung Schweiz" and holds a seat in the Steering Committee Retail Banking of the Swiss Bankers Association.

Name	Christian Stolz
Nationality	Swiss
Appointed	2024
Position	Business Unit Leader Payments

Christian Stolz

Swiss national and resident, born in 1967

Mr. Stolz has been the Bank's Business Unit Leader Payments since April 2024. He holds a Master of Science in International Hospitality Management from the Ecole Hotelière de Lausanne (Switzerland), a Bachelor of Business Administration from GSBA Zurich (Switzerland) and an Executive MBA from GSBA Zurich and the State University of New York (USA).

Professional experience:
- 2023–2024: CEO CembraPay AG (Zurich, Switzerland)
- 2022–2024: CEO Swissbilling SA (Renens, Switzerland)
- 2014–2023: CEO and Member of the Board at Byjuno SA (Zug, Switzerland)
- 2014–2023: CEO and Member of the Board at Intrum Finance Services SA (Zurich, Switzerland)
- 2012–2014: General Manager and Group Head Germany at MasterCard Worldwide (Frankfurt am Main, Germany)
- 2008–2012: General Manager Switzerland & Austria at MasterCard Worldwide (Zurich, Switzerland / Vienna, Austria)
- 2003–2008: Country Manager Switzerland at MasterCard Worldwide (Zurich, Switzerland)
- 2002–2013:Consultant for MasterCard Worldwide (Zurich, Switzerland)
- 2000–2002: Head of Sales and Customer Service, Member of the Management Board at Viseca Card Services SA (Zurich, Switzerland)
- 1998–1999: Head of Key Account Management at Six Wordline Switzerland SA (formerly Telekurs), (Zurich, Switzerland)

Mr Stolz is Chairman of the Board of Directors of the Bank's subsidiary Cembra Latvia SIA.

4.2 Other activities and vested interests

There are no other activities and vested interests of any members of the Management Board other than mentioned in each member's biographies in section 4.1 above and section 10 of the Compensation Report.

4.3 Number of permitted activities

The members of the Management Board may upon prior approval by the Board of Directors or the Compensation and Nomination Committee be involved in up to five Activities of which a maximum of one may be in a listed company. As with respect to the restrictions applicable to the members of the Management Board the following Activities do not fall under the above restrictions:

- Activities in entities controlled by the Bank;
- Activities in entities controlling the Bank;
- Activities in associations, charitable institutions as well as welfare and pension institutions,

whereas no member of the Management Board is entitled to exercise more than ten such activities.

Please refer to the biographies of the members of the Management Board in section 4.1 above regarding the additional activities of the members of the Management Board.

4.4 Management contracts

The Bank has not entered into management contracts with third parties in 2024, and no such contracts are in place as per 31 December 2024.

4.5 Material changes after the balance sheet date

There were no material changes between the balance sheet date and the editorial deadline.

5 Compensation, shareholdings and loans

Information about compensation paid to and shareholdings of the members of the Board of Directors and Management Board, as well as loans granted to those individuals can be found in the Compensation Report on page 109 - 140.

6 Shareholders' rights of participation

6.1 Voting rights and representation restrictions

Each Share carries one vote in the General Meeting. Voting rights may be exercised only after a shareholder has been registered in the Share Register as a shareholder with voting rights up to a specific qualifying day designated by the Board of Directors. Persons who acquire Shares will be recorded in the Share Register as shareholders with the right to vote, provided that they expressly declare that they acquired the registered shares in their own name and for their own account and that there is no agreement on the redemption or return of the corresponding shares and that the shareholder bears the economic risk associated with the shares (for details, see section 2.6 above). For further details please refer to art. 8 of the Articles of Incorporation which are available under: www.cembra.ch/corporategovernance.

The Board of Directors may, with retroactive effect to the date of entry, cancel records in the Share Register that were created based on false information.

Any acquirer of Shares that is not registered in the Share Register as a shareholder with voting rights may not vote at or participate in person at any General Meeting, but will still be entitled to dividends and other rights with financial value with respect to such Shares.

Each shareholder may only be represented at a General Meeting by:
- the Independent Proxy (as defined below) by means of a written or electronic proxy, or
- by a third party, who need not to be a shareholder, by means of a written proxy.

The Board of Directors may, in the invitation to the General Meeting or in general regulations or directives, specify or supplement the rules laid down above (including rules on electronic proxy and electronic instructions).

To facilitate participation for shareholders, the General Meeting may be held in hybrid form (shareholders not physically present being offered the right to exercise their rights electronically). The Board of Directors shall regulate the details and ensures that (i) the identity of the participants is established, (ii) the oral contributions at the General Meeting are directly transmitted, (iii) each participant can submit motions and participate in the debate, and (iv) the result of the vote cannot be falsified.

6.2 Statutory quorums

The Bank's Articles of Incorporation require an approval of at least two-thirds of the votes cast and the absolute majority of the par value of shares, each as represented at a General Meeting, for resolutions with respect to the cancellation of shares with privileged voting right and the withdrawal of restrictions of the transferability of registered shares. Thus, the required majority is greater than required by the statutory legal provisions for these resolutions. Subject to these exceptions, no statutory quorums other than those defined by Swiss corporate law and the Swiss Federal Merger Act apply.

6.3 Convocation of the General Meeting

The statutory rules on the convocation of the General Meeting comply with applicable Swiss corporate law. Thus, a General Meeting is to be convened at least 20 calendar days prior to the date of such meeting electronically, by way of a single publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) or by letter to the shareholders of record.

General Meetings may be convened by the Board of Directors or, if necessary, by the Bank's auditors. The Board of Directors is further required to convene an extraordinary General Meeting if so resolved at an Annual General Meeting or if so requested in writing by holders of Shares representing in aggregate, at least 5% of the Bank's share capital or votes.

6.4 Inclusion of an item on the agenda

One or more shareholders holding Shares representing at least 0.5 % of the Bank's share capital or votes have the right to request that an item or a proposal to an item be put on the agenda of a General Meeting. The Articles of Incorporation (available at www.cembra.ch/corporategovernance) require that such requests specify the details of the agenda items and proposals and that they have to be communicated to the Board of Directors in writing at least 45 calendar days prior to the relevant General Meeting.

6.5 Registrations in the share register

According to the Articles of Incorporation, each shareholder/usufructuary is entitled to vote in a General Meeting, provided that he/she has been duly registered in the Share Register with voting rights up to a record date designated by the Board of Directors. In the absence of such designation, the record date shall be five calendar days prior to the General Meeting. The Board of Directors may, in the notice of a General Meeting or in general regulations or directives, specify or supplement the rules laid down in this paragraph.

7 Changes of control and defence measures

7.1 Duty to make an offer

The Articles of Incorporation do not contain any "opting-out" or "opting-up" provision with regard to mandatory public takeover offers, as defined in art. 125 para. 3 and arti. 135 para. 1 of the Swiss Financial Market Infrastructure Act. Thus, an investor who acquires more than 33 ⅓% of all voting rights of the Bank (directly, indirectly or in concert with third parties), whether they are exercisable or not, is required to submit a takeover offer for all shares outstanding, according to the Swiss Financial Market Infrastructure Act.

7.2 Clauses on changes of control

The contracts of the members of the Board of Directors do not contain any change of control clauses.

The contracts of the Management Board members do not provide for any agreements in the case of a change of corporate control other than the accelerated vesting provision in the Executive Variable Compensation Plan (EVCP) as further described in the section Compensation Report on page 105- 129.

8 Auditors

8.1 Duration of mandate and term of office of external auditor

The Bank's consolidated financial statements and the individual financial statements are audited by KPMG AG, Zurich. The external auditor is elected for a period of one year at the Annual General Meeting. KPMG were appointed as statutory auditors and Group auditors in 2005. The appointment is reviewed annually by the Audit and Risk Committee to determine whether the appointment remains appropriate. The audit engagement partner changes every seven years, in accordance with the Swiss Code of Obligations. The current lead auditor for the Group is Mr Philipp Gaemperle, Partner. He took up this position in August 2024.

In 2024, the Board of Directors informed the shareholders that a change of auditors to PricewaterhouseCoopers AG, Zurich, would be proposed to the Annual General Meeting. However, PricewaterhouseCoopers AG, Zurich, has informed the Bank that it cannot accept this mandate due to the independence requirements for the auditors.

8.2 Auditing fees

Expenses related to the Group's financial and regulatory audit amounted to CHF 1,260,800 for the financial year 2024.

8.3 Additional fees

Expenses related to assurance-related services paid to KPMG amounted to CHF 61,500 for the financial year 2024. Apart from these assurance-related services, no other non-audit services were provided to the Bank by KPMG.

8.4 Informational instruments pertaining to an external audit

The Audit and Risk Committee, acting on behalf of the Board of Directors, is responsible for overseeing the activities of the external auditor. It monitors the qualification, independence and performance of the latter. This includes reviewing external audit reports as well as examining the risk analysis. The Audit and Risk Committee receives quarterly reports from representatives of the external auditor and it discusses these reports and assesses their quality and comprehensiveness. During 2024, the Managing Director of Internal Audit as well as the auditor in charge representing the External Auditor attended all seven meetings of the Audit and Risk Committee.

The Audit and Risk Committee recommended that the Board of Directors approves the audited financial statements for the year 2024. The Board of Directors recommends that the financial statements be approved by the General Meeting.

The Audit and Risk Committee regularly evaluates the performance of the external auditor and once a year determines whether the external auditor should be proposed to the General Meeting for election. Also once a year, the auditor in charge reports to the Audit and Risk Committee on the external auditor's activities during the current year and on the audit plan for the coming year. To assess the performance of the external auditor, the Audit and Risk Committee holds meetings with the CEO, the CFO and the Managing Director of Internal Audit. Criteria assessments include qualifications, expertise, effectiveness, independence, communication and performance of the external auditor.

9 Information policy

General information
The Bank informs its shareholders and the public by means of the annual and half-year reports, letters to shareholders, in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) as well as through press releases and presentations. These documents are available to the public in electronic form under: www.cembra.ch/investors.

The Bank publishes an annual report, available in English. The Bank's annual report is available at: www.cembra.ch/financialreports.

Ad-hoc publicity and e-mail distribution service
The Bank reports in accordance with the ad hoc publicity requirements pursuant to art. 53 of the Listing Rules of the SIX Swiss Exchange Regulation. Ad hoc announcements may be viewed at www.cembra.ch/investors.

Interested parties can also subscribe to the e-mail distribution service to receive notifications of ad hoc announcements at www.cembra.ch/investors.

Important dates

20 February 2025	Full-year 2024 results
20 March 2025	Publication Annual Report 2024
24 April 2025	Annual General Meeting 2025
24 July 2025	Publication half-year 2025 results and interim report

The financial calendar can be downloaded from: www.cembra.ch/investors.

Contact address
Cembra Money Bank AG
Bändliweg 20
8048 Zurich
Switzerland

Investor Relations
E-mail: investor.relations@cembra.ch
Telephone: +41 44 439 85 72

10 Blocking periods

Trading in the Bank's securities, its derivatives and other related securities is prohibited to the persons mentioned below during the period starting two weeks before the full-year and half-year balance sheet dates of the Bank and ending one full trading day following the respective public release (regular blocking periods)..

The trading restrictions during the regular blocking periods apply to the following persons: all members of the Board of Directors, the Management Board and all employees of the Group.

Compensation Report

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 present the 2024 Compensation Report. This report details the remuneration of Cembra's Board of Directors and Management Board in 2024. It explains the underlying framework and principles, highlights the changes made during the reporting year and outlines how the business performance impacted the variable compensation paid to the Management Board.

Compensation and Nomination Committee (CNC) activities
In the reporting year, the CNC particularly focused on the following topics, amongst others:

- Enhancing the variable compensation framework with sustainability considerations
- Succession planning including gender diversity
- Nominating and assessing candidates for the Board of Directors
- Setting objectives and evaluating performance based on strategic assessment and individual performance

As part of its ongoing efforts, the CNC integrated sustainability into the Short-term Incentive (STI) framework, assigning it a 15% weight as one of the four pillars. Sustainability continues to be embedded in the Long-term Incentive (LTI) plan.

Additionally, the Board of Directors replaced earnings per share (EPS) with return on equity (ROE) as the core profitability metric for the Executive Variable Compensation Plan (EVCP) 2024. This transitional measure for the grant in 2025 is outlined in section "Long-term Incentive".

The CNC, on behalf of the Board of Directors, proposes Wanda Erikson for election to the Board of Directors as successor to Dr Monica Mächler, who has reached the maximum term of her mandate. If approved at the Annual General Meeting, Wanda Erikson will bring extensive expertise in finance, accounting, risk management and auditing to the Board of Directors. This proposal ensures that gender diversity on the Board of Directors remains balanced at 50% female representation.

Shareholder feedback
Throughout our ongoing dialogue with our shareholders and their representatives during 2024, we received positive feedback on the adjustments made to the compensation framework for our Management Board and Board of Directors. Key changes, such as the introduction of shareholding requirements with a five-year blocking period and the shift towards a greater emphasis on long-term, performance-based variable compensation for the Management Board were well received. Additionally, the increased transparency and clarity of the compensation report contributed to significantly improved voting results at the 2024 Annual General Meeting. Shareholders expressed strong support of the 2023 Compensation Report with 97% of the votes in favour (prior year: 85%). We thank our shareholders for their trust and support and remain committed to further incorporating additional feedback provided.

Annual General Meeting 2025
You will again have the opportunity to express your opinion on this Compensation Report through a non-binding, consultative shareholders' vote at the Annual General Meeting in April 2025. Additionally, we will ask for your approval of the maximum total compensation for the Board of Directors for the 2025 Annual General Meeting to the 2026 Annual General Meeting term of office as well as the maximum total compensation for the Management Board to be paid in the financial year 2026.

Outlook
In light of the evolving dynamics of Cembra's business environment, feedback from shareholders and Cembra's next strategic cycle, the CNC, on behalf of the Board of Directors, will review the design of the LTI plan. Details of this revised approach are expected to be disclosed in the 2025 Compensation Report.

As we continue to refine our remuneration system to ensure alignment with Cembra's strategy, performance, and the interests of our shareholders, we remain committed to fostering open and regular dialogue with our shareholders and their representatives.

Thank you !

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

Susanne Klöss-Braekler

Susanne Klöss-Braekler
Chairperson of the Compensation and Nomination Committee

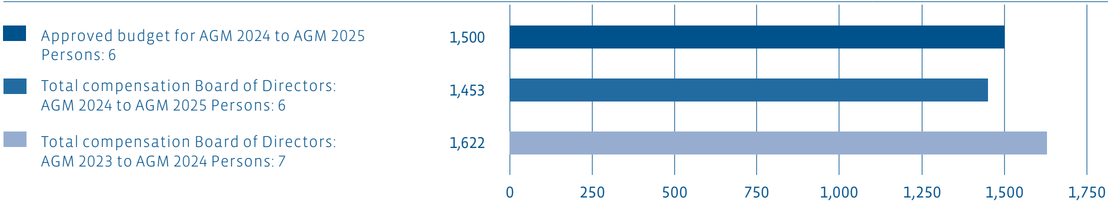
1 Compensation at a glance

Total compensation awarded to the Board of Directors for the term of office AGM 2024-AGM 2025
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. Please refer to section 6 for detailed disclosure.

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	367	167
Other Members of the Board of Directors	656	304

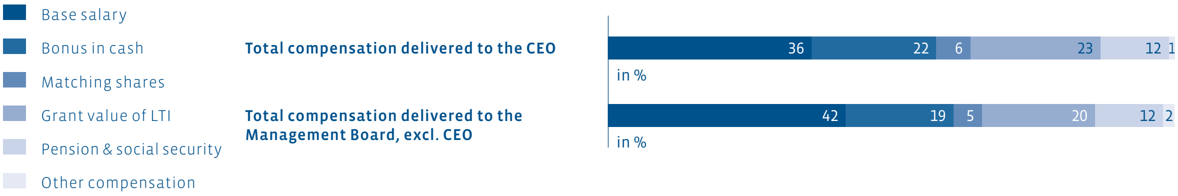


Total compensation delivered to the Management Board for the performance year 2024
The compensation of the Management Board consists of fixed and variable elements. Base salary and benefits form the fixed compensation and are based on prevalent market practice. Variable compensation consists of short-term and long-term elements and rewards performance against pre-determined targets as well as alignment with long-term shareholder interests. As of 31 December 2024, the Management Board was constituted of eight members, including the CEO. Please refer to section 7 for detailed disclosure.

Annual base salary Paid in cash in 2024	Short-term incentive (STI) Cash bonus paid in Q1 2025	Matching shares Restricted shares delivered in Q1 2025	Long-term incentive (LTI) PSU Grant in Q1 2025	Benefits Pension, welfare and allowances paid in 2024
TCHF 2,939	TCHF 1,389	TCHF 368	TCHF 1,455	TCHF 984

Total compensation delivered for the year 2024
TCHF 7,135

Maximum aggregate compensation approved by the AGM 2023 for the year 2024
TCHF 7,472



Response to feedback received during the last year

In the dialogue with our shareholders and their representatives during the year 2024, 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 2024. 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
The board has discretion to adjust the Long Term Incentive (LTI) grants based on backward-looking and largely discretionary assessment; further, there is no clear sustainability measurement.	The LTI constitutes 50% of the Executive Variable Compensation Plan (EVCP). The EVCP is designed to reward Cembra's success and the individual contributions of participants over the previous business year, while also driving long-term shareholder value creation. To guarantee that the LTI grant is aligned with these objectives, a strategic assessment of the performance of clearly defined factors is conducted. We have enhanced the disclosure of these factors and their assessment. Furthermore, an overview of the sustainability-related factors used in the EVCP (STI and LTI plans) is presented in section 7.
Under the LTI, partial vesting of the performance shares is possible in case of underperformance of the share price compared to the index.	The LTI plan's provision for partial vesting of performance shares in cases of relative underperformance is aligned with market practice in Switzerland, ensuring competitiveness and adherence to accepted standards. It is important to note that no vesting will occur if the company's Total Shareholder Return (TSR) underperforms the Total Return Index (TRI) benchmark by 20% or more. This ensures that subpar performance will not result in payouts. The historical vesting outcomes have demonstrated a robust link between pay and performance, rewarding leadership only when value is created for shareholders. This balanced structure is designed to motivate executives in a way that aligns their interests with sustainable shareholder value creation, even in challenging market conditions.
There is no meaningful information which permits to compare the average employees remuneration with directors' remuneration.	The CEO-to-employee salary ratio is disclosed in section 5 of the Sustainability report.

Sustainability considerations in the compensation system

There is a range of sustainability-related considerations that play an important role in our compensation principles, including the desire to foster a strong link between Cembra's sustainability agenda and the variable compensation of the Management Board and of the leadership team.

Sustainability performance in the variable compensation

Sustainability is integrated in the Short-term Incentive (STI) goal framework and in the Long-term Incentive (LTI) grant decision. Under the STI goal framework, sustainability is one of the four pillars and weighs 15% in the bonus opportunity. 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.

The sustainability-related objectives are presented in section 5 and an overview of their assessment is provided in section 7 of this report.

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 of the Management Board consists of a fixed base salary paid in cash and 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/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 2024, 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 starting on page 79. 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 2024, the CNC held two meetings as conference calls and three meetings in person. The table below presents a high-level overview of the activities performed in each of the meetings:

	Jan	Feb	May	Aug	Oct
Compensation governance, principles and compliance					
Review external stakeholders feedback on compensation policy and disclosure			—	—	
CNC charter review			—		
Compensation report review		—			—
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				—	
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		—			
Financial target approval for LTI 2024 – 2026			—		
Financial target setting approach for LTI				—	—
Nomination and succession planning					
Recruitment for new members of the BoD[1]			—	—	—
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] Ongoing activity

Role of external advisors

The CNC may decide to consult external advisors from time to time for specific compensation matters. In 2024, 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 starting on page 79.

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, 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 account for industry-specific factors that may affect the Board of Directors' supervisory mandate. 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 2025.

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. No further adjustment was made to the Board of Directors compensation in 2024.

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 and 2024.

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]	500	
Member of the Board of Directors	120	
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

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 Key Performance Indicators (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 of 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 of the 2023 financial year, MB members are expected to maintain a minimum level of shareholding. The shareholding requirements are underpinned with a share matching plan and with a blocking period on vested LTI shares. The details of each programme are described in the following sections.

The overall structure of Management Board compensation is illustrated below:

	Fixed compensation elements		Variable compensation elements	
Key element	**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 dependants 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[1]
Share ownership	n/a	n/a	Matching shares for STI bonus amount converted in Cembra restricted shares	Vested shares blocked for five years

1 Grant subjet 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.

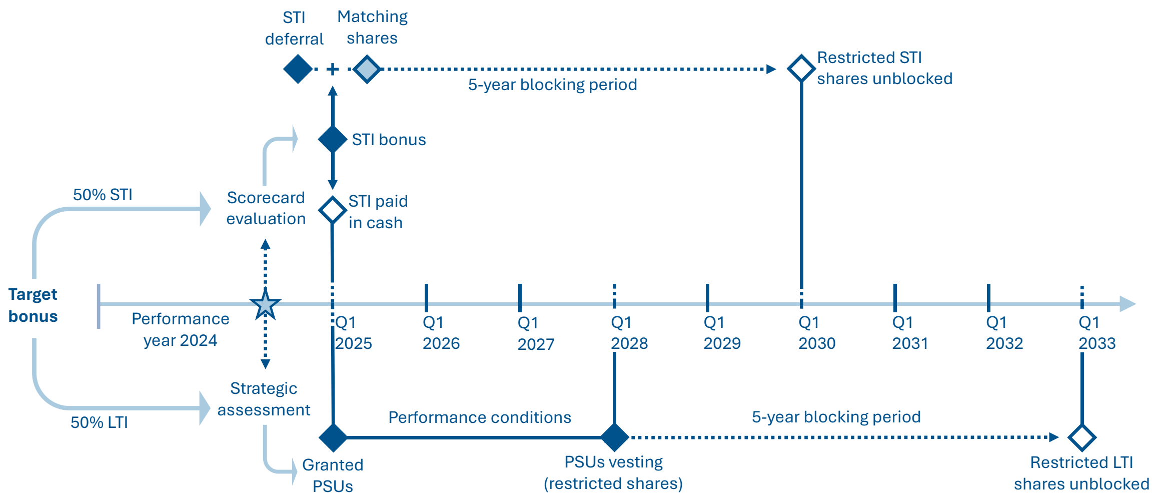
Members of the MB may also receive certain executive benefits such as company car and other benefits in kind. For employees who have been relocated from abroad, benefits may also include schooling and tax support. The monetary value of these other elements of compensation is evaluated at fair value and 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, and to between 70% - 80% 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



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	
Target bonus in % of annual base salary	110 %		70 % - 80 %	
	STI	LTI	STI	LTI
% 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 %	0-138 % [1]	0-44 % (50 %)	0-88 % (100 %) [1]

[1] 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, and 35% to 40% of the base salary for the other MB members.

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
- Sustainability

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.

STI goal framework for the performance year 2024

	Alignment to strategic programme	CEO	Chief Financial Officer	Business Unit Leader Lending	Business Unit Leader Payments	Chief Technology Officer	Chief Operating Officer	Chief Risk Officer	General Counsel
1. Financials		**60 %**	**60 %**	**60 %**	**60 %**	**50 %**	**50 %**	**25 %**	**25 %**
Net Income		35 %	35 %	50 %	50 %	35 %	35 %	25 %	25 %
Cost / Income ratio	Operational excellence	15 %	15 %			15 %	15 %		
Net Revenue Growth	Business acceleration	10 %	10 %	10 %	10 %				
2. Customer and market		**10 %**	**10 %**	**10 %**	**10 %**				
Market share	Business acceleration	10 %	10 %	10 %	10 %				
3. Operational excellence		**15 %**	**15 %**	**15 %**	**15 %**	**35 %**	**35 %**	**60 %**	**60 %**
Roadmap execution	Operational excellence	X	X	X	X	X	X	X	X
Service level	Operational excellence						X		
Loss ratio	Operational excellence							X	
Division effectiveness	Operational excellence		X					X	X
4. Sustainability		**15 %**	**15 %**	**15 %**	**15 %**	**15 %**	**15 %**	**15 %**	**15 %**
Loss ratio / People & Leadership		15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
				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
MB members, including the CEO, may elect to receive a portion of up to 40% of their cash bonus in form of 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.

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, and 35% to 40% of the base salary for the other MB members.

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)

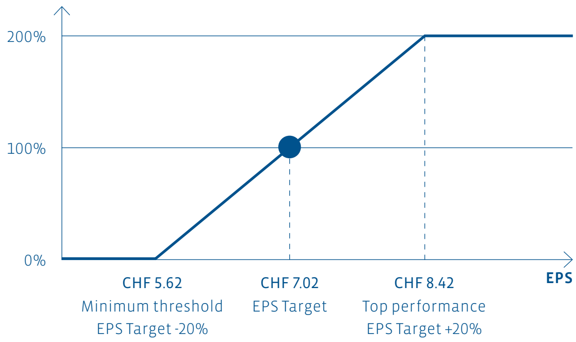
For each performance metric, there is a minimum performance threshold below which no payout occurs, a target performance level, which corresponds to a payout factor of 100% and a maximum threshold of top-performance leading to a payout factor of 200%.

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.

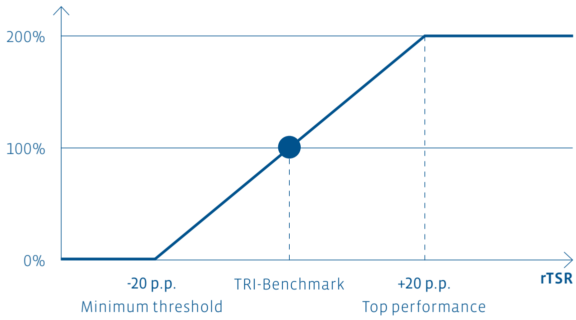
A symmetrical link between realised performance and payout factor above and below the target performance level enables a robust long-term variable compensation system while limiting excessive risk-taking by plan participants.

- 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 2024, the EPS target was approved at CHF 7.02 for the performance period 2024 until 2026.

EPS Payout Factor for PSUs granted in 2024



Relative TSR Payout Factor for PSUs granted in 2024



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. The vested shares are blocked for five years.

Calculation of the number of shares vested

Number of shares vested = **Number of PSUs originally granted** × **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 MB members in case of a change of control.

