

Ad hoc announcement pursuant to Art. 53 LR

## Cembra reports strong half-year results, with net income up 15%

- Profitable growth in all business areas, resulting in record net income of CHF 90.6 million
- Net financing receivables up 4% and net revenues up 6% to CHF 250.0 million, with a 27% increase in fee income due to growth in the credit card and buy now pay later (BNPL) businesses
- Cost/income ratio of 48.8% mainly driven by increased revenues, and a continued excellent loss performance, with a loss rate at 0.5%
- Return on equity at 15.3%, with Tier 1 capital ratio of 18.8%
- Transformation progressing well, including the successful launch of a new credit card offering
- Outlook confirmed: resilient business performance expected for 2022, with a return on equity of 13–14%

Zurich – Cembra’s net income increased by 15% to CHF 90.6 million, or CHF 3.09 per share, compared to the first six months of 2021. Net revenues increased by 6%, and commission and fee income was up by 27%. The loss performance was very strong at 0.5%. As a result, return on equity came in at 15.3%, and the Tier 1 capital ratio stood at 18.8%.

Holger Laubenthal, Chief Executive Officer, commented: “In the first half of the year, we turned in an excellent result and also successfully embarked on our transformation. We grew profitably in all areas, benefiting from the rebound effect after the lifting of restrictions and also from our commercial efforts. We made significant progress in implementing our strategy and reached an important milestone with the launch of our proprietary credit card Certo!. We will continue to focus on our transformation programme aimed at boosting operational excellence and accelerating growth.”

### Strong business performance

The Group’s total net financing receivables at 30 June 2022 amounted to CHF 6.4 billion, an increase of 4% compared with 31 December 2021. In the personal loans business, receivables increased by 2% to CHF 2.3 billion in the first six months of 2022. As a result of the lower asset base compared to the first half of last year and the continued competitive environment, interest income in the personal loans business decreased by 6% to CHF 80.7 million, with a yield of 6.8%.

Net financing receivables in auto leases and loans increased by 4% to CHF 2.9 billion in the reporting period. Interest income was stable at CHF 64.9 million, with a yield of 4.5%.

In the credit cards business, net financing receivables rose by 8% to CHF 1.1 billion. Interest income was up 6% to CHF 43.7 million, with a yield of 8.1%. Transaction volumes in the first six months

increased by 18% year on year. The number of cards issued was up 4% year on year to 1,090,000 at 30 June 2022.

Swissbilling grew significantly in the buy now pay later (BNPL) business with an increase of billing volumes by 62% to CHF 191 million and fee income of CHF 6.5 million (+35%).

### **Commercial efforts and end of restrictions drive up revenues**

Total net revenues increased by 6% to CHF 250.0 million. Interest income declined slightly by 1% to CHF 188.9 million as a result of the lower asset base in personal loans. Interest expense was 7% lower, coming in at CHF 12.3 million in the first half of 2022.

Commission and fee income increased by 27% to CHF 73.3 million, as Covid-19-related restrictions were lifted. Income from credit card fees increased by 42% year on year. The share of net revenues generated from commissions and fees increased to 29%, up from 25% at 30 June 2021.

Total operating expenses decreased by 2% to CHF 122.0 million. Personnel expenses were down 2% to CHF 67.1 million mainly reflecting the lower number of employees. General and administrative expenses declined by 1% to CHF 54.9 million. This resulted in a cost/income ratio of 48.8%, compared with 52.6% for the year-earlier period.

### **Excellent loss performance**

Cembra once again recorded an excellent loss performance. Provisions for losses in the first half of 2022 significantly benefited from prudent and cautious credit risk policies applied during the pandemic, especially in the area of personal loans and auto leases and loans. Provisions for losses slightly increased by CHF 0.6 million or 4% to CHF 15.0 million, resulting in a loss rate of 0.5% for the first six months of 2022 (H1 2021: 0.5%, and 0.7% adjusted for a loan sale). The non-performing-loans (NPL) ratio amounted to 0.6% (H1 2021: 0.7%). The rate of over-30-days past due financing receivables stood at 1.6% (H1 2021: 1.8%). Cembra expects the loss rate to gradually normalise over the coming years.

