



Your Swiss Bank

# Business Review

# 19

**Cembra is a leading Swiss provider of financing solutions and services. Our product range includes consumer finance products such as personal loans and auto leases and loans, credit cards and the insurance sold with these products, SME loans, invoice financing as well as deposit and savings products.**



Online version



Annual Report (pdf)



Business Review



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The online version and the Annual Report 2019  
are available under: [reports.cembra.ch](https://reports.cembra.ch)

The Business Review is published in English and German.

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CHF **3,180,000,000**

was the market capitalisation of Cembra at the end of 2019

**77,134,000**

credit card transactions were processed by Cembra in 2019

**1,001,000**

customers have chosen Cembra as their preferred partner

**1,045**

employees from 36 different countries work for Cembra

**25**

sales area managers serve around 4,000 car dealers across Switzerland

CHF **3.75**

is the dividend per share recommended at the Annual General Meeting

## Key facts & figures

| <i>(CHF in millions)</i>          | <b>2019</b>   | 2018   | 2017   | 2016   |
|-----------------------------------|---------------|--------|--------|--------|
| Net revenues                      | <b>479.7</b>  | 438.8  | 396.3  | 394.0  |
| Provision for losses              | <b>-45.1</b>  | -50.1  | -45.1  | -44.6  |
| Total operating expenses          | <b>-231.8</b> | -193.0 | -167.9 | -167.5 |
| Net income                        | <b>159.2</b>  | 154.1  | 144.5  | 143.7  |
| Total assets                      | <b>7,485</b>  | 5,440  | 5,099  | 4,857  |
| Net financing receivables         | <b>6,586</b>  | 4,807  | 4,562  | 4,073  |
| Personal loans                    | <b>2,625</b>  | 1,885  | 1,782  | 1,720  |
| Auto leases and loans             | <b>2,915</b>  | 1,974  | 1,942  | 1,641  |
| Credit cards                      | <b>1,029</b>  | 940    | 833    | 711    |
| Other                             | <b>17</b>     | 8      | 5      | -      |
| Shareholders' equity              | <b>1,091</b>  | 933    | 885    | 848    |
| Cost/income ratio (in %)          | <b>48.3</b>   | 44.0   | 42.4   | 42.5   |
| Return on equity (ROE in %)       | <b>15.7</b>   | 16.9   | 16.7   | 17.4   |
| Tier 1 capital ratio (in %)       | <b>16.3</b>   | 19.2   | 19.2   | 20.0   |
| Employees (full-time equivalent)  | <b>963</b>    | 783    | 735    | 705    |
| Credit rating (S&P)               | <b>A-</b>     | A-     | A-     | A-     |
| Basic earnings per share (in CHF) | <b>5.53</b>   | 5.47   | 5.13   | 5.10   |
| Dividend per share (in CHF)       | <b>3.75</b>   | 3.75   | 3.55   | 4.45   |
| Share price (in CHF)              | <b>106.00</b> | 77.85  | 90.85  | 74.20  |
| Market capitalisation             | <b>3,180</b>  | 2,336  | 2,726  | 2,226  |

|                                 |           |
|---------------------------------|-----------|
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## CEO interview

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**Great products, great partners, great people and one million customers. Robert Oudmayer, Chief Executive Officer of Cembra, speaks about another very successful financial year, a new business, the integration of cashgate, sustainability and Cembra's plans for the future.**

**Robert Oudmayer, what were the Bank's main achievements in 2019?**

In 2019, we turned in another outstanding business performance, with growth in both net financing receivables and revenues, and income at another record high. We started to lay the foundations for our future growth with the cashgate acquisition, and we launched Cembra Business, our new online financing product for small companies.

**The Group hit 1 million customers at the end of 2019. What's behind this success story?**

We are very disciplined in what we do, especially when it comes to managing costs, funding and risk. We have a very strong knowledge of our markets, and we focus on what we are good at. That – combined with our great products, great partners and great people – is what has driven our success.

