Ad hoc announcement pursuant to Art. 53 LR

Cembra reports solid full-year results

- **Net income at CHF 158.0 million, 7% lower than record prior-year results; net income in second half of 2023 at CHF 83.0 million, up 5% year on year**
- **Net financing receivables up 3% and net revenues up 1% to CHF 515.7 million, with a 10% increase in fee income**
- **Stable cost/income ratio of 50.9% (2022: 50.6%), and continued robust loss performance, with a loss rate of 0.8%**
- **Return on equity at 12.5%, with Tier 1 capital ratio of 17.2%**
- **Dividend increase to CHF 4.00 per share proposed**
- **Further progress in strategic transformation, on track to deliver mid-term targets by 2026**
- **Outlook: increase in net income with return on equity of 13–14% in 2024**

Zurich, 22 February 2024 – In a challenging environment, Cembra achieved solid results and continued to press ahead with its strategic transformation. Cembra's 2023 net income amounted to CHF 158.0 million, or CHF 5.39 per share, a decrease of 7% compared to the record results of 2022 as higher commission and fee income was outweighed by lower net interest income, the return of the Group's loss performance to normal levels following the Covid-19 pandemic and continued strategic investments in operational excellence. Net revenues increased by 1%, with commission and fee income offsetting lower net interest income. The loss performance remained robust at 0.8%. As a result, return on equity came in at 12.5%, and the Tier 1 capital ratio stood at 17.2%.

CEO Holger Laubenthal commented: "The solid results for 2023 reflect our continued focus on profitable growth. We responded decisively to the increased funding cost by adopting appropriate pricing measures. This had a positive impact on the net interest margin in the second half of the year. We continued to grow our net financing receivables, reflecting our strong market position. With our ongoing investments in the strategic transformation and our cost discipline we are on track to deliver on our mid-term targets."

Solid business performance

In 2023 Cembra continued to grow its business selectively and to implement price adaptions in response to the changing interest rate environment. The Group's total net financing receivables at 31 December 2023 amounted to CHF 6.7 billion, an increase of 3% compared with 31 December 2022.

In the personal loans business, net financing receivables decreased by 1% to CHF 2.4 billion in 2023 and interest income rose by 5% to CHF 171.5 million, with a yield of 7.0%.

Net financing receivables in auto leases and loans increased by 6% to CHF 3.1 billion in the reporting period. Interest income increased by 13% to CHF 150.8 million, with a yield of 4.9%.

In the credit cards business, net financing receivables declined by 2% to CHF 1.0 billion at 31 December 2023. Interest income in the cards business declined by 1% to CHF 87.9 million, with a yield of 8.4%. The number of cards issued amounted to 1,027,000 at 31 December 2023, a decline of 2% on 31 December 2022.

In the buy now pay later (BNPL) business, billing volumes increased by 88% to CHF 898 million in 2023, driven both by the consolidation of CembraPay (formerly Byjuno) and by organic growth. As a result, commission and fee income from BNPL more than doubled to CHF 39.4 million (2022: CHF 17.6 million).

Net revenues driven by fee income – net interest margin improved in the second half of 2023

Net revenues increased by 1% to CHF 515.7 million in 2023, with commission and fee income more than offsetting lower net interest income.

Net interest income declined by 3% to CHF 347.2 million (2022: CHF 356.2 million) as interest expense increased to CHF 74.9 million (2022: CHF 29.4 million), reflecting the increase in funding costs. The net interest margin stood at 5.2% in the reporting period. In the second half of 2023, the net interest margin increased compared to the first six months, mainly driven by yield increases resulting from repricing measures.

Commission and fee income amounted to CHF 168.5 million, up 10% year on year, mainly driven by growth in BNPL. The share of net revenues generated from commissions and fees increased from 30% to 33% in 2023.

Stable cost/income ratio

Total operating expenses increased by 2% to CHF 262.6 million. Personnel expenses rose by 1% to CHF 137.0 million. General and administrative expenses amounted to CHF 125.6 million, an increase of 3% including investments in strategic initiatives and integration costs. This resulted in a stable cost/income ratio of 50.9% (2022: 50.6%). Cembra expects the cost/income ratio to decline in line with its strategic plan for the period up to 2026.

