



Your Swiss Bank

# Cembra

# Full-year 2021 results

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

16 February 2022

# Agenda

**1. 2021 highlights**

**Holger Laubenthal**

2. FY 2021 financial results

Pascal Perritaz, Volker Gloe

3. Outlook

Holger Laubenthal

Appendix

# 2021 performance

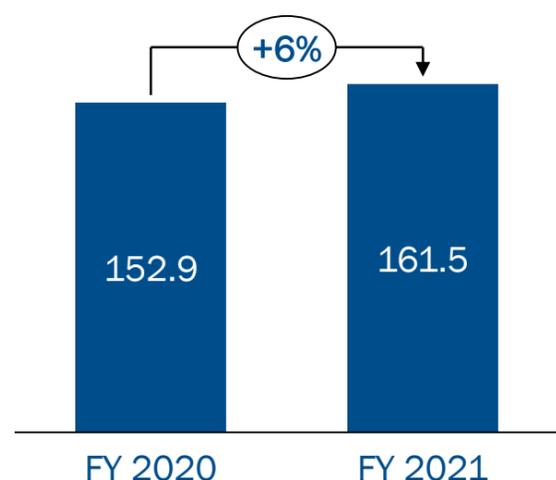
## Record net income, increased dividend

### Highlights

- Net income of CHF 161.5 million (+6%)
- Stabilised assets in all businesses in H2
- 2% decrease in net revenues as a result of Covid-19-related lockdown periods
- Fees up 7%, with strong rebound in volumes from May onwards
- Cost/income ratio of 50.6%, due to temporarily lower revenues
- Excellent underlying loss rate of 0.8% (reported loss rate: 0.6%<sup>1</sup>)
- Return on equity at 13.9%, with strong Tier 1 capital ratio of 18.9%
- Increased dividend of CHF 3.85<sup>2</sup>

### Net income

in CHF m



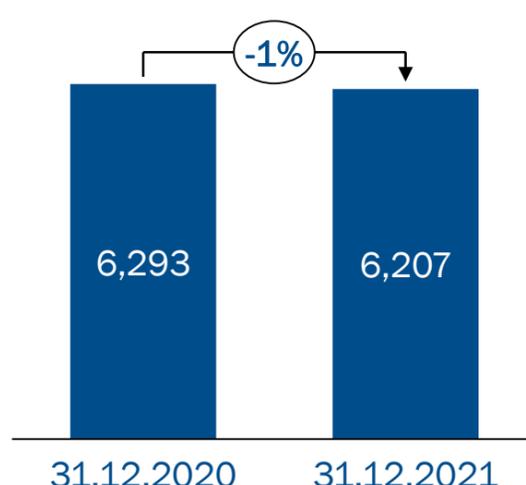
### Loss rate

as % ■ effect of loan sale



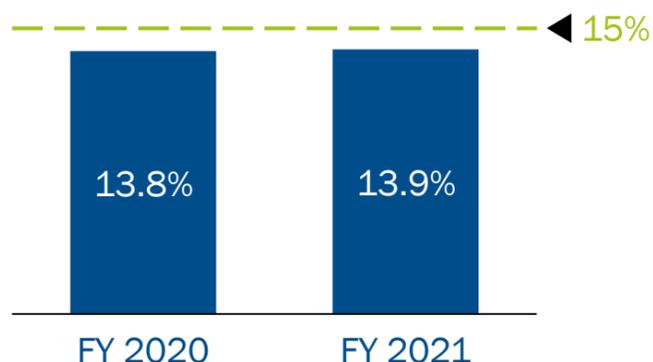
### Net financing receivables

in CHF m



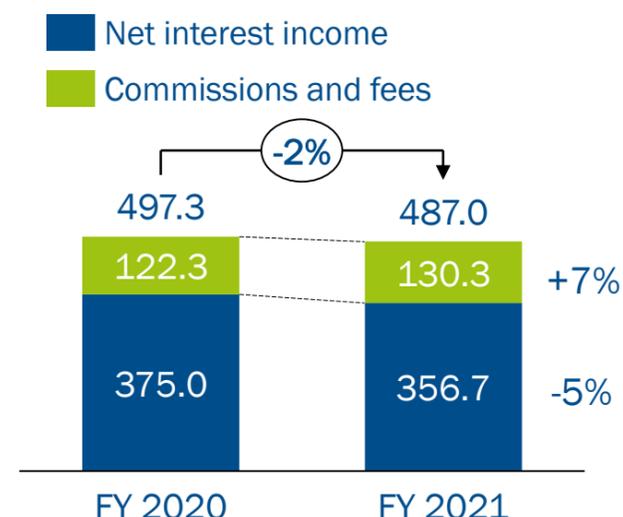
### Return on equity

Mid-term target > 15%



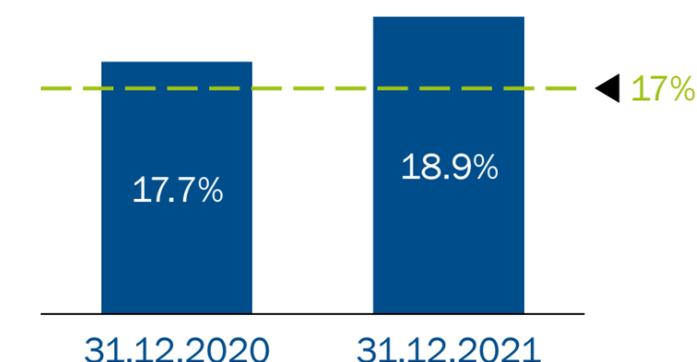
### Net revenues

in CHF m



### Tier 1 capital ratio

Target > 17%



<sup>1</sup> including sale of previously written-off loans | <sup>2</sup> proposed

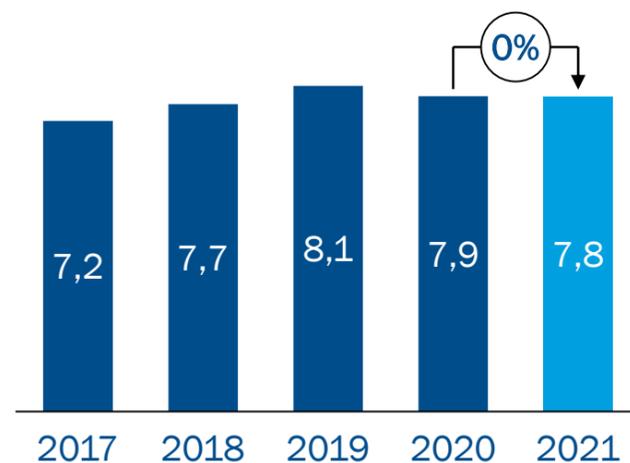
# 2021 products and markets

## Overall resilient performance in a challenging market environment

Market environment

### Personal loans

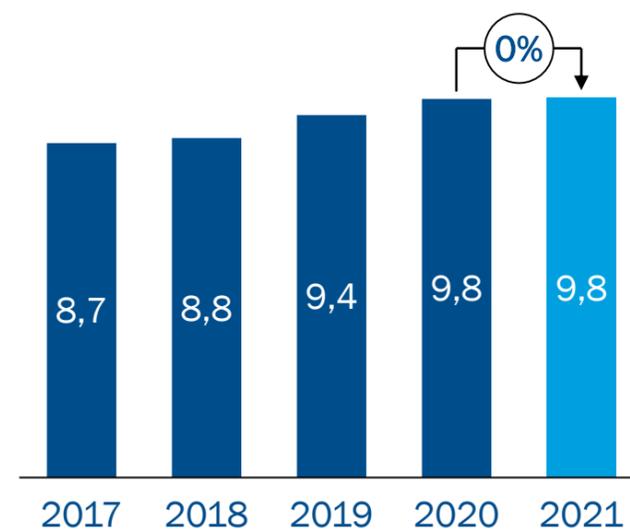
Consumer loans market, in CHF bn



Source: ZEK

### Auto loans and leases

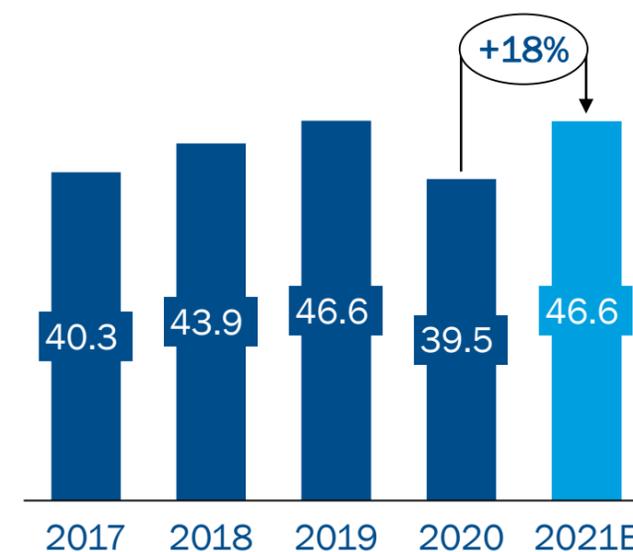
Leasing market, in CHF bn



Source: ZEK

### Credit cards

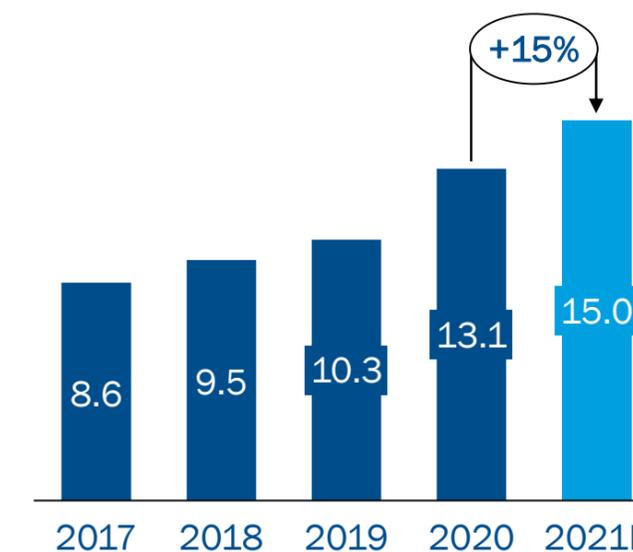
Transaction volumes, in CHF bn



Source: SNB November 2021

### Buy now pay later (BNPL)

eCommerce market, in CHF bn



Sources: Handelsverband.swiss, zhaw

Cembra 2021

- Personal loans market flat demand in 2021
- Net financing receivables down by 5%, stabilised in H2
- Market share stable in H2 at 41%

- Net financing receivables resilient overall in 2021 (-1%), stabilised in H2
- Leasing market share stable at 21% in 2021
- Share of used cars financed at 74% in 2021 (2020: 67%)

- Cards issued up 4% to 1,068,000 and market share stable at 13%
- Strong presence in NFC transaction volumes, with 21% market share in 2021

- Via Swissbilling, a leading provider of invoicing and billing as a service
- 2021 billing volumes of CHF 317m (+25%)
- 1.2m total invoices processed (thereof 1.0m BNPL)

# 2021 operational highlights

## Resilient performance, paving the way for future growth

### ► Overall performance further improved

#### ► Cost and risk excellence

- Strict cost discipline
- Continued excellent risk performance

#### ► Personal loans business stabilised

- Task force delivered on personal loans stabilisation, and held assets and market share in the second half of 2021

#### ► Solid performance in auto and cards

- Strong performance in Auto in spite of continued supply chain challenges
- Solid recovery in credit card commissions from May

#### ► ‘Buy now pay later’: good momentum

- Swissbilling profitable and delivering on expected benefits
- IKEA and Ochsner Sport partnerships entered into for BNPL products

