

# Compensation Report

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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**  
Chairperson of the Compensation and Nomination Committee

# 1 Compensation at a glance

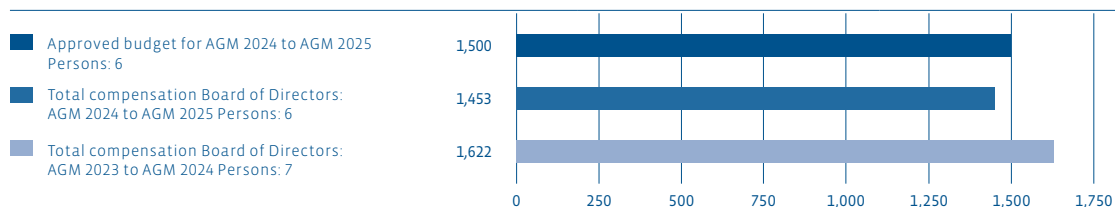
## Total compensation awarded to the Board of Directors for the term of office AGM 2024-AGM 2025

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



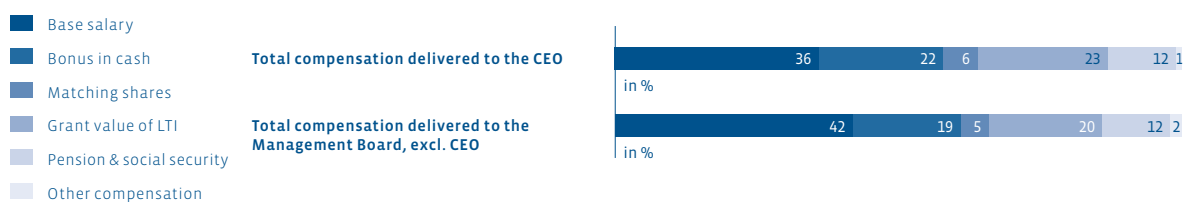
## Total compensation delivered to the Management Board for the performance year 2024

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
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Maximum aggregate compensation approved by the AGM 2023 for the year 2024 TCHF 7,472
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**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
<p>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.</p>	<p>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.</p>
<p>Under the LTI, partial vesting of the performance shares is possible in case of underperformance of the share price compared to the index.</p>	<p>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.</p>
<p>There is no meaningful information which permits to compare the average employees remuneration with directors' remuneration.</p>	<p>The CEO-to-employee salary ratio is disclosed in section 5 of the Sustainability report.</p>

**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

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

- **Compensation principles applicable to the Board of Directors** (art. 25c): The compensation of the Board of Directors consists of fixed compensation for services rendered as a member of the Board of Directors and – if applicable – as a committee member or a committee chairperson, which may be paid out partially in cash and partially in blocked, registered shares of the Bank.
- **Compensation principles applicable to the Management Board** (art. 25d, 25h, 25i): The compensation 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

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According to the Articles of Incorporation and the Organisational Regulations (available at [www.cembra.ch/corporategovernance](http://www.cembra.ch/corporategovernance) under “Regulations and principles”), the Compensation and Nomination Committee (CNC) consists of at least two but not more than four members of the Board of Directors who are elected annually and individually by the Annual General Meeting for a period of one year. At the Annual General Meeting 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
<b>Compensation governance, principles and compliance</b>					
Review external stakeholders feedback on compensation policy and disclosure			■	■	
CNC charter review			■		
Compensation report review		■			■
Company Pension Fund update			■		
<b>Board of Directors compensation</b>					
Determine BoD compensation for next office term for Annual General Meeting vote		■			
<b>Management Board compensation</b>					
Executive Variable Compensation Plan - framework assessment				■	
Performance review and bonus approval	■				
LTI strategic assessment	■				
Set goals and objectives for upcoming year	■				
Individual compensation review	■				
Determine maximum aggregated compensation amount for Annual General Meeting vote		■			
Financial target approval for LTI 2024 – 2026			■		
Financial target setting approach for LTI				■	■
<b>Nomination and succession planning</b>					
Recruitment for new members of the BoD <sup>1</sup>			■	■	■
Review BoD composition				■	
BoD performance assessment			■	■	
Nomination of BoD & CNC Members for next office term		■			
Election of the CNC Chair		■			
Succession planning review for MB members and their direct reports		■	■	■	

<sup>1</sup> 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
<b>Basic fee</b>		
Chairman of the Board of Directors <sup>1</sup>	500	
Member of the Board of Directors	120	
<b>Committee / chair fee</b>		
Vice Chairman		30
Chairperson of the Audit and Risk Committee		65
Chairperson of the CNC		50
Member of the Audit and Risk Committee		35
Member of the CNC		30