Outlook
In recent years, the number of institutions providing unpaid research has declined. With the acquisition of Credit Suisse by UBS, analyst coverage was further reduced to a level that no longer reflects the perspective of a broader investor base. As a result, the Board of Directors decided to replace EPS with Return on Equity (ROE) as the core profitability metric for the EVCP 2024 (PSU grant 2025). In light of this evolving context and in conjunction with the preparation of Cembra's upcoming next strategic cycle, the Board of Directors is planning a review of the long-term incentive plan design, encompassing the grant and the performance metrics to ensure continued alignment with strategic objectives. Further details, including any potential impact the review may have, will be shared in the compensation report 2025.

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 financial year 2023. 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 79.

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 2024 (audited)

The following tables disclose the compensation awarded to the members of the Board of Directors for 2024 and 2023. For 2024, members of the Board of Directors received a total compensation of TCHF 1,494 (previous year TCHF 1,553).

For the year ended 31 December 2024 (CHF)

Name	Function	Basic fee	Committee/ chair fee	Other Payments	Employer social security contributions	Total	Thereof in shares in CHF [3]	Number of shares
Dr Franco Morra	Chairman	500,000	–	–	33,540	533,540	166,708	2,169
Thomas Buess	Vice Chairman, Member CNC & Audit and Risk Committee	120,000	84,038	–	11,799	215,838	68,038	877
Jörg Behrens [1]	Member Audit and Risk Committee	37,582	10,962	–	3,202	51,746	16,185	247
Marc Berg	Member CNC	120,000	30,000	–	11,088	161,088	50,057	651
Alex Finn [1]	Member Audit and Risk Committee	35,854	10,457	–	5,681	51,992	15,447	236
Sandra Hauser [2]	Member Audit and Risk Committee	82,418	24,038	–	7,485	113,941	35,531	426
Susanne Klöss-Braekler	Chairperson CNC	120,000	50,000	–	–	170,000	56,734	738
Dr Monica Mächler	Chairperson Audit and Risk Committee	120,000	65,000	–	10,605	195,605	61,732	803
Total compensation of the members of the Board of Directors		**1,135,854**	**274,496**	**–**	**83,400**	**1,493,750**	**470,432**	**6,148**

1 Member of the Board until Annual General Meeting 2024
2 Member of the Board since Annual General Meeting 2024
3 Number of shares reflects shares granted 1 February 2024 for the period 1 January 2024 until Annual General Meeting 2024 and shares granted 1 February 2025 for the period Annual General Meeting 2024 until 31 December 2024. For the grant of 1 February 2024 the share price is CHF 65.50 - volume-weighted average price ("VWAP") 60 trading days before grant date (source: SIX). For the grant of 1 February 2025 the share price is CHF 83.44 - 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 2023 (CHF)

Name	Function	Basic fee [3]	Committee / chair fee	Other Payments [4]	Employer social security contributions	Total	Thereof in shares in CHF [5]	Number of shares
Dr Franco Morra [1]	Chairman	**347,528**	**–**	**–**	**22,982**	**370,509**	**115,864**	**1,769**
Dr Felix Weber [2]	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**
Total compensation of the members of the Board of Directors		**1,162,911**	**273,387**	**25,000**	**91,311**	**1,552,608**	**479,007**	**7,012**

1 Chairman of the Board since Annual General Meeting 2023
2 Chairman of the Board until Annual General Meeting 2023
3 The table shows the compensation for the fiscal year 2023. The basic fee approved at 2023 AGM is consequently pro-rated.
4 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 recognise additional time spent was provided within the framework of the Board mandate.
5 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.

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 2024 to the Annual General Meeting 2025 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 of following year (C)	Total compen-sation 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 2024-AGM 2025	**2024**	**1 Jan 2024 to 2024 AGM** [1]	**1 Jan 2025 to 2025 AGM**	**2024 AGM to 2025 AGM**	**2024 AGM**	**2024 AGM**
Board of Directors (total)	**1,493,750**	**498,332**	**457,181**	**1,452,599**	**1,500,000**	**97 %**
AGM 2023-AGM 2024	2023	1 Jan 2023 to 2023 AGM [1]	1 Jan 2024 to 2024 AGM	2023 AGM to 2024 AGM	2023 AGM	2023 AGM
Board of Directors (total)	**1,552,608**	**428,543**	**498,230**	**1,622,295**	**1,650,000**	**98 %**

1 The difference to the 2023 figures is mainly due to the increase of the base fee at the Annual General Meeting 2023

The total for the period from AGM 2024 to AGM 2025 will amount to TCHF 1,453 and is within the maximum aggregate compensation amount of TCHF 1,500 approved at the Annual General Meeting on 24 April 2024. 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 2024, please refer to sub-chapter "Loans and credits: Amounts due from members of governing bodies" on page 135 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 2024 (audited)

In 2024, the members of the Management Board received a compensation of TCHF 7,135 million (2023: TCHF 5,608).

For the performance year ended 31 December (CHF)	2024 CEO	2024 Active Management Board	2024 Former Management Board Members	2024 Total compensation	2023 CEO	2023 Active Management Board	2023 Former Management Board Members	2023 Total compensation
Base salary	630,000	2,228,085	81,250	2,939,335	630,000	1,943,626	–	2,573,626
Social security	45,113	174,622	7,643	227,378	46,865	151,093	–	197,958
Pension plan	102,102	325,188	10,346	437,636	84,084	265,371	–	349,455
Other compensation [1]	21,003	109,374	9,000	139,377	46,799	69,738	–	116,537
Total fixed compensation	**798,219**	**2,837,269**	**108,239**	**3,743,727**	**807,749**	**2,429,829**	**–**	**3,237,577**
STI / EVCP paid in cash [2]	385,074	1,003,786	–	1,388,860	268,661	662,786	–	931,447
Matching Shares [3]	107,821	260,287	–	368,108	75,225	137,914	–	213,139
LTI / EVCP granted in PSUs	404,601	1,050,875	–	1,455,476	324,603	773,501	–	1,098,104
Number of PSUs granted [4]	4,984	12,945	–	17,929	5,291	12,608	–	17,899
Value per PSU [5]	81.18	81.18	–	81.18	61.35	61.35	–	61.35
Social security	49,592	129,033	–	178,624	37,258	90,201	–	127,459
Total variable compensation for the performance year	**947,087**	**2,443,982**	**–**	**3,391,069**	**705,746**	**1,664,402**	**–**	**2,370,148**
Total compensation for the performance year	**1,745,306**	**5,281,250**	**108,239**	**7,134,795**	**1,513,495**	**4,094,231**	**–**	**5,607,725**
Number of persons who received compensation	1	7	1	9	1	6	–	7
Average FTE who received compensation	1	6.65	0.25	7.90	1	5.90	–	6.90

1 Includes benefits for relocated employees such as temporary housing and relocation allowance as well as other benefits such as company cars.
2 Paid out in March 2025, respectively March 2024
3 Value of matching shares on the deferred portion of the STI
4 PSUs granted in 2025 and 2024 for the performance years 2024 and 2023
5 PSUs for 2024: Fair Market Value is based on the risk-adjusted volume-weighted average price ("VWAP") 60 trading days before grant date 1 February 2025 (CHF 83.44 - source: SIX). 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). Determination through a Monte Carlo simulation algorithm.

The highest total compensation awarded in 2024 was paid to the CEO. For compensation details, please refer to the above table.

Explanatory comments to the compensation table:

- There were 8 MB members including the CEO who received compensation in 2024. Of those, 6 members received compensation for a full year of service, and 2 members received compensation for part of the year. This considers the change of incumbent to the CTO role and the appointment of the Business Unit Leader Payments to the Management Board. This compares to 7 members including the CEO in 2023 who served on a full-year basis.
- The fixed compensation paid in the reporting year increased by 14.2% compared to previous year. This increase reflects the additonal position in the MB and a transition period for the CTO role. With the exception of one recently appointed MB member, the base salary of the active MB members did not increase.
- The short-term incentive awards paid for the reporting year are higher compared to previous year, reflecting a higher performance achievement factor overall, thus demonstrating the pay for performance principle. The performance assessement is described in the following sections.
- 5 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 368,108 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 value of the long-term incentive awards paid for the performance year 2024 is 32.5% higher compared to previous year. This is mainly due to a higher FMV of the share at grant.

Changes to the Management Board compensation in 2024

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. In accordance with Cembra's compensation practice, their target compensation was set at entry level of the range at the time of promotion and is gradually increased based on solid performance. 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 80% to 111% for the performance year 2024 for the members of the Management Board including the CEO (previous year 68% to 85%). 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	2024 assessment	Goal achievement factor (average)
1. Financials	60 %	25 % – 60 %	Consistent strategy execution leads to record results.	**111%**
Net Income	35%	25% – 35%	Net income increased by 8% compared to prior financial year.	105%
Cost/Income ratio	15%	0% – 15%	Cost/Income ratio improved to 48.1% (2023: 50.9%)	112%
Net revenue growth	10%	0% – 10%	Increased by 7% compared to prior financial year.	129%
2. Customer and market	10 %	0% – 10 %	Conscious optimisation of risk/price/volume for overall profitability led to reduction of market share in personal loans. Market share for Cards and BNPL are in line with target. Asset growth in Auto Leasing, market share minus 2 percentage points.	
Market share	10%	0% – 10 %		**95%**
3. Operational excellence	15%	15 % – 60 %	– Roadmap executed with visible results of technology transformation, substantial progress across key deliverables including the service hub in Latvia and important system decommissioning. – Overall strong service level and operations delivery on target. BNPL onboarding below target. – Continued solid loss performance including strong mitigation measures delivery.	
Roadmap execution	X	X		
Service level		X		
Loss ratio		X		
Divisional effectiveness		X		**98%**
4. Sustainability	15 %	15 %	– Robust loss performance, GPTW recertification with extraordinary high particpation rate and higher trust index compared to previous survey and 2 percentage points above target.	
Loss ratio / People & Leadership	15%	15%		**110%**

LTI Performance

Based on the strategic assessment, the long-term incentive grants for the performance year 2024 have been approved by the Board of Directors at 120% (previous year 100%), which reflects an overall achievement above expectations. The table below provides insight in the assessement of each strategic theme.

Strategic theme	Key assessment factor
Overall market positioning	Market positioning remains good in a competitive environment, with continued asset growth in Auto Leasing, 12% market share for credit cards in circulation and a market share BNPL within range of 30-40%. A conscious optimisation of risk/price/volume has been implemented to enhance overall profitability, resulting in a slight decline in market share (37%) for personal loans.
Quality of earnings	Strong organic net revenues growth, driven by the effective implementation of re-pricing measures and higher cards commissions and fees following the Migros migration, which were partially offset by higher interest expenses. Net Interest Margin improved materially and excellent funding, liquidity and capital metrics have been achieved, driven by a diligent strategy execution, i.e. successful launch of new digital retail funding proposition.
Future strategy	Good progress has been made in the consistent execution of the 2022-2026 strategy. The rollout and delivery of the new IT platform for the leasing business, significant decommissioning, a streamlined organisation and headcount reductions with substantial benefits realisation have been achieved. Measures led to a significant improvement of the Cost/Income ratio from 50.9% to 48.1%.
Sustainability	ESG ratings remain strong, AAA rating confirmed by MSCI, ranking in the top 20% of the worldwide diversified financial industry according to the S&P Global Corporate Sustainability assessment. First time inclusion in Morningstar Sustainalytics' "2025 ESG top rated list" in the global "Diversified Financials" industry. The sustainability scorecard assessment is disclosed in section "Sustainability Performance in the STI and the LTI".
Individual contribution	Strong leadership and individual contributions with significant transformational milestones given the implementation of key projects which are central to delivering on the company's strategy such as core banking platfrom transformation, decommissioning, Cembra app upgrades and important measures implemented in the area of profitabiity and people leadership.
Overall assessment	Above target level achievement of deliverables in majority of pillars in a complex year. Strong focus on execution of strategic agenda and driving organisational transformation while ensuring long-term business sustainability.

The final value of this grant will be determined by the performance conditions outlined in the sub-chapter Long-term Incentive (LTI) mechanism starting on page 124 of this report.

Sustainability performance in the STI and the LTI

Sustainability themes most relevant to Cembra's purpose were developed under the GRI framework. Some of the objectives included in the sustainability themes are anchored in the STI goal framework and in the LTI plan. Under the LTI plan, the individual target LTI may be increased or decreased by up to 25%, based on the strategic assessment of the Bank's performance.

The objectives anchored in the STI and in the LTI grant assessment are presented in the table below. The full description of our sustainability themes can be found in the Sustainability Report on page 38.

Sustainability theme	Objective description	KPI	Assessment 2024	EVCP element
Customer orientation	Customer satisfaction	– Net Promoter Score	Improved by two points compared to previous year.	LTI grant
Quality and integrity of products and services	Quality of lending	– Qualitative Assessment of lending portfolio quality metrics	Mitigation actions implemented, no material findings.	LTI grant
	Leadership effectiveness	– Fluctuation rate (voluntary regrettable leavers)	Retention and engagement measures resulted in achievement of target with a slightly improved voluntary regrettable leaver rate in a difficult year.	
	Healthy & Thriving workplace	– Absence rate – Engagement Score/ GPTW Trust index	– Positive trend in absence rate. – GPTW recertification with a trust index of 72% and high participation rate of 80%.	
	Secure Talent	– Performance Management KPIs – Diversity: percentage of women in workforce in Senior and Management levels	– Performance Management process KPIs achieved below target requiring corrective measures. – Percentage of women in Senior and Management levels remained unchanged despite efforts to increase percentage by 1% in the reporting period.	
People and development	Simplification initiative	– Qualitative Assessment of simplification initiatives	Simplification progress visible thanks to multiple efficiency enabling initiatives and digitisation.	STI goal framework LTI grant
Environmental Stewardship	Reduce carbon emissions	– Reduce scope 1 + 2 emissions	Overall on track to achieve target 2025.	LTI grant
Business integrity		– Qualitative assessment of reported cases	Strong business integrity evidenced by no material findings.	LTI grant

Vesting of PSU grants

The tables below present the target, performance achievement and corresponding vesting factor per KPI. As of grant year 2025 (EVCP 2024), EPS is replaced with ROE.

EVCP 2019 - 2023

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 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	107 %	142 %	125 %	6,499	584,260
EVCP 2022	2023	2023 - 2025	6.21	2026	n/a	n/a	n/a	n/a	n/a
EVCP 2023	2024	2024 - 2026	7.02	2027	n/a	n/a	n/a	n/a	n/a

[1] 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; EVCP vesting on 1 February 2025 valued with share price of CHF 89.90

EVCP 2024

Plan	Grant year	Performance period	ROE target	Vesting year	ROE achievement	rTSR achievement	Vesting factor	Number of PSUs vested	Value at vesting (in CHF)
EVCP 2024	2025	2025 - 2027	n/a	2028	n/a	n/a	n/a	n/a	n/a

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 compensation was paid to members of the Board of Directors after the end of their term of office. A former member of the Management Board received compensation amounting to CHF 108,239 in relation to the work performed in 2024.

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 2024 and 31 December 2023.

Shareholdings of the Board of Directors

At 31 December		2024		2023	
Name	Function	Number of shares	Number of blocked shares	Number of shares	Number of blocked shares
Dr Franco Morra	Chairman	1,400	2,545	–	–
Thomas Buess	Vice Chairman	–	2,740	–	1,823
Marc Berg	Member	–	1,329	–	565
Sandra Hauser	Member	–	–	–	–
Susanne Klöss-Braekler	Member	–	2,191	–	1,325
Dr Monica Mächler	Member	1,631	3,451	1,087	3,053

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

At 31 December		2024				2023		
Name	Position	Number of shares	Number of blocked shares	Number of RSUs	Number of PSUs	Number of shares	Number of RSUs	Number of PSUs
Holger Laubenthal	CEO	1,056	2,150	–	11,639	1,056	–	6,348
Eric Anliker[1]	General Counsel	–	948	1,453	1,800	–	1,453	223
Sandra Babylon	CTO	–	–	–	–	–	–	–
Alona Eiduka[2]	COO	88	–	718	1,975	88	718	295
Volker Gloe	CRO	1,513	–	–	4,014	1,476	–	2,341
Pascal Perritaz	CFO	1,490	2,126	–	6,826	1,447	–	4,003
Peter Schnellmann	Business Unit Leader Lending	–	866	–	2,682	–	–	813
Christian Stolz	Business Unit Leader Payments	–	–	–	1,168	–	–	145

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)	2024	2023
Amounts due from members of governing bodies	45	45

Amounts due from members of governing bodies as of 31 December 2024 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 list functions exercised by members of the BoD and of the MB in other for-profit companies, to the extend 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 2024

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)[1]	Member of the Board of Directors
	Swiss Life AG (CH)	Member of the Board of Directors
	Sygnum Bank AG (CH)	Member of the Board of Directors
	Grovana Watch Co. Ltd (CH)	Member of the Board of Directors
	Wotobu AG (CH)	Member of the Board of Directors
	Swiss KMU Partners AG (CH)	Member of the Board of Directors
Marc Berg	BYRG GmbH (DE)	CEO
	Statista GmbH (DE)	CEO
Sandra Hauser	acreas GmbH (CH)	Managing Director
Susanne Klöss-Braekler	Deutsche Pfandbriefbank AG (DE)[1]	Member of the Supervisory Board
	ING DiBa AG (DE)	Chair of the Supervisory Board
	ODDO BHF SE (DE)	Member of the Supervisory Board
	Auticon GmbH (DE)	Member of the Advisory Board
	HDI Deutschland Bancassurance GmbH (DE)	Member of the Advisory Board
Dr Monica Mächler	Zurich Insurance Group Ltd[1] (CH)	Member of the Board of Directors
	Zurich Insurance Company Ltd (CH)	Member of the Board of Directors

1 Company listed on the stock exchange

The members of the MB exercise no comparable functions in for-profit companies as of 31 December 2024. The curricula vitae of the BoD members and of the MB members are disclosed in the Corporate Governance Report.

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)[1]	Member of the Board of Directors
	Swiss Life AG (CH)	Member of the Board of Directors
	Sygnum Bank AG (CH)	Member of the Board of Directors
	Grovana Watch Co. Ltd (CH)	Member of the Board of Directors
	Wotobu AG (CH)	Member of the Board of Directors
	Swiss KMU Partners AG (CH)	Member of the Board of Directors
Jörg Behrens	Ubinetic AG (CH)	Member of the Board of Directors
	MRMSolution (CH)	Managing Director
	Fintegral AG (CH)	Chairman
Marc Berg	BYRG GmbH (DE)	CEO
	Statista GmbH (DE)	CEO
Alex Finn	Markel Syndicate Management Ltd (UK)	Member of the Board of Directors
	Markel International Insurance Company Ltd (UK)	Member of the Board of Directors
	Abrdn Asia Focus plc (UK)	Member of the Board of Directors
Sandra Hauser	acreas GmbH (CH)	Managing Director
Susanne Klöss-Braekler	Deutsche Pfandbriefbank AG (DE)[1]	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
	HDI Deutschland Bancassurance GmbH (DE)	Member of the Advisory Board
Dr Monica Mächler	Zurich Insurance Group Ltd[1] (CH)	Member of the Board of Directors
	Zurich Insurance Company Ltd (CH)	Member of the Board of Directors

1 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 2024. 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 127 to 137 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

Philipp Gämperle
Licensed Audit Expert
Auditor in Charge

André Schuler
Licensed Audit Expert

Zurich, 19 March 2025

Financial Report
2024

Consolidated Financial Statements

Consolidated statements of income

For the years ended 31 December (CHF in thousands)	Notes	2024	2023
Interest income	24	**485,730**	422,126
Interest expense	25	**–105,250**	–74,908
Net interest income		**380,480**	**347,218**
Commission and fee income	26	**169,975**	168,468
Net revenues		**550,455**	**515,687**
Provision for losses on financing receivables	**5**	**–74,151**	**–56,906**
Compensation and benefits		**–134,808**	–136,972
General and administrative expenses	27	**–129,714**	–125,636
Total operating expenses		**–264,522**	**–262,608**
Income before income taxes		**211,781**	**196,173**
Income tax expense	19	**–41,384**	–38,140
Net income		**170,397**	**158,033**
Earnings per share			
Basic	17	**5.81**	5.39
Diluted	17	**5.80**	5.38

See accompanying Notes consolidated financial statements

Consolidated statements of comprehensive income

For the years ended 31 December (CHF in thousands)	Notes	2024	2023
Net income		**170,397**	158,033
Net prior service cost, net of tax	14	**– 264**	– 903
Actuarial gain / (loss), net of tax	14	**– 16,179**	– 8,941
Unrealised gains / (losses) on investment securities, net of tax	6	**1,067**	830
Gains / (losses) on cash flow hedges, net of tax	13	**– 2,010**	– 3,578
Foreign currency translation adjustments		**– 7**	– 6
Total other comprehensive gain / (loss), net of tax		**– 17,393**	– 12,599
Comprehensive income		**153,004**	**145,434**

See accompanying Notes to the consolidated financial statements

Consolidated statements of financial position

At 31 December (CHF in thousands)	Notes	2024	2023
Assets			
Cash and cash equivalents		**793,201**	921,974
Financing receivables, net	5	**6,624,776**	6,687,141
Investment securities	6	**189,856**	98,256
Property, equipment and software, net	7	**46,817**	54,903
thereof operating lease - right-of-use (ROU) assets	7	**10,679**	16,131
Intangible assets, net	8	**14,617**	26,530
Goodwill	9	**189,521**	189,521
Other assets	10	**89,944**	109,858
Total assets [1]		**7,948,731**	**8,088,183**
Liabilities and equity			
Deposits	11	**3,524,299**	3,497,133
Accrued expenses and other payables		**210,506**	205,965
Short-term debt	12	**400,058**	450,016
Long-term debt	12	**2,499,536**	2,647,749
Other liabilities		**23,807**	27,221
thereof operating lease - lease liability	7	**10,679**	16,131
Deferred tax liabilities, net	19	**5,410**	10,362
Total liabilities [1]		**6,663,615**	**6,838,445**
Common shares		**30,000**	30,000
Additional paid in capital (APIC)		**259,730**	258,666
Retained earnings		**1,050,890**	997,887
Treasury shares		**– 38,675**	– 37,380
Accumulated other comprehensive income (loss) (AOCI)		**– 16,828**	565
Total shareholders' equity		**1,285,116**	**1,249,738**
Total liabilities and shareholders' equity		**7,948,731**	**8,088,183**

[1] The Group's consolidated assets as at 31 December 2024 and 2023 include total assets of TCHF 330,512 and TCHF 620,767, respectively, of consolidated variable interest entities (VIEs) that can only be used to settle the liabilities of the VIEs. The Group's consolidated liabilities as at 31 December 2024 and 2023 include liabilities of the VIEs of TCHF 281,551 and TCHF 530,091, respectively, for which the VIE creditors do not have recourse to Cembra Money Bank AG

See accompanying Notes to the consolidated financial statements

Consolidated statements of changes in shareholders' equity

CHF in thousands	Common shares	APIC	Retained earnings	Treasury shares	AOCI	Total equity
Balance at 1 January 2023	**30,000**	**258,123**	**1,010,017**	**– 36,903**	**13,164**	**1,274,401**
Net income	–	–	158,033	–	–	158,033
Dividends paid	–	–	– 115,930	–	–	– 115,930
Change due to share-based compensation	–	543	–	604	–	1,147
Treasury shares	–	–	–	– 1,080	–	– 1,080
Pension benefit plan obligation movements, net of deferred tax of TCHF 1,635	–	–	–	–	– 6,924	– 6,924
Pension benefit plan obligation reclassifications from AOCI, net of deferred tax of TCHF 712 [1]	–	–	–	–	– 2,921	– 2,921
Available for sale debt securities unrealised gains / (losses), net of deferred tax of TCHF -197	–	–	–	–	830	830
Day 1 impact from CECL adoption, net of deferred tax of TCHF 12,668	–	–	– 54,234	–	–	– 54,234
Derivatives gain / (loss), net of deferred tax of TCHF 850	–	–	–	–	– 3,370	– 3,370
Derivatives gain / (loss) reclassified from AOCI to interest expense [2]	–	–	–	–	– 207	– 207
Foreign currency translation adjustments	–	–	–	–	– 6	– 6
Balance at 31 December 2023	**30,000**	**258,666**	**997,887**	**– 37,380**	**565**	**1,249,738**
Balance at 1 January 2024	**30,000**	**258,666**	**997,887**	**– 37,380**	**565**	**1,249,738**
Net income	–	–	**170,397**	–	–	**170,397**
Dividends paid	–	–	– 117,394	–	–	**– 117,394**
Change due to share-based compensation	–	1,064	–	822	–	**1,886**
Treasury shares	–	–	–	– 2,117	–	**– 2,117**
Pension benefit plan obligation movements, net of deferred tax of TCHF 4,017	–	–	–	–	– 16,922	**– 16,922**
Pension benefit plan obligation reclassifications from AOCI, net of deferred tax of TCHF -110 [1]	–	–	–	–	479	**479**
Available for sale debt securities unrealised gains / (losses), net of deferred tax of TCHF -254	–	–	–	–	1,067	**1,067**
Derivatives gain / (loss), net of deferred tax of TCHF 478	–	–	–	–	– 777	**– 777**
Derivatives gain / (loss) reclassified from AOCI to interest expense [2]	–	–	–	–	– 1,234	**– 1,234**
Foreign currency translation adjustments	–	–	–	–	– 7	**– 7**
Balance at 31 December 2024	**30,000**	**259,730**	**1,050,890**	**– 38,675**	**– 16,828**	**1,285,116**

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

See accompanying Notes to the consolidated financial statements

Consolidated statements of cash flows

For the years ended 31 December (CHF in thousands)	Notes	2024	2023
Cash flows from operating activities			
Net income		**170,397**	158,033
Adjustments to reconcile net income to cash provided from operating activities:			
Provision for losses on financing receivables		**74,548**	– 10,215
Deferred income taxes		– 818	548
Depreciation of property, equipment and software	7	**14,904**	14,844
Amortisation of intangible assets	8	**11,921**	12,652
(Decrease) / Increase in accrued expenses and other payables		**4,541**	31,524
Decrease / (Increase) in tax receivables		**3,140**	5,814
Decrease / (Increase)in other receivables		**1,637**	– 1,997
Decrease / (Increase) in deferred expenses		**– 7,248**	– 13,385
Decrease / (increase) in other assets		10,607	– 588
All other operating activities		– 22,984	– 8,699
Net cash provided by operating activities		**260,645**	**188,531**
Cash flows from investing activities			
Net (increase) / decrease in financing receivables	30	**– 18,090**	– 223,949
Proceeds from maturity of investment securities		**120,000**	229,476
Purchase of investment securities		**– 210,083**	– 230,000
Additions to property, equipment and software	7	**– 10,300**	– 8,965
All other investing activities		**5,907**	–
Net cash used for investing activities		**– 112,566**	**– 233,438**
Cash flows from financing activities			
Net change in deposits		**27,166**	– 15,983
Issuance of short-term and long-term debt		**250,000**	935,000
Repayments of short-term and long-term debt		**– 450,016**	– 450,000
Dividends paid		**– 117,394**	– 115,930
Purchase of treasury shares		**– 2,117**	– 1,080
All other financing activities		**3,732**	883
Net cash (used for) provided by financing activities		**– 288,630**	**352,890**
Net increase / (decrease) in cash and cash equivalents		**– 140,551**	**307,983**
Cash and cash equivalents, including restricted cash classified in "Other assets"			
Beginning of the period		**958,422**	650,441
thereof restricted cash		**36,448**	17,797
End of period		**817,871**	**958,422**
thereof restricted cash		**24,670**	36,448
Supplemental disclosure			
Interest paid		**– 84,411**	– 53,257
Income taxes paid		**– 36,327**	– 24,923

See accompanying Notes to the consolidated financial statements

Notes to the consolidated financial statements

1. Basis of presentation and summary of significant accounting policies

Cembra Money Bank, which is headquartered in Zurich, Switzerland, comprises of Cembra Money Bank AG ("the Bank" or the parent company) and its subsidiaries Swiss Auto Lease 2020-1 GmbH, Swiss Auto Lease 2023-1 GmbH, Cembra Credit GmbH (previously eny Credit GmbH, renamed in November 2024), Fastcap AG, CembraPay AG (previously Byjuno AG renamed in October 2023 and merged with Swissbilling SA in May 2024), Cembra Latvia SIA (previously Cembra Technologies SIA, renamed in January 2024)[1] and Cembra Auto Finance AG (collectively "the Group"). The Group is a leading provider of financing solutions and services in Switzerland. The main products comprise consumer finance products such as personal loans, auto leases and loans, credit cards, invoice financing as well as savings products.