### ► Cards transition project on track

- Task force in place
- Continued growth in cards business

### ► Continued focus on sustainability

- Maintained strong ESG ratings and recognition in sustainability indices<sup>1</sup>
- Commitment to sustainability KPI; external review of Sustainability Report

<sup>1</sup> See appendix page 25

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Appendix

# P&L

In CHF m

		2021	2020	as %
Interest income		382.7	401.8	-5
Interest expense		-26.0	-26.9	-3
Net interest income	<b>1</b>	356.7	375.0	-5
Insurance		23.0	24.0	-4
Credit cards	<b>2</b>	80.4	71.4	13
Loans and leases	<b>3</b>	14.6	15.7	-7
Other	<b>4</b>	12.3	11.2	10
Commission and fee income		130.3	122.3	7
<b>Net revenues</b>		<b>487.0</b>	<b>497.2</b>	<b>-2</b>
Provision for losses	<b>5</b>	-40.3	-56.4	-29
Operating expense	<b>6</b>	-246.3	-247.4	0
<b>Income before taxes</b>		<b>200.5</b>	<b>193.4</b>	<b>4</b>
Taxes	<b>7</b>	-39.0	-40.5	-4
<b>Net income</b>		<b>161.5</b>	<b>152.9</b>	<b>6</b>
<b>Basic earnings per share (EPS)</b>		<b>5.50</b>	<b>5.21</b>	<b>6</b>

## Key ratios

Net interest margin	5.6%	5.7%
Cost/income ratio	50.6%	49.8%
Effective tax rate	19.4%	20.9%
Return on equity (ROE)	13.9%	13.8%
Return on tangible equity (ROTE)	17.3%	17.7%
Return on assets (ROA)	2.3%	2.1%

## Comments

- 1** Lower interest income largely driven by the impact of Covid-19-related restrictions on financing receivables.  
For details see slide 'Net revenues by source'
- 2** Increase primarily driven by significantly higher spending due to higher consumer confidence compared to prior year, as well as gradual lifting of travel restrictions since May 2021
- 3** Decrease primarily due to lower reminder fees driven by payment behaviour
- 4** Increase mainly driven by higher fee income from Swissbilling (+23% to 11m in 2021)
- 5** Low provision for losses mainly driven by a one-time amount of CHF 8.2m from the sale of loss certificates, as well as a strong underlying loss performance.  
For details see slide on 'Provision for losses'
- 6** For details see slide on 'Operating expenses'
- 7** Taxes decreased due to lower corporate taxes and one-off participation relief on dividend income.

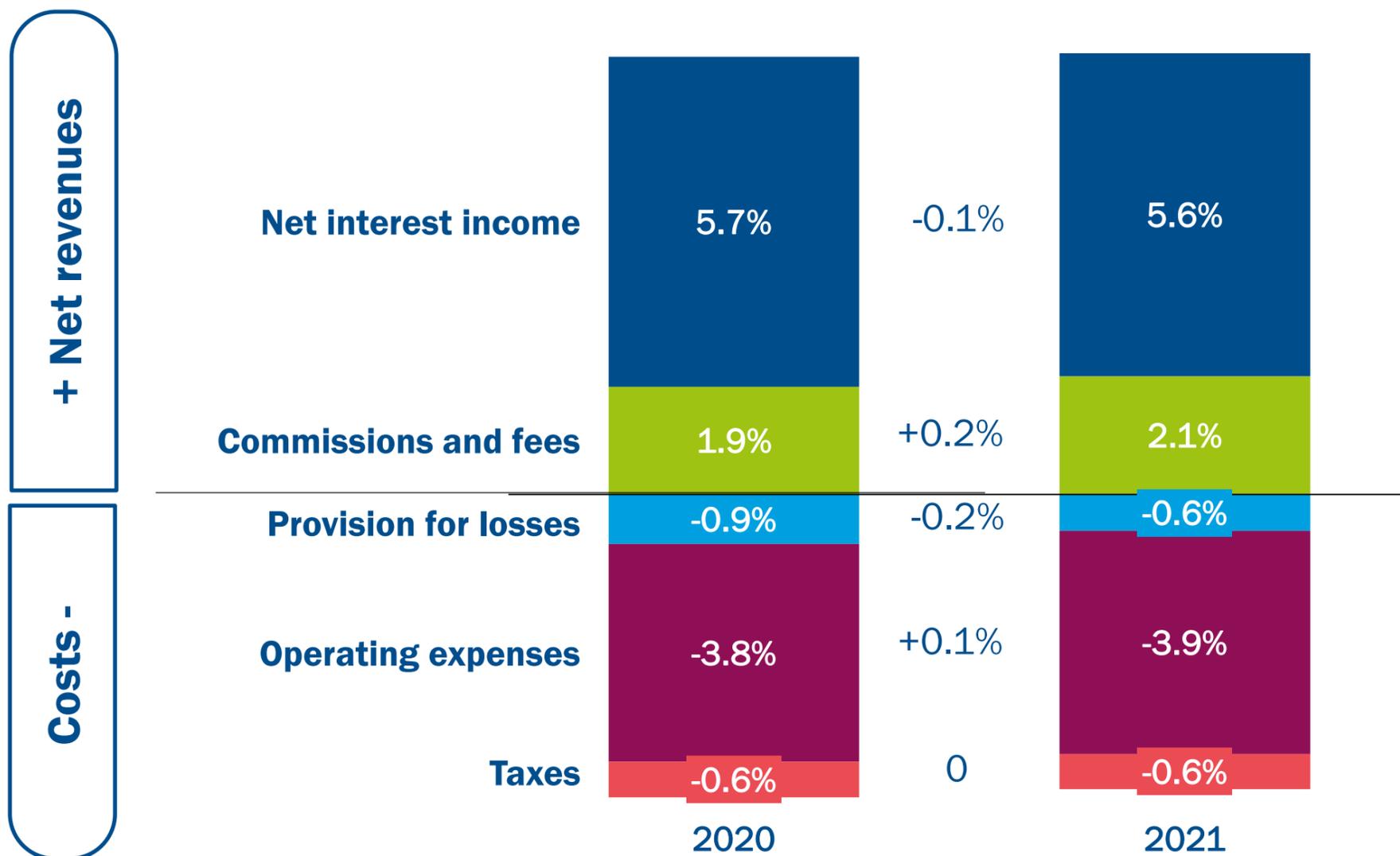
For a glossary including alternative performance figures see [www.cembra.ch/financialreports](http://www.cembra.ch/financialreports)

# Profitability by source

Profitability increased by higher commissions and improved risk performance

Return on financing receivables

2.3%      +0.2%      2.5%



**Comments**

- Net interest income adversely affected by Covid-19 underwriting restrictions impacting volumes, and market pressure on pricing in personal loans.
- Commission and fees recorded a solid recovery as consumption and gradual lifting of travel restrictions following the lockdown periods
- Provision for losses driven by favorable loss experience also due to the effect of prudent underwriting at the beginning of the Covid-19 pandemic and the one-off sale of loss certificates.
- Operating expenses: continued strict cost management with stable operating expenses, slight increase driven by lower financing receivables