**In a nutshell – what are the 2019 results?**

We had another record year. We delivered on our targets in a competitive market environment, and we recorded profitable growth in all our business lines. Our net income increased by 3% to a record CHF 159.2 million. Net financing receivables were up 37%, thanks to the cashgate acquisition, and we posted strong organic growth in auto financing and credit cards. Net revenues grew by 9%, and our return on equity was 15.7%. Overall, we are very pleased with our performance.

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**“2019 was another record year, with growth in all our business lines.”**

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**In September 2019, you completed the cash-gate acquisition. How is the integration going?**

The integration is well on track, and our business is in good shape to continue delivering profitable growth. We are very pleased to see the new teams working together successfully, and with the progress being made.

**How will Cembra's shareholders benefit from the acquisition?**

Our shareholders will get a good return. We committed to generating more net income and higher earnings per share from the acquisition as early as 2020. Our shareholders will also gain from the long-term growth that the acquisition will provide.

**What about your customers and employees?**

We will continue to offer our customers attractive products and a reliable service. They will also increasingly benefit from our ongoing digitisation. We are on a journey towards much more automated onboarding and better self-servicing, and we are drawing on cashgate's expertise to speed up this process. Our employees will enjoy more and different job opportunities as the company grows and invests.

**What else makes Cembra an attractive employer?**

Cembra is not a typical bank. We are flexible with our work arrangements, have a high percentage of female employees – even in management positions – and foster a very open and diverse culture, with employees from 36 different countries. We are not a big corporation, but rather a relatively agile and expanding medium-sized company. At Cembra, you can make a difference as a person – that's what makes the work interesting. I strongly believe that offering employees flexibility helps to keep them motivated. And our work has paid off – in 2019, we were recognised as a Great Place To Work.

**Cembra expanded its product portfolio with Cembra Business. What do you expect from this new business model?**

Cembra Business focuses on providing credit to small companies. We believe this market segment is not yet served to its full potential in Switzerland. It's difficult for these companies to get the credit they need, and the loan process is often cumbersome. Our product is fast and completely online. My expectations for Cembra Business are quite high.

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**“We gained more than 130,000 new customers in 2019.”**

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**Cembra announced new credit card partnerships with Migros Bank and LIPO. What impact do you expect from this business?**

We have almost 1 million credit cards in circulation, and we are very proud of this. When we launched the credit card business back in 2006, we started at zero. We have been adding new partnerships and growing ever since, and we also have our own Cembra credit card. Our new arrangement with Migros Bank is different from our other partnerships. It will open up new markets for us, as we start serving banks as customers.

**Sustainability is of increasing importance for many of your stakeholders. What is Cembra doing in this area?**

This year, we have extended our reporting to demonstrate how Cembra has taken specific steps towards embedding sustainability across the organisation. Our Bank has been engaged in a range of philanthropic activities since 2003, and we strive to provide our customers with responsible financing products and services. We are working to further reduce our eco-footprint per head, and business integrity is also very high on our agenda.

**In 2020, the Bank changed its brand name to Cembra, dropping “Money Bank”. Why?**

At the time of the IPO in 2013, our brand was GE Money Bank, so Cembra Money Bank made sense, because people recognised the “Money

Bank”. Over time, Cembra has built its reputation and is now an established and well-known brand. So it’s time to take the “Money Bank” away.

**What will be your priorities for 2020?**

We need to finalise the cashgate integration successfully. Then we are looking forward to further digitising our businesses, developing new partnerships in the cards business, and rolling out our new online financing product for small companies.

**What about the Bank’s long-term strategy?**

Our strategy won’t change, and we will continue on the same firm tracks. First of all, we want to defend our core business, where we are strong. We will do this by acquiring new customers, while also keeping our cost/income ratio competitive. Secondly, we are building the future by investing heavily in digitisation. And finally, we will remain focused on Switzerland and want to grow our presence here even more. I see opportunities to grow further in credit cards, in small business financing and in invoice financing. Most importantly, we want to remain a reliable and stable bank for all our customers, shareholders and business partners – and a great place to work for our employees.