The consolidated financial statements reflect the Group's financial position, results of operations, shareholders' equity and cash flows and have been prepared in accordance with accounting principles generally accepted in the US (US GAAP) and in compliance with the Swiss law. The Group's financial year ends on 31 December. The consolidated financial statements are stated in Swiss francs (CHF) and have been derived from the historical accounting records. The abbreviation TCHF within these financial statements refers to thousands of Swiss francs. The numbers published in the notes are rounded in thousands of Swiss francs, therefore rounding differences can occur.

Consolidation

The consolidated financial statements represent the Bank and all of its majority-owned or controlled subsidiaries. All significant transactions and balances among the Group's consolidated subsidiaries have been eliminated.

An entity is referred to as a variable interest entity (VIE) if it meets the criteria outlined by the Financial Accounting Standards Board (FASB), in the Accounting Standards Codification (ASC) 810, Consolidation, which are: (a) the entity has insufficient equity to allow it to finance its activities without additional subordinated financial support from other parties; or (b) the entity has equity investors that as a group cannot make significant decisions about the entity's operations or that do not absorb the expected losses or receive the expected returns of the entity. The Group is involved with VIEs through its lease securitisation and financing activities.

In accordance with ASC Topic 810, the Group consolidates a VIE when it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the entity that could be potentially significant to the VIE, i.e. when the Group is determined to be the primary beneficiary of the VIE.

VIEs are continually monitored by the Group to determine if any events have occurred that could cause its primary beneficiary status to change. These events include:

- Additional purchases or sales of variable interests by the Bank or an unrelated third party, which cause the Bank's overall variable interest ownership to change;
- Changes in contractual arrangements in a manner that reallocates expected losses and residual returns among the variable interest holders;
- Changes in the party that has the power to direct the activities of a VIE that most significantly impact the entity's economic performance; and
- Providing support to an entity that results in an implicit variable interest.

1 Following the acquisition of Byjuno in 2022, Cembra finalised the transaction by forming the new legal entity Cembra Latvia SIA (previously Cembra Technologies SIA, renamed in January 2024), in Riga, Latvia in April 2023, with EUR functional currency. The purpose of the entity is to provide services to Cembra and its subsidiaries

Foreign currency translation

Transactions denominated in currencies other than the functional currency of the related entity are recorded by remeasuring them in the functional currency of the related entity using the foreign exchange rate on the date of the transaction. As of the dates of the consolidated statements of financial position, monetary assets and liabilities are reported using the year-end spot foreign exchange rates. Foreign exchange rate differences are recorded in the consolidated statements of income. Non-monetary assets and liabilities are recorded using the historic exchange rate.

For the purpose of consolidation, the assets and liabilities of subsidiaries operating outside of Switzerland with functional currency other than Swiss francs are translated into Swiss francs equivalents using year-end spot foreign exchange rates, whereas revenues and expenses are translated at weighted average foreign exchange rates for the period. Translation adjustments arising from consolidation are included in accumulated other comprehensive income/(loss) (AOCI) within total shareholders' equity. Cumulative translation adjustments are released from AOCI and recorded in the consolidated statements of operations when the Group disposes and loses control of a consolidated foreign subsidiary.

Use of estimates

Preparing financial statements in conformity with US GAAP requires the management to make estimates based on assumptions about future economic and market conditions that affect the reported amounts and the related disclosures in the financial statements. Although the Group's current estimates take into account current conditions and how management expects them to change in the future, as appropriate, it is reasonably possible that in the reporting period and beyond actual conditions could alter, which could materially affect the Group's results of operations and financial position. Among other effects, such changes could result in future impairments of goodwill, intangible, long-lived and right-of-use assets, incremental losses on financing receivables, and establishment of additional valuation allowances on deferred tax assets. Such changes may also have an impact on the residual values of leased objects and on the actuarial valuation of the projected benefit obligations (PBO) of the pension fund.

Revenues (earned income)

Interest income on loans and credit cards
The Group uses the interest method to recognise income on loans and credit cards. Interest income includes amortisation of direct loan origination costs, as well as nonrefundable origination and annual fees.

The Group stops interest recognition at the earlier of the time at which collection on an account becomes doubtful or at the time at which the account becomes 90 days past due. The Group resumes interest recognition on nonaccrual, nonrestructured commercial loans only when (a) payments are received that bring the account to earning status according to the loan's original terms; and (b) future payments are reasonably assured. The Group resumes interest recognition on nonaccrual consumer loans when the customer's account cures to less than 90 days past due as a result of payments received.

Interest income on leases
Financing lease income is recognised using the interest method to produce a level yield on the outstanding principal. Interest on leases also includes amortisation of initial direct costs. Estimated residual values at the date of lease inception are based upon the Group's initial best estimates of the value of the leased asset at the end of the lease term. The Group uses various data sources in determining this estimate, including information obtained from third parties which is adjusted for the attributes of the specific asset being evaluated. Full amount of residual values guaranteed by third party dealers are included in fixed lease payments when evaluating lease classification under ASC 842-10-25-2.

Other revenues
In accordance with ASC Topic 606, revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. The Group recognises revenue when it satisfies a contractual performance obligation. These performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. The contracts generally do not include variable consideration, therefore there is no significant judgement required in this respect.

The Group offers insurance products to its customers. Those products are complementary to the Group's financing products and the Group acts as an agent to insurance companies. For arranging between the customer and the insurer, the Group is entitled to keep a part of the insurance premium as its commission, which is recognised on a net basis as the services are rendered. The premiums are charged monthly, the Group recognises the commission income as earned; revenue from cards insurance products due annually is amortised over 12 months. Fee revenues primarily comprise credit card fees, such as interchange and other fees, including reminder fees. Interchange and other card fees are recognised when earned, except for the origination and annual fees described under the sub-chapter "Interest income on loans and credit cards" above. Fee revenue is reduced by the costs of any applicable reward programme.

Depreciation and amortisation

Depreciation of property, equipment and software is recorded on a straight-line basis over the estimated useful lives of the assets by type of fixed assets. Depreciation of leasehold improvements is recorded on a straight-line basis over the estimated useful lives of the assets or the period of the underlying lease agreement, when shorter.

Software, stated at cost less accumulated amortisation, includes purchased software and capitalisable application development costs associated with internally developed software. Software is included in property, equipment and software, net of accumulated depreciation. Amortisation expense, computed on the straight-line method, is charged to depreciation and amortisation in general and administrative expenses over the estimated useful life of the software, generally five years.

The cost of intangible assets is generally amortised on a straight-line basis over the asset's estimated useful life. The Group reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable.

Cloud computing arrangements consist of software as a service (SaaS). Implementation costs related to such hosting arrangements that are service contracts are capitalised and amortised on a straight-line basis over the noncancelable term of the cloud computing arrangement plus any optional renewal periods that are reasonably certain to be exercised or for which exercise of the renewal option is controlled by the cloud service provider. Implementation costs associated with cloud computing arrangements are recorded in "Other assets". Amortisation expense is charged to information technology in general and administrative expenses.

Allowance for losses

Current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortised cost, including loan receivables and off-balance sheet credit exposures. The methodology to calculate expected losses takes into account historical and current information, as well as future conditions that are expected to materialise over the lifetime of a financial asset.

The allowance for losses on financing receivables represents the Group's current estimate of lifetime credit losses inherent in the portfolio.

The Group's loan portfolio consists of smaller-balance, homogenous pools of loans, including mainly credit card receivables, personal loans, auto leases and loans and invoice financing receivables. Each portfolio is evaluated for impairment at least on a quarterly basis. For the purpose of measuring current expected credit losses, the Group defines pools of financing receivables that share similar risk characteristics, such as borrower creditworthiness, underwriting standards, spending habits, responses to distinct market changes and evaluates the expected credit losses at pool level. The segments of financing receivables that do not share risk characteristics similar to the main pools are subject to individual assessment, though they represent only a marginal portion of the total Group's financing receivables. The Group regularly reviews the segmentation underlying allowances for losses calculation to ensure that all financing receivables within each pool continue to share similar risk characteristics.

When estimating expected losses for outstanding balances, all available quantitative and qualitative information, including internal and external data related to past events, current conditions, and reasonable and supportable forecasts, is considered to assess collectability.

Historical and current information
Expected credit loss estimates involve modeling loss projections, which are based on historical loss performance observed over a long period for each pool of financing receivables.

The Group uses portfolio vintage analysis to quantify the portion of assets on which losses were incurred over the contractual lifetime. For closed-end-loans, the lifetime horizon is derived from historical data by observing the point after which no further material losses are expected. For the credit cards portfolio, where the contractual termination is not defined, different factors such as the average balance of a credit card and the monthly payment obligations are taken into account to determine the lifetime.

For each pool of financing receivables the likelihood of an exposure to become uncollectable is estimated (probability of being written off). Lifetime recoveries cash flows are as well estimated based on historical data and discounted by the effective interest rate. For both probability of becoming uncollectable and loss given default, vintages for a long time series are considered in the modelling approach. The vintage approach by construction takes already into account information on prepayment behavior, which is deemed to be stable over time.

Forward-looking adjustment
The Group includes in the estimates of expected credit losses future expectations, which are based on reasonable and supportable forecasts. The methodology applied includes the estimate based on the expected trend of the unemployment rate in Switzerland, which is assumed to be the base case scenario. Two additional scenarios, optimistic and adverse, are derived from the base case in order to include in the estimates the uncertainty around macroeconomic environment evolution. The baseline scenario is weighted at 50%, the pessimistic at 30% and the optimistic at 20%. The definition of the likelihood of each scenario to materialise is within the management's responsibility, with the base case being the scenario that is in principle deemed as the most likely to materialise.

The Group will consider and may qualitatively adjust for conditions, changes and trends in loan portfolios that are not already captured in the modeled results. Such adjustments are based on management's judgment and may involve an assessment of current and forward-looking expectations, changes in underwriting policies and processes, changes in the portfolio characteristics, as well as uncertainty related to the macro economic environment.

The Group evaluates customers' payment behavior through a behavioral scorecard that implies the segmentation of financing receivables by credit grading. This information serves as an input in the allowances for losses calculation and aims to capture any portfolio quality changes in the current expected credit losses estimates.

The assumptions underlying the methodology for the estimate of current expected credit losses are updated periodically to reflect current conditions, performance of the methodology used, and are subject to the Group's governance and controls.

Nonaccrual financing receivables are those on which the Group has stopped accruing interest.

Delinquent receivables are those that are 30 days or more past due based on their contractual terms.

Troubled debt restructurings ("TDRs") accounting has been eliminated with the adoption of CECL. All modifications and refinancings of loans or leases (including those with customers that are experiencing financial difficulty) are subject to the modification guidance in ASC Topic 310-20 and result in a new loan or a continuation of an existing loan, consistent with the accounting for other loan modifications. The Group has minimal exposure to TDRs as this type of restructuring only would be granted in exceptional individual cases.

Significant changes in write-off policies or estimates from prior periods

In the current reporting year, management observed an increased demand for longer contractual durations also as a result of a slightly more adverse macro environment with stretched cost-of-living in exposed customer segments. As a result, collection activities and the recognition of a contract as uncollectible are delayed over time. Despite these challenges, historical data demonstrates consistently high recovery rates throughout economic cycles, confirming the continued effectiveness of the enforcement process in ensuring collectability, albeit with potential delays during downturns. Taking into account this through-the-cycle view of recovery performance and recognising shifts within individual portfolios, management has determined that the previous write-off date did not allow sufficient time to fully assess the collectability of loans that were experiencing payment delays. To allow for write-off events, that indicate uncollectability, to materialise prior to the timing write-off and ensure alignment with the dynamics and timelines of the collection process, the Group has revised the write-off period for personal loans and credit card receivables.

Effective starting with the last quarter of 2024, the write-off period has been extended to 360 days past due for personal loans and credit cards, up from the previous write-off periods of 120 days for contracts with terms of 60 months or less, and 180 days for contracts with terms greater than 60 months and credit cards.

This synchronisation of write-off and collection processes is considered a change in accounting estimate as per ASC Topic 250, where changes are made prospectively. The change in estimate led to a decrease of write-off amounts of TCHF 15,228 and to an increase of allowances for losses of TCHF 8,510 compared with prior year. As a consequence of the decrease in written off amounts, the financing receivables 30 and 90 days past due have increased by the same amount in 2024. The net impact on income before tax was TCHF 6,718.

Write-offs and recoveries

The Group ensures that at each reporting date all accounts meeting the relevant criteria have been written off. The Group regularly reviews the appropriateness of its write-off criteria to ensure that the accounting treatments reflect the risk profiles and collectability of its asset portfolio. The Group maintains a list of events which classify a loan as uncollectible. In addition to the event-driven uncollectability recognition, the Group establishes specific timelines to write off a loan based on the days the loan became past due (timely write-off criteria).

For personal loans the Group writes off a loan after the account reaches 360 days contractually past due. Previously, the timing was set at 120 days past due for personal loans with term duration less than 60 months and at 180 days past due for unsecured loans with term duration greater or equal than 60 months.

For credit cards, the Group writes off the account on the date the account becomes 360 days contractually past due. Previously, the timing was set at 180 days contractually past due.

Auto consumer loans and leases are written off after such contracts become 120 days past due. Commercial leases are written off at 180 days contractually past due. Any extension of the write-off date beyond 180 days would not materially change the financial position of the Group, as the repossession and liquidation of the leased asset event occurs long before 360 days past due.

BNPL receivables are written off after the contract becomes 180 days contractually past due. The shorter write-off period for these unsecured contracts reflects the shorter repayment terms.

Unsecured consumer loans in bankruptcy are written off within 60 days of notification of filing by the bankruptcy court or within the defined write-off periods, whichever occurs earlier.

Recoveries are defined as any cash collected after a loan or lease has been written off. Recoveries include the receipt of principal, interest, fees and proceeds from realisation of collateral, debt sales and claims against insurance policies.

Write-offs are deducted from the allowance for losses when the Group judges the principal to be uncollectable and subsequent recoveries are added to the allowance for losses on a written off account at the time cash is received or when an asset has been repossessed, the estimated remarketing gain may be booked as recovery.

As part of its business activities, the Group periodically sells previously written-off financing receivables to external parties. These transactions are recorded in accordance with ASC Topic 860-20 Sales of Financial Assets.

Provision for losses

Provision for losses on financing receivables is the expense related to maintaining the allowance for losses at an appropriate level to absorb the estimated probable future losses on financing receivables as at each period end date. Factors that could influence the provision for losses on financing receivables include:

- The impact of general economic conditions on consumers, including unemployment levels, bankruptcy trends and interest rate movements;
- Changes in consumer spending and payment behaviours;
- Changes in the Group's financing receivables portfolio, including the overall mix of accounts, products and loan balances within the portfolio;
- The level and direction of historical and anticipated delinquencies, write-offs and recoveries;
- The credit quality of the financing receivables portfolio, which reflects, among other factors, the Group's underwriting practices and effectiveness of collection efforts; and
- Regulatory changes or new regulatory guidance.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with the Swiss National Bank or other banks and cash equivalents. Cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less. Restricted cash, which is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage, is classified in "Other assets".

Leases

The Group offers leases for both new and used vehicles (primarily cars but also other auto vehicles including light commercial vehicles, motorcycles and caravans) to private and self-employed individuals and small businesses. These lease transactions are considered and accounted for as direct financing leases as they fulfil the relevant criteria set out in ASC Topic 842. Direct financing leases are carried at the aggregate of lease payments receivable plus the guaranteed residual value of the leased object less unearned income.

In line with ASC Topic 842, right-of-use assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease.

Operating lease right-of-use assets and liabilities are recognised at the commencement date of a lease based on the present value of lease payments over the lease term. The Group determines if an arrangement is a lease at inception. Operating lease right-of-use assets are included in property, equipment and software whereas operating lease liabilities are recognised in accrued expenses and other payables and other liabilities in the Group's consolidated statements of financial position. No material finance leases have been recognised.

As most of the Group's leases do not provide an implicit rate, the Group uses an incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Group uses the implicit rate when readily determinable. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate leases. When it is reasonably certain that the Group will exercise an option to extend or terminate a lease, the amended term is included in the lease calculation. Lease expense for lease payments is recognised on a straight-line basis over the lease term. Variable lease payments are expensed in the period in which they occur.

The Group has lease agreements with lease and non-lease components. For real estate leases, the Group has elected to account for the lease and non-lease components as a single lease component. For automobile and IT asset leases, the Group has elected to account for the lease and non-lease components as separate components.

The Group accounts for all short-term leases by recognising lease payments in net income on a straight-line basis over the lease term and will not recognise any right-of-use assets and lease liabilities in the Group's consolidated statements of financial position.

Investment securities

Investment securities include debt securities classified as available-for-sale. Regular-way security transactions are recorded on a trade-date basis. Debt securities classified as available-for-sale are carried at fair value. Unrealised gains and losses, which represent the difference between fair value and amortised cost, are recorded in accumulated other comprehensive income/(loss). Amounts reported in AOCI are net of income taxes. Amortisation of premiums or discounts is recorded in interest income using the effective interest method through the maturity date of the security.

Impairment on debt securities is recorded in the consolidated statements of income if a decline in fair value below amortised cost is considered other-than-temporary, that is, amounts due according to the contractual terms of the security are considered uncollectable, typically due to the deterioration in the creditworthiness of the issuer. No impairment is recorded in connection with declines resulting from changes in interest rates to the extent the Group does not intend to sell the investments, nor it is more likely than not that the Group will be required to sell the investments before the recovery of their amortised cost bases, which may be at maturity.

Accrued interest receivable is recorded separately within other assets.

Unrealised losses on available-for-sale securities are recognised in the consolidated statements of income when a decision has been made to sell a security.

Goodwill

Goodwill arises on the acquisition of subsidiaries. It is measured as the excess of the fair value of the consideration transferred, the fair value of any noncontrolling interest in the acquiree and the fair value of any previously held equity interest in the acquired subsidiary, over the net fair values of the identifiable assets acquired less the liabilities assumed at the acquisition date. Goodwill is not amortised, instead it is tested for impairment annually, or if events or changes in circumstances happen which indicate that goodwill may be impaired. Goodwill is allocated to the Group's reporting units for the purposes of the impairment test. The measurement periods for the valuation of assets acquired and liabilities assumed end as soon as information on the facts and circumstances that existed as of the acquisition dates becomes available, but do not exceed 12 months. Adjustments in purchase price allocations may require a change in the amounts allocated to goodwill during the periods in which the adjustments are determined within this 12 month period. Please refer to note 9. Goodwill for further details.

Intangible assets and amortisation

The cost of intangible assets is amortised on a straight-line basis over their estimated useful lives. The remaining useful life of an intangible asset that is being amortised is evaluated each reporting period to determine whether the events and circumstances warrant a revision to the remaining period of amortisation. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset shall be amortised prospectively over that revised remaining useful life. Amortisable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets include customer relationships and trademarks. Please refer to note 8. Intangible assets for further details.

Income taxes

Deferred tax assets and liabilities are recorded for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities at the date of the consolidated statements of financial position and their respective tax bases. Deferred tax assets and liabilities are computed using currently enacted tax rates and are shown on the face of the consolidated statements of financial position. Income tax expense or benefit is recorded in income tax expense/benefit, except to the extent that the change relates to transactions recorded directly in total shareholders' equity. Deferred tax assets are reduced by a valuation allowance, if necessary, to the amount that management believes will more likely than not be realised. Deferred tax assets and liabilities are adjusted for the effect of changes in tax laws and rates in the period in which changes are enacted by the relevant authority. Deferred tax assets and liabilities are presented on a net basis for the same tax-paying component within the same tax jurisdiction. The Group determines whether it is more likely than not that an income tax position will be sustained upon examination based on the technical merits of the position. Sustainable income tax positions are then measured to determine the amount of benefit eligible for recognition in the financial statements. Each such sustainable income tax position is measured at the largest amount of benefit that is more likely than not to be realised upon ultimate settlement.

Share-based compensation

The Group has share-based compensation and share-matching programmes. It accounts for the compensation cost from share-based and share-matching payment transactions according to the fair-value-based method. The compensation cost is measured based on the grant-date fair value of the shares and is recognised over the requisite service period with a corresponding credit to equity. The compensation cost for an award with only service conditions that has a graded vesting schedule is recognised on a straight-line basis over the requisite service period for each separate vesting portion of the award. The programmes are described in detail in note 29. Share-based compensation.

Debt

Loans that the Bank intends to hold to maturity are carried at amortised cost as the outstanding principal balance plus accrued interest, net of the following items: unamortised discounts, deferred loan origination fees. Interest income is accrued on the unpaid balance, and net deferred discounts and fees are amortised as an adjustment to the loan yield over the term of the related loans. For capital management purposes, the Bank issued hybrid capital instruments, either with a Tier 1 capital trigger or a write-off or contingent share conversions features. The embedded conversion option as linked to the Bank's shares is bifurcated for accounting purposes as measured separately via equity. The host contract is accounted for under the amortised cost method.

Derivatives and hedge instruments

The Group uses derivative instruments for risk management purposes and recognises all such instruments as either assets or liabilities in the consolidated statements of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship. For derivative instruments that are designated and qualify as hedging instruments, the Group designates the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. For derivative instruments not designated as hedging instruments, the gain or loss is recognised in the consolidated statements of income during the current period.

Derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to interest rate risk) are reported at fair value within other assets or other liabilities on the consolidated statements of financial position, with the gain or loss on the derivative instrument reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction (interest payments on floating-rate borrowing) affects earnings. The gain or loss is presented in the same consolidated statements of income line item as the earnings effect of the hedged item (in interest expense). Cash flows from the hedging Instrument will be classified as operating activities, in line with the hedged Item. At the inception of a qualifying cash flow hedge, the Group designates the qualifying relationship as a hedge of the variability of cash flows to be received or paid, or forecasted to be received or paid, related to the recognised liability and formally documents the relationship between the hedging instrument and hedged item, as well as the risk management objectives for undertaking such hedge transactions. Both at hedge inception and on an ongoing basis, the Group formally assesses whether the derivative used in hedging relationships is highly effective in offsetting changes in fair values or cash flows of the hedged item.

A hedging instrument is expected at inception to be highly effective at offsetting changes in the hedged transactions attributable to the changes in the hedged risk. The Group assesses the effectiveness of hedging relationships both prospectively and retrospectively. The prospective assessment is made both at the inception of a hedging relationship and on an ongoing quarterly basis, and requires the Group to justify its expectation that the relationship will be highly effective over future periods. The retrospective assessment is also performed on an ongoing quarterly basis and requires the Group to determine whether or not the hedging relationship has actually been effective.

Hedge accounting treatment is no longer applied if a derivative financial instrument is terminated, the hedge designation is removed, or the derivative instrument is assessed to no longer be highly effective. For terminated cash flow hedges, the changes in fair value of the derivative instrument remain in AOCI and are recognised in the consolidated statements of income when the hedged cash flows affect earnings. However, if it is probable that the forecasted cash flows will not occur within a specified period, any changes in fair value of the derivative financial instrument remaining in AOCI are reclassified into earnings immediately. In all instances, after hedge accounting is no longer applied, any subsequent changes in fair value of the derivative instrument will be recorded into earnings.

The primary risk managed by the Group using derivative instruments is interest rate risk. The Group entered into an interest rate swap in the current period to manage interest rate risk associated with the Group's floating-rate borrowing and designated the swap accordingly as a cash flow hedge. Changes in the fair value of the derivative financial instrument qualifying as a cash flow hedge are recorded in AOCI and recognised in the consolidated statements of income when the hedged cash flows affect earnings. For further details please refer to note 13. Derivatives and hedge instruments.

Treasury shares

The Group holds own shares which are recorded at cost and reported as treasury shares, resulting in a reduction to total shareholders' equity. Dividends received on own shares are excluded from the consolidated statements of income and are recorded in shareholders' equity.

Pension obligation

Pension assumptions are significant inputs to the actuarial models that measure the Group's pension benefit obligation and related effects on operations. The two assumptions regarding the discount rate and expected return on assets are important elements of pension plan expense and asset/liability measurement. The Group evaluates these critical assumptions at least once a year. The measurement date used to perform the actuarial valuation is 31 December. The Group periodically evaluates other assumptions involving demographic factors, such as retirement age, mortality, employee turnover, and updates them to reflect its experience and expectations for the future. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors. Accumulated and projected benefit obligations are measured using the present value of expected payments. The Group discounts the cash payments using the weighted average of market-observed yields for high-quality corporate bonds with maturities that correspond to the expected payment of benefits. To determine the expected long-term rate of return on pension plan assets, the Group considers current asset allocations, as well as historical and expected returns on various categories of plan assets. In developing future long-term return expectations for its benefit plan assets, the Group formulates views on the future economic environment. The Group evaluates general market trends and historical relationships among a number of key variables that impact asset class returns, such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. The Group also takes into account expected volatility by asset class and diversification across classes to determine expected overall portfolio results given current allocations.