### **Stable funding**

In the first six months of 2022, the Group's diversified funding portfolio increased by 3% to CHF 5.9 billion, with a funding mix of 56% deposits and 44% non-deposits. The weighted average duration decreased slightly to 2.3 years and the period-end funding cost amounted to 46 basis points (31 December 2021: 44 basis points).

### **Strong capital position**

Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 18.8% (31 December 2021: 18.9%). Shareholders' equity decreased by 2% to CHF 1.176 billion after Cembra paid out the dividend of CHF 113 million for the financial year 2021 in April 2022.

### **Strategy execution progressing well**

Implementation of Cembra's key strategic initiatives – aimed at achieving operational excellence, business acceleration, growth and cultural transformation – were progressing well in the first six

months of the year. New partnerships were signed with the retail chain SPAR and Zurich Insurance Switzerland, and the existing partnerships with Conforama and FNAC were strengthened. In April 2022, Cembra launched a new credit card app to strengthen its customer relationships and increase efficiency. The recent successful launch of the new credit card range Certo! was another key step in the implementation of the bank's strategy.

### Further progress on sustainability confirmed

In recognition of the bank's progress in enhancing its governance, its socially responsible approach and its environmental stewardship, MSCI ESG upgraded Cembra's rating to AAA, and Sustainalytics reaffirmed Cembra's "Low ESG Risk" rating in May 2022.

### Outlook

Cembra currently expects to deliver a resilient business performance in 2022, reiterating its ROE target of 13–14%. As previously announced, the credit card transition and the investments into the IT transformation will have an impact on revenues and costs. Cembra expects a continued solid loss performance for 2022 and confirms its mid-term targets.<sup>1</sup>

All documents (investor presentation, interim report and this media release) are available at [www.cembra.ch/investors](http://www.cembra.ch/investors).

<sup>1</sup> Cembra aims to achieve an ROE of 13–14% in 2022-2023 and above 15% starting in 2024 and to pay a dividend of at least CHF 3.85 for 2022, which will increase thereafter based on sustainable earnings growth. The bank is also targeting a Tier 1 capital ratio target of above 17%.

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

Date and time: 21 July 2022 at **8.45** a.m. CET  
Speakers: Holger Laubenthal (CEO), Pascal Perritaz (CFO) and Volker Gloe (CRO)  
Audio webcast: [www.cembra.ch/investors](http://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 half-year 2022 results".

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### Key dates

23 February 2023	Publication of full-year 2022 results
16 March 2023	Publication of Annual Report 2022
21 April 2023	Annual General Meeting 2022

### **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 about 1,000 people from 42 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 through 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 2021 Bloomberg Gender Equality Index.

## Consolidated statements of income (unaudited)

<i>For six months ended 30 June (CHF in millions)</i>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Change in %</b>
Interest income	188.9	191.2	-1%
Personal loans	80.7	85.6	-6%
Auto leases and loans	64.9	65.1	0%
Credit cards	43.7	41.3	6%
Other	-0.4	-0.7	-50%
Interest expense	-12.3	-13.2	-7%
<b>Net interest income</b>	<b>176.7</b>	<b>178.0</b>	<b>-1%</b>
<b>Commission and fee income</b>	<b>73.3</b>	<b>57.9</b>	<b>27%</b>
Insurance	11.9	11.9	0%
Credit cards	47.5	33.4	42%
Loans and leases	6.9	7.5	-8%
Other	7.0	5.0	40%
<b>Net revenues</b>	<b>250.0</b>	<b>235.9</b>	<b>6%</b>
<b>Provision for losses on financing receivables</b>	<b>-15.0</b>	<b>-14.4</b>	<b>4%</b>
Compensation and benefits	-67.1	-68.5	-2%
General and administrative expenses	-54.9	-55.6	-1%
Professional services	-8.7	-7.9	11%
Marketing	-6.2	-3.9	57%
Collection fees	-5.0	-5.3	-6%
Postage and stationery	-6.1	-4.7	29%
Rental expense under operating leases	-3.6	-3.4	6%
Information technology	-20.0	-20.2	-1%
Depreciation and amortisation	-12.3	-12.5	-2%
Other	6.9	2.4	187%
<b>Total operating expenses</b>	<b>-122.0</b>	<b>-124.1</b>	<b>-2%</b>
<b>Income before income taxes</b>	<b>113.0</b>	<b>97.4</b>	<b>16%</b>
Income tax expense	-22.4	-18.7	20%
<b>Net income</b>	<b>90.6</b>	<b>78.7</b>	<b>15%</b>
<i>For six months ended 30 June (CHF)</i>	<b>H1 2022</b>	<b>H1 2021</b>	
<b>Earnings per share</b>			
Basic	3.09	2.68	
Diluted	3.08	2.68	

