Ad hoc announcement pursuant to Art. 53 LR

# Cembra reports resilient results with record net income

- **Continued recovery in a challenging environment, with net income of CHF 161.5 million (+6%)**
- **Net revenues of CHF 487.0 million (–2%) mainly due to lower interest income**
- **Commissions and fee income up 7%, following a rebound that began in the second quarter**
- **Continued excellent loss performance, with loss rate at 0.6%, and stable cost base**
- **Return on equity at 13.9%, with Tier 1 capital ratio at 18.9%**
- **Proposal for an increased dividend per share of CHF 3.85 vs. CHF 3.75 last year**
- **Guidance for 2022: resilient business performance with a return on equity of 13–14%**

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**Zurich – In 2021, Cembra's net income increased by 6% to CHF 161.5 million, or CHF 5.50 per share. Net revenues declined by 2%, with commission and fee income increasing by 7% following a rebound that began in the second quarter. Despite the challenging environment, the loss performance remained very strong at 0.6%, or 0.8% adjusted for a sale of loss certificates. As a result, return on equity came in at 13.9%, and the Tier 1 capital ratio stood at 18.9%.**

Chief Executive Officer Holger Laubenthal commented: "The robust performance in all our businesses and our excellent loss performance enabled us to deliver record net income in a challenging environment. While the termination of the partnership with Migros is a setback, we successfully onboarded new partners in the credit card and in the buy now pay later businesses. We are now focusing on delivering on our updated strategy."

## Resilient business performance

The Group's total net financing receivables amounted to CHF 6.2 billion at 31 December 2021, a decline of 1% on year-end 2020.

In the personal loans business, receivables stabilised in the second half of the year. The decrease by 5% to CHF 2.3 billion in the full year was mainly attributable to lower market demand and cautious underwriting strategies for new business in response to the Covid-19 pandemic and its impact on the economy. As a result of the lower asset base, interest income in the personal loans business decreased by 11% to CHF 169.4 million, with a yield of 7.0%.

Net financing receivables in auto leases and loans declined by 1% to CHF 2.8 billion in the reporting period. Interest income edged up by 1% to CHF 130.1 million, with a yield of 4.6%.

In the credit cards business, net financing receivables increased by 6% to CHF 1.0 billion as a result of the recovery that began in the second quarter. Interest income in the cards business increased slightly, up 1% to CHF 84.5 million, with a yield of 8.4%. Transaction volumes increased by 13% year on year, mainly due to higher domestic card spending. The number of cards continued to rise, up 4% to 1,068,000 at 31 December 2021.

### New partners and profitable growth for Swissbilling

In 2021, Cembra's subsidiary Swissbilling continued to deliver profitable growth and successfully implemented initial buy now pay later (BNPL) solutions for IKEA and other business partners. Swissbilling recorded a 23% rise in fee income, which stood at CHF 11 million.

### Impact of Covid-19-related restrictions on revenues

Total net revenues declined by 2% to CHF 487.0 million. Interest income declined by 5% due to the lower asset base in personal loans. Interest expense was 3% lower, at CHF 26.0 million.

Commission and fee income increased by 7% to CHF 130.3 million. Following the rebound that began in May 2021, income from credit card fees increased by 13%. The share of net revenues generated from commissions and fees increased from 25% to 27% at 31 December 2021.

Total operating expenses declined slightly, from CHF 247.4 million to CHF 246.3 million. Personnel expenses increased by 2% to CHF 132.2 million. General and administrative expenses declined by 3% to CHF 114.0 million. The cost/income ratio increased to 50.6% due to lower revenues (2020: 49.8%).

### Excellent underlying loss performance

The provision for losses decreased by CHF 16.1 million, or 29%, to CHF 40.3 million, due to an excellent underlying loss performance as well as the one-time sale of previously written-off financing receivables. This resulted in a loss rate of 0.6%. Adjusted for the one-off amount of CHF 8.2 million, the loss rate came to 0.8% (2020: 0.9%). The non-performing-loans (NPL) ratio decreased slightly to 0.6% (2020: 0.7%). The rate of over-30-days past due financing receivables declined to 1.6% (2020: 1.8%).

### Stable funding

In 2021, the Group's funding portfolio declined by 3% to CHF 5.7 billion, largely in line with the lower asset base and lower cash. Overall, the funding mix remained largely stable, with 56% deposits and 44% non-deposits. The weighted average duration decreased slightly to 2.5 years (2020: 2.7 years) and the period-end funding cost amounted to 44 basis points (2020: 45 basis points).

### Increased dividend

Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 18.9% (31 December 2020: 17.7%). Shareholders' equity increased by 6% to CHF 1.200 billion, with Cembra paying out a dividend of CHF 110 million in April 2021.

Given Cembra's robust financial performance, the Board of Directors will propose a CHF 3.85 dividend per share (a 70% pay-out ratio) at the next General Meeting on 21 April 2022 translating into a 3%, or CHF 0.10, increase compared to last year.