Fair value measurements

For financial assets and liabilities measured at fair value, fair value is the price the Group would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on observable market data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that would occur at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's market assumptions.

Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.
Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
Level 3 Significant inputs to the valuation model are unobservable.

The Group maintains policies and procedures to value instruments using the best and most relevant data available. Shares in investment companies and units in mutual funds which are not directly quoted on a public stock exchange and / or for which fair value is not readily determinable are measured at fair value using net asset value. With regard to Level 3 valuations, the Group performs a variety of procedures to assess the reasonableness of the valuations. Such reviews take into account any changes in the current interest rate and credit environment, as well as any other available published market data.

Off-balance sheet arrangements

The Group is party to certain financial instruments that present the Group with off-balance sheet risk, primarily relating to credit, in the normal course of business. These financial instruments are commitments to extend credit and involve, to varying degrees, elements of both credit and interest rate risk in excess of the balances recognised in the Group's consolidated statements of financial position.

The Group's consolidated maximum exposure to credit losses under these commitments is represented by their total contractual amount. The Group follows the same credit and underwriting policies in making such commitments as it does for on-balance sheet instruments.

2. Accounting changes

Recently adopted accounting standards

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

On 5 August 2020, the FASB issued ASU 2020-06 Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. The ASU reduces the number of models used to account for convertible instruments, eliminating two out of five existing separation models (i.e. the convertible debt with a cash conversion feature and the convertible instrument with a beneficial conversion feature). The ASU furthermore provides more consistent guidance on calculating the dilutive impact on earnings per share. The ASU is expected to reduce complexity and prove comparability of financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The new guidance is effective for the Group for fiscal years beginning after 15 December 2023, including interim periods within those fiscal years. The adoption of this guidance as of 1 January 2024 did not had an impact on the Group's financial statements.

Recently issued accounting standards to be effective in future periods

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

On 4 November 2024, the FASB issued ASU No. 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)", to improve the disclosures of expenses by requiring public business entities to provide further disaggregation of relevant expense captions (i.e., employee compensation, depreciation, intangible asset amortisation) in a separate note to the financial statements, a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and the total amount of selling expenses and, in an annual reporting period, an entity's definition of selling expenses. The ASU is required to be adopted on a retrospective or prospective basis and will be effective in annual period ending December 31, 2027 and interim periods for the interim period beginning January 1, 2028. The Group is currently evaluating the impact on its disclosures.

3. Business developments

There were no business combinations and no significant business developments for the year ended 31 December 2024 and 2023, respectively.

4. Operating segments

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

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

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

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

Lending
Lending includes auto loans and leasing, which has auto loans and leasing financing solutions distributed via intermediaries and car dealers and personal loans, which are offered through our branches, intermediaries and online. Lending is operating in a relatively stable and predictable market, with financing duration ranging from 1 to 8 years and moderate capital needs.

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

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

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

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

	Lending		Payments		Total Group	
For the years ended 31 December (CHF in thousands)	**2024**	2023	**2024**	2023	**2024**	2023
Interest income	**372,492**	330,884	**113,238**	91,241	**485,730**	422,126
Interest expense	**– 86,658**	– 61,678	**– 18,592**	– 13,229	**– 105,250**	– 74,908
Net interest income	**285,834**	**269,206**	**94,646**	**78,012**	**380,480**	**347,218**
Commission and fee income	**37,201**	37,742	**132,774**	130,726	**169,975**	168,468
Net revenues	**323,034**	**306,949**	**227,420**	**208,738**	**550,455**	**515,687**
Provision for losses on financing receivables	**– 58,571**	**– 46,236**	**– 15,580**	**– 10,670**	**– 74,151**	**– 56,906**
Compensation and benefits	**– 78,511**	– 82,279	**– 56,298**	– 54,693	**– 134,808**	– 136,972
General and administrative expenses	**– 63,681**	– 62,579	**– 66,033**	– 63,057	**– 129,714**	– 125,636
Total operating expenses	**– 142,191**	**– 144,858**	**– 122,331**	**– 117,750**	**– 264,522**	**– 262,608**
Income tax expense	**– 23,897**	– 22,524	**– 17,487**	– 15,615	**– 41,384**	– 38,140
Net income	**98,375**	**93,331**	**72,023**	**64,702**	**170,397**	**158,033**

	Lending		Payments		Total Group	
At 31 December (CHF in thousands)	**2024**	2,023	**2024**	2,023	**2024**	2,023
Identifiable assets						
Financing receivables	**5,588,013**	5,645,374	**1,195,217**	1,198,652	**6,783,230**	6,844,026
Allowance for credit losses	**– 133,053**	– 127,749	**– 25,402**	– 29,136	**– 158,454**	– 156,885
Financing receivables, net	**5,454,960**	**5,517,625**	**1,169,815**	**1,169,516**	**6,624,776**	**6,687,141**

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

5. Financing receivables and allowance for losses

At 31 December 2024 and 2023, the Group's financing receivables included loans to private customers, vehicle lease financing, credit card financing and BNPL products, as follows:

At 31 December (CHF in thousands)	2024	2023
Loans	**3,606,333**	3,751,770
Deferred costs, net	**46,028**	50,451
Total loans, including deferred costs, net	**3,652,361**	**3,802,221**
Investment in financing leases, net of deferred income [2]	**2,966,438**	2,894,897
BNPL [1]	**164,432**	146,909
Financing receivables before allowance for losses	**6,783,230**	**6,844,026**
Less allowance for losses	**– 158,454**	– 156,885
Financing receivables, net	**6,624,776**	**6,687,141**

1 BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)
2 Only financing leases residual values are secured by collateral of TCHF 1,533,665 and TCHF 1,444,684 as at 31 December 2024 and 2023, respectively (guaranteed by dealers at the end of contract)

The majority of the investment in financing leases is related to auto leases. Components of the Group's net investment in financing leases, which are included in financing receivables above, are shown below:

At 31 December (CHF in thousands)	2024	2023
Total minimum lease payments receivable	**3,292,907**	3,201,103
Deferred income [1]	**– 326,469**	– 306,206
Investment in direct financing leases	**2,966,438**	**2,894,897**
Less allowance for losses	**– 26,822**	– 20,661
Net investment in direct financing leases	**2,939,616**	**2,874,237**

1 Includes TCHF 25,661 and TCHF 25,379 of initial direct costs on direct financing leases as at 31 December 2024 and 2023, respectively

The subsidiaries held TCHF 311,494 and TCHF 588,472 of net financing receivables as at 31 December 2024 and 2023, respectively, as collateral to secure third-party debt in securitisations. See note 22. Variable interest entities for further details of securitisations.

As at 31 December 2024, the Group's contractual maturities for loans and financing leases were:

Due in (CHF in thousands)	Loans	Minimum lease payments receivable
2025	**62,413**	**283,070**
2026	**176,213**	**518,641**
2027	**312,648**	**799,668**
2028	**367,564**	**1,029,909**
2029	**533,031**	**647,257**
2030 and thereafter	**1,099,881**	**14,362**
Consumer revolving loans	**1,054,583**	**–**
Total	**3,606,333**	**3,292,907**

Actual maturities may differ from contractual maturities.

The following table provides further information about financing receivables:

At 31 December (CHF in thousands)	2024	2023
Personal loans	**2,376,397**	2,474,428
Auto leases and loans	**3,211,616**	3,170,977
Credit cards	**1,030,784**	1,051,713
BNPL [1]	**164,432**	146,909
Financing receivables, before allowance for losses	**6,783,230**	**6,844,026**
Allowance for losses	**– 158,454**	– 156,885
Financing receivables, net	**6,624,776**	**6,687,141**

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

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

CHF in thousands	Balance at 1 January 2024	Provision for losses[2]	Amounts written off[2]	Recoveries	Other	Balance at 31 December 2024[2]
Personal loans	**104,401**	**28,965**	**– 73,048**	**43,099**	**–**	**103,417**
Auto leases and loans	**23,379**	**29,981**	**– 48,382**	**24,685**	**–**	**29,663**
Credit cards	**23,670**	**4,903**	**– 24,920**	**15,814**	**–**	**19,468**
BNPL[1]	**5,434**	**10,698**	**– 16,136**	**5,910**	**–**	**5,906**
Total[2]	**156,885**	**74,548**	**– 162,486**	**89,508**	**–**	**158,454**
As a % of total financing receivables, net						**2.4 %**

1 BNPL includes CembraPay AG
2 The 2024 synchronisation of write-off and collection processes resulted in an overall increase in the allowance for losses of TCHF 8,510. For details see note 1

CHF in thousands	Balance at 1 January 2023	Impact of CECL adoption	Provision for losses	Amounts written off	Recoveries	Other	Balance at 31 December 2023
Personal loans	62,811	36,112	40,812	– 75,215	39,882	–	104,401
Auto leases and loans	13,622	8,711	5,425	– 27,843	23,465	–	23,379
Credit cards	9,340	19,026	3,394	– 19,968	11,879	–	23,670
BNPL[1]	6,598	–	7,305	– 12,799	4,329	–	5,434
Total	**92,371**	**63,849**	**56,936**	**– 135,826**	**79,555**	**–**	**156,885**
As a % of total financing receivables, net							2.3 %

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

Credit quality of financing receivables

The Group describes the characteristics of the financing receivables and provides information about payment performance, credit quality indicators and impairment. The Group manages these portfolios using delinquency and nonaccrual data as key performance indicators. The categories used within this section such as nonaccrual financing receivables are defined by the authoritative guidance, and the Group bases the categorisation on the related scope and definitions contained in the related standards. The category of delinquent customer accounts is defined by the Group and is used in the process of managing the financing receivables. Definitions of these categories are provided in note 1. Basis of presentation and summary of significant accounting policies.

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

The table below shows the Group's portfolio by key credit quality indicators as at 31 December 2024. In particular, we give an overview of the portfolio by delinquency status.

Financing receivables[1]	Year of origination						
CHF in thousands	2024	2023	2022	2021	2020	Prior	Revolving (credit card)
Current	**2,250,443**	**1,569,205**	**932,666**	**401,272**	**147,297**	**50,436**	**995,252**
0-30 days	**66,010**	**47,986**	**31,051**	**15,170**	**5,562**	**2,283**	**16,238**
30-60 days	**16,956**	**18,631**	**13,440**	**5,758**	**2,382**	**1,216**	**6,364**
60-90 days	**9,153**	**10,632**	**8,382**	**3,530**	**1,494**	**646**	**3,492**
90+ days	**18,526**	**23,160**	**11,379**	**5,503**	**2,111**	**10,605**	**7,312**

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

Past due financing receivables

The following table displays payment performance of financing receivables as a percentage of loans and investment in direct financing leases:

	2024		2023	
	Over 30 days past due	**Over 90 days past due**	Over 30 days past due	Over 90 days past due
Personal loans	**4.9%**	**2.4%**	3.8%	1.6%
Auto leases and loans	**1.1%**	**0.3%**	0.9%	0.1%
Credit cards	**1.7%**	**0.7%**	1.4%	0.5%
BNPL[1]	**7.7%**	**3.7%**	6.4%	2.9%
Total[2]	**2.7%**	**1.2%**	**2.1%**	**0.8%**

[1] BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)
[2] The 2024 synchronisation of write-off and collection processes resulted in an overall increase in financing receivables over 30 and 90 days past due; the normalised values are at 2.5% and 0.9%, respectively

Nonaccrual financing receivables

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

At 31 December (CHF in thousands)	2024	2023
Personal loans	**56,191**	37,894
Auto leases and loans	**8,953**	4,363
Credit cards	**7,312**	5,304
BNPL[1]	**6,142**	4,235
Total[2]	**78,597**	**51,796**
Non-performing loan coverage[3]	**202%**	303%

[1] BNPL includes CembraPay AG (and Swissbilling SA, merged in May 2024)
[2] The 2024 synchronisation of write-off and collection processes resulted in an increase in nonaccrual financing receivables of TCHF 15,228. For details see note 1
[3] Calculated as allowance for losses divided by nonaccrual financing receivables

Credit quality indicators

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

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

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

a. CR1 0.00% – 1.20%;
b. CR2 1.21% – 2.97%;
c. CR3 2.98% – 6.99%;
d. CR4 7.00% – 13.16%; and
e. CR5 13.17% and greater.

			2024		
At 31 December (CHF in thousands)	CR1	CR2	CR3	CR4	CR5
Personal loans	970,691	732,392	425,700	171,224	67,346
Auto leases and loans	1,692,993	999,081	402,871	84,401	32,270
Credit cards	708,972	224,975	91,721	5,048	68
Total [1]	**3,372,656**	**1,956,448**	**920,292**	**260,673**	**99,684**
As a % of total financing receivables before allowance for losses [1]	51.0 %	29.6 %	13.9 %	3.9 %	1.5 %

[1] Does not include Cembra Credit GmbH (previously eny Credit GmbH, renamed in November 2024) and BNPL related to CembraPay AG. There is no material impact on the Group's consumer ratings

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

[1] Does not include eny Credit GmbH (renamed Cembra Credit GmbH in November 2024) and BNPL related to CembraPay AG (and to Swissbilling SA, merged in May 2024). There is no material impact on the Group's consumer ratings

6. Investment securities

Investment securities are comprised of debt securities available for sale.

At 31 December (CHF in thousands)	2024	2023
Debt securities available for sale	**189,856**	98,256
Total investment securities	**189,856**	**98,256**

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

	2024				2023			
	Amortised cost	**Gross unrealised gains**	**Gross unrealised losses**	**Fair value**	Amortised cost	Gross unrealised gains	Gross unrealised losses	Fair value
Debt securities issued by Swiss cantons	**10,046**	**306**	**–**	**10,353**	20,061	58	– 40	20,079
Debt securities issued by Swiss funding institutions [1]	**60,237**	**951**	**–**	**61,188**	39,844	82	– 12	39,914
Debt securities issued by Swiss central government [2]	**99,941**	**23**	**–**	**99,965**	19,854	20	–	19,874
Debt securities issued by supranational organisations	**18,189**	**162**	**–**	**18,351**	18,376	40	– 27	18,389
Debt securities available for sale	**188,414**	**1,443**	**–**	**189,856**	**98,135**	**200**	**– 79**	**98,256**

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

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

	Amortised cost	Fair value
At 31 December (CHF in thousands)	**2024**	**2024**
Within 1 year	**68,866**	**68,970**
From 1 to 5 years	**119,548**	**120,886**
From 5 to 10 years	**–**	**–**
After 10 years	**–**	**–**
Total debt securities	**188,414**	**189,856**

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

Accrued interest receivable presented separately within other assets was TCHF 835 and TCHF 633, for the year ended 31 December 2024 and 2023, respectively.

7. Property, equipment and software

At 31 December (CHF in thousands)	Estimated useful lives (years)	2024	2023
Original cost			
Buildings and improvements	(5-40)	**3,196**	8,711
Office equipment	(3-10)	**8,958**	21,446
Software	(1-5)	**58,916**	121,172
Total		**71,070**	**151,329**
Accumulated depreciation			
Buildings and improvements		**−2,708**	−7,953
Office equipment		**−4,628**	−17,012
Software		**−27,596**	−87,592
Total		**−34,932**	**−112,557**
Net carrying value			
Buildings and improvements		**488**	757
Office equipment		**4,330**	4,435
Software		**31,320**	33,580
Total		**36,138**	**38,772**

Depreciation expense was TCHF 14,904 and TCHF 14,844 for the year ended 31 December 2024 and 2023, respectively. The Group did not recognise any impairment losses in both periods. Assets no longer in use have been removed from original cost records and accumulated depreciation, ensuring that the carrying value of property, equipment and software accurately reflects only the assets currently utilised in operations.

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

At 31 December (CHF in thousands)	2024	2023
Components of the lease liability		
Operating lease - right-of-use (ROU) assets	**10,679**	16,131
Operating lease - lease liability	**10,679**	16,131
Short-term classification	**5,289**	5,066
Long-term classification	**5,390**	11,065
Supplemental information		
Right-of-use (ROU) assets obtained for new lease liabilities	**1,189**	1,253
Weighted average remaining lease term (in years)	**2.21**	3.22
Weighted average discount rate	**0.66 %**	0.73 %

For the years ended 31 December (CHF in thousands)	2024	2,023
Components of the lease expense		
Operating lease expense	**5,838**	6,152
Supplemental cash flow information		
Operating cash flows paid for operating leases	**5,286**	6,404
Operating cash flows paid for short-term	**502**	634

At 31 December (CHF in thousands)	2024
Maturities of operating lease liabilities	
2025	**5,337**
2026	**4,207**
2027	**974**
2028	**242**
2029 and thereafter	**–**
Total lease payments	**10,761**
Less: imputed interest	**– 82**
Total	**10,679**

8. Intangible assets

At 31 December (CHF in thousands)	Estimated useful lives (years)	2024	2023
Original cost			
Customer relationships	(5 - 5.5)	**53,462**	64,802
Trademarks	(5)	**–**	10,957
Total		**53,462**	**75,759**
Accumulated amortisation			
Customer relationships		**– 38,846**	– 39,727
Trademarks		**–**	– 9,502
Total		**– 38,846**	**– 49,229**
Net carrying value			
Customer relationships		**14,617**	25,076
Trademarks		**–**	1,455
Total		**14,617**	**26,530**

Amortisation expense related to intangible assets was TCHF 11,921 and TCHF 12,652 for the year ended 31 December 2024 and 2023, respectively. As at 31 December 2024, the Group estimates the annual pre-tax amortisation for intangible assets over the next five years to be as follows:

CHF in thousands	2025	2026	2027	2028	2029 and thereafter
Estimated pre-tax amortisation	**3,200**	**1,671**	**1,671**	**1,671**	**6,405**

9. Goodwill

On 16 February 2017, the Group acquired 100% of the shares of Swissbilling SA (merged with CembraPay AG in May 2024), a Swiss invoice financing company with operations mainly in the French-speaking region of Switzerland. On 30 November 2017, the Group acquired 100% of outstanding shares of EFL Autoleasing AG, a Swiss auto leasing company domiciled in Winterthur. On 2 September 2019, the Group acquired 100% of the shares of cashgate AG, a leading consumer finance provider in Switzerland, for total consideration of CHF 277 million. On 31 October 2022, the Group acquired 100% of shares of Byjuno AG and its sister company Byjuno Finance AG (merged and renamed CembraPay AG in October 2023), a major provider of invoice payment solutions in Switzerland, for total consideration of CHF 60 million. Goodwill related to these acquisitions is presented below.

The Group continually assesses whether or not there has been a triggering event requiring a review of goodwill. In estimating the fair value of the reporting units, the Group applied the income approach. This approach is based on a discount rate which reflects the relevant risks and projected cash flows determined from the Group's updated five-year strategic business plan that included significant management assumptions and estimates based on its view of current and future economic conditions.

Based on the goodwill impairment analysis as of 30 September 2024 and follow up procedures performed covering the last quarter 2024, the Group concluded that the estimated fair value for all the reporting units with goodwill substantially exceeded the related carrying values and no impairment was necessary at 31 December 2024. There are no deferred taxes booked related to goodwill.

CHF in thousands	Balance at 1 January 2024	Goodwill acquired during the period	Other	Balance at 31 December 2024
Gross amount of goodwill	**189,521**	–	–	**189,521**
Accumulated impairment	–	–	–	–
Net book value	**189,521**	**–**	**–**	**189,521**

At 31 December (CHF in thousands)	Balance at 1 January 2023	Goodwill acquired during the period	Other	Balance at 31 December 2023
Gross amount of goodwill	189,521	–	–	189,521
Accumulated impairment	–	–	–	–
Net book value	**189,521**	**–**	**–**	**189,521**

10. Other assets

At 31 December (CHF in thousands)	2024	2023
Restricted cash	**24,670**	36,448
Tax receivables, net	**81**	3,221
Other receivables	**12,109**	13,746
Deferred expenses	**29,990**	22,742
Other	**23,094**	33,701
Total other assets	**89,944**	**109,858**

Restricted cash is not available for use in the ordinary course of operations and is restricted in terms of withdrawal or usage. The Group had TCHF 24,670 and TCHF 36,448 of restricted cash related mainly to the consolidated VIEs (see note 22. Variable interest entities) as at 31 December 2024 and 2023, respectively. Furthermore, the Group pledged to esisuisse half of the required deposit insurance guarantee of TCHF 5,652 and TCHF 4'154 as at 31 December 2024 and 2023 (see note 20. Commitments and guarantees).

The tax receivables consist of income tax receivables and net input VAT (net reclaimable VAT). Input VAT input represents reclaimable VAT receivables related to purchases of goods and services and is recorded in other assets. Output VAT represents VAT payable related to goods sold and services supplied and is recorded in accrued expenses and other payables. The Group has elected to present the VAT on a net basis on the consolidated statements of financial position. On a gross basis, the Group had TCHF 30,794 and TCHF 33,644 input VAT (receivable) and TCHF 31,780 and TCHF 30,511 output VAT (payable) at 31 December 2024 and 2023, respectively.

Implementation costs associated with cloud computing arrangements recorded as deferred expenses were TCHF 23'371 and TCHF 15,601 as of 31 December 2024 and 2023, respectively. Implementation costs amortisation recorded for cloud computing arrangements were TCHF 3,008 and TCHF 0 for the period ended 31 December 2024 and 2023, respectively.

Other includes pension plan asset of TCHF 20,240 and TCHF 31,045 as of 31 December 2024 and 2023, respectively. For more information, please refer to note 14. Pension plans.

11. Deposits

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

At 31 December (CHF in thousands)	2024	2023
On demand	**383,689**	159,867
Less than 3 months	**612,371**	1,116,932
3 to less than 6 months	**119,572**	298,188
6 to less than 12 months	**545,400**	502,670
12 months plus, thereof	**1,863,268**	1,419,477
due in 2025	–	431,463
due in 2026	**637,152**	227,444
due in 2027	**526,070**	315,458
due in 2028	**262,784**	221,498
due in 2029	**206,670**	74,126
due in 2030 and thereafter	**230,592**	149,488
Total	**3,524,299**	**3,497,133**

There is no term maturity for on-demand saving deposits. All deposits are denominated in CHF. The weighted average interest rate on all deposits was approximately 1.39% and 1.51% as at 31 December 2024 and 2023, respectively.

12. Short-term and long-term debt

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

At 31 December (CHF in thousands)	Maturity	2024 Amount	2024 Contractual interest rate[4]	2023 Amount	2023 Contractual interest rate[4]
Short-term portion					
Non-recourse borrowings (Auto ABS)[1]	2024	–	–	250,000	0.00 %
External debt (unsecured bond)	2024	–	–	200,016	0.25 %
External debt (unsecured bond)	2025	**150,058**	**0.38 %**		
External debt (unsecured bond)	2025	**250,000**	**1.18 %**		
Long-term portion					
External debt (bond eligible for additional tier 1 capital)[2]	Perpetual	**150,000**	**2.96 %**	150,000	2.50 %
External debt (unsecured bond)	2025	–	–	150,177	0.38 %
External debt (unsecured bond)	2025	–	–	250,000	1.18 %
Non-recourse borrowings (Auto ABS)[3]	2026	**275,000**	**2.58 %**	275,000	2.58 %
External debt (unsecured bond)	2026	**125,048**	**0.88 %**	125,081	0.88 %
External debt (senior convertible bond)	2026	**249,566**	**0.00 %**	249,278	0.00 %
External debt (unsecured bond)	2026	**200,000**	**0.15 %**	200,000	0.15 %
External debt (unsecured bond)	2027	**220,000**	**3.11 %**	220,000	3.11 %
External debt (unsecured bond)	2027	**175,000**	**0.29 %**	175,000	0.29 %
External debt (unsecured bond)	2028	**200,000**	**0.42 %**	200,000	0.42 %
External debt (unsecured bond)	2029	**215,000**	**2.54 %**	215,000	2.54 %
External debt (unsecured bond)	2029	**235,000**	**2.41 %**	235,000	2.41 %
External debt (unsecured bond)	2030	**210,000**	**2.67 %**	210,000	2.67 %
External debt (unsecured bond)	2030	**250,000**	**2.22 %**	–	–
Debt issuance costs		**–5,077**		–6,787	
Total short-term and long-term debt		**2,899,594**		**3,097,765**	

1 Related to consolidated VIEs, for further details refer to note 22. Variable interest entities
2 First call date November 2024 and annually thereafter
3 Related to consolidated VIEs, for further details refer to note 22. Variable interest entities. Floating interest rate hedged for fixed interest rate, see note 13. Derivatives and hedge instruments
4 Rounded to two decimal places

The contractual interest rate represents the interest due on the relevant debt at the reporting date, whereas the effective interest (all-in) rate reflects, in addition to the contractual interest rate, fees and debt issuance costs that are amortised over the expected life of the instrument. As per 31 December 2024, the Group had primarily fixed rate funding.

As per 31 December 2024 and 2023, unamortised debt issuance costs amounted to TCHF 5,077 and TCHF 6,787, respectively. Commitment fees for revolving credit facilities are recognised as incurred over the commitment period.

On 29 December 2023, the Group renewed a revolving credit facility with a Swiss bank with a committed term until end of 2026. The facility consists of a TCHF 150,000 unsecured commitment.

On 28 January 2022, the Group signed a revolving credit facility with an international bank with a committed term until 2025. The facility consists of a TCHF 100,000 unsecured commitment.

On 16 December 2021, the Group signed a revolving credit facility with a Swiss bank with a committed term until 2025. The facility consists of a TCHF 50,000 unsecured commitment.

On 4 July 2021, the Group signed a revolving credit facility with a Swiss bank with a committed term until 2024. The facility consists of a TCHF 100,000 unsecured commitment.

As at 31 December 2024 and 2023, the Group maintained TCHF 300,000 and TCHF 400,000 of undrawn committed facilities, respectively. The weighted average contractual commitment fee for all facilities was 0.21% and 0.22% as at 31 December 2024 and 2023, respectively.

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

On 18 September 2023, the Group issued a TCHF 215,000 senior unsecured bond at 100% with maturity of five and half years and a coupon of 2.5385%.

On 30 May 2023, the Group issued a TCHF 210,000 senior unsecured bond at 100% with a maturity of seven years and a coupon of 2.665%.

On 18 January 2023, the Group issued a TCHF 235,000 senior unsecured bond at 100% with maturity of six and half years and a coupon of 2.4113%.

On 18 October 2022, the Group issued a TCHF 220,000 senior unsecured bond at 100% with maturity of four and half years and a coupon of 3.1125%.

On 17 May 2022, the Group issued a TCHF 250,000 senior unsecured bond at 100% with maturity of three and half years and a coupon of 1.1833%.

On 21 October 2021, the Group issued a TCHF 200,000 senior unsecured bond at 100% with maturity of seven years and a coupon of 0.4175%.