Continued robust loss performance

The provision for losses increased to CHF 56.9 million (2023: CHF 40.9 million) reflecting the expected normalisation of loss levels. This resulted in a loss rate of 0.8% in 2023. The non-performing loans (NPL) ratio increased to 0.8% (2022: 0.7%). The rate of over-30-days past due financing receivables stood at 2.1% (2022: 2.0%). Cembra expects the loss rate to be in line with the long-term historical trend and confirms its mid-term target for a loss rate at or below 1%.

Further diversified funding portfolio

The Group's diversified funding portfolio increased by 8% to CHF 6.6 billion in 2023. In the funding mix the share of deposits increased to 53% (2022: 51%). The weighted average duration increased to 2.4 years from 2.1 years at year-end 2022. The end-of-period funding cost amounted to 1.47% (31 December 2022: 0.79%), and average funding costs in 2023 stood at 1.18%.

Dividend increase to CHF 4.00 proposed

Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 17.2% (31 December 2022: 17.8%) including the expected change in the basis of accounting (US GAAP) for regulatory reporting purposes. Shareholders' equity decreased by 2% to CHF 1.250 billion, including an impact of CHF 54 million from the adoption of CECL in US GAAP.

Given Cembra's solid financial performance, the Board of Directors will propose a dividend of CHF 4.00 per share (a 74% payout ratio) at the next General Meeting on 24 April 2024, representing an increase of CHF 0.05 compared to the previous year.

Progress in strategy implementation and on track to deliver mid-term targets by 2026

In 2023, Cembra continued to execute on its key strategic initiatives. The card migration programme was concluded with more than two thirds of the transition portfolio being migrated to the new proprietary offering Certo!. The company also continued to grow its portfolio of other co-branding credit cards. In the BNPL business, Cembra completed the integration of Byjuno. The acquired company was combined with Swissbilling to launch CembraPay and thus create a leading Swiss provider of invoice payment solutions, offering significant further growth potential. In addition, a partnership with TWINT rolled out since August 2023 offers the five million TWINT app users a "pay later" feature for specific merchants. In December 2023, the new IT platform for the leasing business was launched for selected partners, laying the groundwork for further efficiency gains. In February 2024, Cembra introduced a new range of online savings products. Overall, automation and digitalisation initiatives were further advanced in order to improve the customer experience, enhance productivity and increase efficiency.

As a further step in its transformation, Cembra simplifies its organisational structure and now serves its customers through two business lines: Lending and Payments. The Lending business line comprises the personal loans and auto businesses and is led by Peter Schnellmann, previously Chief Sales and Distribution Officer. Christian Stolz, previously CEO of CembraPay (formerly Byjuno), heads the Payments business line, which includes the credit cards and BNPL businesses. In line with the new organisational structure, Cembra will introduce segment reporting on its Payments and Lending business lines from the 2024 financial year on.

In addition, Cembra further leverages the technology and services expertise of its highly qualified team in Riga, Latvia. The team will be expanded to provide services within the Group. Furthermore, Cembra is looking into outsourcing certain customer service processes.

With these measures the company plans to reduce its workforce to around 830 full-time equivalents by the end of 2024 (31 December 2023: 902). Cembra aims to implement these changes through natural attrition and early retirements as far as possible. Where redundancies are unavoidable people affected will be supported by a social plan. A customary consultation process with employee representatives is being initiated.

Outlook

For the 2024 financial year, Cembra expects net revenues to moderately outpace Swiss GDP growth, along with a continued robust loss performance and a cost/income ratio below 49%. As a result, Cembra expects an increase in net income and a ROE of 13–14% for 2024 and confirms its mid-term targets through 2026.[1]

All documents (investor presentation, 2023 consolidated financial statements and this media release) are available at www.cembra.ch/investors.

Key dates

21 March 2024	Publication of Annual Report 2023 (in English)
24 April 2024	Annual General Meeting 2024
26 April 2024	Ex-dividend date
22 July 2024	Publication of half-year results 2024 and interim report

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

Date and time:	22 February 2024 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 2023 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.

Across our business lines Lending and Payments we serve over 2 million customers in Switzerland and employ more than 900 people from over 40 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.