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

### 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

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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

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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:

Key element	Fixed compensation elements		Variable compensation elements	
	Annual base salary	Pension and other benefits	Short-term incentive (STI)	Long-term incentive (LTI)
Vehicle	Cash	Contributions to retirement plans and insurances, perquisites in kind or in cash	Cash	Performance Share Units (PSU)
Purpose	Attract and retain	Protect employees and their 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 <sup>1</sup>
Share ownership	n/a	n/a	Matching shares for STI bonus amount converted in Cembra restricted shares	Vested shares blocked for five years

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

## Fixed compensation elements

### Annual base salary

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

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

### Pension and other benefits

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

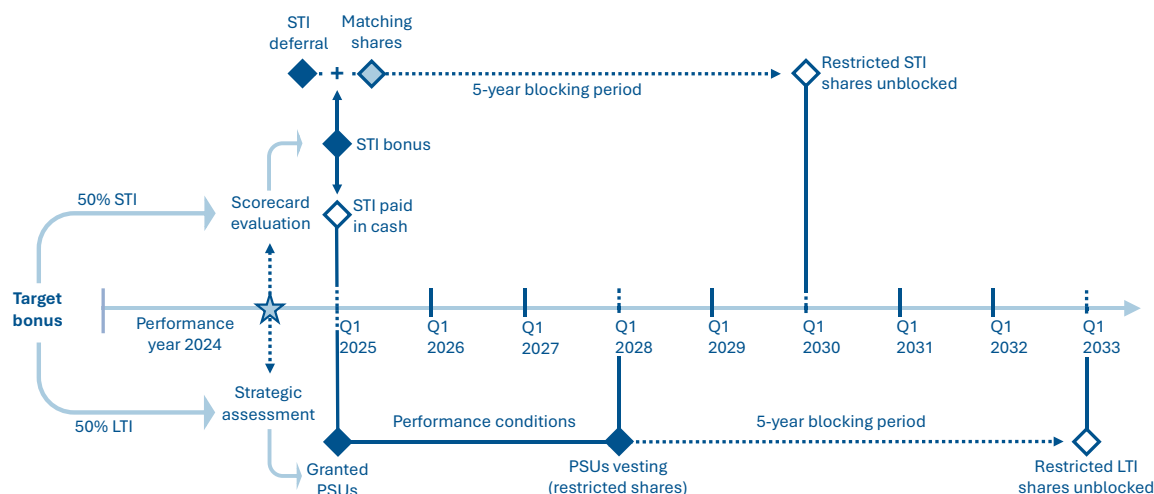
Members of the MB may also receive certain executive benefits such as company car and other benefits in kind. For employees who have been relocated from abroad, benefits may also include schooling and tax support. The monetary value of these other elements of compensation is evaluated at fair value and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

## Variable compensation elements

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

Each member of the MB is awarded a so-called individual target bonus which amounts to 110% of the annual base salary for the CEO and the CFO, 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	
	STI	LTI	STI	LTI
Target bonus in % of annual base salary	110 %		70 % - 80 %	
% of target bonus	50 %	50 %	50 %	50 %
Target bonus as % of annual base salary	55 %	55 %	35 % - 40 %	35 % - 40 %
Cap at grant in % of annual base salary	69 %	69 %	44 % - 50 %	44 % - 50 %
Pay out/vesting range in % of annual base salary	0-69 %	0-138 % <sup>1</sup>	0-44 % (50 %)	0-88 % (100 %) <sup>1</sup>

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

**Short-term Incentive (STI) mechanism**

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

The STI target (i.e. the bonus at 100% target achievement) is expressed as a percentage of the target bonus. For all MB Members, the STI target amounts to 50% of the target bonus, which represents 55% of the base salary for the CEO and the CFO, 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
<b>1. Financials</b>		<b>60 %</b>	<b>60 %</b>	<b>60 %</b>	<b>60 %</b>	<b>50 %</b>	<b>50 %</b>	<b>25 %</b>	<b>25 %</b>
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 %				
<b>2. Customer and market</b>		<b>10 %</b>	<b>10 %</b>	<b>10 %</b>	<b>10 %</b>				
Market share	Business acceleration	10 %	10 %	10 %	10 %				
<b>3. Operational excellence</b>		<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>35 %</b>	<b>35 %</b>	<b>60 %</b>	<b>60 %</b>
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
<b>4. Sustainability</b>		<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>	<b>15 %</b>
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%.