On 1 October 2019, the Group issued a TCHF 200,000 senior unsecured bond at 100% with a maturity of seven years and a coupon of 0.15%.

On 8 July 2019, the Group issued a TCHF 175,000 senior unsecured bond at 100% with a maturity of eight years and a coupon of 0.29%.

On 4 July 2019, the Group issued a TCHF 150,000 bond eligible for additional tier1 capital, at 100% with perpetual maturity (first call in November 2024 or annually thereafter) and a coupon of 2.5%. The interest rate will be reset on the first call date and every 5th anniversary thereafter. On the first call date, in November 2024, the interest rate was reset from 2.500% to 2.957%. The bond is eligible for tier1 capital, and will be written off if a pre-specified trigger event occurs in relation to the regulatory capital adequacy ratio (>5.125% Common Equity Tier 1). If capital triggering occurs, the investor receives a write-down of the outstanding amount of the debt, which may be defined as either fixed or variable (depending upon the point of conversion). Given the extremely low likelihood of conversion, no separate derivative was recorded related to the value of the conversion option.

On 2 July 2019, the Group issued a TCHF 250,000 convertible bond at 100.88% with a maturity of seven years and a coupon rate of 0.0%. The effective interest rate on the debt component for the period ended 31 December 2024 was 0.11%. The conversion right allows the bondholders to convert their bonds any time 41 days after settlement up to and including 40 days before maturity. When conversion rights are exercised, holders who convert their bonds will receive a) if the conversion value is lower than or equal to the aggregate principal amount of the bonds converted by the same holder at any one time, the cash conversion amount; or b) if the conversion value is greater than the aggregate principal amount of the bonds converted by the same holder at any one time the cash conversion amount and the net shares. Upon conversion, it is at the discretion of Cembra Money Bank AG to deliver net shares or its equivalent in cash. The convertible bond has an initial conversion price of CHF 122.02. The embedded conversion option met the criteria for a cash conversion option via ASC Topic 470 and is measured separately via equity at TCHF 4,200.

On 22 May 2018, the Group issued a TCHF 125,000 senior unsecured bond at 100.212% with maturity of eight years and a coupon of 0.875%.

On 1 June 2017, the Group issued a TCHF 150,000 senior unsecured bond at 100.63% with maturity of eight years and a coupon of 0.375%.

In May 2023, the Group entered into its seventh auto lease asset backed security ("ABS") transaction with a floating rate senior loan of TCHF 275,000 with a contractual maturity of ten years, an optional redemption date of three years from issuance and an interest rate of 2.5825%.

The Group has a total of TCHF 2,754,671 of outstanding bonds (including ABS and convertible) and TCHF 150,000 bond eligible for additional tier 1 capital issued as at 31 December 2024. These bonds have been issued in 2017 (maturing in 2025), 2018 (maturing in 2026), 2019 (maturing in 2026 and 2027), 2021 (maturing 2028), 2022 (maturing 2025 and 2027), 2023 (maturing in 2026, 2029 and 2030) and 2024 (maturing in 2030). All debt instruments are repayable in full at maturity or at the earliest possible redemption date.

13. Derivatives and hedge instruments

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

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

As of 31 December 2024, the total notional amount of the Group's receive floating/pay fixed interest rate swap was TCHF 275,000. During the next twelve months, the Group estimates that TCHF -4,711 will be reclassified from AOCI to Interest expense.

	2024			2023		
At 31 December (CHF in thousands)	**Other asset/(Other liability)**	**Gain/(loss) recognised in AOCI on derivatives**	**Gain/(loss) reclassified from AOCI to interest expense**	Other asset/(Other liability)	Gain/(loss) recognised in AOCI on derivatives	Gain/(loss) reclassified from AOCI to interest expense
Interest rate swap [1]	**– 6,915**	**– 2,488**	**– 1,234**	– 4,428	– 4,428	– 207
Total	**– 6,915**	**– 2,488**	**– 1,234**	**– 4,428**	**– 4,428**	**– 207**

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

14. Pension plans

The Bank and its subsidiaries participate in pension plans that provide benefits in accordance with the requirements of the Swiss Occupational Pension Act (BVG). The Group's participation in these pension plans has been accounted for as defined benefit plans in the consolidated financial statements. The funding policy of the Group's pension plans is compliant with the local government and tax requirements.

For the plans the Group recognises an asset for the overfunded status or a liability for the underfunded status in the consolidated statements of financial position. The Group records annual amounts relating to its pension plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality rates, assumed rates of return, compensation increases and employee turnover rates. The Group reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The Group believes that the assumptions utilised in recording its obligations under its plans are reasonable based on its experience and market conditions. The net periodic costs are recognised as employees render the services necessary to earn the postretirement benefits.

Apart from temporary staff with an expected duration of employment of less than three months and people receiving a disability pension whose degree of incapacity to perform day-to-day tasks is greater than 70%, all employees aged at least 17 and with an annual base salary exceeding 75% of the applicable maximum single old-age state pension are insured. As a general rule, the statutory retirement age is 65; however, early retirement, starting from the age of 58, is possible. The pension plans insure both mandatory occupational benefits and extra mandatory benefits. The Group uses a 31 December measurement date for the plans.

The Group's pension plan participants as at 31 December 2024 and 2023, respectively, were as follows:

At 31 December	**2024**	2023
Active employees	**759**	924
Beneficiaries and pensioners	**180**	171
Total	**939**	**1,095**

The cost of the pension plans is presented below:

For the years ended 31 December (CHF in thousands)		2024	2023
Service cost for benefits earned	Compensation and benefits	**7,927**	7,263
Prior service credit amortisation	General and administrative expenses	**1,268**	– 989
Expected return on plan assets	General and administrative expenses	**– 11,688**	– 11,206
Interest cost on benefit obligations	General and administrative expenses	**4,456**	6,487
Net actuarial loss amortisation	General and administrative expenses	**– 679**	– 2,497
Net periodic benefit cost		**1,284**	**– 942**

The actuarial assumptions at 31 December are used to measure the year-end benefit obligations and the pension costs for the subsequent year. Actuarial assumptions are presented below:

At 31 December	2024	2023
Discount rate	**0.90 %**	1.50 %
Compensation increases	**2.14 %**	2.21 %
Expected return on assets	**3.00 %**	3.50 %

To determine the expected long-term rate of return on pension plan assets the Group considers current asset allocations and historical and expected returns on various categories of plan assets. In developing future return expectations for the pension plan's assets, the Group formulates a view on the future economic environment. Furthermore, the Group evaluates general market trends and historical relationships among a number of key variables that impact asset class returns such as expected earnings growth, inflation, valuations, yields and spreads, using both internal and external sources. The Group also takes into account expected volatility by asset class and diversification across classes to determine expected overall portfolio returns given current allocations. Based on the analysis of future expectations of asset performance, past return results and the current asset allocations, the Group assumed a 3.0% long-term-expected return on the assets. For the pension plan, the Group applies the expected rate of return to the market value of assets. The Group amortises experienced gains and losses, as well as the effects of changes in actuarial assumptions and plan provisions, over the average expected years of service of the employees.

The funding policy of the pension plan is aimed to contribute an amount sufficient to meet minimum funding requirements, as set forth in employee benefit and tax laws, plus any additional amounts which may be determined appropriate by the management. Management expects to contribute approximately TCHF 9,275 to the pension plan in 2025. Benefit obligations are described in the following tables. Accumulated and projected benefit obligations (ABO and PBO, respectively) represent the obligations of the pension plan for past service as at the measurement date. ABO is the present value of benefits earned to date with benefits computed on the basis of current compensation levels. PBO is ABO increased to reflect expected future compensation.

The accumulated benefit obligation was TCHF 309,381 and TCHF 295,504 for 31 December 2024 and 2023, respectively. The changes in the projected benefit obligation are presented below:

CHF in thousands	2024	2023
Balance at 1 January	**303,536**	**285,606**
Service cost for benefits earned	**7,927**	7,263
Interest cost on benefit obligations	**4,456**	6,487
Participant contributions	**6,690**	7,076
Actuarial (gain)/loss, net	**33,398**	10,453
Benefits (paid)/received, net	**– 38,250**	– 13,495
Plan change	**–**	146
Balance at 31 December	**317,757**	**303,536**

Plan assets are reported at fair value. The inputs and valuation techniques used to measure the fair value of the assets are consistently applied and described in note 1. Basis of presentation and summary of significant accounting policies.

The changes in the fair value of plan assets are presented below:

CHF in thousands	2024	2023
Balance at 1 January	**334,581**	**317,304**
Actual return on plan assets	**24,157**	13,100
Employer contributions	**10,819**	10,596
Participant contributions	**6,690**	7,076
Benefits (paid)/received, net	**–38,250**	–13,495
Balance at 31 December	**337,997**	**334,581**

The asset allocations are described below:

At 31 December	2024 Target allocation	2024 Actual allocation
Equity securities		
Swiss equity securities	**13%**	**12%**
Non-Swiss equity securities	**23%**	**23%**
Debt securities	**0%**	**0%**
Swiss bonds	**18%**	**21%**
Non-Swiss bonds	**17%**	**16%**
Real estate funds	**19%**	**23%**
Other investments	**10%**	**5%**

The pension fund board sets investment policies and strategies and oversees the investment allocation, which include selecting investment managers, commissioning periodic asset-liability studies and setting long-term strategic targets. Long-term strategic investment objectives take into consideration a number of factors, including the funded status of the plan, a balance between risk and return and the plan's liquidity requirements. Target allocation percentages are established at an asset class level by the pension fund board. Target allocation ranges are guidelines, not limitations, and occasionally the pension fund board will approve allocations above or below a target range. The pension fund board monitors the plan's liquidity position in order to meet the near-term benefit payment and other cash commitments.

The pension fund assets are invested subject to the following additional guidelines:

- Investment in the following assets may not exceed the maximum % of total assets in the plan: Swiss bonds 22%, non-Swiss bonds 21%, Swiss equity securities 16%, non-Swiss equity securities 30%, real estate funds 29% and alternative funds 20%;
- No single bond may exceed more than 10% of total assets; and
- No single equity security or real estate investment can exceed more than 5% of total assets.

The pension fund did not hold direct investments, but indirect investments through funds. The fair values of the pension plan investments are presented below:

	2024			
At 31 December (CHF in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities				
Swiss equity securities	**39,901**	**–**	**–**	**39,901**
Non-Swiss equity securities	**79,134**	**–**	**–**	**79,134**
Debt securities	**–**	**–**	**–**	**–**
Swiss bonds	**69,775**	**–**	**–**	**69,775**
Non-Swiss bonds	**55,478**	**–**	**–**	**55,478**
Real estate funds	**–**	**76,427**	**–**	**76,427**
Other investments [1]	**2,891**	**14,477**	**–**	**17,368**
Total investments	**247,180**	**90,904**	**–**	**338,084**
Other				**– 87**
Total assets				**337,997**

[1] Primarily includes infrastructure funds and cash

	2023			
At 31 December (CHF in thousands)	Level 1	Level 2	Level 3	Total
Equity securities				
Swiss equity securities	37,970	–	–	37,970
Non-Swiss equity securities	72,244	–	–	72,244
Debt securities				
Swiss bonds	66,591	–	–	66,591
Non-Swiss bonds	53,827	–	–	53,827
Real estate funds	–	76,305	–	76,305
Other investments [1]	7,404	14,474	–	21,878
Total investments	**238,036**	**90,780**	**–**	**328,816**
Other				**5,765**
Total assets				**334,581**

[1] Primarily includes infrastructure funds and cash

The amounts recognised in the consolidated statements of financial position were as follows:

At 31 December (CHF in thousands)	2024	2023
Funded status	**20,240**	31,045
Pension asset (liability) recorded in the statement of financial position		
Other asset (liabilities)		
Due after one year	**20,240**	31,045
Net amount recognised	**20,240**	**31,045**
Amounts recorded in shareholders' equity (unamortised)		
Prior service credit	**–215**	–542
Net actuarial (gain) loss	**15,544**	–4,469
Net amount recognised	**15,329**	**–5,011**

In 2024, the Group estimates that it will amortise TCHF 271 of prior service credit and TCHF 2,323 of net actuarial loss for the pension plan from shareholders' equity into pension cost.

The estimated future benefit payments are described below:

CHF in thousands	2025	2026	2027	2028	2029	2030-2034
Pension plan	**19,340**	**19,066**	**18,938**	**18,532**	**18,359**	**73,456**

15. Other liabilities

Other liabilities primarily includes operating lease liability. For detailed information please refer to note 7. Property, equipment and software.

Other liabilities include deferred compensation related to the Group's jubilee plan amounting to TCHF 3,275 and TCHF 3,328 as at 31 December 2024 and 2023. The jubilee plan is a voluntary benefit provided by the Group to its employees based on their years of service.

Recorded in other liabilities is also allowance for credit losses on the irrevocable off-balance sheet commitments and financial guarantees of TCHF 2,938 and TCHF 3,334 as at 31 December 2024 and 2023.

Furthermore, other liabilities also include fair value losses of derivatives and hedge instruments related to the interest rate swap. For detailed information please refer to note 13. Derivatives and hedge instruments.

16. Capital adequacy

The Group is subject to FINMA regulations. The capital levels of the Group are subject to quantitative requirements and qualitative judgements by the regulators, including FINMA, about the components of capital, risk weightings and other factors.

The Group is applying the Basel III rules effective since 1 January 2013, as applicable in Switzerland. Under Basel III, a variety of basic approaches are available to banks for the calculation of capital adequacy requirements for credit, market and operational risks. The Group uses the standardised approach ("SA-BIS" approach) to calculate the minimum requirement for covering credit risk. It applies the current exposure method ("CEM") to calculate the required capital for counterparty credit risk for derivative. The simplified approach with credit equivalent calculated with CEM is used to quantify the loss risk to credit value adjustment ("CVA") of the derivative. It uses the standardised approach to calculate the capital charge for market risk. The Group also applies the standardised approach to calculate the capital charge for operational risk management. Thus, it fulfils the qualitative and quantitative requirements of the Ordinance on Capital Adequacy (CAO, SR 952.03) and the FINMA Circular Risk Diversification for Banks (2019/01).

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

As of 31 December 2024, the Group adheres to the applicable regulatory requirements for a category 4 bank set by FINMA. The Group aims to consistently operate with a capital base that is well above this mark. The Group was adequately capitalised under the regulatory provisions outlined by FINMA and the Bank for International Settlements. Further information on capital adequacy is contained in the separate document "Basel III Pillar 3 disclosures 2024" available at www.cembra.ch/financialreports.

At 31 December (CHF in thousands)	2024	2023
Eligible regulatory capital		
Tier 1 capital	**1,091,453**	1,046,011
of which CET1 capital	**941,453**	896,011
of which additional Tier 1 capital	**150,000**	150,000
Tier 2 capital	**2,938**	3,334
Total eligible capital	**1,094,390**	**1,049,346**
Risk-weighted assets		
Credit risk	**5,249,243**	5,276,345
Non counterparty risk	**46,817**	54,903
Market risk	**1,866**	888
Operational risk	**789,883**	757,935
Total risk-weighted assets	**6,087,809**	**6,090,070**
Capital ratios		
CET1 ratio	**15.5 %**	14.7 %
Tier 1 ratio	**17.9 %**	17.2 %
Total capital ratio	**18.0 %**	**17.2 %**

17. Earnings per share and additional share information

Basic earnings per share ("EPS") is calculated based on the weighted average number of common shares outstanding during the period. Diluted EPS is computed based on the weighted average number of common shares plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding restricted stock units ("RSUs") and performance share units ("PSUs").

The components of basic and dilutive EPS are as follows:

For the years ended 31 December (CHF in thousands)	2024	2023
Net income attributable to shareholders for basic earnings per share (CHF in thousands)	**170,397**	158,033
Net income attributable to shareholders for diluted earnings per share (CHF in thousands)	**170,397**	158,033
Weighted-average number of common shares		
Weighted-average number of common shares issued	**30,000,000**	30,000,000
Less weighted-average number of treasury shares	**673,147**	661,318
Weighted-average numbers of common shares outstanding for basic earnings per share	**29,326,853**	**29,338,682**
Dilution effect number of shares	**47,803**	31,552
Weighted-average numbers of common shares outstanding for diluted earnings per share	**29,374,656**	**29,370,234**
Basic earnings per share (in CHF)	**5.81**	**5.39**
Diluted earnings per share (in CHF)	**5.80**	**5.38**

The amount of common shares outstanding has changed as follows:

	2024	2023
Common shares issued		
Balance at beginning of period	**30,000,000**	**30,000,000**
Issuance of common shares	**–**	–
Balance at end of period	**30,000,000**	**30,000,000**
Treasury shares		
Balance at beginning of period	**665,135**	**656,757**
Share-based compensation	**–14,032**	–6,622
Purchase	**30,000**	15,000
Balance at end of period	**681,103**	**665,135**
Common shares outstanding	**29,318,897**	**29,334,865**

18. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer, and excludes any amounts collected on behalf of third parties. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Group from a customer, are excluded from revenue. The Group recognises revenue when it satisfies a contractual performance obligation.

These performance obligations are typically satisfied as the services in the contract are rendered. The contract terms are generally such that they do not result in any contract assets. The contracts generally do not include a significant financing component or obligations for refunds or other similar obligations. The contracts generally do not include variable consideration, therefore there is no significant judgement required in this respect.

Nature of services
The Group provides finance solutions to its customers. The main revenue streams of the Group arise from personal loans, leases and credit cards as well as from insurance products. Certain credit card related fees and insurance commissions are in the scope of ASC Topic 606.

Commission and fee income related to credit cards include certain transaction-based and service fees. Those fees are recognised as the services are rendered, which is when the transaction happens and is processed. In case of credit cards, the Group additionally earns interchange fees calculated as a percentage of total credit card transaction volume. Those fees are recognised when the transactions are processed.

The Group also offers insurance products to its customers. Those products are complementary to the Group's financing products, and the Group acts as an agent to insurance companies. For arranging between the customer and the insurer, the Group is entitled to keep a part of the insurance premium as its commission, which is recognised on a net basis as the services are rendered.

Disaggregation of revenues

For the years ended 31 December (CHF in thousands)	2024	2023
Insurance	**23,492**	23,824
Credit cards	**91,649**	89,247
Total	**115,141**	**113,071**

The table above differs from note 26. Commission and fee income as it includes only contracts with customers that are in scope of ASC Topic 606 – Revenue from Contracts with Customers.

19. Income tax expense

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

For the years ended 31 December (CHF in thousands)	2024	2023
Current tax expense	**42,202**	37,592
Deferred tax expense/(benefit) from temporary differences	**–818**	548
Income tax expense	**41,384**	**38,140**

Deferred income tax balances reflect the net tax effects of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the carrying amounts for income tax purposes.

Under Swiss law, a resident company is subject to income tax at the federal, cantonal and communal levels. The federal statutory tax rate is 8.5%. The cantonal and communal corporation tax rates vary. The Group's effective tax rates were approximately 20% and 19% for the years ended 31 December 2024 and 2023, respectively.

Principal components of the Group's deferred tax assets and liabilities are as follows:

At 31 December (CHF in thousands)	2024	2023
Assets		
Operating lease - lease liability	**2,053**	3,097
Loss carried forward	**–**	96
Other	**1,957**	1,489
Total deferred tax assets	**4,009**	**4,682**
Liabilities		
Deferred loan origination fees and costs	**–428**	–738
Intangibles	**–2,605**	–4,945
Pension plans	**–3,880**	–5,958
Operating lease - right-of-use assets	**–2,053**	–3,097
Other	**–453**	–305
Total deferred tax liabilities	**–9,419**	**–15,044**
Net deferred tax assets/(liabilities)	**–5,410**	**–10,362**

Management believes that the realisation of the recognised deferred tax assets is more likely than not, based on expectations regarding future taxable income. In assessing the realisability of deferred tax assets, the management considers whether it is more likely than not that a portion or all of the deferred tax assets will not be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Group will realise the benefits of these deductible differences. The amount of the deferred tax assets is considered realisable, however, it could be reduced in the near term if estimates of future taxable income during the carry-forward period are significantly reduced.

The Group has no unrecognised tax benefits. Management believes that there are no uncertain tax positions that would require a reserve.

20. Commitments and guarantees

The Group's guarantees are provided in the ordinary course of business and are underwritten by considering the economic, liquidity and credit risk of the counterparty.

Swiss banking law and the deposit insurance system require Swiss banks and securities dealers to jointly guarantee an amount of up to CHF 6 billion for privileged client deposits in the event that a Swiss bank or securities dealer becomes insolvent. Upon occurrence of a payout event triggered by a specified restriction of business imposed by FINMA or by the compulsory liquidation of another deposit-taking bank, the Group's contribution will be calculated based on its share of privileged deposits in proportion to total privileged deposits. Based on FINMA's estimate, the Group's share in the deposit insurance guarantee programme was TCHF 11,304 and TCHF 8,307 as at 31 December 2024 and 2023, respectively. The Group pledged in favour to esisuisse half of the required contribution obligation. The deposit insurance is a guarantee and exposes the Group to additional risk. As at 31 December 2024, the Group considers the probability of a material loss from this obligation to be remote.

The Bank has issued a comfort letter (guarantee) towards Swisscom Directories AG as part of a factoring agreement between the subsidiary CembraPay AG (previously Swissbilling SA, merged in May 2024) and Swisscom Directories AG. The guarantee covers the net financial obligations of CembraPay AG to Swisscom Directories AG up to a maximum amount of TCHF 35,000, in the event CembraPay AG is not able to meet its financial obligations. The commitment is irrevocable until all net financial obligations have been settled with Swisscom Directories AG. Exposure as at 31 December 2024 amounts to TCHF 34,096 and management assesses that the probability of payout is remote.

CembraPay AG issues payment guarantees towards merchants for cases in which the customers will not meet their financial obligations towards them, through a variety of payment guarantee products. These payment guarantees cover the off-balance sheet exposure that represents the outstanding balance to the merchants prior to the guarantee execution timeline (on-balance sheet exposure). The commitment is irrevocable, the exposure as at 31 December 2024 amounts to TCHF 3,333 and management assesses that the probability of payout is remote.

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

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

21. Financial instruments

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

The table excludes finance leases and non-financial assets and liabilities and convertible bonds. For the most part, the assets and liabilities discussed below are considered to be Level 3.

	2024		2023	
At 31 December (CHF in thousands)	**Carrying amount net**	**Estimated fair value**	Carrying amount net	Estimated fair value
Assets				
Loans	**3,526,633**	**3,652,373**	3,671,429	3,771,498
Liabilities				
Deposits	**–3,524,299**	**–3,597,616**	–3,497,133	–3,504,425
Borrowings	**–2,650,028**	**–2,731,813**	–2,848,487	–2,817,015

Fair values are estimated as follows:

Loans
Fair value calculation is based on a discounted future cash flows methodology, using current market interest rate data adjusted for inherent credit risk or quoted market prices and recent transactions, if available.

Deposits and borrowings
If no market quotes are available, the fair value calculation is based on a discounted future cash flows methodology, using current effective interest rate data or current market interest rate data that is available to the Group for similar financial instruments.

Asset and liabilities that are reflected in the accompanying financial statements at a carrying value deemed to represent fair value are not included in the above disclosures; such items include cash and cash equivalents, investment securities, other assets, accrued expense and other liabilities.

Pension fund
Refer to note 14. Pension plans for further details on pension funds.

22. Variable interest entities

The Group primarily uses variable interest entities ("VIEs") to securitise auto lease financing receivables. The financing receivables are originated by the Bank in the ordinary course of business and transferred to the VIEs. The financing receivables in the VIEs have similar risks characteristics to the auto leases and loans pool not included in VIEs. Consequently, aligned to CECL standard, current expected credit losses are calculated at pool level without further segmentation based on the VIEs' inclusion.

In May 2023, the Group launched its seventh securitisation transaction (Swiss Auto Lease 2023-1 GmbH) and issued a floating rate senior loan of TCHF 275,000 with a coupon of 2.5825% per annum and an optional redemption date of three years from the date of issuance. For details, please refer to note 12. Short-term and long-term debt and to note 13. Derivatives and hedge instruments. In March 2020, the Group launched its sixth securitisation transaction (Swiss Auto Lease 2020-1 GmbH) and issued fixed rate senior notes of TCHF 250,000 with a coupon of 0.00% per annum and an optional redemption date of four years from the date of issuance (fully repaid in March 2024).

Third-party holders of the debt issued by the VIEs only have recourse to the financing receivables owned by the VIEs and not to the Bank's general financing receivables. Contractually, the cash flows from these financing receivables must first be used to pay third-party debt holders and other expenses of the VIEs. Excess cash flows are available to the Bank.

The Bank is the servicer of the VIEs and holds the subordinated interests issued by the VIEs. The Bank is considered primary beneficiary of the VIEs as it has both the power to direct the activities that most significantly impact the VIEs' economic performance and an obligation to absorb losses, or a right to receive benefits from the VIEs. Hence the VIEs are being consolidated.

On 21 July 2017, the Group signed an agreement to refinance a CHF 42 million personal loan portfolio from eny Finance AG, a Swiss online personal loan provider. The deal was structured through a VIE that is fully owned, controlled and consolidated by the Group. The Bank is the co-servicer of the VIE and holds the subordinated interests issued by the VIE that were used to refinance the loan portfolio from eny Finance AG. The Bank is considered the primary beneficiary of the VIE as it has both the power to direct the activities that most significantly impact the VIE's economic performance and an obligation to absorb losses, or a right to receive benefits from the VIE.

The table below summarises the assets and liabilities of the consolidated VIEs described above:

At 31 December (CHF in thousands)	2024	2023
Assets		
Financing receivables, net	**311,494**	588,472
Financing leases	**308,498**	581,615
Loans	**2,996**	6,857
Other assets	**19,018**	32,295
Total assets	**330,512**	**620,767**
Liabilities		
Accrued expenses and other liabilities	**6,783**	5,555
Non-recourse borrowings	**274,767**	524,536
Total liabilities	**281,551**	**530,091**

Revenues from the consolidated VIEs amounted to TCHF 21,469 and TCHF 21,479 for the years ended 31 December 2024 and 2023, respectively. Related expenses consisted primarily of provisions for losses of TCHF 2,352 and TCHF 3,760, general and administrative expenses related to portfolio service costs of TCHF 1,300 and TCHF 1,500 and interest expense of TCHF 7,491 and TCHF 4,712 for the years ended 31 December 2024 and 2023, respectively. These amounts did not include intercompany revenues and costs, principally fees and interest between the Bank and the VIEs, which are eliminated for consolidation purposes.

23. Related-party transactions

The Group had no related-party transactions in 2024 and 2023 outside the normal course of business.

