Ad hoc announcement pursuant to Art. 53 LR

Cembra reports strong full-year results, with net income up 5%

- **Profitable growth in all business areas, resulting in record net income of CHF 169.3 million**
- **Net financing receivables up 5% and net revenues up 4% to CHF 508.9 million, with a 17% increase in commission and fee income**
- **Stable cost/income ratio of 50.6%, and continued very strong loss performance with a loss rate at 0.6%**
- **Return on equity at 13.7%, with statutory Tier 1 capital ratio of 17.8%**
- **Strategic transformation progressing well, new credit card offering well received, and integration of Byjuno on track**
- **Proposal for an increased dividend per share of CHF 3.95 vs. CHF 3.85 last year (+3%)**
- **Outlook confirmed: resilient business performance expected for 2023, with a return on equity of 13–14%**

Zurich – In 2022, Cembra's net income increased by 5% to CHF 169.3 million, or CHF 5.77 per share. Net revenues increased by 4%, with commission and fee income increasing by 17%. The loss performance remained very strong at 0.6%. As a result, return on equity came in at 13.7%, and the Tier 1 capital ratio stood at 17.8%.

CEO Holger Laubenthal commented: "2022 was a successful year for Cembra, as we grew profitably in all business areas in a challenging environment. This underlines that our financing solutions are attractive and well appreciated by customers. We are also making good progress in implementing our strategy. The launch of our own credit card family Certo! is a success, and by deepening and broadening our partnerships we are laying the foundations for further growth. With the acquisition of Byjuno, we have also significantly strengthened our leading position in the rapidly growing BNPL business."

Strong business performance

The Group's total net financing receivables at 31 December 2022 amounted to CHF 6.5 billion, an increase of 5% compared with 31 December 2021.

In the personal loans business, the growth continued in the second half and receivables increased by 4% to CHF 2.4 billion by 31 December 2022. As a result of the lower opening balance of net financing receivables compared to 2021 and the continued competitive environment, interest income in the personal loans business decreased by 4% to CHF 163.1 million, with a yield of 6.8%.

Net financing receivables in auto leases and loans increased by 6% to CHF 3.0 billion in the reporting period. Interest income edged up by 2% to CHF 133.1 million, with a yield of 4.6%.

In the credit cards business, net financing receivables rose by 1% to CHF 1.0 billion. Interest income in the cards business rose by 5% to CHF 89.1 million, with a yield of 8.5%. Transaction volumes increased by 5% year on year. The number of cards issued amounted to 1,051,000 at 31 December 2022, a decline of 2%.

In the buy now pay later (BNPL) business, Cembra recorded an increase of billing volumes by 51% to CHF 477.4 million in 2022. The 'BNPL and other' fee income amounted to CHF 19.5 million (+58%). The acquisition of Byjuno was completed on 1 November 2022 and the business has been consolidated from that date.

Fee business drives up revenues

Total net revenues increased by 4% to CHF 508.9 million in 2022, and net interest income remained stable at CHF 356.2 million (FY 2021: CHF 356.7 million). Interest expense increased by 13% to CHF 29.4 million, reflecting the changed interest rate environment in the second half of the reporting period.

Commission and fee income increased by 17% to CHF 152.7 million, mainly driven by higher income from credit card fees (+18%) as Covid-19-related restrictions were lifted as well as by growth in BNPL. The share of net revenues generated from commissions and fees increased from 27% to 30% in 2022.

Total operating expenses increased by 5% to CHF 257.5 million. Personnel expenses increased by 2% to CHF 135.5 million. General and administrative expenses increased by 7% to CHF 122.0 million, mainly due to investments into strategic initiatives and the launch of the proprietary card proposition in the second half of 2022. The cost/income ratio remained stable at 50.6% (2021: 50.6%).