# Net revenues by source

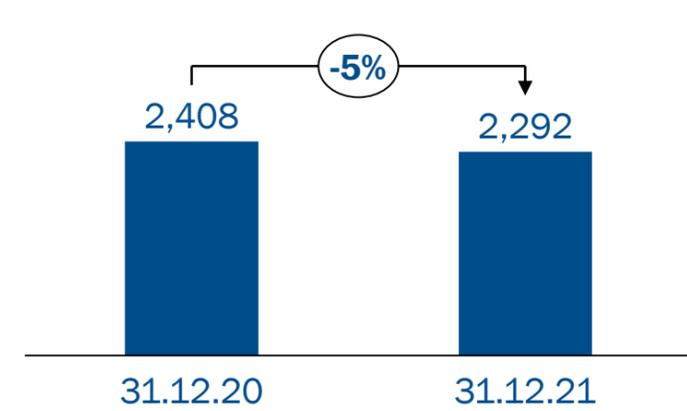
In CHF m

Net revenues by source

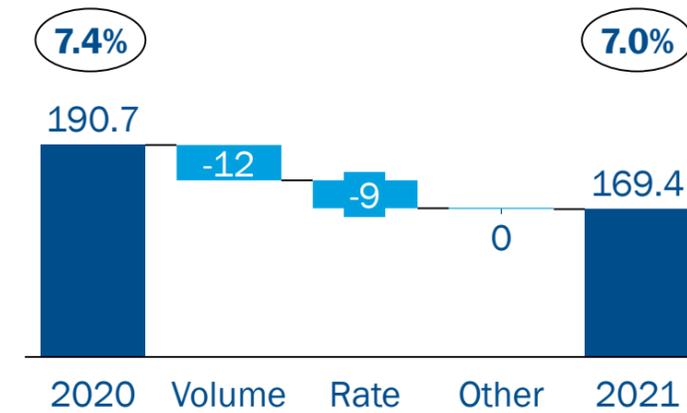


Personal loans

Net financing receivables

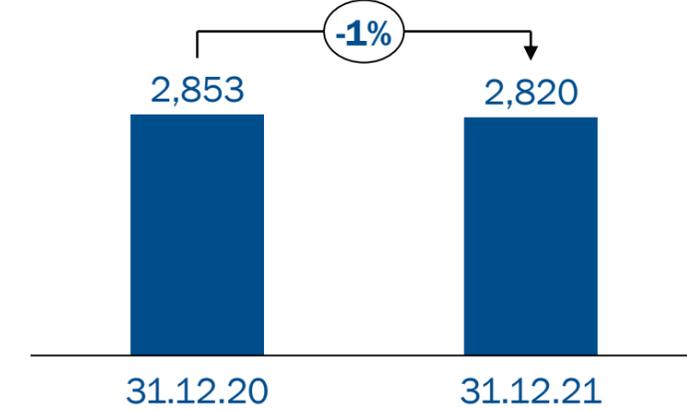


Yield (2pt avg) and interest income

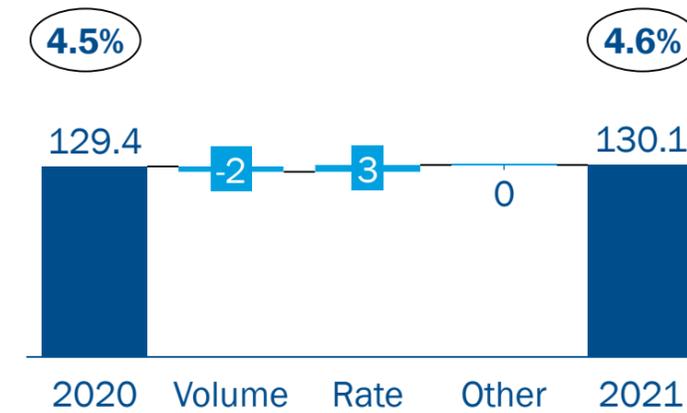


Auto leases and loans

Net financing receivables

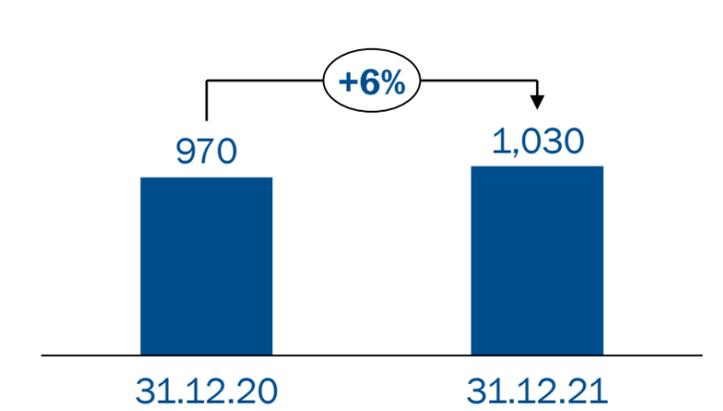


Yield (2pt avg) and interest income

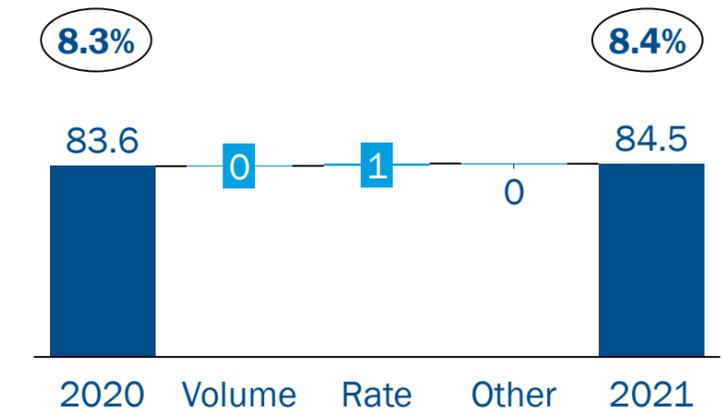


Credit cards

Net financing receivables



Yield (2pt avg) and interest income



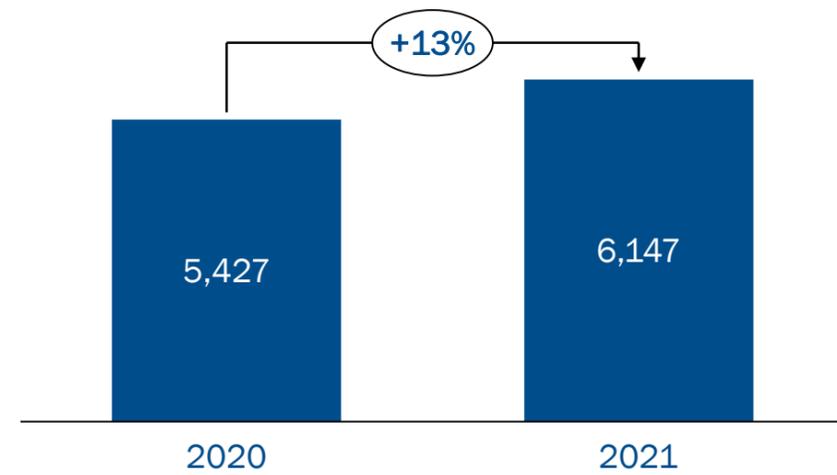
# Card transaction volumes and revenues

## Strong volume recovery since May

### Annual growth

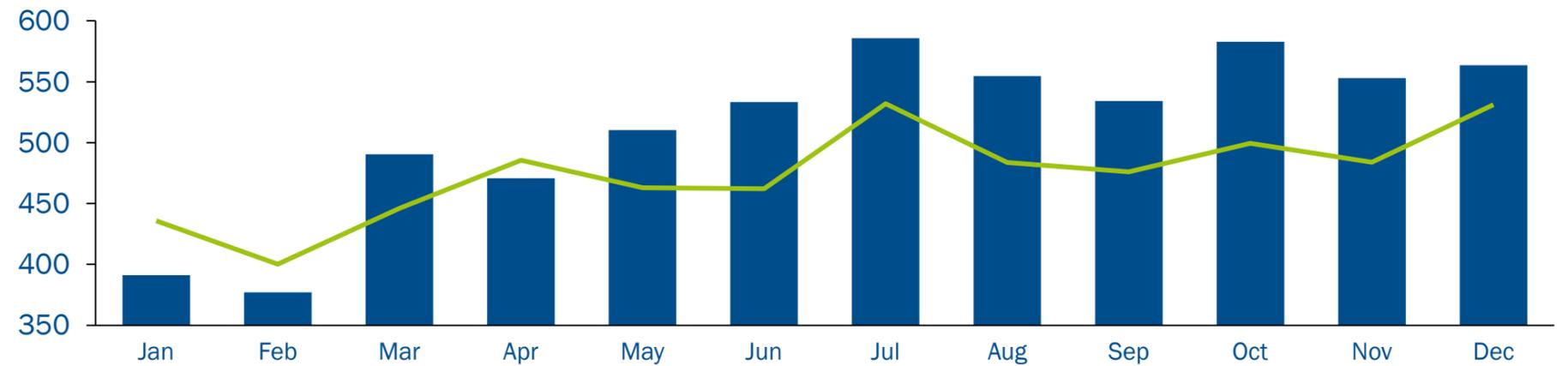
In CHF m

Transaction volume

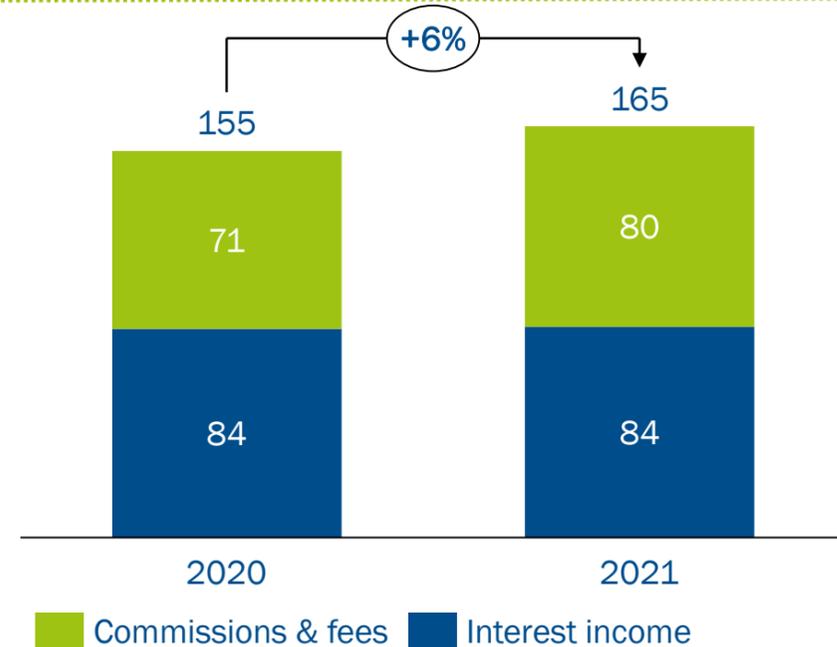


### Recovery of cards commissions (in CHF m)

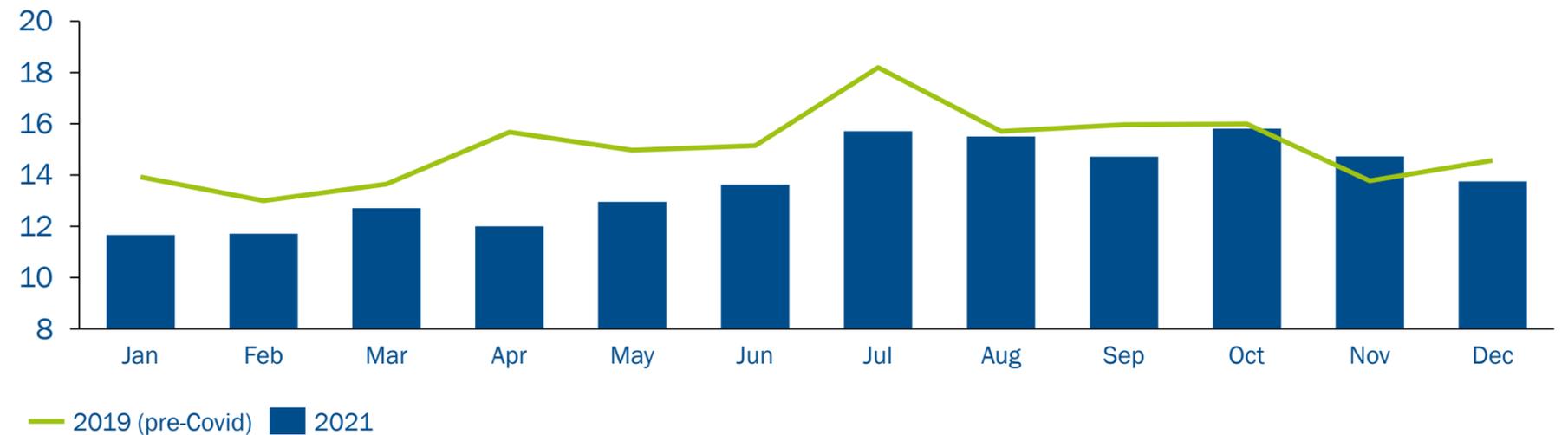
Strong transaction volume recovery starting in May 2021 (+12% for the period July–Dec-2021 vs. 2019)



Revenues



### Revenue gap with pre-Covid narrowing in H2 2021



# Operating expenses

In CHF m

		2021	2020	as %
Compensation and benefits	<b>1</b>	132.2	129.5	2
Professional services	<b>2</b>	17.8	17.8	0
Marketing	<b>3</b>	8.1	10.9	-26
Collection fees	<b>4</b>	10.5	11.7	-10
Postage and stationary	<b>5</b>	10.8	10.1	7
Rental exp. (under operating leases)	<b>6</b>	6.8	7.9	-14
Information technology	<b>7</b>	41.4	39.1	6
Depreciation and amortisation	<b>8</b>	25.0	26.5	-6
Other	<b>9</b>	-6.5	-6.1	6
<b>Total operating expenses</b>		<b>246.3</b>	<b>247.4</b>	<b>0</b>
<b>Cost/income ratio</b>		<b>50.6%</b>	<b>49.8%</b>	
<b>Full-time equivalent employees</b>	<b>1</b>	<b>916</b>	<b>928</b>	<b>-1</b>

## Comments

- 1** Driven by higher average salaries and one-off organisational changes, and partly offset by 1% lower average FTEs during 2021.
- 2** Primarily driven by service fees, temporary personnel and consulting services, offset by lower cashgate integration expenses.
- 3** Lower marketing expenses due to closure of Cembra SME Business and new product launch spend in 2020, offset by higher customer acquisition and asset generation expenses.
- 4** Decrease due to lower post-payment fees and third-party expenses for collection.
- 5** Increase largely driven by additional credit card expenses due to additional volumes.
- 6** Decrease driven by closure of branches and lower real estate maintenance costs at headquarters.
- 7** Increase largely due to higher life cycle and initiatives costs and expenses for digitalisation projects, including due diligence for the operational excellence initiative.
- 8** Lower amortisation as a result of the end of useful life of assets related to the IPO, partially offset by activation of new project releases.
- 9** Decrease largely driven by higher salary capitalisation related to digitalisation projects as well as lower facility management. This was partially offset by lower initial direct costs (IDC) credits as well as other provisions.

# Balance sheet

In CHF m

Assets		31.12.21	31.12.20	as %
Cash and equivalents		545	599	-9
Net financing receivables	<b>1</b>	6,207	6,293	-1
Personal loans		2,292	2,408	-5
Auto leases and loans		2,820	2,853	-1
Credit cards		1,030	970	6
Other (Swissbilling)		65	62	5
Other assets		344	353	-3
<b>Total assets</b>		<b>7,095</b>	<b>7,244</b>	<b>-2</b>
<b>Liabilities and equity</b>				
Funding	<b>2</b>	5,691	5,840	-3
Deposits		3,199	3,275	-2
Short- & long-term debt		2,492	2,565	-3
Other liabilities		204	278	-27
<b>Total liabilities</b>		<b>5,895</b>	<b>6,117</b>	<b>-4</b>
Shareholders' equity	<b>3</b>	1,200	1,127	6
<b>Total liabilities and equity</b>		<b>7,095</b>	<b>7,244</b>	<b>-2</b>

## Comments

- 1** Lower net financing receivables mainly driven by the extended impact of Covid-19 on consumer financing needs:
- Personal loans (-5%): lower market demand in 2020 and 2021, and Covid-19-related prudent underwriting rules, resulting in an asset decrease in H1.
  - Auto (-1%): lower new volumes, partly driven by competition in lower-interest segments and the supply shortage for semiconductor chips in the car industry
  - Cards (+6%): higher volumes due to gradual easing of Covid-19 restrictions
  - Other (+5%): Swissbilling assets driven up by higher volumes in invoice financing as a result of new partnerships.
- 2** Funding decreased in line with the decline in financing receivables and cash.
- 3** Shareholders' equity increase driven by rise in retained earnings and the dividend payment in April 2021.