24. Interest income

The details of interest income are shown below:

For the years ended 31 December (CHF in thousands)	2024	2023
Personal loans	**186,182**	171,450
Auto leases and loans	**175,296**	150,802
Credit cards	**109,560**	87,930
Other[1]	**14,692**	11,943
Total	**485,730**	**422,126**

[1] Other includes interest income from cash, investment securities and BNPL

25. Interest expense

The details of interest expense are shown below:

For the years ended 31 December (CHF in thousands)	2024	2023
Interest expense on ABS	**7,541**	4,920
Interest expense on deposits	**55,448**	39,598
Interest expense on debt	**42,262**	30,390
Total	**105,250**	**74,908**

26. Commission and fee income

The details of commission and fee income are shown below:

For the years ended 31 December (CHF in thousands)	2024	2023
Insurance	**23,492**	23,824
Credit cards	**91,649**	89,247
Loans and leases	**15,023**	14,511
BNPL [1]	**39,948**	39,363
Other	**– 137**	1,524
Total	**169,975**	**168,468**

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

27. General and administrative expenses

The details of general and administrative expenses are shown below:

For the years ended 31 December (CHF in thousands)	2024	2023
Professional services	**24,642**	20,825
Marketing [1]	**9,950**	11,685
Collection fees	**15,633**	15,029
Postage and stationery	**10,352**	10,165
Rental expense under operating leases	**5,838**	6,156
Information technology	**50,380**	50,622
Depreciation and amortisation	**26,825**	27,496
Other	**– 13,905**	– 16,342
Total	**129,714**	**125,636**

[1] Marketing includes advertising costs, which are expensed as incurred

28. Restructuring costs

In 2024 Cembra announced a restructuring plan with the objective of enhancing operational efficiency and optimising cost structure. This will be achieved through using internal capabilities and by outsourcing of certain services. The restructuring plan includes restructuring activities such as headcount reductions. The total programme costs were originally estimated to TCHF 3,000 to TCHF 5,000. As of 31 December 2024 the Group incurred TCHF 3,169 of the costs related to the restructuring programme.

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

	Employee severance costs by segment		Cumulative costs
For the years ended 31 December (CHF in thousands)	**2024**	2023	**incurred up to 2024**
Lending	**1,987**	–	**1,987**
Payments	**1,182**	–	**1,182**
Total	**3,169**	–	**3,169**

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

Liabilities associated with the restructuring programme are included in accrued expenses and other payables. The following table shows the activity from the beginning of the program to 31 December 2024:

CHF in thousands	Employee severance costs
Beginning balance at 1 January 2024	**–**
Restructuring charges	**2,664**
Cash payments/settlements	**–981**
Ending balance at 30 June 2024	**1,683**
Restructuring charges	**505**
Cash payments/settlements	**–1,191**
Ending balance at 31 December 2024	**997**

29. Share-based compensation

The Group had two share-based compensation plans and one share-matching plan.

The one-time Long-Term Incentive Plan was set up for employees below the Management Board level. Under the one-time long-term incentive plan, employees invited to participate received a fixed number of RSUs free of charge. The RSUs were granted on 29 April 2022 and shall vest on 30 April 2025 (the vesting date) provided that neither termination of employment nor any forfeiture events have occurred in relation to the participant on or before the vesting date. On the vesting date, vested RSUs shall automatically convert into company shares that shall be assigned to the participant with all right attached to them as per the vesting date.

The total number of Restricted Share Units granted under this plan was 18,743 based on a share price of CHF 69.65 at the grant date. The fair value used was calculated as the closing price before the grant date. RSUs issued under this plan will be settled out of shares acquired by the Group for such purpose.

The following table summarises RSUs outstanding as at 31 December 2024 and 2023, respectively:

	2024		2023	
	Number of RSUs	**Weighted average grant date fair value (CHF)**	Number of RSUs	Weighted average grant date fair value (CHF)
RSUs outstanding at 1 January	**17,595**	**1,229,186**	18,832	1,315,714
Granted	–	–	–	–
Vested	–	–	–	–
Forfeited	**– 1,084**	**– 75,826**	– 1,237	– 86,528
RSUs outstanding at 31 December	**16,511**	**1,153,360**	17,595	1,229,186
RSUs expected to vest	**16,511**	**1,153,360**	**17,595**	**1,229,186**

The total recognised share-based compensation costs was TCHF 347 and TCHF 396 for the years ended 31 December 2024 and 2023, respectively. The remaining unrecognised cost of TCHF 141 as of 31 December 2024 is expected to be recognised over a weighted-average period of 5 months.

The Executive Variable Compensation Plan ("EVCP") was set up for the senior management team in 2013. In 2016, the EVCP plan was adapted, and since the performance year 2016 the senior management team receives under the long-term incentive programme (LTI), which is one part of the EVCP, a part of their variable compensation in performance share units.

The PSUs vest after a three-year period depending on the achievement of performance conditions, which include relative total shareholder return ("TSR") and cumulative fully diluted earnings per share. The actual LTI bonus of each participant is determined in the first quarter after each performance year in a range of 75% to 125% of the target LTI bonus based on a look-back assessment in a guided discretion by the Board of Directors. The actual LTI bonus is granted in PSUs. The first grant took place in March 2017. For details regarding the plan, please refer to the Compensation Report on page 109 of the Annual Report 2024.

Under the Group’s share-matching plan, Management Board, including the CEO, may elect to receive a portion of up to 40% of the annual cash bonus in form of company shares. These shares are matched at a 1:1 ratio at grant date and blocked for a period of five years.

	2024		2023	
	Number of PSUs	**Weighted average grant date fair value (CHF)**	Number of PSUs	Weighted average grant date fair value (CHF)
PSUs outstanding at 1 January	**14,277**	**1,054,749**	8,385	658,394
Granted	**19,539**	**1,279,727**	8,467	650,253
Vested	**– 1,287**	**– 124,621**	– 2,025	– 213,293
Forfeited	**– 1,844**	**– 121,679**	– 550	– 40,605
PSUs outstanding at 31 December	**30,685**	**2,088,176**	14,277	1,054,749
PSUs expected to vest	**32,416**	**2,151,559**	**10,303**	**716,070**

The fair value of a PSU was calculated as the arithmetic average of the daily volume weighted average price (VWAP) of a Bank's share during the 60 trading days ending on the last trading day (inclusive) before the grant date, risk-adjusted for the performance condition. A PSU was calculated at CHF 65.50 and CHF 76.80 at the grant date of 1 February 2024 and 2023, respectively, and one PSU was equal to one ordinary share of the Bank.

At 31 December 2024, the weighted-average conversion ratio of one PSU was 106% based on performance conditions. The total recognised chare-based compensation costs, including those related to shares issued as part of the share-matching plan, was TCHF 1,096 and TCHF 199 for the years ended 31 December 2024 and 2023, respectively. The remaining unrecognised cost of TCHF 1,092 as of 31 December 2024 is expected to be recognised over a weighted-average period of 24 months.

30. Supplemental cash flow information

Certain supplemental information related to cash flows is shown below:

For the years ended 31 December (CHF in thousands)	**2024**	2023
Increase in loans to customers	**– 1,601,823**	– 1,927,780
Principal collections from customers – loans	**1,693,317**	1,898,352
Investment in equipment for financing leases	**– 1,522,652**	– 1,596,787
Principal collections from customers – financing leases	**1,430,258**	1,424,027
Net change in credit card and BNPL receivables	**– 17,190**	– 21,762
Net change in financing receivables	**– 18,090**	**– 223,950**

31. Off-balance sheet arrangements

At 31 December 2024 and 2023 the Group was party to the following off-balance sheet financial instruments. The balances represent the Group's maximum contractual exposure to credit risk resulting from off-balance sheet arrangements:

At 31 December (CHF in thousands)	**2024**	2023
Ordinary course of business lending commitments	**141,453**	139,299
Unused revolving loan facilities	**48,656**	58,565
Unused credit card facilities	**3,540,786**	3,664,024

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of conditions established in the contract. Commitments generally have fixed expiration dates or other termination clauses. Loan commitments are most often uncollateralised and may be drawn up to the total amounts to which the Group is committed. Total commitment amounts do not necessarily represent future cash requirements as the lines of credit may expire or be terminated without being fully drawn upon. No additional allowance for losses was deemed necessary for these unused commitments since the Group can terminate the lines of credit at any time unilaterally.

Allowance for credit losses on the irrevocable off-balance sheet credit exposures is provided through the credit loss provision, but recorded as a separate liability included in other liabilities. For further details please refer to note 15. Other liabilities.

32. Subsequent events

The Group has evaluated subsequent events from the financial position date through 19 February 2025, the date at which the financial statements were available to be issued. There were no subsequent events at that date.

33. Significant differences between US GAAP and statutory accounting rules for banks

The Group's consolidated financial statements have been prepared in accordance with US GAAP.

FINMA requires Swiss-domiciled banks which present their financial statements under either US GAAP or International Financial Reporting Standards (IFRS) to provide a narrative explanation of the material differences between accounting rules for banks and its primary accounting standard. The principal provisions of the Swiss Act on Banks and Savings Banks (Banking Act), Swiss Ordinance on Banks and Savings Banks (Banking Ordinance), the Swiss Financial Market Supervisory Authority's Accounting Ordinance (FINMA Accounting Ordinance) and the FINMA circular 2020/1, "Accounting – Banks", governing the accounting rules for banks ("Swiss GAAP") differ in certain aspects from US GAAP. For details on the Group's accounting policies please refer to "Note 1. Basis of presentation and summary of significant accounting policies". The following are the material differences:

Goodwill amortisation
Under US GAAP, goodwill is not amortised but must be tested for impairment annually or more frequently if an event or change in circumstances indicates that the goodwill may be impaired. Under Swiss GAAP, goodwill is amortised over its useful life, generally not exceeding five years, except for justified cases where a maximum useful life of up to ten years is acceptable. In addition, goodwill is tested at least annually for impairment.

Share based payments
The Swiss accounting rules for banks allow the same accounting treatment for share-based payments as US GAAP with the following exceptions: The expenses for share-based payments are recognised in the income statement with a corresponding entry in accrued expenses and deferred income, instead of additional paid in capital in equity.

Operating leases for lessee
Under US GAAP, at commencement of an operating lease, the lessee recognises a lease liability for future lease payments and a right-of-use asset which reflects the future benefits from the lease contract. The initial lease liability equals the present value of the future lease payments; amounts paid upfront are not included. The right-of-use asset equals the sum of the initial lease liability, initial direct costs and prepaid lease payments, with lease incentives received deducted. Operating lease costs, which include amortisation and an interest component, are recognised over the remaining lease term on a straight-line basis. If the reporting entity permanently vacates premises and sub-leases a leased asset to another party at a loss, an impairment is recognised on the right-of-use asset. The impairment is determined as the difference between the carrying value of the right-of-use asset and the present value of the expected sub-lease income over the sub-lease term. Under Swiss GAAP, at commencement of an operating lease, no right-of-use assets and lease liabilities are recognised on the balance sheet of the lessee. For the calculation of the periodic lease expenses, initial direct costs, lease incentives and prepaid lease payments are considered, and the total cost of a lease contract is expensed on a straight-line basis over the lease term.

Available-for-sale debt securities
Under US GAAP, available-for-sale debt securities are valued at fair value. Unrealised gains and losses due to fluctuations in fair value (including foreign exchange) are not recorded in the consolidated statements of operations but included net of tax in AOCI, which is part of total shareholders' equity. Credit-related impairments may have to be recognised in the consolidated statements of operations if the fair value of an individual debt security decreases below its amortised cost basis due to credit-related factors. Under Swiss GAAP, available-for-sale securities are accounted for at the lower of amortised cost or market with valuation reductions and recoveries due to market fluctuations recorded in other ordinary expenses and income, respectively. Foreign exchange gains and losses are recognised in net income/(loss) from trading activities and fair value option.

Derivative financial instruments used for cash flow hedging
Under US GAAP, the change in the fair value of a designated derivative of a cash flow hedge is reported in AOCI. Under Swiss GAAP, the change in the fair value of a designated derivative of a cash flow hedge is recorded in the compensation account included in other assets or other liabilities.

Deferred taxes
The Swiss accounting rules for banks generally do not recognize deferred tax in reliable assessment statutory financial statements. The Bank does not recognize any deferred taxes for its individual financial statements in accordance with the Swiss accounting rules for banks.

Debt issuance costs
Under US GAAP, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt. Under Swiss GAAP, debt issuance costs are reported as a balance sheet asset in accrued income and prepaid expenses.

Loan origination fees and costs
US GAAP requires the deferral of fees received upfront and direct costs incurred in connection with the origination of loans not held under the fair value option. Under Swiss GAAP, only upfront payments or fees that are considered interest-related components are deferred (e.g., premiums and discounts). Loan origination costs are deferred and reported under accrued income and prepaid expenses. Fees received from the borrower are deferred and reported under accrued expenses and deferred income.

Extraordinary income and expenses
Unlike US GAAP, Swiss GAAP does report certain expenses or revenues as extraordinary if the recorded income or expense is non-operating and non-recurring.

KPMG

Report of the Statutory Auditor to the General Meeting of

Cembra Money Bank AG, Zurich

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cembra Money Bank AG (and its subsidiaries) (the Group), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 141 to 193) present fairly, in all material respects, the financial position of the Group as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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 Consolidated Financial Statements" section of our report. We are independent of the Group, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit, which include relevant ethical requirements in the United States of America, with the provisions of Swiss law and the requirements of the Swiss audit profession.

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

Key Audit Matters

Valuation of allowance for losses on financing receivables

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of allowance for losses on financing receivables

Key Audit Matter

As per December 31, 2024 gross financing receivables (smaller-balance, homogenous loans, including primarily credit card receivables, personal loans as well as auto leases and loans) amount to CHF 6,783.2 million (representing 85.3% of total assets). At the same time, the Group has recorded an allowance for losses on financing receivables of CHF 158.5 million.

On January 1, 2023, the Group has adopted an approach to determine allowances and provisions for expected credit losses based on the CECL methodology in accordance with ASC 326 "Financial Instruments – Credit Losses".

The valuation of collective allowance for expected credit losses on financing receivables relies on the application of significant management judgment in determining the methodology and parameters in calculating the allowance. The Group uses various modelling techniques and assumptions, which are based on credit loss experience and historical delinquency data as well as current and future trends, conditions and macroeconomic factors.

In particular, the valuation of the collective allowance for losses on financing receivables is based on significant estimates, such as future client payment behavior, which is subject to management judgment. These judgments require specific knowledge of developments in the Group's financing receivables portfolio as well as relevant competencies in determining allowances.

Our response

We assessed and tested the design and operating effectiveness of the key controls with respect to the valuation of the allowance for losses on financing receivables. This included controls over the calculation, approval, recording and monitoring of allowances for expected credit losses. Our testing also comprised controls over reserving model approval, validation and approval of key data inputs as well as qualitative considerations for potential impairment that were not captured by management's models.

For a selected sample of allowances for losses on financing receivables calculated on a collective basis, we developed our independent expectation, by calculating the respective coverage rates and allowance for losses balance. Furthermore, we evaluated the reasonableness of the inputs to those models, such as delinquency and payment behavior, by comparing data and assumptions made to historical accuracy of estimates.

With the involvement of our Financial Risk Management specialists, we assessed the appropriateness and reasonableness of models, inputs, implementation, use and documentation of the expected credit loss methodology and challenged the underlying assumptions.

For further information on Valuation of allowance for losses on financing receivables refer to the following:

– Note 1 (Basis of presentation and summary of significant accounting policies, Allowance for losses)

– Note 5 (Financing receivables and allowance for losses)

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles and the provisions of Swiss law, and for the design, implementation, and maintenance of internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued; to disclose, as applicable, matters related to going concern; and to use the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment or economic decisions made by a reasonable user based on these consolidated financial statements.

In performing an audit in accordance with GAAS, Swiss law, and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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 Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit of the Group. We remain solely responsible for our audit opinion.

We are required to communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters, including any significant deficiencies, that we identified during the 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 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information in the Annual Report

The Board of Directors is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report, the sustainability report, and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Philipp Gämperle Licensed Audit Expert Auditor in Charge	André Schuler Licensed Audit Expert

Zurich, February 19, 2025

Individual Financial Statements

Balance sheet

At 31 December (CHF in thousands)	Notes	2024	2023
Assets			
Liquid assets		**774,278**	909,778
Amounts due from banks		**2,168**	2,766
Amounts due from customers	7.1	**6,244,447**	6,057,452
Financial investments	7.2	**188,414**	98,056
Accrued income and prepaid expenses		**87,785**	90,584
Participations		**64,393**	64,593
Tangible fixed assets		**29,483**	32,238
Intangible assets	7.3	**32,199**	64,515
Other assets	7.4	**31,564**	36,304
Total assets		**7,454,731**	**7,356,286**
Total subordinated claims		**51,172**	136,709
Liabilities			
Amounts due to banks		**10,000**	53,000
Amounts due in respect of customer deposits		**1,314,592**	1,564,891
Cash bonds		**2,214,711**	1,895,966
Bond issues and central mortgage institution loans		**2,629,671**	2,579,552
Accrued expenses and deferred income		**106,909**	77,586
Other liabilities	7.4	**34,052**	61,000
Provisions	7.7	**4,844**	3,902
Bank's capital	7.8	**30,000**	30,000
Statutory capital reserves		**171**	171
of which reserve from tax-free capital contribution		**171**	171
Statutory retained earnings reserves		**15,000**	15,000
Voluntary retained earnings reserves		**994,916**	992,916
Own shares	7.12	**–38,675**	–37,380
Profit carried forward		**288**	470
Profit (result of the period)		**138,253**	119,212
Total liabilities		**7,454,731**	**7,356,286**
Total subordinated liabilities		**150,000**	150,000
Off-balance sheet arrangements			
Contingent liabilities	7.1	**34,096**	27,986
Irrevocable commitments	7.1	**152,758**	147,606

Income statement

For the years ended 31 December (CHF in thousands)	Notes	2024	2023
Result from interest operations			
Interest and discount income	8.1	**522,641**	462,999
Interest and dividend income from financial investments		**1,549**	1,558
Interest expense	8.1	**– 97,760**	– 70,195
Gross result from interest operations		**426,431**	**394,361**
Changes in value adjustments for default risks and losses from interest operations		**– 55,453**	– 38,053
Subtotal net result from interest operations		**370,978**	**356,307**
Result from commission business and services			
Commission income from other services		**160,286**	158,136
Commission expense		**– 82,972**	– 92,424
Subtotal result from commission business and services		**77,314**	**65,712**
Other result from ordinary activities			
Income from participations		**350**	72
Other ordinary income		**462**	1,403
Subtotal other result from ordinary activities		**812**	**1,475**
Operating expenses			
Personnel expenses	8.2	**– 133,024**	– 136,889
General and administrative expenses	8.3	**– 89,012**	– 83,917
Subtotal operating expenses		**– 222,036**	**– 220,805**
Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets		**– 45,920**	– 46,198
Changes to provisions and other value adjustments, and losses		**371**	–
Operating result		**181,519**	**156,491**
Extraordinary income	8.4	**4**	856
Taxes	8.5	**– 43,269**	– 38,135
Profit (result of the period)		**138,253**	**119,212**

Appropriation of profit

For the years ended 31 December (CHF in thousands)	2024	2023
Profit	138,253	119,212
Profit carried forward	288	470
Reclassification from voluntary retained earnings reserves	–	–
Distributable profit	**138,541**	**119,682**

Appropriation of profit		
Allocations to voluntary retained earnings reserves	– 13,000	– 2,000
Dividends declared	– 124,605	– 117,339
of which distributed from voluntary retained earnings reserves	–	–
New profit carried forward	**936**	**343**

Statement of changes in equity

CHF in thousands	Bank's capital	Statutory capital reserves	Statutory retained earnings reserves	Voluntary retained earnings reserves and profit carried forward	Own Shares	Result of the period	**Total**
Equity at 1 January 2024	**30,000**	**171**	**15,000**	**993,386**	**– 37,380**	**119,212**	**1,120,389**
Appropriation of profit 2023							
Allocation to legal reserves	–	–	–	–	–	–	**–**
Allocation to voluntary reserves	–	–	–	119,394	–	– 119,394	**–**
Dividends	–	–	–	– 117,394	–	–	**– 117,394**
Net change in profit carried forward	–	–	–	– 182	–	182	**–**
Change of own shares	–	–	–	–	– 1,295	–	**– 1,295**
Other	–	–	–	–	–	–	**–**
Profit (result of the period)	–	–	–	–	–	138,253	**138,253**
Equity at 31 December 2024	**30,000**	**171**	**15,000**	**995,203**	**– 38,675**	**138,253**	**1,139,952**

Notes to the individual financial statements

1. The company, legal form and domicile of the Bank

Cembra Money Bank AG (the "Bank") is a public company under the Swiss law. The Bank is headquartered in Zurich and operates across Switzerland through a network of branches, online distribution, as well as credit card partners, independent intermediaries and car dealers.

2. Accounting and valuation principles

General principles

Accounting and valuation principles for the statutory individual financial statements are based on the Swiss Code of Obligations, the Banking Law, its relevant regulation and the Circular 20/1 of the Swiss Financial Market Supervisory Authority FINMA. The individual financial statements with reliable assessment describe the economic situation of the Bank in the way that enables third parties to make a reliable opinion. The individual financial statements can contain hidden reserves.

The numbers published in the notes are rounded in thousands of Swiss francs, therefore rounding differences can occur.

General valuation principles

The financial statements are prepared under the going concern assumption. Assets result from past business transactions or events. They are tangible or intangible assets under the control of the Bank, from which the Bank is likely to benefit or future cash inflow is probable. Asset values must be determined in a reliable manner. Assets for which sufficient and reliable estimates are not possible are considered contingent.

Liabilities result from past business transactions or events where future cash outflow is probable (e.g. due to the purchase of goods or services, liabilities resulting from the provision of guarantees, or liability claims for services rendered). The amount required to meet the liability (settlement value) must be determined or estimated reliably. Where this is not possible, liabilities are considered as contingent liabilities.

The balance sheet line items are valued on an individual basis for participations, tangible fixed assets and intangible assets.

Offsetting of assets and liabilities as well as income and expense is generally not permitted. The exceptions are made for: offsetting value adjustments that are directly attributable to individual assets against the respective assets; for receivables and payables as long as they are related to similar transactions with the same counterparty, in the same currency and the same or earlier maturity of the receivables that do not result in counterparty risk.

Liquid assets
Liquid assets are recorded at nominal value.

Amounts due from banks
Amounts due from banks are recorded at nominal value less value adjustments.

Amounts due from customers
Amounts due from customers consist of financing receivables. The current expected credit loss ("CECL") requirements in accordance with US GAAP as allowed under the statutory accounting rules for banks apply to all financial assets and off-balance sheet exposures measured at amortised cost or nominal value less allowance for credit losses.

The methodology to calculate expected losses takes into account historical and current information, as well as future conditions that are expected to materialise over the lifetime of a financial asset.

The allowance for losses on financing receivables represents the Bank's current estimate of lifetime credit losses inherent in the portfolio.

The Bank's loan portfolio consists of smaller-balance, homogenous pools of loans, including mainly credit card receivables, personal loans as well as auto leases and loans. Each portfolio is evaluated for impairment at least on a quarterly basis. For the purpose of measuring current expected credit losses, the Bank defines pools of financing receivables that share similar risk characteristics, such as borrower creditworthiness, underwriting standards, spending habits, responses to distinct market changes and evaluates the expected credit losses at pool level. The segments of financing receivables that do not share risk characteristics similar to the main pools are subject to individual assessment, though they represent only a marginal portion of the total financing receivables. The Bank regularly reviews the segmentation underlying allowances for losses calculation to ensure that all financing receivables within each pool continue to share similar risk characteristics.

When estimating expected losses for outstanding balances, all available quantitative and qualitative information, including internal and external data related to past events, current conditions, and reasonable and supportable forecasts, is considered to assess collectability.

Historical and current information
Expected credit loss estimates involve modelling loss projections, which are based on historical loss performance observed over a long period for each pool of financing receivables.

The Bank uses portfolio vintage analysis to quantify the portion of assets on which losses were incurred over the contractual lifetime. For closed-end-loans, the lifetime horizon is derived from historical data by observing the point after which no further material losses are expected. For the credit cards portfolio, where the contractual termination is not defined, different factors such as the average balance of a credit card and the monthly payment obligations are taken into account to determine the lifetime.

For each pool of financing receivables the likelihood of an exposure to become uncollectable is estimated (probability of being written-off). Lifetime recoveries cash flows are as well estimated based on historical data and discounted by the effective interest rate. For both probability of becoming uncollectable and loss given default, vintages for a long time series are considered in the modelling approach. The vintage approach by construction takes already into account information on prepayment behaviour, which is deemed to be stable over time.

Forward-looking adjustment
The Bank includes in the estimates of expected credit losses future expectations, which are based on reasonable and supportable forecasts. The methodology applied includes the estimate based on the expected development of unemployment rate in Switzerland, which is assumed to be the base case scenario. Two additional scenarios, optimistic and adverse, are derived from the base case in order to include in the estimates the uncertainty around macroeconomic environment evolution. The baseline scenario is weighted at 50%, the pessimistic at 30% and the optimistic at 20%. The definition of the likelihood of each scenario to materialise is within the management's responsibility, with the base case being the scenario that is in principle deemed as the most likely to materialise.

The Bank will consider and may qualitatively adjust for conditions, changes and trends in loan portfolios that are not already captured in the modelled results. Such adjustments are based on management's judgment and may involve an assessment of current and forward-looking expectations, changes in underwriting policies and processes, changes in the portfolio characteristics, as well as uncertainty related to the macroeconomic environment.

The Bank evaluate customer's payment behaviour through a behavioural scorecard that implies the segmentation of financial receivables by credit grading. This information serves as an input in the allowances for losses calculation and aims to capture any portfolio quality changes in the current expected credit losses estimates.

The assumptions underlying the methodology for the estimate of current expected credit losses are updated periodically to reflect current conditions, performance of the methodology used, and are subject to the Bank's governance and controls.

The allowance for credit losses is deducted from the amortised cost base or nominal value, respectively, of the financial asset. Changes in the allowance for credit losses are recorded in the income statement position “Change in value adjustments for default risks from interest operations”, or, if related to provisions for off-balance sheet credit exposures, in ”Changes to provisions and other value adjustments, and losses”. Changes in value adjustments for default risks and losses from interest operations is the expense related to maintaining the allowance for losses at an appropriate level to absorb the estimated probable future losses on financing receivables as at each period end date. The release of allowance is recorded through the Income Statement position “Change in value adjustments for default risks from interest operations”.

Nonaccrual financing receivables are those on which the Bank has stopped accruing interest.

Delinquent receivables are those that are 30 days or more past due based on their contractual terms.