## About Cembra

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### PRODUCTS

We offer a broad range of financing solutions in Switzerland:

**Personal loans:** Cembra is a leading provider in the highly competitive personal loans market. We are offering a personalised premium service, and our products are available through our 17 branches across Switzerland, through independent intermediaries and online.

**Auto loans and leasing:** Cembra is a large brand-independent auto loans and leasing provider in Switzerland. Our products are sold via a distribution network of around 4,000 car dealers, who act as intermediaries. A dedicated sales force of 25 field agents, together with the employees at our four service centres, provide a personalised, flexible and efficient service.

**Credit cards:** We are one of the leading credit card providers in Switzerland, with about 1 million cards in circulation. We offer a range of credit cards through partner programmes with Migros, Conforama, TCS and Fnac, as well as our own credit card.

**Insurance products:** We provide insurance products as an intermediary. Along our personal loans and auto leasing and loans, we offer financial protection in case of involuntary unemployment, accident, illness or disa-

bility. We also offer travel and flight accident insurance and card protection insurance for our credit card customers.

**Deposits:** We provide deposit and savings products at competitive interest rates for both retail customers and institutional clients.

**Invoice financing:** We offer invoice financing through our subsidiary swissbilling AG.

**SME financing:** At the end of 2019, we started providing financing solutions for small businesses under the brand Cembra Business.

### HISTORY

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

**Cembra is a leading Swiss provider of financing solutions and services. We have our head-quarters in Zurich and employ more than 1,000 people from 36 different countries. We have been listed as an independent Swiss bank on the SIX Swiss Exchange since October 2013.**

# 1 million

customers

Attractive financial products and an outstanding customer service have enabled us to extend our client base year after year. As of 31 December 2019, 1,001,000 customers had placed their trust in Cembra.

# Cembra in numbers

A large, white, stylized number '1' is centered on a solid blue background. The number has a slightly irregular, hand-drawn appearance with some slanted edges.

**million customers**

**In 2019, we welcomed our one millionth customer.  
We are proud that so many people have placed their  
trust in Cemba.**



## 6 years on the stock exchange

Since our IPO in October 2013, we have consistently delivered on our forecasts, and our share price

surpassed the CHF 100 threshold in August.

# 100

## For more than one hundred years

we have been expanding our footprint across Switzerland. The Bank's roots date back to 1912 when Banque commerciale et

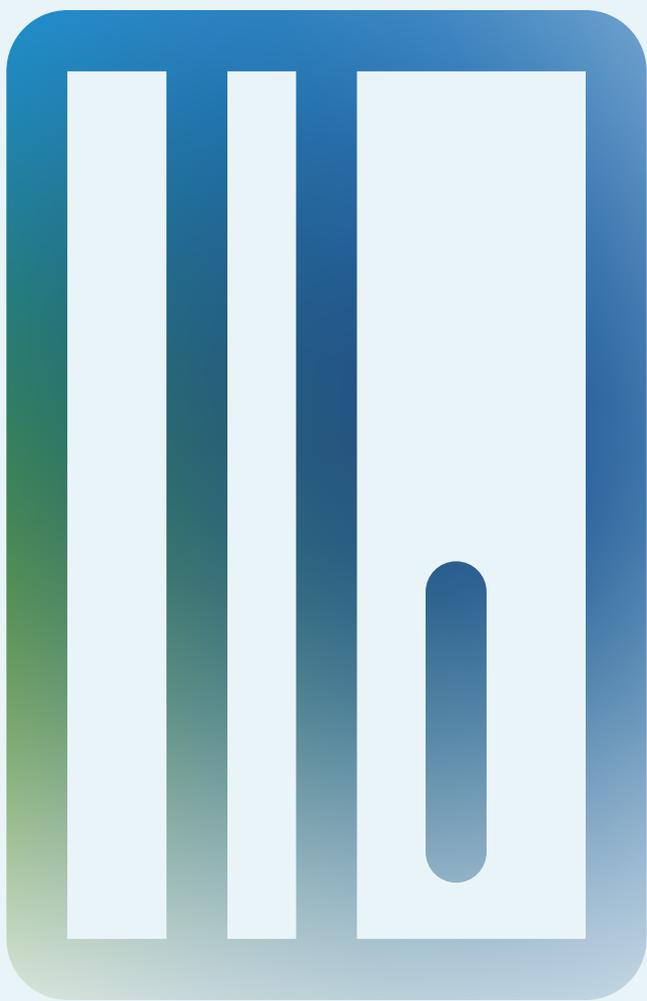
agricole E. Uldry & Cie. was founded. Since then, the Bank developed a long tradition and extensive experience in consumer finance.