### Sustainability performance

In 2021, a number of leading ESG rating agencies reaffirmed Cembra's ratings based on the Bank's sustainability performance. Cembra was also one of nine Swiss companies to be included in Bloomberg's Gender Equality Index 2022; this is the second year in a row that the Bank has been included in the index. Cembra's Sustainability Report, which will be published on 16 March 2022, will be the first to be externally reviewed.

### Outlook

Cembra currently expects to deliver a resilient business performance in 2022, with revenues recovering in line with economic growth. Cembra expects a solid loss performance for 2022 and confirms its outlook for return on equity of 13–14% for 2022 and 2023 and above 15% from 2024 on.

All documents (investor presentation and this media release) are available at www.cembra.ch/investors.

### Contacts

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### Audio webcast and telephone conference for investors and analysts (in English)

| | |
|---|---|
| Date and time: | 16 February 2022 at 9.00 a.m. CET |
| Speakers: | Holger Laubenthal (CEO), Pascal Perritaz (CFO) and Volker Gloe (CRO) |
| Audio webcast: | www.cembra.ch/investors |
| Telephone: | Europe: +41 (0) 58 310 50 00 |
| | UK: +44 (0) 203 059 58 62 |
| | US: +1 (1) 631 570 6313 |
| Q&A session: | Following the presentation, participants will have the opportunity to ask questions. |

Please dial in before the start of the presentation and ask for "Cembra's full-year 2021 results".

### Key dates

| | |
|---|---|
| 16 March 2022: | Publication of Annual Report 2021 |
| 21 April 2022: | 2022 Annual General Meeting |
| 27 April 2022: | Ex-Dividend date |
| 21 July 2022: | Publication of half-year 2022 results and interim report |

## About Cembra Money Bank

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

We have over 1 million customers in Switzerland and employ around 1,000 people from 43 different countries. We have our headquarters in Zurich and operate across Switzerland through our network of branches and our online distribution channels, as well as our credit card partners, independent intermediaries and car dealers.

We have been listed as an independent Swiss bank on the SIX Swiss Exchange since October 2013. Cembra is rated A– by Standard & Poor's and is included in the SXI Switzerland Sustainability 25 Index and in the 2022 Bloomberg Gender Equality Index.

# Consolidated statements of income (unaudited)

| *For the years ended 31 December (CHF in millions)* | 2021 | 2020 | Change in % |
|---|---|---|---|
| Interest income | 382.7 | 401.8 | -5 |
| Personal loans | 169.4 | 190.7 | -11 |
| Auto leases and loans | 130.1 | 129.4 | 1 |
| Credit cards | 84.5 | 83.6 | 1 |
| Other | – 1.2 | – 1.9 | – 33 |
| Interest expense | – 26.0 | – 26.9 | – 3 |
| **Net interest income** | **356.7** | **375.0** | **– 5** |
| | | | |
| **Commission and fee income** | **130.3** | **122.3** | **7** |
| Insurance | 23.0 | 24.0 | –4 |
| Credit cards | 80.4 | 71.4 | 13 |
| Loans and leases | 14.6 | 15.7 | –7 |
| Other | 12.3 | 11.2 | 10 |
| **Net revenues** | **487.0** | **497.2** | **– 2** |
| | | | |
| **Provision for losses on financing receivables** | **– 40.3** | **– 56.4** | **– 29** |
| | | | |
| Compensation and benefits | – 132.2 | – 129.5 | 2 |
| General and administrative expenses | – 114.0 | – 117.9 | – 3 |
| Professional services | – 17.8 | – 17.8 | 0 |
| Marketing | – 8.1 | – 10.9 | – 26 |
| Collection fees | – 10.5 | – 11.7 | – 10 |
| Postage and stationery | – 10.8 | – 10.1 | 7 |
| Rental expense under operating leases | – 6.8 | – 7.9 | – 14 |
| Information technology | – 41.4 | – 39.1 | 6 |
| Depreciation and amortisation | – 25.0 | – 26.5 | – 6 |
| Other | +6.5 | +6.1 | 6 |
| **Total operating expenses** | **– 246.3** | **– 247.4** | **0** |
| | | | |
| **Income before income taxes** | **200.5** | **193.4** | **4** |
| | | | |
| Income tax expense | – 39.0 | – 40.5 | – 4 |
| **Net income** | **161.5** | **152.9** | **6** |

| *For the years ended 31 December (CHF)* | 2021 | 2020 |
|---|---|---|
| **Earnings per share** | | |
| Basic | 5.50 | 5.21 |
| Diluted | 5.49 | 5.20 |