Continued very strong loss performance

The provision for losses increased by 2% to CHF 40.9 million, reflecting a continued very strong underlying loss performance. This resulted in a stable loss rate of 0.6% in 2022 (2021: 0.6%, and 0.8% adjusted for a loan sale). The non-performing-loans (NPL) ratio increased slightly to 0.7% (2021: 0.6%). The rate of over-30-days past due financing receivables increased to 2.0% (2021: 1.6%).

Stable and balanced funding mix

In line with the growth in financing receivables and liquid assets, the Group's diversified funding portfolio increased by 8% to CHF 6.1 billion at 31 December 2022. Overall, the funding mix remained largely stable with 57% deposits and 43% non-deposits. The weighted average duration amounted to 2.1 years (2021: 2.5 years), the period-end funding cost increased to 79 basis points (2021: 44 basis points) and the average funding costs in 2022 amounted to 0.50% (2021: 0.45%)

Strategy execution progressing well – successful transition to proprietary card offering

The implementation of Cembra's key strategic initiatives – Operational Excellence, Business Acceleration, New Growth Opportunities and Cultural Transformation – is progressing well.

As part of the strategic initiative Operational Excellence, Cembra launched the new credit card app in April 2022 to strengthen its customer relationships and increase efficiency. It had about 320,000 active users by the end of the year. The company's data centers have been consolidated and moved, and the foundation for a cloud infrastructure was established. The new IT platform for the leasing business is being tested and the first release will be launched in 2023.

The successful launch of the new credit card range Certo! was another key step in the strategy implementation. Following the successful rollout of the proprietary Certo! card family in July 2022, about half of the previous Cumulus card portfolio has been migrated to the new proprietary offering. In addition, Cembra continued to extend and strengthen its co-branding partnerships for credit cards.

The acquisition of Byjuno and its combination with Swissbilling will enable Cembra to create compelling solutions in online and POS checkouts for pay-by-invoice services in Switzerland and to accelerate profitable growth in the BNPL business.

Focus on sustainability performance

In May 2022, MSCI ESG upgraded Cembra's rating to AAA, and Sustainalytics reaffirmed Cembra's "Low ESG Risk" rating based on the Bank's sustainability performance and an externally verified Sustainability Report. In January 2023, Cembra was included in Bloomberg's Gender Equality Index 2023 for the third time.

Strong capital and increased dividend

Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 17.8% (31 December 2021: 18.9%). Shareholders' equity increased by 6% to CHF 1.274 billion, after Cembra paid out the dividend of CHF 113 million in April 2022.

Given Cembra's robust financial performance, the Board of Directors will propose a CHF 3.95 dividend per share (a 68% pay-out ratio) at the next General Meeting on 21 April 2023 translating into a 3%, or CHF 0.10, increase compared to last year.

Outlook

Cembra currently expects to deliver a resilient business performance in 2023, with net revenues to develop at least in line with Swiss GDP and a continued solid loss performance. Cembra is reiterating its ROE target of 13–14% for 2023 and confirms its mid-term targets.[1]

All documents (investor presentation, consolidated financial statements 2022, and this media release) are available at www.cembra.ch/investors.

[1] Cembra aims to achieve an ROE above 15% starting in 2024 and to pay a dividend of at least CHF 3.95 for 2023, which will increase thereafter based on sustainable earnings growth. The bank is also targeting a Tier 1 capital ratio target of above 17%.

Contacts

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

Date and time:	23 February 2023 at 09.00 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 2022 results”.

About Cembra

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.

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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 our credit card partners, independent intermediaries and car dealers.

We have been listed as an independent Swiss bank on the SIX Swiss Exchange since 2013 Cembra is rated A- by Standard & Poor’s and is included in the MSCI ESG Leaders Index and in the 2023 Bloomberg Gender Equality Index.