## **Around one million credit cards**

**The Bank entered the credit card business in 2006, and grew from zero to around one million credit cards in circulation in 2019.**

**Our major credit card partners are Migros, TCS, Conforama and Fnac, and we also offer our own credit card.**





## Leasing

Cembra is a leading brand-independent auto leasing player in Switzerland, with a market share of 23%. We offer leasing for cars,

caravans and motorcycles via a network of about 4,000 car dealers, a dedicated 25-strong sales force and four service centers.





## **Market share of our products**

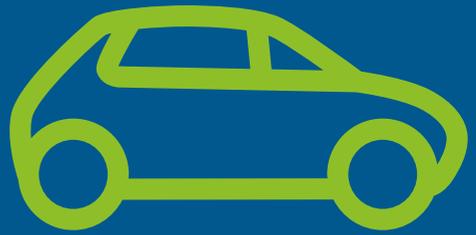
**Cembra has strong market positions in personal loans, auto leases and loans and credit cards.**

**We also offer invoice financing, deposit and savings products and loans for small businesses.**

44



23



14



# Switzerland





**17**

branches

# 7



**One in seven adults in Switzerland  
is a Cembra customer**

And the number of customers  
is growing every year.

# 77

## Seventy-seven million credit card transactions

With our partners Migros, TCS, Conforama and Fnac, and with our own Cembra credit card, we processed 77 million credit card

transactions in 2019. Our market share in contactless payments is 21%.



# 4.2

## per cent new electric vehicles in Switzerland

In 2019, the share of new registered cars in Switzerland equipped with electric engines more than doubled to 4.2%. Cembra offers loans and leases for electric vehicles on highly

favourable terms. Our strategy is to grow this business, enabling our customers to benefit from products that help them to save energy.

# 1000

## More than one thousand employees

Our employees are the key to our success. Employee diversity and development are a core element of the Bank's culture, and we strive to offer an inspiring

and collaborative workplace for our employees. We are proud to have become a certified Great Place To Work in 2019.

**48**  
% women



**25**

% women in  
management  
positions

**36**

nationalities



# 47

## 47 billion Swiss francs

was the credit card transaction volume in Switzerland in 2019. Our credit card business continued to outgrow the market. With our cards, we offer a range

of attractive features, such as Migros Cumulus points, cash back, personalised design and cards with no annual fees.



## **online financing transactions**

**We offer invoice financing  
through our subsidiary**

**Swissbilling, completing 525,000  
transactions in 2019.**

## Sustainability

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### **CUSTOMER ORIENTATION**

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

### **QUALITY AND INTEGRITY OF PRODUCTS AND SERVICES**

We aim to be recognised by our stakeholders as a responsible provider of financing products and services. Our overall goal is to provide customers with the amount of credit that suits their individual situation and to prevent people from taking on too much debt.

### **PEOPLE AND DEVELOPMENT**

Our employees are one of our most important stakeholder groups. Their commitment and contributions enable us to be one of the most successful banks in Switzerland. We are committed to provide our employees with a great place to work, with a healthy environment, to further their development and careers, and to appreciate their performance.

### **ENVIRONMENTAL STEWARDSHIP**

As we only provide lending, deposit and savings products in our home market of Switzerland, our environmental footprint is relatively small. However, we are committed to using resources in a sustainable manner, minimising the negative impact of our operations, and fostering the transition to a low-carbon economy.