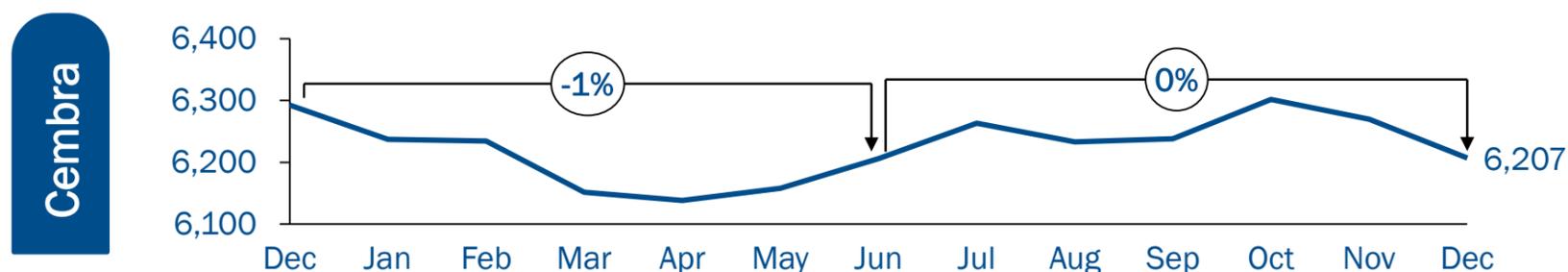
Note: Financing receivables (excl. allowance for losses): Personal loans CHF 2,356m; Auto leases and loans CHF 2,833m, Credit cards CHF 1,038m, Other (Swissbilling) CHF 66m

# 2021 trend in net financing receivables

## Stabilised assets in all businesses

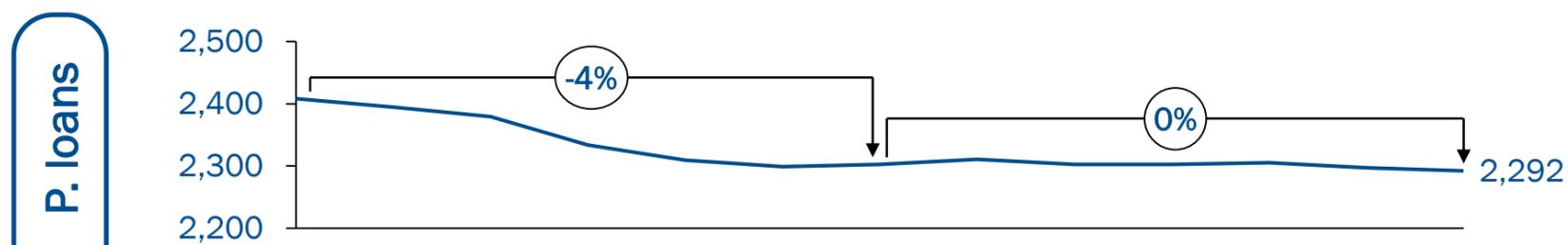
### Net financing receivables (month-end period, month by month)

in CHF m

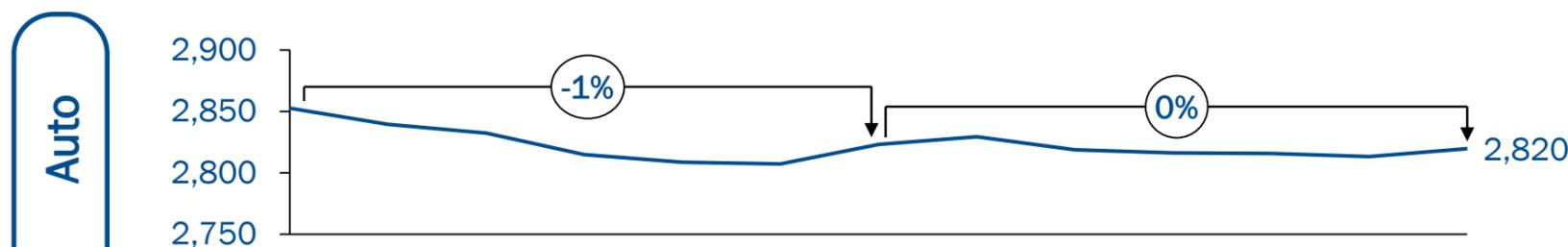


### Comments

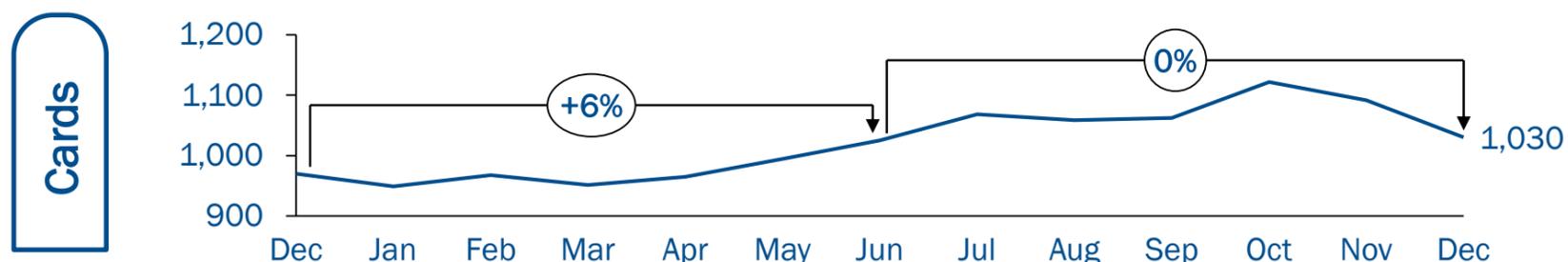
- Decrease in assets mainly driven by the extended impact of Covid-19 on consumer financing needs.



- Assets decreased in H1 due to lower market demand and prudent underwriting rules during the Covid-19 pandemic
- Stabilised assets and held market share in H2 as a result of the work of our dedicated personal loans task force



- Assets remained stable thanks to our resilient leasing book despite high competition in the lower-interest segment and a slight decrease in auto loans and inventory finance.



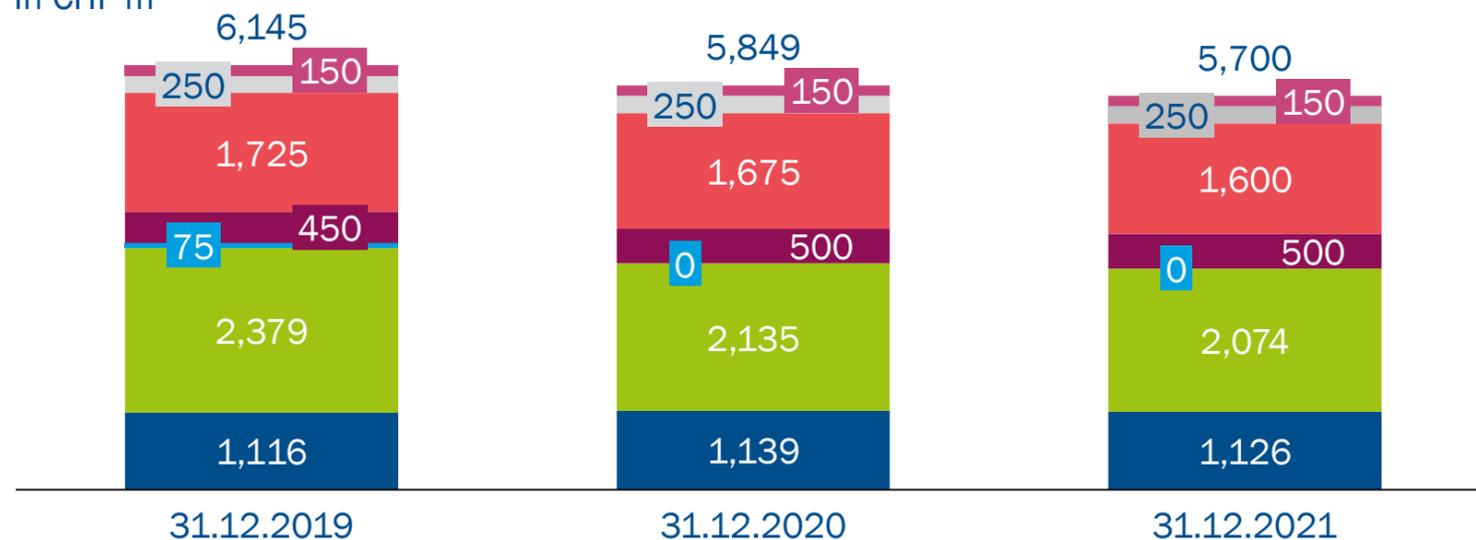
- Asset increase largely driven by higher transaction volumes
- Total card assets flat in H2 due to higher customer repayments, with interest-bearing assets growing by 9% in H2

# Funding

## Well-balanced and diversified funding profile

### Funding mix

In CHF m<sup>1</sup>



### ALM key figures

	31.12.19	31.12.20	31.12.21
End-of-period funding cost	0.44%	0.45%	0.44%
WA <sup>2</sup> remaining term (years)	2.9	2.7	2.5
LCR <sup>3</sup>	554%	970%	1030%
NSFR	112%	115%	116%
Leverage ratio	12.5%	14.4%	14.4%
Undrawn revolving credit lines	350m	400m	400m

### Funding programmes

<b>Non-Deposits - 44%</b>	<b>AT1 subordinated</b>	One issuance, remaining term to first call of 2.9 yrs. at a rate of 2.50% <sup>4</sup>
	<b>Convertible bond</b>	One issuance, remaining term of 4.6 yrs. at a rate of 0% <sup>4</sup>
	<b>Senior unsecured</b>	Nine issuances, WA <sup>2</sup> remaining term of 3.6 yrs., avg. rate of 0.34% <sup>4</sup>
	<b>ABS</b>	Two AAA-rated issuances, WA remaining term of 1.2 yrs., avg. rate of 0.08% <sup>4</sup>
	<b>Bank loans</b>	Syndicated term loan
<b>Deposits - 56%</b>	<b>Institutional term deposits</b>	<ul style="list-style-type: none"> <li>Diversified portfolio across sectors and maturities</li> <li>Book of 100+ investors</li> </ul>
	<b>Retail term deposits and saving accounts</b>	<ul style="list-style-type: none"> <li>Circa 16,000 depositors</li> <li>Fixed-term offerings 2-10 years</li> <li>Saving accounts are on-demand deposits</li> </ul>
		WA remaining term of 2.0 yrs., avg. rate of 0.37%
<b>Off-BS</b>	<b>Committed revolving credit lines</b>	<ul style="list-style-type: none"> <li>Four facilities of between CHF 50m and CHF 150m each</li> <li>WA remaining term of 1.2 yrs., avg. rate of 0.24%<sup>4</sup></li> </ul>