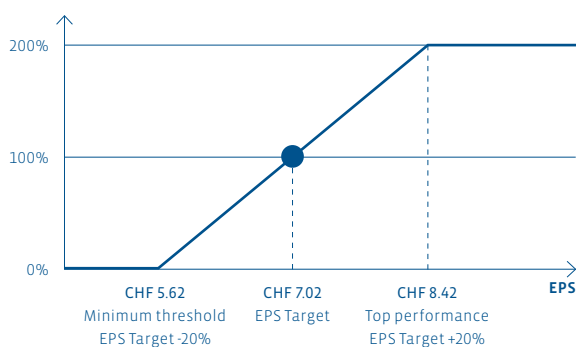
The target performance levels are determined at a challenging but achievable level. Any positive and/or negative deviation from the target performance level is reflected proportionately in the number of vested PSUs.



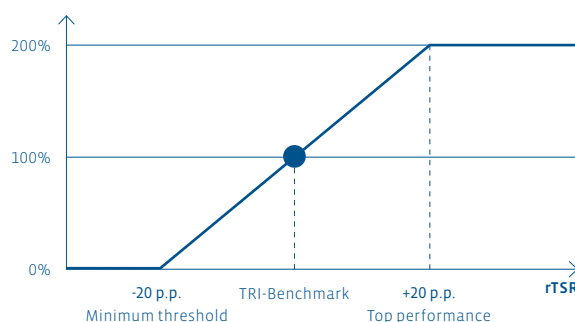
A symmetrical link between realised performance and payout factor above and below the target performance level enables a robust long-term variable compensation system while limiting excessive risk-taking by plan participants.

- 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

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

Rules applicable to employment termination

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

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

In addition, in case of termination following a change of control, the unvested PSUs are subject to an early vesting at a level determined by the Board of Directors. These rules apply to all plan participants and therefore do not benefit 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 <sup>3</sup>	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 <sup>1</sup>	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 <sup>1</sup>	Member Audit and Risk Committee	35,854	10,457	-	5,681	51,992	15,447	236
Sandra Hauser <sup>2</sup>	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
<b>Total compensation of the members of the Board of Directors</b>		<b>1,135,854</b>	<b>274,496</b>	<b>-</b>	<b>83,400</b>	<b>1,493,750</b>	<b>470,432</b>	<b>6,148</b>

<sup>1</sup> Member of the Board until Annual General Meeting 2024

<sup>2</sup> Member of the Board since Annual General Meeting 2024

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

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

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

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

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

<sup>5</sup> Number of shares reflects shares granted 1 February 2023 for the period 1 January 2023 until Annual General Meeting 2023 and shares granted 1 February 2024 for the period Annual General Meeting 2023 until 31 December 2023. For the grant of 1 February 2023 the share price is CHF 76.80 - volume-weighted average price ("VWAP") 60 trading days before grant date (source: SIX). For the grant of 1 February 2024 the share price is CHF 65.50 - VWAP 60 trading days before grant date (source: SIX). Due to the blocking period a discount of 25.274% is applied according to the table published by the circular no 37 of the Federal Tax Administration Office.

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 following year (C)	Total compensation earned for the period from AGM to AGM (A-B+C)	Amount approved by shareholders at respective AGM	Ratio of compensation earned for the period from AGM to AGM versus amount approved by shareholders
AGM 2024-AGM 2025	2024	1 Jan 2024 to 2024 AGM <sup>1</sup>	1 Jan 2025 to 2025 AGM	2024 AGM to 2025 AGM	2024 AGM	2024 AGM
<b>Board of Directors (total)</b>	<b>1,493,750</b>	<b>498,332</b>	<b>457,181</b>	<b>1,452,599</b>	<b>1,500,000</b>	<b>97%</b>
AGM 2023-AGM 2024	2023	1 Jan 2023 to 2023 AGM <sup>1</sup>	1 Jan 2024 to 2024 AGM	2023 AGM to 2024 AGM	2023 AGM	2023 AGM
<b>Board of Directors (total)</b>	<b>1,552,608</b>	<b>428,543</b>	<b>498,230</b>	<b>1,622,295</b>	<b>1,650,000</b>	<b>98%</b>