### **BUSINESS INTEGRITY**

As an independent Bank and market leader, we are convinced that strict regulatory requirements and transparent information are a good way to inspire greater confidence among customers and other key stakeholders. Employees are responsible for their actions, should ensure complete transparency and need to behave with integrity.

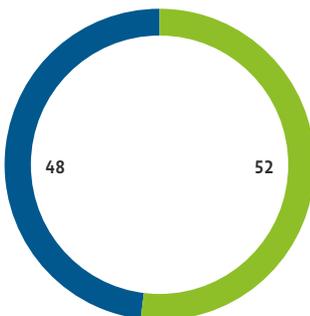
### **COMMUNITY ENGAGEMENT**

At Cembra, we take our social responsibility seriously. By focusing on disadvantaged people, we want to strengthen how Cembra is perceived in the market. We see ourselves as equal partners, and we attach great importance to supporting projects and initiatives for the long term.

**Our aspiration is to generate long-term value by actively considering the interests and expectations of our most relevant stakeholders, by fostering responsible behaviour and practices, and by contributing to a more sustainable future.**

Gender split of employees in %

The share of women in the Bank is 48%. At the management level it is 25%.



- Women
- Men

**1,045**

employees from 36 different countries work for Cembra Money Bank.



Cembra Money Bank is proud to be a certified Great Place To Work.

## Significant developments

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### MARKET SHARE OF OUR PRODUCTS

In a competitive environment, the Group had an estimated market share of approximately 44% of *consumer loans* outstanding. The Group estimates its *auto leasing* market share at about 23% of total leasing volumes outstanding in 2019. The Group's *credit cards* business continued to outgrow the market with the number of cards growing by about 92,000 or 10% to about 984,000 compared to year end 2018. The Group's market share, based on the number of credit cards in circulation, increased from 13% to 14% in 2019.

### BUSINESS DEVELOPMENT

On 1 July 2019, Cembra Money Bank AG announced that it had signed an agreement with Aduno Holding AG for the acquisition of 100% of the shares of cashgate AG. The purchase price was CHF 277 million, and the acquisition was completed on 2 September 2019. Through this acquisition, we increased our personal loans and auto leases and loans portfolio by around CHF 1.5 billion, to a total of CHF 6.6 billion.

On 2 July 2019, we successfully placed 1.2 million treasury shares (4% of the share capital) and issued a CHF 250 million private placement convertible bond in order to finance a part of the cashgate transaction. On 4 July 2019, Cembra issued a CHF 150 million Additional Tier 1 perpetual bond.

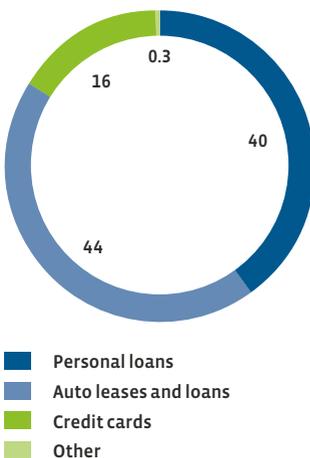
On 4 November 2019, Cembra announced that Ben Tellings, Vice Chairman of the Board of Directors, would step down at the end of 2019. Starting in 2020, Mr Tellings continued to share his expertise with us as an external consultant.

In 2019, we further strengthened our position on the Swiss credit card market by entering into new partnerships and renewing existing partnerships:

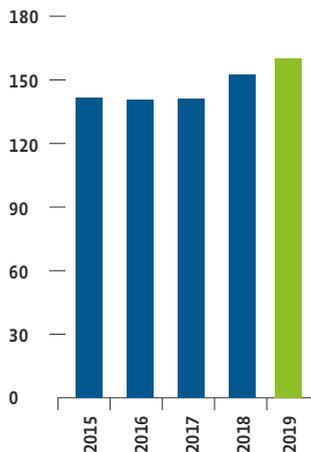
- On 27 August 2019, we announced that we would extend our credit card partnership with Fnac until 2024.
- On 4 December 2019, we signed a new credit card partnership with the furniture retailer LIPO Einrichtungsmärkte AG.
- On 5 December 2019, Cembra announced a new partnership with Migros Bank AG aimed at launching a new credit card.