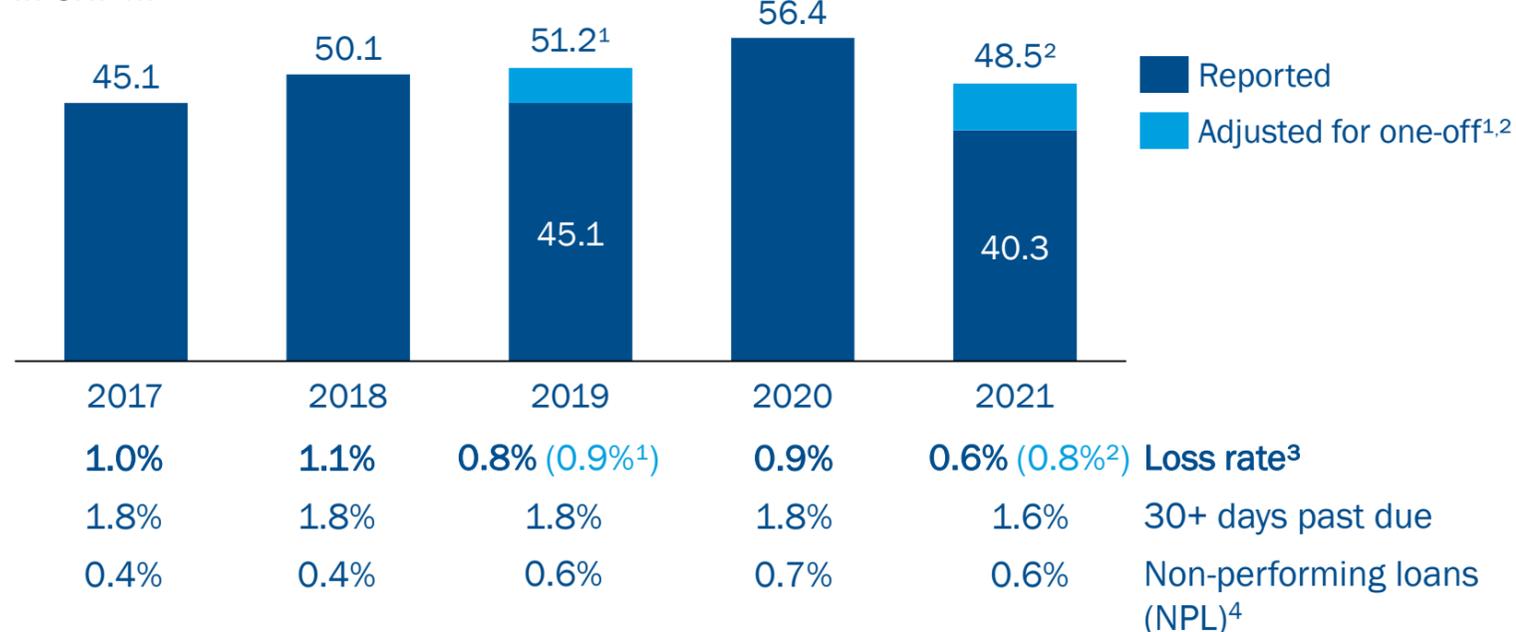
<sup>1</sup> Excluding deferred debt issuance costs (US GAAP) | <sup>2</sup> Weighted average | <sup>3</sup> Weighted average of last 3 months of reporting period | <sup>4</sup> Additional charges apply related to fees and debt issuance costs

# Provision for losses

## Excellent loss performance

### Provision for losses

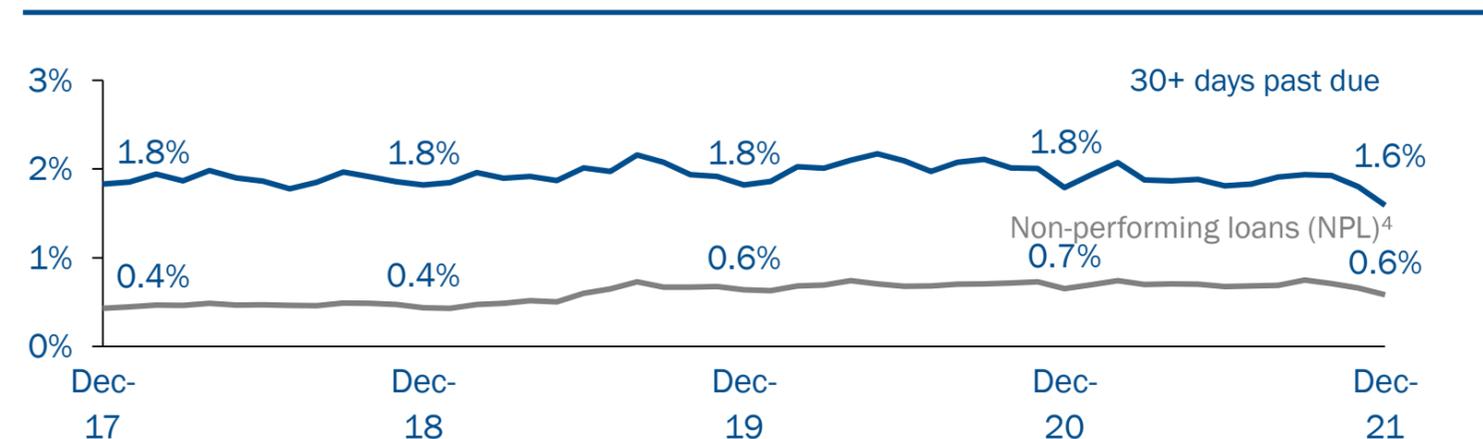
In CHF m



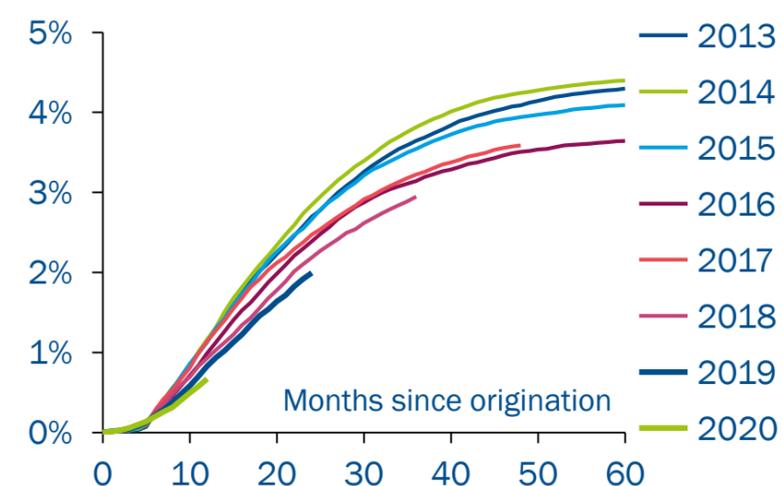
### Comments

- One-off: in H1 2021, previously written-off financing receivables were sold to a third party. The proceeds were recorded as recoveries, which resulted in a reduction in the provision for losses of 8.2m
- Reported losses in line with the estimate provided in December 2021
- Loss rate expected to gradually normalise over next years – reiteration of  $\leq 1\%$  target level

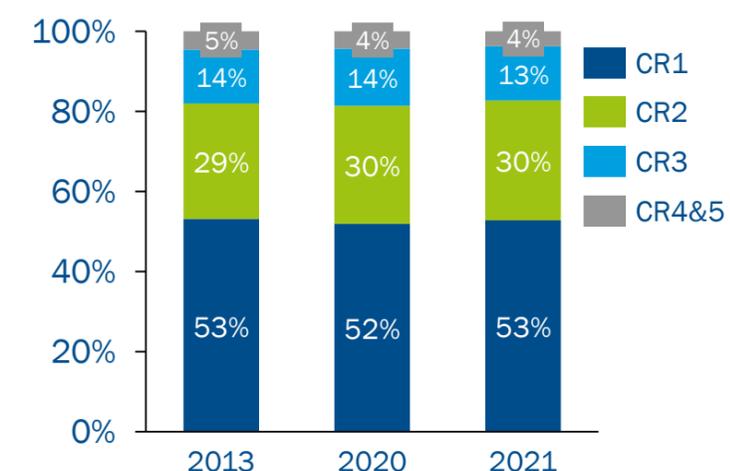
### 30+ days past due/NPL



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



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



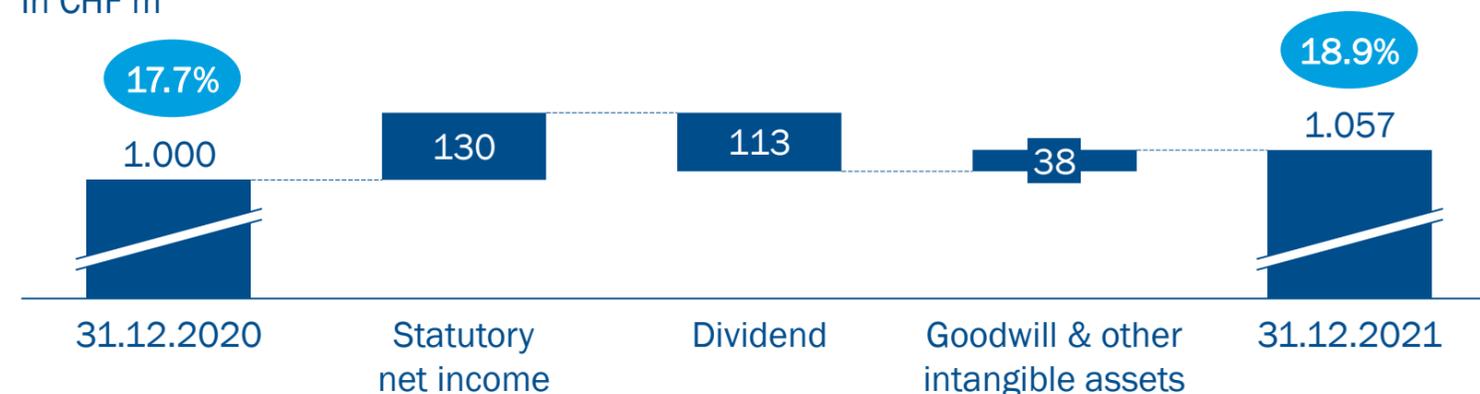
<sup>1</sup> Excluding the one-off impact related to synchronisation of write-off and collection procedures | <sup>2</sup> Excluding impact of 8.2m because of debt sale in H1'21 | <sup>3</sup> Loss rate is defined as the ratio of provisions for losses on financing receivables to average financing receivables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

# Capital position

## 18.9% Tier 1 ratio, and dividend increased

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

In CHF m



### Per share data

	2021	2020
Basic earnings per share (EPS) <sup>2</sup>	5.50	5.21
Diluted earnings per share	5.49	5.20
Ordinary dividend per share	3.85 <sup>3</sup>	3.75
Payout ratio	70%	72%
Number of shares	30,000,000	30,000,000
Treasury shares	613,931	629,535
Shares outstanding	29,386,069	29,370,465
Weighted-average number of shares outstanding	29,378,525	29,375,730

### Risk-weighted assets

In CHF m



### Comments

- RWAs decreased in line with net financing receivables
- CET 1 ratio at 16.2% (31 Dec 2020: 15.0%)
- Dividend of CHF 3.85 proposed (payout ratio of 70%)

<sup>1</sup> Derived from the Bank's statutory consolidated financial statements | <sup>2</sup> Based on net income as per US GAAP and weighted-average numbers of common shares outstanding | <sup>3</sup> proposed

# Agenda

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2. 2021 financial results

Pascal Perritaz, Volker Gloe

**3. Outlook**

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Appendix

# Strategy 2022–2026

## Execution on 2022 key initiatives

### Our key strategic ambition

### Targeted outcome

### 2022 key initiatives

Strategic programmes

<b>Operational excellence</b>	<ul style="list-style-type: none"> <li>Build state-of-the-art operating model</li> <li>Deliver efficiency, customer service excellence</li> </ul>	<ul style="list-style-type: none"> <li>Reduce cost base by CHF 30m p.a.</li> <li>Maintain NPS of at least +30</li> <li>Cost/income ratio &lt;39% by 2026</li> </ul>
<b>Business acceleration</b>	<ul style="list-style-type: none"> <li>Improve customer experience, enhance market reach</li> <li>Drive differentiation with flexible offerings</li> </ul>	<ul style="list-style-type: none"> <li>1–3% asset growth p.a.</li> <li>Commissions and fees: increase to ≥ 30% of net revenues (FY 2020: 25%)</li> </ul>
<b>New growth opportunities</b>	<ul style="list-style-type: none"> <li>Grow BNPL by leveraging Swissbilling</li> <li>Drive embedded finance solutions</li> </ul>	
<b>Cultural transformation</b>	<ul style="list-style-type: none"> <li>Embed customer-first mindset</li> <li>Create agile, learning-oriented organisation, collaboration with confidence, trust</li> </ul>	<ul style="list-style-type: none"> <li>Great Place To Work® trust index of at least 70%</li> </ul>