## Balance sheet (unaudited)

<i>(CHF in millions)</i>	30 Jun 2022	31 Dec 2021	Change in %
<b>Assets</b>			
Cash and cash equivalents	486	545	-11%
Financing receivables, net	6,434	6,207	4%
Personal loans	2,338	2,292	2%
Auto leases and loans	2,920	2,820	4%
Credit cards	1,110	1,030	8%
Other	66	65	2%
Property, plant and equipment, net	27	29	-6%
Intangible assets, net	66	70	-6%
Goodwill	157	157	0%
Other assets	77	88	-12%
<b>Total assets</b>	<b>7,247</b>	<b>7,095</b>	<b>2%</b>
<b>Liabilities and equity</b>			
Deposits	3,388	3,199	6%
Accrued expenses and other payables	160	167	-4%
Short-term debt	350	350	0%
Long-term debt	2,143	2,142	0%
Other liabilities	25	31	-18%
Deferred tax liabilities, net	5	6	-4%
<b>Total liabilities</b>	<b>6,071</b>	<b>5,895</b>	<b>3%</b>
Common shares	30	30	0%
Additional paid in capital (APIC)	258	258	0%
Retained earnings	931	954	-2%
Treasury shares	-37	-35	7%
Accumulated other comprehensive loss (AOCI)	-6	-7	-2%
<b>Total shareholders' equity</b>	<b>1,176</b>	<b>1,200</b>	<b>-2%</b>
<b>Total liabilities and shareholders' equity</b>	<b>7,247</b>	<b>7,095</b>	<b>2%</b>

## Key figures (unaudited)

For six months ended 30 June

	H1 2022	H1 2021
<b>Earnings per share</b>		
Net income attributable to shareholders (CHF in millions)	90.6	78.7
Weighted-average numbers of common shares outstanding for basic earnings per share	29,361,176	29,377,613
Weighted-average numbers of common shares outstanding for diluted earnings per share	29,374,899	29,396,198
Basic earnings per share (in CHF)	3.09	2.68
Diluted earnings per share (in CHF)	3.08	2.68
<b>Ratios</b>		
Return on equity (annualised, in %)	15.3	14.2
Return on assets (annualised, in %)	2.5	2.2
Cost/income ratio (in %)	48.8	52.6
Net interest margin (annualised, in %)	5.5	5.6
Loss rate (annualised, in %)	0.5	0.5
As at	30 Jun 2022	31 Dec 2021
<b>Capital adequacy<sup>1</sup></b>		
Risk-weighted assets (CHF in millions)	5,791	5,600
Tier 1 capital (CHF in millions)	1,090	1,057
Tier 1 capital ratio (in %)	18.8	18.9
<b>Share</b>		
Share price (in CHF)	68.20	66.45
Market capitalisation (CHF in millions)	2,046	1,993
<b>Headcount and credit rating</b>		
Employees (full-time equivalent)	916	916
Credit rating (S&P)	A-	A-

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

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

### **Disclaimer regarding forward-looking statements**

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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.

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