**In 2019, Cembra acquired cashgate AG.** Through this acquisition, we increased our personal loans and auto leases portfolio, and it will help to speed up the implementation of our digital transformation. We also strengthened our position on the Swiss credit card market by entering into new partnerships with LIPO and Migros Bank.

Net financing receivables in %



Net income in CHF millions





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Cembra Management Board (from left):



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**Volker Gloe** (Chief Risk Officer), **Dr Emanuel Hofacker** (General Counsel), **Daniel Frei** (Managing Director B2C), **Robert Oudmayer** (Chief Executive Officer), **Pascal Perritaz** (Chief Financial Officer), **Niklaus Mannhart** (Chief Operating Officer), **Jörg Fohringer** (Managing Director B2B).

## Financial review

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### PROFITABLE GROWTH ACROSS ALL BUSINESS LINES

The Group's net financing receivables rose by 37% to a record CHF 6.6 billion as a result of the consolidation of cashgate. Despite strong competition in all businesses, Cembra's organic asset growth, excluding cashgate, stood at 6%.

In the *personal loans business*, receivables increased by 39% to CHF 2.6 billion (+2% excluding cashgate). Interest income in the personal loans business increased by 7% to CHF 172.6 million with a yield of 7.5%.

Net financing receivables in *auto leases and loans* grew by 48% to CHF 2.9 billion in the reporting period (+7% excluding cashgate). Interest income was 12% higher, at CHF 110.6 million, with a yield of 4.5% for the auto financing business.

The solid performance in the *credit cards business* was driven by the higher number of cards issued (up 10% year on year to 984,000) and the further increase in transaction volumes (up 10% year on year). Net financing receivables grew 9% to CHF 1.0 billion. Interest income in the cards business grew by 11% to CHF 79.4 million, with an 8.0% yield.

### STEADY REVENUE INCREASE

Net revenues rose by 9% to CHF 479.7 million (+4% excluding cashgate). Interest income grew by 9% as a result of the acquisition and higher credit card volumes. Interest expense was 34% higher at CHF 27.8 million, reflecting the CHF 1.8 billion increase in funding.

### FAVOURABLE LOSS PERFORMANCE

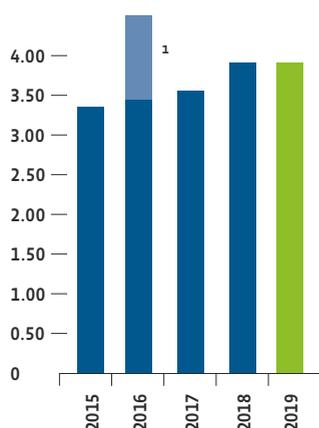
The provision for losses decreased by 10% to CHF 45.1 million, despite the expanding loan portfolio. This decline was due to the continued favourable macro environment and a one-off effect due to better synchronisation of write-off and collection procedures.

### OUTLOOK

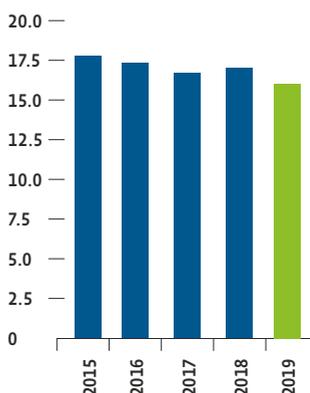
While the recent coronavirus (Covid-19) outbreak is having an adverse impact on the global and Swiss economies, Cembra had a good start to the year. Thanks to multi-year contracts and based on our long term experience, the Group currently expects to see for the year a resilient business performance with the integration of cashgate progressing as planned. Cembra Management is continuously evaluating the situation and will update on the guidance if necessary.