Significant changes in write-off policies or estimates from prior periods
In the current reporting year, management observed an increased demand for longer contractual durations also as a result of a slightly more adverse macro environment with stretched cost-of-living in exposed customer segments. As a result, collection activities and the recognition of a contract as uncollectible are delayed over time. Despite these challenges, historical data demonstrates consistently high recovery rates throughout economic cycles, confirming the continued effectiveness of the enforcement process in ensuring collectability, albeit with potential delays during downturns. Taking into account this through-the-cycle view of recovery performance and recognising shifts within individual portfolios, management has determined that the previous write-off date did not allow sufficient time to fully assess the collectability of loans that were experiencing payment delays. To allow for write-off events, that indicate uncollectability, to materialise prior to the timing write-off and ensure alignment with the dynamics and timelines of the collection process, the Group has revised the write-off period for personal loans and credit card receivables.

Effective starting with the last quarter of 2024, the write-off period has been extended to 360 days past due for personal loans and credit cards, up from the previous write-off periods of 120 days for contracts with terms of 60 months or less, and 180 days for contracts with terms greater than 60 months and credit cards.

This synchronisation of write-off and collection processes is considered a change in accounting estimate as per ASC Topic 250, where changes are made prospectively. The change in estimate led to a decrease of write-off amounts of TCHF 15,228 and to an increase of allowances for losses of TCHF 8,510 compared with prior year. As a consequence of the decrease in written off amounts, the financing receivables 30 and 90 days past due have increased by the same amount in 2024. The net impact on income before tax was TCHF 6,718.

Write-offs and recoveries
The Bank ensures that at each reporting date all accounts meeting the relevant criteria have been written off. The Bank regularly reviews the appropriateness of its write-off criteria to ensure that the accounting treatments reflect the risk profiles and collectability of its asset portfolio. The Bank maintains a list of events which classify a loan as uncollectible. In addition to the event-driven uncollectability recognition, the Bank establishes specific timelines to write off a loan based on the days the loan became past due (timely write-off criteria).

For personal loans the Bank writes off a loan after the account reaches 360 days contractually past due. Previously, the timing was set at 120 days past due for personal loans with term duration less than 60 months and at 180 days past due for unsecured loans with term duration greater or equal than 60 months.

For credit cards, the Bank writes off the account on the date the account becomes 360 days contractually past due. Previously, the timing was set at 180 days contractually past due.

Auto consumer loans and leases are written off after such contracts become 120 days past due. Commercial leases are written off at 180 days contractually past due. Any extension of the write-off date beyond 180 days would not materially change the financial position of the Bank, as the repossession and liquidation of the leased asset event occurs long before 360 days past due.

Unsecured consumer loans in bankruptcy are written off within 60 days of notification of filing by the bankruptcy court or within the defined write-off periods, whichever occurs earlier.

Recoveries are defined as any cash collected after a loan or lease has been written off. Recoveries include the receipt of principal, interest, fees and proceeds from realisation of collateral, debt sales and claims against insurance policies.

Write-offs are deducted from the allowance for credit losses when the Bank judges the principal to be uncollectable and subsequent recoveries are added to the allowance for credit losses on a written-off account at the time cash is received or when an asset has been repossessed, the estimated remarketing gain may be booked as recovery.

Delinquent receivables are classified as regular when outstanding instalments and interest are paid in a timely manner according to contractual terms and when further credit worthiness criteria are fulfilled as well.

Amounts due to banks, amounts due to customers in savings and deposit accounts
These items are recorded at nominal value.

Financial investments
Financial assets comprise debt securities and vehicles that have been acquired as a result of credit transactions and are designated for resale. Financial investments valued according to the principle of the lower of cost or market value: an upwards revaluation to the acquisition cost at maximum is required where the market value has fallen below the acquisition cost and then recovers. The balance of adjustments in the book value is to be recorded under the position "Other ordinary income" or "Other ordinary expenses", as applicable.

Debt securities held to maturity are valued at acquisition cost with premium or discount amortised to maturity under the accrual method. Value adjustments for default risks are recorded in the Income Statement position "Change in value adjustments for default risks from interest operations".

Debt securities without intent to hold to maturity are valued according to the principle of lower of cost or market value. Value adjustments from subsequent measurement are recorded in the income statement under the position "Other ordinary income" or "Other ordinary expenses", as applicable. Value adjustments for default risks are recorded in the Income Statement under position "Change in value adjustments for default risks and losses from interest operations".

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

Participations
Participations are equity securities owned by the Bank in undertakings, where those securities are held with the intention of a permanent investment irrespective of the percentage of voting shares held. Participations are valued individually at acquisition cost less economically necessary value adjustments. At every balance sheet date, participations are tested for impairment. This test results from indicators that individual assets may be impaired. In such case realisable value of the asset is determined, which is the higher of net market value and utility value. An asset is impaired if the book value is higher than realisable value. In case of impairment, the book value is written down to realisable value, and the impairment charge is recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets".

Tangible fixed assets
Investments in tangible fixed assets are capitalised when they are used for more than one accounting period and exceed a threshold of CHF 3,000. Tangible fixed assets are recorded at acquisition cost less accumulated depreciation. Depreciation is recognised on a straight line basis over the useful life of the asset and recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". At every balance sheet date, fixed assets are tested for impairment or if events or changes in circumstances happen which indicate that these individual assets may be impaired. In such case, realisable value of the asset is determined, which is the higher of net market value and value in use. An asset is impaired if the book value is higher than the realisable value. In case of an impairment, the book value is reduced to the realisable value, and the value adjustment is recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The estimated useful life of the fixed asset categories is as follows:

Leasehold improvements	5–10 years
Office equipment	5–10 years
Hardware	3 years
Software	5 years

Intangible assets
Intangible assets are of a non-monetary nature and without any physical substance. They can be either acquired or generated internally. Intangible assets may also originate from acquisitions of business units and companies. The intangible asset reported consist of goodwill and other intangible assets like customer relationships and trademarks.

Intangible assets are recognised as assets and are valued at no more than the acquisition cost. Amortisation is recognised in accordance with a schedule on a straight line over the useful life of the asset and recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". At every balance sheet date, intangible assets are tested for impairment. In case of an impairment, the book value is reduced to the realisable value, and the value adjustment is recorded in the position "Value adjustments on participations and depreciation and amortisation of tangible fixed assets and intangible assets". The estimated useful life of goodwill, customer relationships and trademarks is five years.

Cloud computing arrangements
Cloud computing arrangements consist of software as a service (SaaS). Implementation costs related to such hosting arrangements that are service contracts are capitalised and amortised on a straight-line basis over the noncancelable term of the cloud computing arrangement plus any optional renewal periods that are reasonably certain to be exercised or for which exercise of the renewal option is controlled by the cloud service provider. Implementation costs associated with cloud computing arrangements are recorded in "Other assets". Amortisation expense is charged to general and administrative expenses, expenses for information and communication technology.

Provisions
Legal and factual obligations are valued on a regular basis. When a value outflow is both probable and can be reasonably measured, a corresponding loss provision is recorded as liability.

Existing provisions are assessed at every balance sheet date. Provisions are recorded in the Income Statement position "Changes in provisions and other impairments and losses". Based on the new assessment, provisions are increased, retained or released. Provisions are released through Income Statement when these are no longer economically necessary and cannot be used to cover for similar exposures.

Taxes
Current taxes are recurring annual income and capital taxes. Transaction-based taxes are not included in current taxes. Liabilities resulting from current income and capital taxes are disclosed under "Accrued expenses". The current income and capital tax expense is disclosed under "Taxes" in the Income Statement.

Off-balance sheet arrangements
Off-balance sheet arrangements are recorded at nominal value. For foreseeable risks, provisions are built in the balance sheet. Expected credit loss inherent in the off-balance sheet irrevocable credit exposures is provided through the credit loss provision, but recorded as a separate liability included in "Provisions".

Own shares
Acquired own shares are recorded initially at cost value on the purchase date under "Own shares" as a negative position in the shareholders' equity. There is no subsequent measurement.

Realised gain from the sale of own shares is recorded under "Statutory retained earnings reserve". The position "Own shares" is reduced for the sale at acquisition cost value.

Pension liability

The employees of the Bank are insured by the pension fund of the Bank. The pension liabilities as well as pension assets to cover these liabilities are held in a legally independent foundation. The organisation, management and financing of the pension plan are done in accordance with applicable regulations, the articles of the foundation as well as the valid pension regulations. The entire pension and post-retirement benefit plans of the Bank are based on a defined contribution principle.

The Bank pays over-mandatory contributions to the Bank's pension fund, which insures personnel against the financial consequences of old age, death and disability. The employer contributions to the pension plans are recorded under "Personnel expenses" of the corresponding reporting period.

The Bank assesses at every balance sheet date if there is an economic benefit or an economic liability against the pension plan. It is based on the contractual agreements and annual reports of the pension fund prepared under FER 26 in Switzerland, as well as other calculations relevant to the assessment of financial situation as well as existing over/underfunding of the plan.

Share-based compensation

The Bank has share-based compensation and share-matching programmes. The Bank accounts for the compensation cost from share-based and share-matching payment transactions according to the fair-value-based method. The compensation cost is measured based on the fair value of the shares at grant date and is recognised over the requisite service period with a corresponding credit to equity. Any differences at settlement are recorded as "Personnel expenses". For details to share-based compensation please refer to the Compensation Report on page 109.

Changes in the accounting and valuation principles as compared to the previous year

Other then the change in write-off policies or estimates described in the section above, there were no other significant changes in the accounting and valuation principles in 2024 compared to previous year.

Recording of transactions

All transactions concluded by the balance sheet date are recorded at trade date in the books and valued according to the valuation principles as described above.

Treatment of overdue interest

Overdue interest and corresponding commissions are not recorded as interest income. As such are considered interest and commissions that are due for more than 90 days, but not paid. From this point of time, the future interest and commissions are no longer recorded as "Interest and discount income" until there is no overdue interest outstanding. Overdue interest is not cancelled retroactively. The interest due from the period up to 90 days (due, unpaid and accrued interest) is written off through the position "Changes in value adjustments for default risks and losses from interest operations".

Foreign currency translation

Transactions in foreign currencies are booked using daily exchange rates. At the balance sheet date, assets and liabilities are translated at closing exchange rates. Foreign currency translation gains and losses are recorded in the Income Statement. As of balance sheet date, the Bank had no significant foreign exchange exposures.

3. Risk management

Risk is broadly defined as the possibility that an uncertain event or outcome results in adverse variations of profitability or in losses. Risks might also negatively impact the strength of the Bank's balance sheet, its market capitalisation or its brand and reputation. In the process of performing its function as a financial intermediary, the Bank is exposed to various categories of risk, such as credit risk, market risk, liquidity risk, operational risk and other risks (such as strategic and business risks, reputational risk and sustainability risk).

Within its risk tolerances and in accordance with its strategic objectives, the Bank takes on and manages risks, and controls and monitors them prudently. The Bank actively, comprehensively and systematically manages risks and promotes a strong risk and control culture across all business areas. The established risk management framework comprises four core elements:

- Identification of risks across all business activities
- Assessment and measurement of risks, including stress testing
- Limitation and mitigation of risks
- Effective controls, monitoring and reporting.

Risk governance structure

The Board of Directors is ultimately responsible for determining the risk strategy and corresponding risk tolerances. It has established an effective internal control system that: (i) ensures that key risks are identified, assessed, managed, controlled and mitigated; (ii) oversees the risk profile to ensure it is correctly monitored and managed; and (iii) ensures that the risk management framework and strategies are correctly implemented.

The Bank has put in place regulations that govern the risk management and control processes to ensure that all key risks are recorded and supervised. These processes are supported by a framework of approved internal regulations, which set out the principles guiding the Bank's attitude to risk and the amount of risk it is willing to take on.

The Bank has set up a risk tolerance framework, which includes integrated risk tolerances and limits to control overall risk taking. It contains a diverse set of quantitative metrics and qualitative statements covering various categories of risk and serves as a decision-making tool for the Management Board. As part of the Group risk policy, it is reviewed at least annually by the Board of Directors and takes into account strategic objectives and business plans. The risk profile is assessed relative to the Bank's risk framework, and risk exposures are monitored relative to risk tolerance limits on a regular basis. Summary reports are reviewed by the Audit and Risk Committee and reported to the Board of Directors.

Four working committees have been set up.

Committee	Risk Category
Credit Committee	Credit Risk
Asset & Liability Committee (ALCO)	Market & liquidity risk, funding and capital management
Risk & Controllership Committee (RCC)	Risk management framework, internal control system, compliance, operational risk management and resilience, including cyber risk, information security, critical data and data privacy, ICT, BCM, other risks
Sustainability Committee	Sustainability, related opportunities and risks, monitoring of environmental, social, and governance (ESG) trends and ratings, climate-related risks

The Bank’s risk and control framework operates along three lines model:

- First Line: business functions are responsible for ensuring that a risk and control environment is in place and maintained as part of day-to-day operations
- Second Line: control functions provide independent control and oversight of risks
- Third Line: the internal audit function evaluates the overall effectiveness of the control environment and provides additional independent assurance.

This three lines model ensures that direct accountability for risk decisions, implementation and oversight of risk management, and the independent control of the effectiveness of risk management are segregated. Internal regulations further detail the expected principles of risk management and control for various categories of risk.

Credit risk

Credit risk is the risk to earnings or capital that may arise from the possibility that a borrower or counterparty may fail to honour their contractual obligations. The obligations include, for example, repayment of principal, interest and fees. A consequent loss may be partial or complete and may arise at any time as a result of a number of isolated or interlinked circumstances. The Bank is exposed to credit risk in all its financing products and investment activities.

The Credit Committee serves as the main decision-making body concerning credit strategies and exposures and regularly reviews the Bank’s credit risk performance. Among others, the Credit Committee is responsible for making underwriting decisions on individual counterparties and financing programmes that are within the frame as delegated by the Board of Directors. The Credit Committee is chaired by the CRO.

The guidelines for the approval of financing programmes, as well as the individual counterparty financing approvals are set out in the Credit risk policy. Credit authority that has been delegated is actively monitored and reviewed regularly.

Credit risk metrics, portfolio and collection performance reports and macroeconomic trends are reviewed by the Credit Committee regularly, at least once every quarter. Summary reports of the Bank’s credit risk profile are reviewed by the Audit and Risk Committee every quarter and reported to the Board of Directors.

The Bank maintains stringent underwriting processes, which are continually monitored and optimised to ensure that credit risk is adequately and responsibly managed. Prior to granting credit, the customer’s creditworthiness, credit capacity and, where applicable, collateral are assessed. The customer’s creditworthiness is evaluated by an automated credit risk rating system, which includes the use of scorecards and leverages available information about the customer. This ensures consistent and systematic decision-making across all financing products.

Where applicable, the credit capacity of consumers is also evaluated in accordance with the legal requirements of the Swiss Consumer Credit Act. Internal models, which utilise internal and external data, determine the credit amount based on the customer's risk profile. Manual underwriting complements the automated system decision in cases where additional information may be required. Segments that are particularly exposed to credit risk are actively restricted beyond the requirements of the Swiss Consumer Credit Act through specific internal rules that aim to effectively implement and ensure responsible lending practices. In periods of macroeconomic stress that might impact customer payment capacity and pattern, the Bank might consider a proactive approach to ensure effective risk mitigation. As part of its regular risk management procedures and regular optimisation of risk policies , the Bank made use of this approach in the course of 2024 where segmented strategies were executed to meet macroeconomic trends and specifically impaired customers‘ payment capacity due to increased costs of living.

The quality of portfolios and specific customer segments are thoroughly and periodically assessed. Specifically in the area of vehicle leasing the Bank is exposed to risks related to the valuation of underlying objects. Contractual residual values might differ from actual values of lease objects and distribution partners might fail to honour their contractual obligations. In addition to the consistent setting of residual values at lease origination the Bank regularly monitors its exposure to this type of risk and makes use of external data sources to verify results. Certain volatility in market demand or supply and its impact on vehicle values might impact credit risk exposures. Hence, the quality and performance of new business are monitored to ensure that the credit approval process continues to effectively mitigate credit risk, and underwriting procedures are being correctly followed. Scorecards are regularly monitored and back-tested to ensure their performance remains within expected levels and, if required, changes are made to the models.

Segmented collection strategies are implemented to tailor activities to customer groups with different payment behaviours and to ensure optimal resource allocation and effective mitigation of credit risk. The synchronisation of collections and write-off procedures enable the consistent validation of the accounts' collectability (see also page 148). The regular monitoring of process and performance metrics ensures diligent and responsible execution and supports the fair treatment of customers across a variety of servicing processes.

The Bank's customer base comprises primarily of individuals and small- and medium-sized enterprises. Concentration risks are regularly assessed and monitored. The large number of borrowers naturally results in a broad credit risk diversification. However, certain concentration risk can be caused by cooperation with external partners. Credit risk metrics, portfolio and collection performance reports, as well as macroeconomic trends, are reviewed on a quarterly basis by the Credit Committee. Summary reports of the Bank's credit risk profile are reviewed by the Audit and Risk Committee quarterly and reported to the Board of Directors.

ALM, market and liquidity risk

Asset and liability management (ALM) forms part of the Bank's risk management framework and can be considered as the coordinated management of various inherent risk types, such as liquidity and market risk, in order to achieve the Bank's objectives whilst operating within prudent and predetermined risk tolerances, limits and concentrations. The Asset & Liability Committee (ALCO) is the decision-making committee for asset and liability management activities and has overall responsibility for the administration of respective policies, their monitoring and reporting. The ALCO is chaired by the CFO.

Liquidity risk

Liquidity risk is defined as the risk of the Bank not having sufficient funds to meet its contractual obligations when they fall due and support normal business activities, or only being able to secure such funds at excessive costs. The Bank recognises that liquidity risks are often consequential or connected rather than isolated in nature and arise from the materialisation of other categories of risk or risk drivers such as strategic, reputational, credit, regulatory or macroeconomic risks.

The Bank's liquidity risk tolerance is defined by the Board of Directors and forms the basis for the Bank-internal liquidity risk management strategy, the liquidity-related policies and the risk steering and control process.

The Bank aims to maintain a conservative liquidity profile; this approach is viewed as an essential safeguard in protecting the reputation of the Bank as a stable institution. The Management Board ensures that adequate liquidity levels are maintained in order to meet operational and regulatory requirements under normal and stressed conditions. Excess liquidity can be invested with two principal objectives in mind: principal preservation and liquidity management. Credit risk related to investment activities and liquidity management is assessed and monitored in line with the Credit risk policy.

The Bank maintains a robust and stable funding structure. In order to withstand an extended period of limited access to the wholesale funding markets, the Bank proactively seeks to reduce reliance on short-term, potentially volatile, sources of funding. The Bank actively averts building up concentration risk and strategically diversifies its investor base across different business sectors, by individual counterparty, by maturity buckets and across various categories of debt instruments.

For effective risk controlling, the overall condition of funding markets is regularly monitored and assessed against market-wide and Bank-specific early warning indicators to ensure the Bank ability to access funding. This approach is designed to provide management with timely warning of events that might have a potentially unfavorable impact on its access to funding in the near future and, in turn, increase liquidity risk. Consequently, the Bank has developed a comprehensive liquidity stress testing process to ensure it can adequately manage its liquidity during times of market stress of differing, yet plausible, magnitudes. This ensures the Bank has sufficient controls and mitigation procedures in place to prevent or alleviate the consequences of stressed market conditions. The Bank contingency funding plan is based on the results of stress-testing scenarios and integrated into the Business Continuity Management (BCM) framework. The plan is tested annually, and results are reviewed within ALCO and reported to the RCC. Stress-testing results, along with other regulatory liquidity measures, such as the minimum reserve, liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), are essential components of the Bank's liquidity management approach and are reviewed regularly by the ALCO and the Board of Directors.

Further information on capital adequacy is contained in the separate document “Basel III Pillar 3 disclosures 2024” published on the Cembra website (www.cembra.ch/financialreports).

Market risk

Market risk encompasses the risk of financial losses due to adverse movements in market prices. The Bank's business model leads to limited exposure to market risk factors. The Bank's main source of market risk is interest rate risk in the banking book (IRRBB). IRRBB is the current or prospective risk to the Bank's capital and earnings arising from adverse movements in interest rates. Movements in interest rates might change the underlying value of assets, liabilities and off-balance-sheet arrangements and hence their economic value. They might also affect net interest income and earnings by altering interest-rate-sensitive income and expenses. Excessive IRRBB can pose a significant threat to a bank’s current capital base and/or future earnings if not managed appropriately. The Bank has implemented an effective interest rate risk management framework to limit the potential effects on the Bank's current capital base or future earnings and to keep interest rate risk at an acceptable level. In the context of an environment of frequently changing interest rates, activities were adopted to mitigate the effect and to continue to execute diligent risk management strategies.

Given the Bank's predominantly fixed interest rate assets and liabilities, it is mainly exposed to repricing risk. This is the risk of adverse consequences of increasing or decreasing interest rates because of time differences in when these rate changes affect the Bank's assets and liabilities. The Bank faces relatively low option and basis risk. Consequently, the Bank focuses IRRBB monitoring on repricing risk.

The Bank actively manages and monitors IRRBB performance. As per the regulatory requirement, the Bank applies different interest rate shock scenarios and reports the impact on the economic value of equity (lifetime) and net interest income (next 12 months) on a monthly basis. The Bank currently uses cash flow hedging in order to limit the risk of the variability in the interest rate cash flows.

Another type of market risk is foreign exchange (FX) risk, which is defined as the financial risk from adverse movements in the exchange rate on transactions denominated in a currency other than the base currency of the institution. The Bank operates predominantly in the Swiss consumer financing market, and borrows and lends exclusively in Swiss francs. Therefore, the Bank's exposure to FX risk is minimal and limited to external and internal service provider invoices denominated in foreign currencies. FX exposure is monitored closely against internally set triggers, and the Bank takes immediate corrective action if limits are exceeded. At 31 December 2024, the Bank did not use any hedging instruments to manage its FX risk. Further quantitative information is provided in the separate document “Basel III Pillar 3 disclosures 2024” available at www.cembra.ch/financialreports.

Operational risk and resilience

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events. Critical functions include the activities, processes and services – including the underlying resources necessary for their provision – whose disruption would lead to material consequences as described in regulation. Operational resilience refers to the Bank's ability to restore its critical functions in case of a disruption within the tolerances for disruption, to identify threats and possible failures, to protect itself from them and to respond to them. The Bank designs its operating model in such a way that it is less exposed to the risk of disruptions in relation to its critical functions. The Bank recognizes the importance of the effective management of operational risks and resilience and has implemented a robust framework and appropriate processes to manage them. This framework contains internal risk taxonomy, risk tolerances and concepts for managing and controlling operational risks and enhancing the Bank's operational resilience. The Risk & Controllership Committee (RCC) reviews and monitors all key internal controls, compliance and operational risk management activities and has overall responsibility for the administration of the respective regulation, as well as their monitoring and reporting. The RCC is chaired by the General Counsel and CRO.

Key instruments of operational risk and resilience include:

- Operational risk assessments: regular identification and assessment of the likelihood and potential impact of operational risks
- Control catalogue: execution of a set of documented controls aligned with business processes and their risks
- Risk tolerances and risk tolerance limits: regular monitoring of risk exposures and risk tolerance metrics that serve as early warning indicators for potentially material operational risks
- Loss data collection: historical dataset of loss events used to identify operational risks deriving from process inefficiencies or control gaps,
- Analysis of external events: analysis of external operational risk events applicable to the Bank's risk profile to identify emerging risks and evaluate controls.
- Critical functions testing: the ability to provide critical functions within their tolerance for disruption in severe but plausible scenarios.

The Bank is exposed to a wide variety of operational risks, including information and communication technology risk and cyber risk that stem from dependencies on information and communication technology and service providers. The Bank acknowledges the evolving cyber risk landscape and has therefore developed a far-reaching information security framework to effectively manage and control this type of risk. This framework addresses regulatory requirements, is based on international standards and is supported by a strategy for dealing with cyber risks that ensures continuous improvements. Relevant cyber-threats are regularly identified and assessed, and corresponding measures are considered. Specific response plans are maintained and continuously improved. The Bank has further defined its strategies for dealing with business continuity management (BCM), critical data and information and communication technology. These defined technical and organisational measures include specifically training relevant staff, BCM and operational resilience recovery plans and procedures, protection of data confidentiality, integrity and availability, and making use of vulnerability scans and penetration tests.

The Bank is aware that severe but plausible scenarios and events beyond its control (such as natural disasters) may result in an inability to fulfil some or all of its business obligations, particularly where its physical assets or information and communication technology would be damaged or made inaccessible. The Bank has implemented a BCM and operational resilience programme. The programme involves identifying critical functions which include activities processes and services and their dependency on critical information and communication technology and service providers. The Bank's BCM framework encompasses planning, testing and other related activities. The framework aims to ensure that business-critical functions will either continue to operate in spite of a serious incident, or will be recovered to an operational state within defined tolerances for disruption. In addition to its BCM framework and in the context of operational risk management the Bank targets effective operational resilience in its critical functions in order to ensure robustness under consideration of severe but plausible scenarios.

Comprehensive crisis management plans are in place and define the processes to be followed in case of a business emergency while crisis is defined as a situation that requires critical decisions and cannot be handled with ordinary measures and decision-making powers. The aim is to safeguard the continuity of the Bank's business-critical activities and to keep major damage under control in the event of a significant business interruption.

Compliance risk is the operational risk of legal or regulatory sanctions, reputational damage and financial forfeiture or material loss deriving from violations of laws and regulations, internal regulations, prescribed best practice, or professional and ethical standards. The Bank is exposed to this type of operational risk as a consequence of being a market participant in the financial services industry, with its legal and regulatory requirements and the changes made to them. To ensure operational independence, the Bank has a separate legal & compliance function. This function effectively manages, controls, monitors and reports on legal and compliance risks and ensures that the Bank's business activities adhere to all relevant legal requirements, regulatory standards and requirements for effective corporate governance. The Bank acknowledges the increasing importance of behavioural compliance related to conduct risk in the banking sector and addresses this within the provisions of the Bank's Code of Conduct. The Bank has no tolerance for integrity breaches, internal fraud and other types of misconduct and will continue to apply strict consequence management measures.

In its financing activities the Bank is exposed to fraud risk which is managed through comprehensive fraud detection, prevention and investigation processes and tools. The Bank might make use of an automated digital identity verification process is utilised in order to identify and prevent digital fraud attempts.

The Bank has chosen to use service providers to support its business activities. With the implementation of policies governing this area and an ongoing monitoring process, the Bank ensures compliance with relevant regulatory requirements. Before entering any material engagement with a service provider, a due diligence exercise is conducted.