<sup>1</sup> 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				2023			
	CEO	Active Management Board	Former Management Board Members	Total compensation	CEO	Active Management Board	Former Management Board Members	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 <sup>1</sup>	21,003	109,374	9,000	139,377	46,799	69,738	–	116,537
<b>Total fixed compensation</b>	<b>798,219</b>	<b>2,837,269</b>	<b>108,239</b>	<b>3,743,727</b>	<b>807,749</b>	<b>2,429,829</b>	<b>–</b>	<b>3,237,577</b>
STI/ EVCP paid in cash <sup>2</sup>	385,074	1,003,786	–	1,388,860	268,661	662,786	–	931,447
Matching Shares <sup>3</sup>	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 <sup>4</sup>	4,984	12,945	–	17,929	5,291	12,608	–	17,899
Value per PSU <sup>5</sup>	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
<b>Total variable compensation for the performance year</b>	<b>947,087</b>	<b>2,443,982</b>	<b>–</b>	<b>3,391,069</b>	<b>705,746</b>	<b>1,664,402</b>	<b>–</b>	<b>2,370,148</b>
<b>Total compensation for the performance year</b>	<b>1,745,306</b>	<b>5,281,250</b>	<b>108,239</b>	<b>7,134,795</b>	<b>1,513,495</b>	<b>4,094,231</b>	<b>–</b>	<b>5,607,725</b>
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

<sup>1</sup> Includes benefits for relocated employees such as temporary housing and relocation allowance as well as other benefits such as company cars.

<sup>2</sup> Paid out in March 2025, respectively March 2024

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

<sup>4</sup> PSUs granted in 2025 and 2024 for the performance years 2024 and 2023

<sup>5</sup> 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 additional 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 assessment 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)
<b>1. Financials</b>	60%	25% – 60%	Consistent strategy execution leads to record results.	<b>111%</b>
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%
<b>2. Customer and market</b>	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.	<b>95%</b>
<b>3. Operational excellence</b>	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.	<b>98%</b>
Roadmap execution	X	X		
Service level		X		
Loss ratio		X		
Divisional effectiveness		X		
<b>4. Sustainability</b>	15%	15%	- Robust loss performance, GPTW recertification with extraordinary high participation rate and higher trust index compared to previous survey and 2 percentage points above target.	<b>110%</b>
Loss ratio / People & Leadership	15%	15%		

**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 assessment 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 platform transformation, decommissioning, Cembra app upgrades and important measures implemented in the area of profitability 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.	
People and development	Healthy & Thriving workplace	- Absence rate	- Positive trend in absence rate.	
		- Engagement Score/ GPTW Trust index	- 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) <sup>1</sup>
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

<sup>1</sup> 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



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## **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 <sup>1</sup>	General Counsel	-	948	1,453	1,800	-	1,453	223
Sandra Babylon	CTO	-	-	-	-	-	-	-
Alona Eiduka <sup>2</sup>	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

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

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

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

At 31 December (CHF in thousands)	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 lists functions exercised by members of the BoD and of the MB in other for-profit companies, to the extent these functions are comparable to the function they hold with Cembra Money Bank AG.

### Functions exercised by members of the Board of Directors as of 31 December 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) <sup>1</sup>	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
Marc Berg	Swiss KMU Partners AG (CH)	Member of the Board of Directors
	BYRG GmbH (DE)	CEO
Sandra Hauser	Statista GmbH (DE)	CEO
	acreas GmbH (CH)	Managing Director
Susanne Klöss-Braekler	Deutsche Pfandbriefbank AG (DE) <sup>1</sup>	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 <sup>1</sup> (CH)	Member of the Board of Directors
	Zurich Insurance Company Ltd (CH)	Member of the Board of Directors

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

The members of the MB exercise no comparable functions in for-profit companies as of 31 December 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) <sup>1</sup>	Member of the Board of Directors
	Swiss Life AG (CH)	Member of the Board of Directors
	Sygnium 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) <sup>1</sup>	Member of the Supervisory Board
	ING DiBa AG (DE)	Chair of the Supervisory Board
	ODDO BHF AG (DE)	Member of the Supervisory Board
	Auticon GmbH (DE)	Member of the Advisory Board
	HDI Deutschland Bancassurance GmbH (DE)	Member of the Advisory Board
Dr Monica Mächler	Zurich Insurance Group Ltd <sup>1</sup> (CH)	Member of the Board of Directors
	Zurich Insurance Company Ltd (CH)	Member of the Board of Directors

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

The members of the MB exercise no comparable functions in for-profit companies as of 31 December 2023. The curricula vitae of the BoD members and of the MB members are disclosed in the Corporate Governance Report.



## **Report of the Statutory Auditor**

To the General Meeting of Cembra Money Bank AG, Zurich

### **Report on the Audit of the Compensation Report**

#### **Opinion**

We have audited the Compensation Report of Cembra Money Bank AG (the Company) for the year ended 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