**In 2019, Cembra again reported record results. Net income increased by 3% to CHF 159.2 million. Net financing receivables rose by 37%, driven by the cashgate acquisition and organic growth in auto financing and credit cards. Return on equity came in at 15.7%, and the Tier 1 capital ratio stood at 16.3%. A dividend per share of CHF 3.75 will be proposed to the Annual General Meeting.**

Dividend per share in CHF

<sup>1</sup> Extraordinary dividend

Return on equity (ROE) in %



## Income statement

| <i>(CHF in millions)</i>                 | <b>2019</b>   | <b>2018</b>   | Variance    | in %       |
|--|---------------|---------------|-------------|------------|
| Interest income                          | <b>359.8</b>  | 330.0         | 29.8        | 9          |
| Interest expense                         | <b>-27.8</b>  | -20.8         | 7.0         | 34         |
| <b>Net interest income</b>               | <b>332.0</b>  | <b>309.2</b>  | <b>22.8</b> | <b>7</b>   |
| Commission and fee income                | <b>147.7</b>  | 129.6         | 18.1        | 14         |
| <b>Net revenues</b>                      | <b>479.7</b>  | <b>438.8</b>  | <b>40.9</b> | <b>9</b>   |
| <b>Provision for losses</b>              | <b>-45.1</b>  | <b>-50.1</b>  | <b>-5.0</b> | <b>-10</b> |
| Compensation and benefits                | <b>-120.5</b> | -105.8        | 14.6        | 14         |
| General and administrative expenses      | <b>-111.3</b> | -87.2         | 24.1        | 28         |
| <b>Total operating expenses</b>          | <b>-231.8</b> | <b>-193.0</b> | <b>38.7</b> | <b>20</b>  |
| <b>Income before income taxes</b>        | <b>202.9</b>  | <b>195.7</b>  | <b>7.1</b>  | <b>4</b>   |
| Income tax expense                       | <b>-43.7</b>  | -41.6         | 2.1         | 5          |
| <b>Net income</b>                        | <b>159.2</b>  | <b>154.1</b>  | <b>5.1</b>  | <b>3</b>   |
| <b>Basic earnings per share (in CHF)</b> | <b>5.53</b>   | 5.47          | 0.06        | <b>1</b>   |

## Balance sheet

| <i>(At 31 December, CHF in millions)</i>          | <b>2019</b>  | 2018         | Variance     | in %      |
|---|--------------|--------------|--------------|-----------|
| <b>Assets</b>                                     |              |              |              |           |
| Cash and cash equivalents                         | <b>543</b>   | 499          | 43           | 9         |
| Net financing receivables                         | <b>6,586</b> | 4,807        | 1,779        | 37        |
| Other assets                                      | <b>357</b>   | 134          | 223          | >100      |
| <b>Total assets</b>                               | <b>7,485</b> | <b>5,440</b> | <b>2,045</b> | <b>38</b> |
| <b>Liabilities and equity</b>                     |              |              |              |           |
| Deposits  | <b>3,495</b> | 2,827        | 668          | 24        |
| Short-term & long-term debt                       | <b>2,639</b> | 1,498        | 1,141        | 76        |
| Other liabilities                                 | <b>260</b>   | 182          | 78           | 43        |
| <b>Total liabilities</b>                          | <b>6,395</b> | <b>4,507</b> | <b>1,888</b> | <b>42</b> |
| Common shares                                     | <b>30</b>    | 30           | 0            | 0         |
| Additional paid-in capital (APIC)                 | <b>259</b>   | 210          | 50           | 24        |
| Treasury shares                                   | <b>-35</b>   | -101         | -66          | -65       |
| Retained earnings                                 | <b>860</b>   | 816          | 44           | 5         |
| Accumulated other comprehensive loss (AOCI)       | <b>-23</b>   | -21          | 2            | 10        |
| <b>Total shareholders' equity</b>                 | <b>1,091</b> | <b>933</b>   | <b>157</b>   | <b>17</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>7,485</b> | <b>5,440</b> | <b>2,045</b> | <b>38</b> |

## Contacts

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