# Balance sheet (unaudited)

| *At 31 December (CHF in millions)* | 2021 | 2020 | Change in % |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 545 | 599 | – 9 |
| Financing receivables, net | 6,207 | 6,293 | – 1 |
| Personal loans | 2,292 | 2,408 | – 5 |
| Auto leases and loans | 2,820 | 2,853 | – 1 |
| Credit cards | 1,030 | 970 | 6 |
| Other | 65 | 62 | 5 |
| Property, plant and equipment, net | 29 | 35 | – 18 |
| Intangible assets, net | 70 | 82 | – 14 |
| Goodwill | 157 | 157 | 0 |
| Other assets | 88 | 79 | 11 |
| **Total assets** | **7,095** | **7,244** | **– 2** |
| | | | |
| **Liabilities and equity** | | | |
| Deposits | 3,199 | 3,275 | – 2 |
| Accrued expenses and other payables | 167 | 210 | – 20 |
| Short-term debt | 350 | 275 | 0 |
| Long-term debt | 2,142 | 2,290 | – 16 |
| Other liabilities | 31 | 67 | – 54 |
| Deferred tax liabilities, net | 6 | 1 | N/A |
| **Total liabilities** | **5,895** | **6,117** | **– 4** |
| | | | |
| Common shares | 30 | 30 | 0 |
| Additional paid in capital (APIC) | 258 | 259 | – 1 |
| Retained earnings | 954 | 902 | 6 |
| Treasury shares | – 35 | – 36 | – 4 |
| Accumulated other comprehensive loss (AOCI) | – 7 | – 29 | – 77 |
| **Total shareholders' equity** | **1,200** | **1,127** | **6** |
| **Total liabilities and shareholders' equity** | **7,095** | **7,244** | **– 2** |

# Key Figures
(unaudited)

| *For the years ended 31 December* | 2021 | 2020 |
|---|---|---|
| **Earnings per share** | | |
| Net income attributable to shareholders (CHF in millions) | 161.5 | 152.9 |
| Weighted-average number of common shares outstanding for basic earnings per share | 29,378,525 | 29,375,730 |
| Weighted-average number of common shares outstanding for diluted earnings per share | 29,394,745 | 29,396,470 |
| Basic earnings per share (in CHF) | 5.50 | 5.21 |
| Diluted earnings per share (in CHF) | 5.49 | 5.20 |
| **Ratios** | | |
| Return on average shareholders' equity (ROE) | 13.9 % | 13.8 % |
| Return on average assets (ROA) | 2.3 % | 2.1 % |
| Cost / income ratio | 50.6 % | 49.8 % |
| Net interest margin | 5.6 % | 5.7 % |
| Loss rate | 0.6 % | 0.9 % |

| *At 31 December* | 2021 | 2020 |
|---|---|---|
| **Capital adequacy**[1] | | |
| Risk-weighted assets (CHF in millions) | 5,600 | 5,662 |
| Tier 1 capital[2] (CHF in millions) | 1,057 | 1,000 |
| Tier 1 capital ratio (in %) | 18.9% | 17.7% |
| **Share and dividend** | | |
| Share price (in CHF) | 66.45 | 107.20 |
| Market capitalisation (CHF in millions) | 1,993 | 3,216 |
| Dividend per share[3] (in CHF) | 3.85 | 3.75 |
| Dividend payout ratio (in %) | 70 | 72 |
| **Employees and credit rating** | | |
| Employees (full-time equivalent) | 916 | 928 |
| Credit rating (S&P) | A– | A– |

1 Derived from the Bank's statutory consolidated financial statements which were prepared in accordance with FINMA circular 2020/1 – Accounting for Banks

2 Includes net income adjusted for expected dividend distribution

3 Proposal to the Annual General Meeting

Figures are rounded and rounding differences may occur. For a glossary of financial indicators including alternative performance measures please see www.cembra.ch/financialreports.

**Disclaimer regarding forward-looking statements**

This media release by Cembra Money Bank AG ("the Group") includes forward-looking statements that reflect the Group's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industries in which it operates. Forward-looking statements involve matters that are not historical facts. The Group has tried to identify those forward-looking statements by using the words "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "seek", "plan", "predict", "continue" and similar expressions. Such statements are made on the basis of assumptions and expectations which, although the Group believes them to be reasonable at this time, may prove to be erroneous.

These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Group's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Important factors that could cause those differences include, but are not limited to: changing business or other market conditions; legislative, fiscal and regulatory developments; general economic conditions in Switzerland, the European Union and elsewhere; and the Group's ability to respond to trends in the financial services industry. Additional factors could cause actual results, performance or achievements to differ materially. In view of these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements. The Group, its directors, officers and employees expressly disclaim any obligation or undertaking to release any update of or revisions to any forward-looking statements in this presentation and these materials and any change in the Bank's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable laws or regulations.

This media release contains unaudited financial information. While the published numbers are rounded, they have been calculated based on effective values. All figures are derived from US GAAP financial information unless otherwise stated. This information is presented for illustrative purposes only and, because of its nature, may not give a true picture of the financial position or results of operations of the Group.