<ul style="list-style-type: none"> <li>Launch mobile banking solution for credit cards</li> <li>Start implementing core banking system for leasing</li> <li>Initiate data centre move</li> </ul>	<p>Q1 H1 H1</p>
<b>Personal loans</b>	
<ul style="list-style-type: none"> <li>Increase customer focus and simplify operating model</li> <li>Diversify products &amp; services to win customers</li> </ul>	<p>Q1 Q2</p>
<b>Auto</b>	
<ul style="list-style-type: none"> <li>Digital onboarding and API</li> <li>Launch new leasing business platform</li> </ul>	<p>Q2 Q4</p>
<b>Cards</b>	
<ul style="list-style-type: none"> <li>Launch proprietary card and transition programme</li> <li>Add 1-2 new key co-branding partners</li> </ul>	<p>Q3 Q3</p>
<b>Buy now pay later</b>	
<ul style="list-style-type: none"> <li>Product extension and account solution</li> <li>Add ~200 new merchants</li> </ul>	<p>H1 Q4</p>
<ul style="list-style-type: none"> <li>Adapt organisation with two new commercial divisions</li> <li>Values workshops, and leadership development</li> </ul>	<p>✓ Q1</p>

# Outlook

## Overall resilient business performance expected in 2022

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

#### Accelerate recovery and deliver on strategy milestones

- Take advantage of economic rebound
- Innovate credit card business and build new partnerships
- Continue focus on operational excellence and strict cost discipline
- Continue to grow BNPL via Swissbilling

#### Resilient and profitable business performance

- Asset growth 1–3%
- Stable cost/income ratio
- Continued solid risk performance
- ROE of 13–14%

### Financial targets until 2026

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

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

# Agenda

1. Cembra at a glance
2. 2021 results
3. Outlook

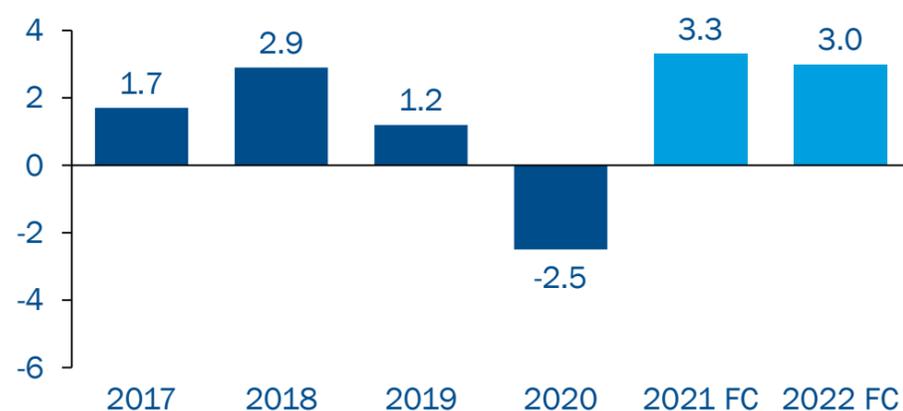
## Appendix

# Macroeconomic outlook

## Swiss economy expected to grow by 3% in 2022<sup>1</sup>

### GDP in Switzerland

Change vs. previous period as %

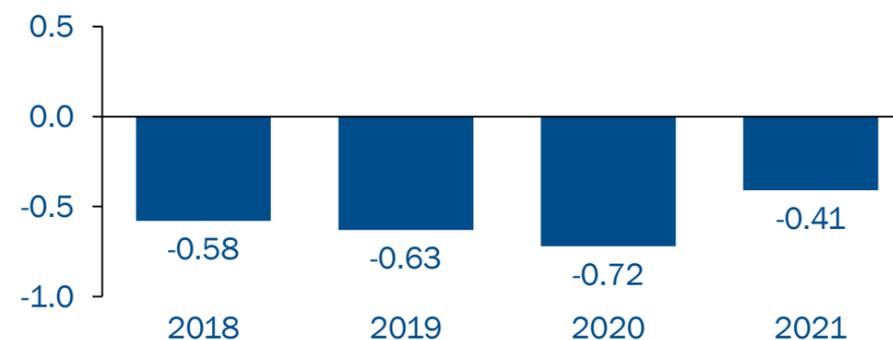


Source: SECO December 2021

- In Q3 2021, GDP increased by 1.7%, after growing by 1.8% in Q2
- Swiss economy is expected to grow by 3.3% in 2021 and 3.0% in 2022<sup>1</sup>
- Consumer spending forecast to increase by 2.6% in 2021 and 3.0% in 2022<sup>1</sup>

### CHF interest rates

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

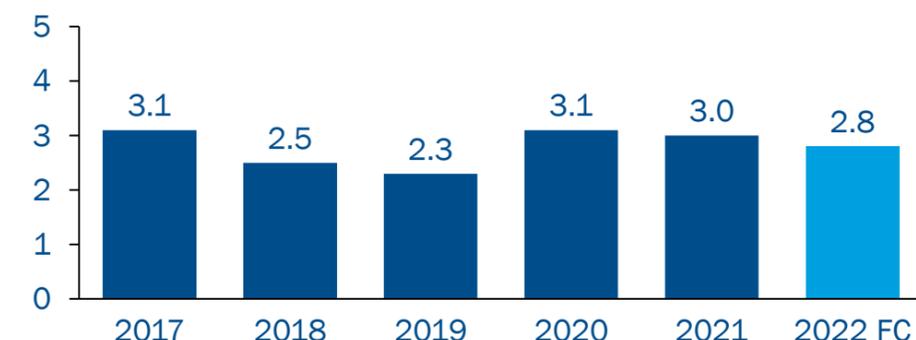


Source: Bloomberg

- CHF interest rates curve increased in 2021
- Forward curve suggests that CHF rates will increase but remain negative in the short term
- Credit spreads at tight levels partly due to higher interest rates

### Unemployment rate in Switzerland

As %, average per period



Source: SECO December 2021

- Unemployment rate at 2.6% in December 2021<sup>1</sup> and 3.0% for the full year
- Unemployment forecast to decrease to 2.8% in 2022<sup>1</sup>
- Economic growth and government measures helped to rein in unemployment in 2021

<sup>1</sup> Source: SECO (Swiss State secretariat for economic affairs) December 2021

# Market positions

## Serving more than 1 million customers in Switzerland

### Personal loans: 41% market share

2021 personal loan receivables

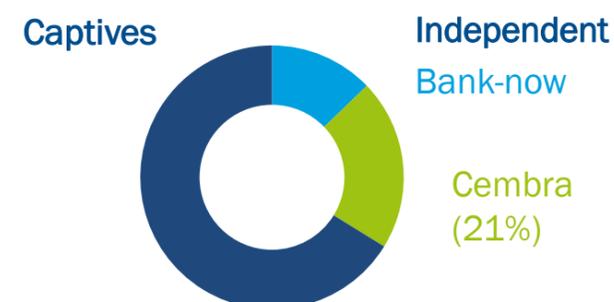


### Leader in personal loans segment

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

### Auto business: 21% market share

2021 leasing receivables



### Strong independent player

- Strong independent player – no brand concentration
- Partnerships with about 4,000 dealers
- Focus on used cars: ~37% new and ~63% used cars in portfolio
- Dedicated field sales force with four support centres

### Credit cards: 13% market share

2021 credit cards issued



### Attractive portfolio of 1.1m cards

- High customer value leading to above-average card usage
  - 13% market share in transaction volumes
  - 21% market share in contactless payments
- Launch of IKEA credit card in March 2021
- Termination of Migros card partnership as of June 2022

### BNPL<sup>1</sup>: 10-20% market share

2021 (own estimates)



### Growth segment Buy now pay later

- Buy now pay later (BNPL): purchase by invoice (online & offline) and invoice financing
- Strong BNPL market growth (20–30% p.a.) expected
- Swissbilling with 0.8m active customers
- 1.2m invoices processed, thereof 1.0m in BNPL