[1] ROE ≥15% from 2025 on; dividend increasing from 2024 on based on earnings growth; Tier 1 capital ratio target >17%

Consolidated statements of income (audited)

For the years ended 31 December (CHF in millions)	**2023**	**2022**	**Change in %**
Interest income	422.1	385.6	9
Personal loans	171.5	163.1	5
Auto leases and loans	150.8	133.1	13
Credit cards	87.9	89.1	-1
Other	11.9	0.3	>100
Interest expense	-74.9	-29.4	>100
Net interest income	**347.2**	**356.2**	**-3**
Commission and fee income	**168.5**	**152.7**	**10**
Insurance	23.8	23.4	2
Credit cards	89.2	94.8	-6
Loans and leases	14.5	15.0	-3
BNPL	39.4	17.6	>100
Other	1.5	1.9	-19
Net revenues	**515.7**	**508.9**	**1**
Provision for losses on financing receivables	**-56.9**	**-40.9**	**39**
Compensation and benefits	-137.0	-135.5	1
General and administrative expenses	-125.6	-122.0	3
Professional services	-20.8	-22.0	-5
Marketing	-11.7	-15.7	-26
Collection fees	-15.0	-10.7	40
Postage and stationery	-10.2	-15.0	-32
Rental expense under operating leases	-6.2	-6.7	-8
Information technology	-50.6	-43.9	15
Depreciation and amortisation	-27.5	-26.0	6
Other	16.3	18.1	-10
Total operating expenses	**-262.6**	**-257.5**	**2**
Income before income taxes	**196.2**	**210.5**	**-7**
Income tax expense	-38.1	-41.2	-7
Net income	**158.0**	**169.3**	**-7**

For the years ended 31 December (CHF)	**2023**	**2022**
Earnings per share		
Basic	5.39	5.77
Diluted	5.38	5.76

Balance sheet (audited)

At 31 December (CHF in millions)	**2023**	**2022**	**Change in %**
Assets			
Cash and cash equivalents	922	633	46
Financing receivables, net	6,687	6,520	3
Personal loans	2,370	2,387	-1
Auto leases and loans	3,147	2,975	6
Credit cards	1,028	1,045	-2
BNPL	141	114	25
Investment securities	98	97	1
Property, equipment and software, net	55	64	-14
Intangible assets, net	27	39	-32
Goodwill	190	190	0
Other assets[1]	110	81	36
Total assets[1]	**8,088**	**7,624**	**6**
Liabilities and equity			
Deposits	3,497	3,513	0
Accrued expenses and other payables	206	175	18
Short-term debt	450	450	0
Long-term debt	2,648	2,163	22
Other liabilities[1]	27	23	18
Deferred tax liabilities, net	10	26	-60
Total liabilities[1]	**6,838**	**6,349**	**8**
Common shares	30	30	0
Additional paid in capital (APIC)	259	258	0
Retained earnings	998	1,010	-1
Treasury shares	-37	-37	1
Accumulated other comprehensive income (loss) (AOCI)	1	13	-96
Total shareholders' equity	**1,250**	**1,274**	**-2**
Total liabilities and shareholders' equity[1]	**8,088**	**7,624**	**6**

1 In 2023, the Group elected to present VAT on a net basis and updated the financial year 2022 figures retrospectively. See Group Consolidated Financial Statements 2023, Note 9. Other Assets

Key figures (audited)

For the years ended 31 December	**2023**	**2022**
Earnings per share		
Net income attributable to shareholders (CHF in millions)	158.0	169.3
Weighted-average number of common shares outstanding for basic earnings per share	29,338,682	29,352,136
Weighted-average number of common shares outstanding for diluted earnings per share	29,370,234	29,373,078
Basic earnings per share (in CHF)	5.39	5.77
Diluted earnings per share (in CHF)	5.38	5.76
Ratios		
Return on average shareholders' equity (ROE)	12.5 %	13.7 %
Return on average assets (ROA)	2.0 %	2.3 %
Cost / income ratio	50.9 %	50.6 %
Net interest margin	5.2 %	5.5 %
Loss rate	0.8 %	0.6 %

At 31 December	**2023**	**2022**
Capital adequacy[1]		
Risk-weighted assets (CHF in millions)	6,090	5,938
Tier 1 capital[2] (CHF in millions)	1,046	1,055
Tier 1 capital ratio (in %)	17.2%	17.8%
Share and dividend		
Share price (in CHF)	65.60	76.90
Market capitalisation (CHF in millions)	1,961	2,307
Dividend per share[3] (in CHF)	4.00	3.95
Dividend payout ratio (in %)	74	68
Employees and credit rating		
Employees (full-time equivalent)	902	929
Credit rating (S&P)	A–	A–

1 Since 2023 based on US GAAP and including BNPL business

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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