Consolidated statements of income (audited)

For the years ended 31 December (CHF in millions)	2022	2021	Change in %
Interest income	385.6	382.7	1
Personal loans	163.1	169.4	– 4
Auto leases and loans	133.1	130.1	2
Credit cards	89.1	84.5	5
Other	0.3	– 1.2	>100
Interest expense	– 29.4	– 26.0	13
Net interest income	**356.2**	**356.7**	**0**
Commission and fee income	**152.7**	**130.3**	**17**
Insurance	23.4	23.0	2
Credit cards	94.8	80.4	18
Loans and leases	15.0	14.6	3
BNPL and other	19.5	12.3	58
Net revenues	**508.9**	**487.0**	**4**
Provision for losses on financing receivables	**– 40.9**	**– 40.3**	**2**
Compensation and benefits	– 135.5	– 132.2	2
General and administrative expenses	– 122.0	– 114.0	7
Professional services	– 22.0	– 17.8	24
Marketing	– 15.7	– 8.1	93
Collection fees	– 10.7	– 10.5	2
Postage and stationery	– 15.0	– 10.8	39
Rental expense under operating leases	– 6.7	– 6.8	– 1
Information technology	– 43.9	– 41.4	6
Depreciation and amortisation	– 26.0	– 25.0	4
Other	+18.1	+6.5	>100
Total operating expenses	**– 257.5**	**– 246.3**	**5**
Income before income taxes	**210.5**	**200.5**	**5**
Income tax expense	– 41.2	– 39.0	6
Net income	**169.3**	**161.5**	**5**

For the years ended 31 December (CHF)	2022	2021
Earnings per share		
Basic	5.77	5.50
Diluted	5.76	5.49

Balance sheet (audited)

At 31 December (CHF in millions)	2022	2021	Change in %
Assets			
Cash and cash equivalents	633	545	16
Financing receivables, net	6,520	6,207	5
Personal loans	2,387	2,292	4
Auto leases and loans	2,975	2,820	6
Credit cards	1,045	1,030	1
BNPL	114	65	75
Investment securities	97	-	N/A
Property, plant and equipment, net	25	29	– 12
Intangible assets, net	78	70	11
Goodwill	190	157	21
Other assets	110	88	26
Total assets	**7,653**	**7,095**	**8**
Liabilities and equity			
Deposits	3,513	3,199	10
Accrued expenses and other payables	204	167	22
Short-term debt	450	350	29
Long-term debt	2,163	2,142	1
Other liabilities	23	31	– 25
Deferred tax liabilities, net	26	6	N/A
Total liabilities	**6,379**	**5,895**	**8**
Common shares	30	30	0
Additional paid in capital (APIC)	258	258	0
Retained earnings	1,010	954	6
Treasury shares	– 37	– 35	7
Accumulated other comprehensive income (loss) (AOCI)	13	– 7	N/A
Total shareholders' equity	**1,274**	**1,200**	**6**
Total liabilities and shareholders' equity	**7,653**	**7,095**	**8**

Key Figures (audited)

For the years ended 31 December	2022	2021
Earnings per share		
Net income attributable to shareholders (CHF in millions)	169.3	161.5
Weighted-average number of common shares outstanding for basic earnings per share	29,352,136	29,378,525
Weighted-average number of common shares outstanding for diluted earnings per share	29,373,078	29,394,745
Basic earnings per share (in CHF)	5.77	5.50
Diluted earnings per share (in CHF)	5.76	5.49
Ratios		
Return on average shareholders' equity (ROE)	13.7 %	13.9 %
Return on average assets (ROA)	2.3 %	2.3 %
Cost / income ratio	50.6 %	50.6 %
Net interest margin	5.5 %	5.6 %
Loss rate	0.6 %	0.6 %

At 31 December	2022	2021
Capital adequacy[1]		
Risk-weighted assets (CHF in millions)	5,938	5,600
Tier 1 capital[2] (CHF in millions)	1,055	1,057
Tier 1 capital ratio (in %)	17.8%	18.9%
Share and dividend		
Share price (in CHF)	76.90	66.45
Market capitalisation (CHF in millions)	2,307	1,993
Dividend per share[3] (in CHF)	3.95	3.85
Dividend payout ratio (in %)	68	70
Employees and credit rating		
Employees (full-time equivalent)	929	916
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 relates to the audited consolidated financial statements and it contains other 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.

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