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

# Strategy 2022 – 2026

## Reimagining Cembra



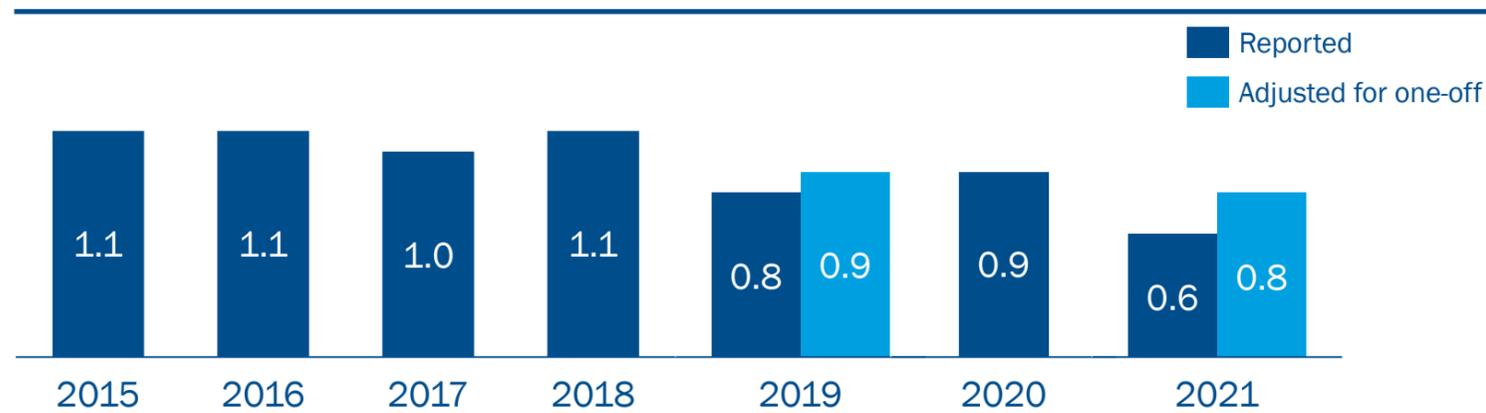
### Key messages

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

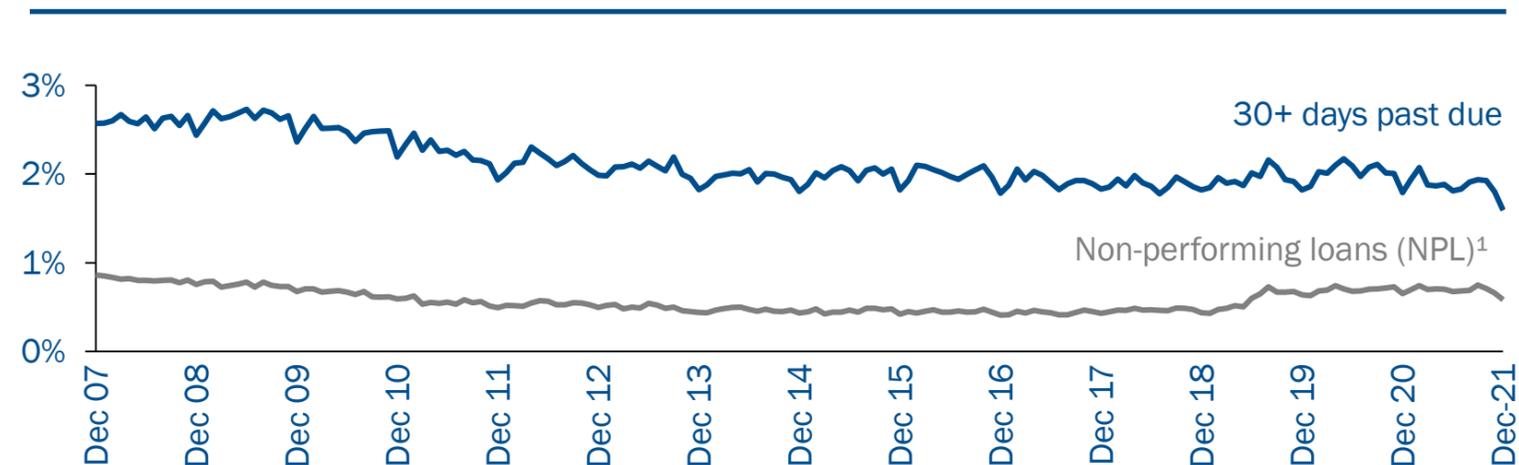
# Long-term risk performance

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

Loss rate



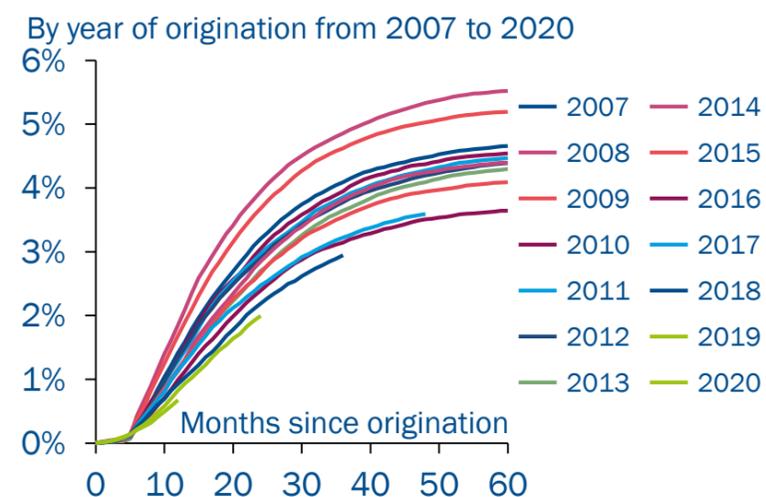
NPL and delinquencies



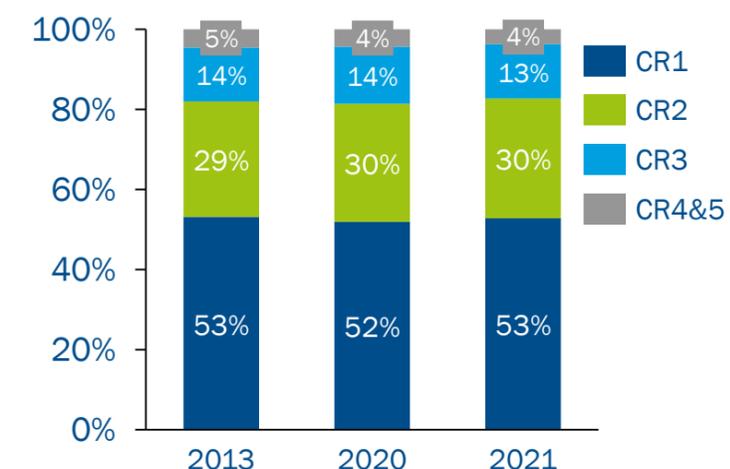
Risk management characteristics

- Consistent risk appetite and strategies over many years
- Well-diversified portfolios contributing to limited credit losses
- Expertise in underwriting and collections leading to effective loss mitigation
- Limited volatility in portfolio quality metrics through economic cycle

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



Credit grades<sup>3</sup>



<sup>1</sup> Non-performing loans (NPL) ratio is defined as the ratio of non-accrual financing receivables (at period-end) divided by financing receivables | <sup>2</sup> Based on personal loans and auto leases & loans originated by the Bank

<sup>3</sup> Consumer Ratings (CR) reflect associated probabilities of default for material Bank and cashgate portfolios

# Sustainability

## Strong ESG performance, and commitment to further improve

### Sustainability performance

- E**
- Reduced direct (scope 1+2) emissions intensity significantly since 2014
  - 100% of electric power from renewable sources since 2016<sup>1</sup>
  - One of the leaders in financing electric vehicles
- S**
- NPS of 28<sup>2</sup> and providing loans under some of the strictest consumer finance laws in Europe
  - Diverse workforce with 43 nationalities
  - Certified equal pay for equal work
- G**
- Strong governance structure since the IPO<sup>4</sup>
  - Sustainability linked to compensation
  - Sustainability committee chaired by CEO

### Selected targets

Reduce direct carbon emissions by 75% by 2025 (basis: 2019)

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

Employee GPTW<sup>3</sup> trust index of at least 70%

Externally reviewed sustainability reports from FY 2021 on

### External recognition



### Low ESG risk

Ranked 2 among 120 consumer finance providers, May 2021

### Top 19%

in diversified financial services (Score 43), November 2021

### A

Top 2–Top 5 among 14 consumer finance peers, May 2021

### Inclusion

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

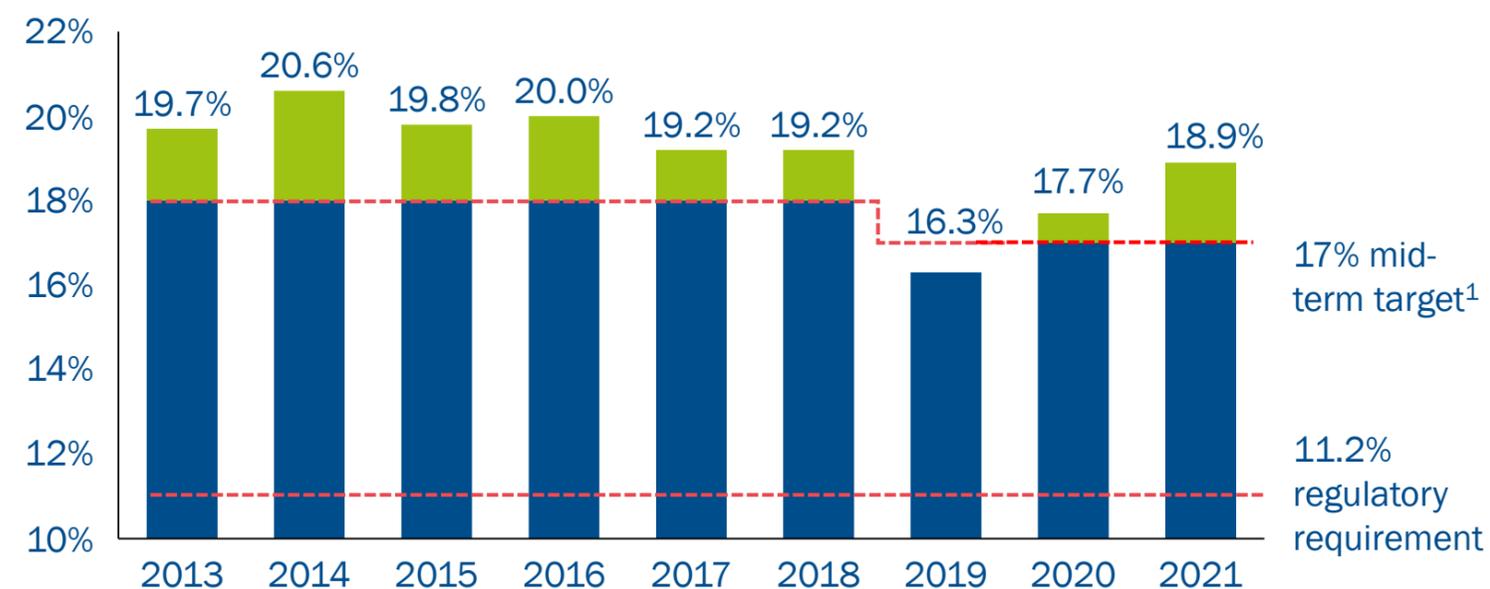
<sup>1</sup> From renewable hydro sources; coverage: Cembra headquarters (76% of employees) | <sup>2</sup> Net promoter score on a scale -100 to 100, FY 2021 | <sup>3</sup> Great Place to Work.org | <sup>4</sup> ISS Quality Score of 1 on a scale from 1 to 10

# Capital management

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

### Capital position

Tier 1 capital ratio as %



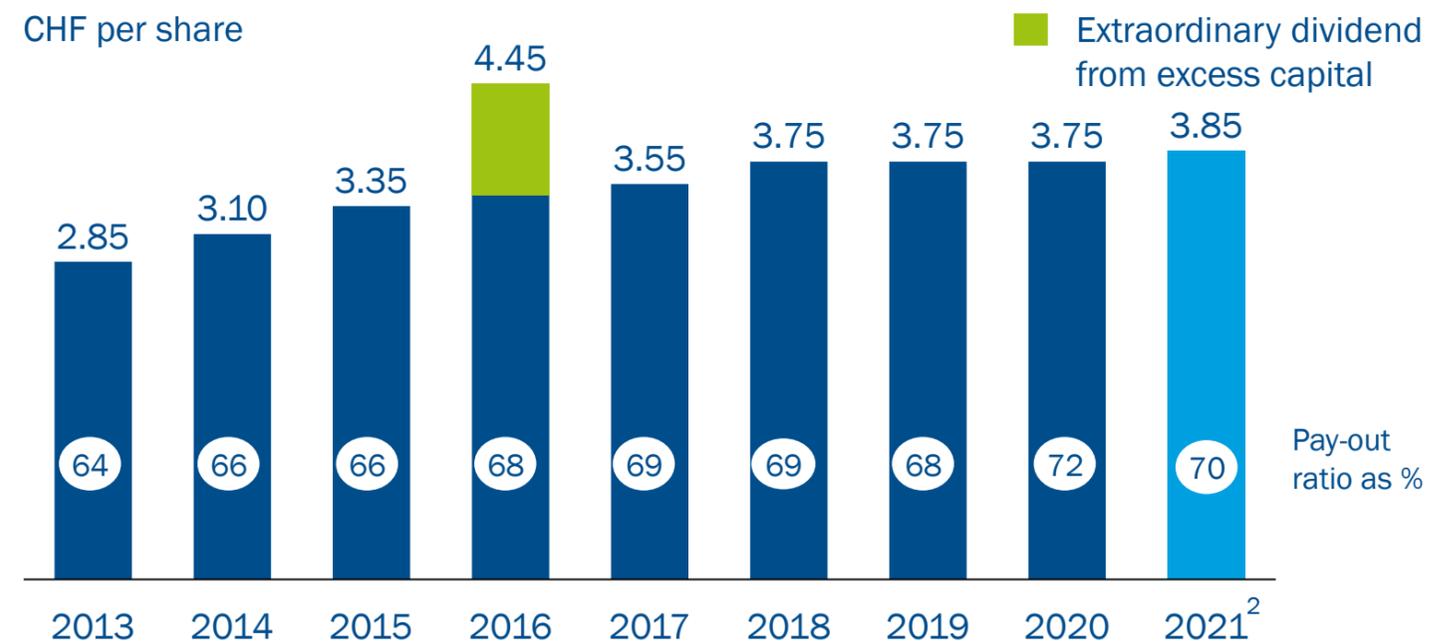
■ Tier 1 capital ratio of 18.9% and CET 1 ratio of 16.2% at 31 December 2021