The status of the BCM and operational resilience programme and the status of the operational risks, cyber and information security framework are regularly reviewed by the RCC and a summary report is provided to the Audit and Risk Committee and the Board of Directors at least annually. In 2024, the Bank completed the implementation of the fully revised regulatory requirements on operational risk and resilience at banks which entered into force on 1 January 2024.

Sustainability risks

Sustainability risk is defined as the risk that the Bank negatively impacts or is impacted by ESG matters and particularly climate-related changes. For management of sustainability risks, the Bank builds on the established risk management process as described on page 20. The management of sustainability risks is integrated into the Bank's risk strategy. Related risk tolerances require the adherence to relevant standards and key stakeholder's expectations (e.g. business partners, shareholders, ESG rating agencies). The Sustainability Committee is the decision-making and monitoring committee for management of sustainability-related risks and opportunities. The Sustainability Committee is chaired by the CEO. The Board of Directors, supported by the Audit and Risk Committee, oversees the sustainability management and provides strategic direction.

Particularly, climate-related risks (one of the nature-related risks) can typically be mapped into other categories of risk such as credit risk, market risk, operational risk or other risk. Consequently, climate-related risks do not necessarily represent a new risk category, but rather an underlying risk driver for a risk category or individual risk.

Climate-related risks include physical, transition, or legal and reputational risks that the Bank negatively impacts or is impacted by. Physical risks might result in costs and losses due to the increasing severity and/or frequency of weather events and changes, including climate change and the associated impairments to ecosystems. These can be acute and result from extreme weather events, or chronic events, arising from progressive shifts in weather patterns, rising sea levels or other events. Transition risks arise from disruptive technological breakthroughs or action taken on climate and environmental policies that will transform the economy, with the implication that assets in certain sectors may lose value. Such events, as changes in law and regulation, shareholders expectations or state policies could impact the Bank's core business and operations and may drive legal, financial or reputational damage, if not adequately addressed. Legal risks may arise among others from legal claims seeking compensation for losses suffered because of actions or inactions of governments or corporations.

Transition risks could gradually materialise in the form of credit risk where the leased assets may lose value over medium to long term. In connection with its auto lease business, the Bank purchases vehicles and resells them in accordance with the lease contract. The risk that the re-sale value of any lease vehicle may be less than the remaining outstanding balance at the time such lease agreement is terminated, at contractual end or during contract term, is borne by the Bank. This risk is mitigated by the Bank's right under the dealer agreements obliging a dealer to repurchase a lease vehicle at the contractually defined price. Shifting of consumer preferences, including environmental considerations or potential bans for certain engines, such as combustion ones are among others potential reasons for a lower residual value of purchased lease assets, which may have a negative impact on new vehicle sales or used vehicle supply. The Bank regularly monitors vehicle brand and model diversification and adopts bespoke mitigation measures. For further information on managing the residual value risk refer to the Credit risk section on page 22 and see also our approach to sustainability on page 31.

Immediate physical risks and their impact on the Bank or on the environment are generally considered low due to being a financial services provider that serves customers exclusively in Switzerland. The Bank assesses physical security of its office locations on a regular basis.

The Bank is committed to ensure compliance with relevant climate-related regulations and guidelines and adapts risk management practices accordingly. This includes the consideration of climate-related impacts or the assessment of climate-related risks in strategic planning and decision making processes as well as in the assessment of all categories of risk. In particular, the assessment of existing and new risks is based, among others, also on climate-related changes impact criteria. Therefore, climate-related risk as a driver for other categories of risk is actively identified, assessed, monitored and managed.

The Bank's sustainability approach follows a multi-year roadmap considering the Bank's most relevant sustainability topics. It is designed to integrate sustainability and climate-related risk considerations into its risk management framework, related policies and processes. The Bank's roadmap is configured to address current and emerging regulations and builds capacity through expertise and collaboration including engagement with internal and external stakeholders and experts.

Other risks

Strategic and business risk is defined as possible losses that arise from uncertainties or untapped opportunities inherent in the Bank's strategic goals. The Bank addresses these risks as any other risk through the established risk management process as described on the page 20. The general risk management process is also applied for strategic and business risks that are caused by extraordinary events such as outbreak of pandemics, geopolitical conflicts, power supply shortages or economic downturns. In such events and periods multiple risk factors or categories might be impacted and need to be managed accordingly. The Bank's BCM framework and its crisis management procedures support the effective continuation of business operations.

The Banks's strategic programmes and transformation roadmap aim to accomplish a future state as outlined in the Bank's vision and mission statements. Its execution highly depends on employees that through the Bank's values determine the corporate culture. Consequently, various risks related to this transformation, such as human capital or employee health risks but also general execution risks relating to a changing technology and process landscape, are identified assessed, managed, monitored and reported.

Reputational risk is the risk of losses resulting from damages to the Bank's reputation. The Management Board directly manages and supervises strategic risk, business risk and reputational risk. Recognising the fact that reputational risk can be difficult to quantify and arises as a consequence of another materialised risk, the Bank manages reputational risk jointly with other risks by assessing the inherent reputational impact of those risks.

4. Methods used for identifying default risks and determining the need for value adjustments

For its financing products, the Bank uses consumer ratings (CR) to assess overall credit quality. There are five consumer ratings, each having an implied probability of default based on historical default experience, with a default definition of 90 days past due or write off.

For private customers, the consumer rating is derived from a credit score application that is calculated through one of the Bank's internal scorecards. Each credit score translates into one of the consumer ratings. For commercial customers, an obligor rating (OR) is assigned. The obligor rating can be translated into the grades of the consumer rating. In addition to regular scorecard monitoring, a parity test is run on a bi-yearly basis to monitor at portfolio level whether the consumer ratings adequately reflect the credit quality. The parity tests confirm that although a consumer rating may have been assigned more than 12 months ago and so the initial 12-month window for probability of default has passed, the rating still accurately reflects the probability of default.

5. Events after the balance sheet date

The Bank has evaluated subsequent events from the financial statements date through 19 March 2025, the date at which the financial statements were available to be issued. There were no other subsequent events at that date.

6. Reasons that led to the premature resignation of the auditor

The External Auditor is elected for a period of one year at the General Meeting. The General Meeting has elected KPMG AG, Zurich as the statutory auditor of the Bank. KPMG AG was first appointed as statutory auditor in 2005. The auditors have not prematurely resigned from their function.

7. Notes to the balance sheet

7.1 Collateral for financing receivables and off-balance sheet and impaired financing receivables

The collateral for financing receivables and off-balance sheet is as follows:

At 31 December 2024 (CHF in thousands)	Secured by mortgage	Other collateral	Unsecured	Total
Financing receivables				
Amounts due from customers (before netting with value adjustments)	–	**1,424,693**	**4,965,494**	**6,390,187**
Total financing receivables (before netting with value adjustments)	–	**1,424,693**	**4,965,494**	**6,390,187**
Prior year	–	1,228,211	4,970,790	6,199,001
Amounts due from customers (after netting with value adjustments)	–	**1,411,728**	**4,832,718**	**6,244,447**
Total financing receivables (after netting with value adjustments)	–	**1,411,728**	**4,832,718**	**6,244,447**
Prior year	–	1,219,368	4,838,085	6,057,452
Off-balance sheet arrangements				
Contingent liabilities	–	–	**34,096**	**34,096**
Irrevocable commitments	–	–	**152,758**	**152,758**
Total off-balance sheet arrangements	–	–	**186,854**	**186,854**
Prior year	–	–	239,377	239,377

Impaired financing receivables are as follows:

At 31 December 2024 (CHF in thousands)	Gross debt amount	Estimated liquidation value of collateral	Net debt amount	Individual value adjustments[1]
Impaired loans / receivables	**67,755**	**5,034**	**62,721**	**–**
Prior year	40,787	2,506	38,281	–

[1] The Bank has only allowance for losses that is calculated on the total of financing receivables. See note 7.7. for details.

7.2 Financial investments

	Book value		Fair value	
At 31 December (CHF in thousands)	**2024**	2023	**2024**	2023
Debt securities held to maturity	–	–	–	–
Debt securities available for sale	**188,414**	98,056	**188,414**	98,056
Repossessed vehicles held for sale	–	–	–	–
Total	**188,414**	**98,056**	**188,414**	**98,056**

The breakdown of counterparties by rating is following:

At 31 December 2024 (CHF in thousands)	AAA to AA-	A+ to A-	BBB+ to BBB-	Lower than B-	Not rated
Book value of debt securities	**188,414**	**–**	**–**	**–**	**–**

The Bank uses the rating classes of Fitch, Moody's and Standard & Poor's. The Bank did not record any allowance for credit losses on any investment securities at 31 December 2024.

7.3 Intangible assets

CHF in thousands	Cost Value	Accumulated amortisation	Book value as per 31 December 2023	Current Year			Book value as per 31 December 2024
				Additions	Disposals	Amortisation	
Goodwill	172,098	– 107,700	64,398	–	–	– 32,199	32,199
Other intangible assets	60,037	– 59,920	117	–		– 117	–
Total intangible assets	**232,135**	**– 167,620**	**64,515**	**–**	**–**	**– 32,316**	**32,199**

7.4 Other assets and liabilities

	2024		2023	
At 31 December (CHF in thousands)	**Other assets**	**Other liabilities**	Other assets	Other liabilities
Indirect taxes	**777**	**3,820**	3,668	3,960
Settlement accounts	**1,792**	**25,867**	2,837	55,649
Amounts due from the sale of insurance products	**2,172**	**–**	6,618	–
Various assets and liabilities	**26,822**	**4,364**	23,181	1,391
Total other assets and liabilities	**31,564**	**34,052**	**36,304**	**61,000**

7.5 Liabilities to own pension plans

At 31 December (CHF in thousands)	**2024**	2023
Amounts due in respect of customer deposits	**–**	119
Total due to own pension plans	**–**	**119**

The pension fund does not directly hold any equity instruments of the Bank.

7.6 Economic position of own pension plans

At 31 December (CHF in thousands)			2024	2023	Influence of ECR on personnel expenses	
Employer contribution reserves (ECR)[1]	Nominal value	Waiver of use	Net amount	Net amount	2024	2023
Pension plan	2,915	–	2,915	2,915	–	–
Total due to own pension plans	**2,915**	**–**	**2,915**	**2,915**	**–**	**–**

[1] Based on audited financial statements 2023 and 2022 of the Employer Pension Plan of Cembra Money Bank AG in accordance with FER 26 and material changes during the reporting period

The employer contribution reserves are recorded at nominal value according to pension plan statement under the position “Other assets” on the balance sheet. The nominal value of the employer contribution reserve is not discounted. Ordinary interest rate is currently not applied to employer contribution reserve. There are no unrecognised employer contribution reserves.

Economic benefit/obligation and pension expense[1]	Overfunding/ underfunding at 31.12.2023	Economic interest of the bank		Change in economic interest versus prior year	Contribution paid 2024	Pension expense in personnel expense	
CHF in thousands		2024	2023			2024	2023
Employer sponsored funds/schemes	–	–	–	–	–	–	–
Pension plans without overfunding/underfunding	–	–	–	–	–	–	–
Pension plans with overfunding	39,830	–	–	–	9,475	9,426	9,983
Pension plans with underfunding	–	–	–	–	–	–	–

[1] Based on audited financial statements 2023 and 2022 of the Employer Pension Plan of Cembra Money Bank AG in accordance with FER 26 and material changes during the reporting period

All regular employees of the Bank are insured in the pension fund of the Bank. Temporary employees, with employment contracts below three months, are exempt. The plan is a defined contribution plan. The accounting of the pension plan follows the guidelines of Swiss GAAP FER 26. There are no further obligations of the employer.

7.7 Value adjustments and provisions

CHF in thousands	Balance as per 31 December 2023	Use in conformity with designated purpose	Reclassifications	Recoveries, past due interest	New provisions charged to income	Releases to income	Balance as per 31 December 2023
Value adjustments and provisions for default risks	141,548	– 142,537		86,271	94,437	– 33,979	**145,740**
Provision for pension benefit obligations	–	–	–	–	–	–	–
Other provisions	3,902	– 2,222	–	–	3,535	– 371	**4,844**
Total value adjustments and provisions	**145,450**	**– 144,760**	**–**	**86,271**	**97,972**	**– 34,351**	**150,584**

Value adjustments and provisions for default risks are related to financing receivables. Please refer to the Risk Management Report for details. Other provisions contain provisions for litigation, investigation, reconstruction costs, allowance for off-balance sheet irrevocable unfunded loan commitments and financial guarantees (recorded as liability in "Provisions") and other.

7.8 Bank's capital

Bank's capital	2024 Total par value in CHF	2024 Number of shares	2024 Capital eligible for dividend in CHF	2023 Total par value in CHF	2023 Number of shares	2023 Capital eligible for dividend in CHF
Share capital	**30,000,000**	**30,000,000**	**29,318,897**	30,000,000	30,000,000	29,334,865
Total	**30,000,000**	**30,000,000**	**29,318,897**	**30,000,000**	**30,000,000**	**29,334,865**
Capital band upper limit	**33,000,000**	**33,000,000**		33,000,000	33,000,000	
Capital band lower limit	**28,500,000**	**28,500,000**		28,500,000	28,500,000	
capital increases (decreases) completed	–	–		–	–	
Conditional capital	**3,900,000**	**3,900,000**		3,900,000	3,900,000	
of which, capital increases completed	–	–		–	–	
Conversion capital	**4,200,000**	**4,200,000**		n/a	n/a	
of which, capital increases completed	–	–		n/a	n/a	

Share capital is fully paid in. There are no special rights related to share capital.

At the Annual General Meeting on 21 April 2023, the shareholders approved a capital band that allows the share capital to be increased by a maximum of 10% (upper limit of CHF 33,000,000) or reduced by a maximum of 5% (lower limit of CHF 28,500,000) for a period of two years from the date of the Annual General Meeting without further approval by a Shareholders Meeting. To minimise the possible dilution of the shareholders, the combined maximum amount of new shares that may be issued without pre-emptive or advance subscription rights under the capital band or under the conditional capital pursuant to articles 4, 5 and 6 of the Articles of Incorporation is limited to max. 10% of the current registered share capital.

In addition to the capital band and the conditional capital as set out above, at the Annual General Meeting on 24 April 2024, the shareholders approved the creation of a conversion capital (Wandlungskapital) through the new article 5a of the Articles of Incorporation providing the possibility to introduce a conversion feature in the terms and conditions of mandatory convertible bonds or similar financial instruments, such as AT1 bonds, allowing for the issuance of up to 4,200,000 new ordinary shares (approx. 14% of the current registered share capital) through conversion, such newly issued shares to be delivered to the holders of the respective financial instruments at the time.

7.9 Share and option holdings of the members of the Board of Directors, the Management Board and the employees

	Equity shares				Options (RSUs/PSUs)			
	Number as of 31 December		Value (CHF) at 31 December		Number as of 31 December		Value (CHF) at 31 December[1]	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Members of the Board of Directors	**15,287**	11,346	**1,253,534**	744,298	–	–	–	–
Members of the Management Board	**10,237**	4,067	**839,434**	266,795	**32,275**	16,339	**2,216,725**	1,170,846
Employees	–	–	–	–	**14,921**	15,533	**1,024,811**	1,113,088
Total	**25,524**	**15,413**	**2,092,968**	**1,011,093**	**47,196**	**31,872**	**3,241,536**	**2,283,935**

[1] Weighted yearly average price since grant date

The Bank had two share-based compensation plans and one share-matching plan in 2024.

The one-time Long-Term Incentive Plan was set up for employees below the Management Board. Under the one-time long-term incentive plan, employees invited to participate received a fixed number of RSUs free of charge. The RSUs were granted on 29 April 2022 and shall vest on 30 April 2025 (the vesting date) provided that neither termination of employment nor any forfeiture events have occurred in relation to the participant on or before the vesting date. On the vesting date, vested RSUs shall automatically convert into company shares that shall be assigned to the participant with all right attached to them as per the vesting date.

The total number of Restricted Share Units (RSUs) granted under this plan was 18,743 based on a share price of CHF 69.65 at the grant date. The fair value used was calculated as the closing price before the grant date. RSUs issued under this plan will be settled out of shares acquired by the Group for such purpose.

In 2016, the EVCP plan was adapted and since the performance year 2016 the senior management team receives under the long-term incentive programme (LTI), which is one part of the EVCP, a part of their variable compensation in performance share units (PSUs). The PSUs vest after a three-year period depending on the achievement of performance conditions which include relative total shareholder return (TSR) and cumulative fully diluted earnings per share (EPS). The actual LTI bonus of each participant is determined in the first quarter after each performance year in a range of 75% to 125% of the target LTI bonus based on a look-back assessment in a guided discretion by the Board. The actual LTI bonus is granted in PSUs. The first grant took place in March 2017. For details regarding the plan, please refer to the Compensation Report.

Under the Group's share-matching plan, Management Board, including the CEO, may elect to receive a portion of up to 40% of the annual cash bonus in form of company shares. These shares are matched at a 1:1 ratio at grant date and blocked for a period of five years.

7.10 Related parties

At 31 December (CHF in thousands)	**2024**	2023
Amounts due from related companies	**159,787**	172,389
Amounts due to related companies	**15,401**	17,540

There are no off-balance sheet arrangements with related parties. Related-party transactions are concluded at arm's length conditions.

There are following transactions with governing bodies:

At 31 December (CHF in thousands)	**2024**	2023
Amounts due from members of governing bodies	**45**	45
Amounts due to members of governing bodies	**1,341**	339

The governing bodies conclude usual banking transactions at personnel conditions.

7.11 Holders of significant participations

The following parties hold participations with more than 5% of voting rights:

	2024			2023		
Significant shareholders with voting rights	**Total par value in CHF**	**Number of shares**	**Share as %**	Total par value in CHF	Number of shares	Share as %
UBS Fund Management	**4,200,936**	**4,200,936**	**14.0**	1,623,913	1,623,913	5.4

7.12 Own shares

Treasury shares (number)	2024	Average transaction price (CHF)
Balance at 1 January	**665,135**	
Purchase	**30,000**	70.58
Sale	–	–
Share based compensation	**– 14,032**	58.59
Balance at 31 December	**681,103**	

Own shares were purchased at fair value during the reporting period.

Non-distributable reserves

At 31 December (CHF in thousands)	2024	2023
Non-distributable statutory capital reserves	–	–
Non-distributable statutory retained earnings reserves	**15,000**	15,000
Total non-distributable reserves	**15,000**	**15,000**

The statutory retained earnings reserves and the statutory capital reserves, to the extent they do not exceed one-half of the share capital, may be used only to cover losses or for measures designed to sustain the Bank through difficult times, to prevent unemployment or to mitigate its consequences.

7.13 Holdings of the governing bodies and compensation report

Board of Directors

At 31 December		2024		2023	
Name	Function	Number of shares	Number of blocked shares	Number of shares	Number of blocked shares
Dr Franco Morra	Chairman	**1,400**	**2,545**	–	–
Sandra Hauser	Member	–	–	–	–
Marc Berg	Member	–	**1,329**	–	565
Thomas Buess	Member	–	**2,740**	–	1,823
Susanne Klöss-Braekler	Member	–	**2,191**	–	1,325
Dr Monica Mächler	Member	**1,631**	**3,451**	1,087	3,053
Jörg Behrens	Member until 23.04.2024	–	–	2,350	586
Alex Finn	Member until 23.04.2024	–	–	–	557

Management Board

At 31 December		2024			2023		
Name	Position	Number of shares	Number of RSUs	Number of PSUs	Number of shares	Number of RSUs	Number of PSUs
Holger Laubenthal	CEO	**3,206**	**–**	**11,639**	1,056	–	6,348
Eric Anliker	General Counsel	**948**	**1,453**	**1,800**	–	1,453	223
Alona Eiduka	Chief Operating Officer	**88**	**718**	**1,975**	88	718	295
Volker Gloe	CRO	**1,513**	**–**	**4,014**	1,476	–	2,341
Pascal Perritaz	CFO	**3,616**	**–**	**6,826**	1,447	–	4,003
Peter Schnellmann	Business Unit Leader Lending	**866**	**–**	**2,682**	–	–	813
Sandra Babylon	Chief Technology Officer	**–**	**–**	**–**	–	–	–
Christian Stolz	Business Unit Leader Payments	**–**	**–**	**1,168**	–	–	–
Christian Schmitt	Chief Technology Officer until May 2024	**–**	**–**	**–**	–	–	145

For details, refer to the Compensation Report.

8. Notes to the income statement

8.1 Negative interest revenue

Negative interest on assets is recorded as a reduction of interest income. Negative interest on liabilities is recorded as a reduction of interest expense.

For the years ended 31 December (CHF in thousands)	2024	2023
Negative interest on assets (reduction of interest income)	**–**	–
Negative interest on liabilities (reduction of interest expense)	**–**	2

8.2 Personnel expenses

For the years ended 31 December (CHF in thousands)	2024	2023
Salaries	**107,084**	109,926
of which share-based compensation and alternative forms of variable compensation	**1,457**	610
Social security benefits	**17,999**	18,596
Other compensation	**7,941**	8,367
Compensation and benefits	**133,024**	**136,889**

8.3 General and administrative expenses

For the years ended 31 December (CHF in thousands)	**2024**	2023
Office space expenses	**5,402**	6,059
Expenses from furniture and fixtures	**1,106**	1,052
Expenses for information and communication technology	**47,044**	47,500
Audit fees	**1,201**	1,217
Other operating expense	**34,259**	28,089
Total	**89,012**	**83,917**

8.4 Explanatory notes on extraordinary income and value adjustments and provisions no longer required and administrative expenses

For the years ended 31 December (CHF in thousands)	**2024**	2023
Extraordinary income	**4**	856
Total	**4**	**856**

8.5 Current and deferred taxes

For the years ended 31 December (CHF in thousands)	**2024**	2023
Current tax expense	**43,269**	38,135
Income tax expense	**43,269**	**38,135**

The Bank's effective tax rates were approximately 19% for the years ended 31 December 2024 and 2023, respectively. There were no deferred taxes.

KPMG

Statutory Auditor's Report

To the General Meeting of Cembra Money Bank AG, Zurich

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cembra Money Bank AG (the Company), which comprise the balance sheet as at 31 December 2024, the income statement, and the statement of changes in equity for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the financial statements for the year ended 31 December 2024 (pages 199 to 225) comply 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 Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with 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.

Key Audit Matters

Valuation of allowance for losses on amounts due from customers (financing receivables)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of allowance for losses on amounts due from customers (financing receivables)

Key Audit Matter

As per 31 December 2024 amounts due from customers (smaller-balance, homogenous loans, including primarily credit card receivables, personal loans as well as auto leases and loans) amount to CHF 6,244.4 million (representing 83.8% of total assets) and includes value adjustments of CHF 143.6 million.

As per 31 December 2022, the Company adopted an approach to determine value adjustments for expected credit losses in line with the accounting principles generally accepted in the US (US GAAP).

The valuation of value adjustments for expected credit losses on amounts due from customers relies on the application of significant management judgement in determining the methodology and parameters in calculating the collective allowance. The Bank uses various modelling techniques and assumptions, which are based on credit loss experience and historical delinquency data as well as current and future trends, conditions and macroeconomic factors.

In particular, the valuation of the collective allowance for losses on amounts due from customers is based on significant estimates, such as future client payment behavior, which is subject to management judgement. These judgements require specific knowledge of developments in the Bank's financing receivables portfolio as well as relevant competencies in determining allowances.

Our response

We assessed and tested the design and operating effectiveness of the key controls with respect to the valuation of the allowance for losses on financing receivables. This included controls over the calculation, approval, recording and monitoring of allowances for expected credit losses. Our testing also comprised controls over reserving model approval, validation and approval of key data inputs as well as qualitative considerations for potential impairment that were not captured by management's models.

For a selected sample of allowances for losses on financing receivables calculated on a collective basis, we developed our independent expectation, by calculating the respective coverage rates and allowance for losses balance. Furthermore, we evaluated the reasonableness of the inputs to those models, such as delinquency and payment behavior, by comparing data and assumptions made to historical accuracy of estimates.

With the involvement of our Financial Risk Management specialists, we assessed the appropriateness and reasonableness of models, inputs, implementation, use and documentation of the expected credit loss methodology and challenged the underlying assumptions.

For further information on the Valuation of allowance for losses on financing receivables refer to the following:

— Note 2 (Accounting and valuation principles, Amounts due from banks/customers)

— Note 7.7 (Value adjustments and provisions)

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company’s articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Philipp Gämperle
Licensed Audit Expert
Auditor in Charge

André Schuler
Licensed Audit Expert

Zurich, 19 March 2025

Information for Shareholders

Cembra Money Bank AG registered shares

Stock exchange listing	SIX Swiss Exchange
ISIN	CH0225173167
Ticker symbol	CMBN.SW (Bloomberg)
Security number	22517316
Par value	CHF 1.00
Number of shares	30,000,000
Selected indices	SPI, EuroStoxx 600
Major shareholders	More than 10% and less than 15% of the shares: UBS Fund Management (Switzerland) More than 3% and less than 5% of the shares: BlackRock Inc. Swisscanto Fondsleitung AG

Credit ratings

Standard & Poor's	A– (long-term)
Standard & Poor's	A–2 (short-term)
Zürcher Kantonalbank	A–

Sustainability ratings

MSCI ESG®	AAA
Sustainalytics®	Low ESG risk

Financial calendar

Annual General Meeting 2025	24 April 2025

Contacts

Investor Relations	E-mail: investor.relations@cembra.ch Telephone: + 41 44 439 85 72
Media Relations	E-mail: media@cembra.ch Telephone: + 41 44 439 85 12

Cembra Money Bank AG
Bändliweg 20
8048 Zurich, Switzerland

Where to find us

Branches

Basel
Freie Strasse 39
4001 Basel
061 269 25 80

Bern
Schwanengasse 1
3001 Bern
031 328 51 10

Fribourg
Rue de la Banque 1
1701 Fribourg
026 359 11 11

Lausanne
Place Chauderon 18
1003 Lausanne
021 310 40 50

Lucerne
Weggisgasse 1
6002 Lucerne
041 417 17 17

Lugano
Via E. Bossi 1
6901 Lugano
091 910 69 10

St. Gallen
Oberer Graben 3
9004 St. Gallen
071 227 19 19

Winterthur
Schmidgasse 7
8401 Winterthur
052 269 23 40

Zurich
Löwenstrasse 52
8001 Zurich
044 227 70 40

Subsidiary

CembraPay AG
Bändliweg 20
8048 Zurich
041 227 05 05

Headquarters

Cembra Money Bank AG
Bändliweg 20
8048 Zurich
044 439 81 11

This Annual Report is available at www.cembra.ch/financialreports.