■ Mid-term Tier 1 capital ratio target of 17%

■ S&P rating of A- since the IPO

### Dividends

CHF per share



■ Continuous dividend payouts despite acquisitions and Covid-19 impact

■ 68% average payout ratio since the IPO

■ Dividend for 2022 of at least CHF 3.85

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

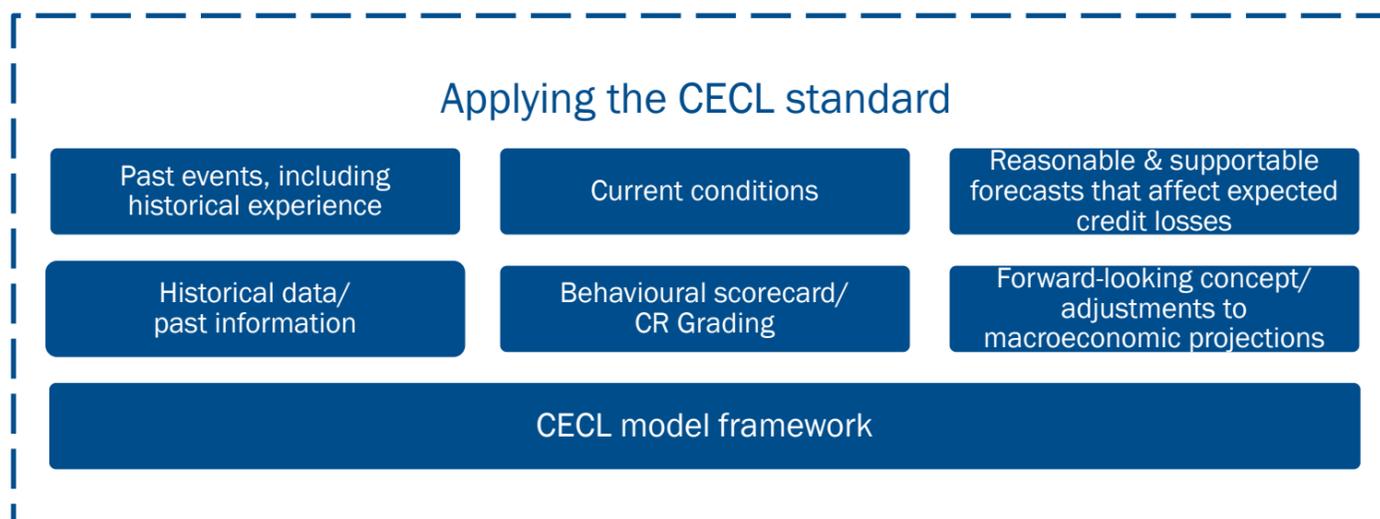
# Current expected credit losses (CECL)

## Changed standard for allowance for losses calculation

### Change from incurred to expected credit loss standard

#### Main differences

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

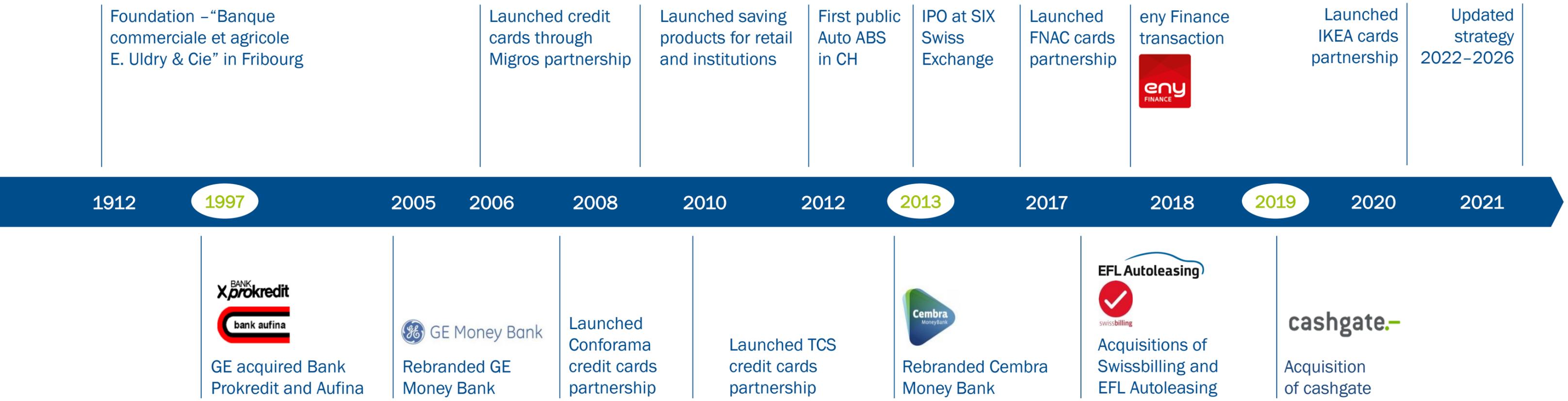


### Expected financial impact

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

	US GAAP	Statutory
<b>Balance Sheet</b>	<ul style="list-style-type: none"> <li>Increase of CHF 50–70m in allowance for losses through retained earnings, equity on day 1</li> </ul>	<ul style="list-style-type: none"> <li>Increase of allowance for losses of CHF 50–70m.</li> </ul>
<b>P&amp;L</b>	<ul style="list-style-type: none"> <li>No day 1 impact</li> <li>Higher reserve requirements lead to higher P&amp;L impacts of future asset increases/decreases</li> </ul>	<ul style="list-style-type: none"> <li>Adoption leads to higher reserves, which are built up through the profit and loss statement, and can be done in one go or recognised using a phased approach.</li> </ul>
<b>Capital ratios</b>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>One-off impact on the Tier 1 ratio of 0.6–0.9 pp during the strategic cycle 2022–2026</li> </ul>

# History



# Key figures over 10 years

US GAAP	2012	IPO 2013	2014	2015	2016	2017	2018	2019	2020	2021
Net revenues (CHF m)	356	355	379	389	394	396	439	480	497	487
Net income (CHF m)	133	133	140	145	144	145	154	159	153	161
Cost/income ratio (%)	46.2	50.5	42.5	41.5	42.5	42.4	44.0	48.3	49.8	50.6%
Net fin receivables (bn)	4.0	4.0	4.1	4.1	4.1	4.6	4.8	6.6	6.3	6.2
Equity (CHF m)	1,081	799	842	799	848	885	933	1,091	1,127	1,200
Return on equity (%)	13.1	14.1	17.0	17.7	17.4	16.7	16.9	15.7	13.8	13.9
Return on tangible equity (%)	13.1	14.2	17.2	18.1	18.0	17.3	17.8	18.5	17.7	17.3
Tier 1 capital (%)	26.6	19.7	20.6	19.8	20.0	19.2	19.2	16.3	17.7	18.9
Employees (FTE)	710	700	702	715	705	735	783	963	928	916
Credit rating (S&P)		A-	A-	A-	A-	A-	A-	A-	A-	A-
Earnings per share (CHF)		4.43	4.67	5.04	5.10	5.13	5.47	5.53	5.21	5.50
Dividend per share (CHF)		2.85	3.10	3.35	4.45 <sup>1</sup>	3.55	3.75	3.75	3.75	3.85 <sup>3</sup>
Share price (CHF, end of period)		58.55	55.00	64.40	74.20	90.85	77.85	106.00	107.20	66.45
Market cap (CHF bn) <sup>2</sup>		1.8	1.7	1.9	2.2	2.7	2.3	3.2	3.2	2.0

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

# Glossary of key figures

## including alternative performance measures

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

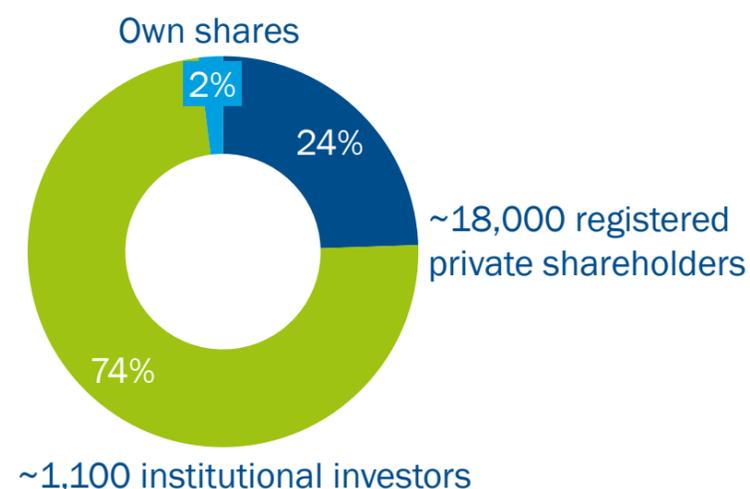
Key figures (including APM)	Definition
Yield	Interest income divided by 2-point-average financing receivables <sup>1</sup>
Net interest margin (NIM)	Net interest income divided by 2-point-average financing receivables <sup>1</sup>
Fee/income ratio	Commission and fee income divided by net revenues
Cost/income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

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

# The Cembra share

## Shareholder structure: 98% free float<sup>1</sup>

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

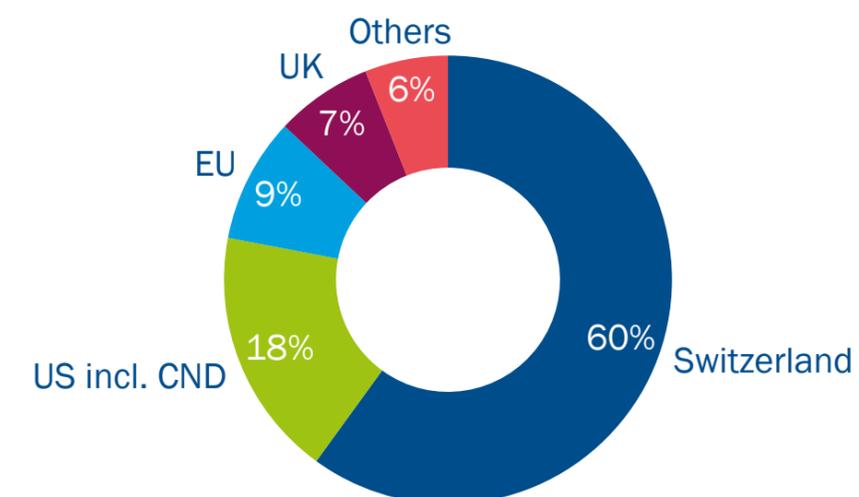


## Main investors and indices

<b>Holdings &gt;5% of share capital</b>	■ UBS Fund Management (Switzerland)
<b>Holdings &gt;3% of share capital</b>	■ BlackRock Inc.
	■ Credit Suisse Funds AG
	■ Swisscanto Fondsleitung AG
<b>Selected indices:</b>	■ SPI, SMIM
	■ SXI Switzerland Sustainability 25 Index
	■ 2022 Bloomberg Gender Equality Index

<sup>1</sup> Estimates

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



## Share data

	FY 2021	FY 2020
Number of shares	30,000,000	30,000,000
Treasury shares	613,931	629,535
Treasury shares as %	2.0%	2.1%
Shares outstanding	29,386,069	29,370,465
Weighted-average number of shares outstanding	29,378,525	29,375,730

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# Calendar and further information

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

## Corporate events

16 March 2022	Publication 2021 Annual Report
21 April 2022	Annual General Meeting 2022
27 April 2022	Dividend ex-date
21 July 2022	H1 2022 results

## Investor conferences, roadshows and calls

17 February 2022	Roadshow Zurich
21-22 February 2022	Virtual roadshow London and EU
31 March 2022	Kepler Swiss Seminar, Zurich
10 May 2022	UBS Small-/Mid-cap conference, London
31 May 2022	Deutsche Bank global financial services conference
31 May 2022	Stifel investor conference, Interlaken

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

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