



Your Swiss Bank

Business Review

20

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, SME loans, invoice financing, and deposits and savings products.



Online Report



Annual Report (pdf)



Business Review



The Online Report and the Annual Report 2020
are available under: reports.cembra.ch

The Business Review is published in English and German.

Key facts

CHF **3,216,000,000**

was the market capitalisation of Cembra at the end of 2020

80,860,593

credit card transactions were processed by Cembra in 2020

1,027,000

customers have chosen Cembra as their preferred partner

1,012

employees from 39 different countries work for Cembra

24

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 figures

<i>(CHF in millions)</i>	2020	2019	2018	2017
Net revenues	497.2	479.7	438.8	396.3
Provision for losses	-56.4	-45.1	-50.1	-45.1
Total operating expenses	-247.4	-231.8	-193.0	-167.9
Net income	152.9	159.2	154.1	144.5
Total assets	7,244	7,485	5,440	5,099
Net financing receivables	6,293	6,586	4,807	4,562
Personal loans	2,408	2,625	1,885	1,782
Auto leases and loans	2,853	2,915	1,974	1,942
Credit cards	970	1,029	940	833
Other	62	17	8	5
Shareholders' equity	1,127	1,091	933	885
Cost/income ratio (in %)	49.8	48.3	44.0	42.4
Return on equity (ROE in %)	13.8	15.7	16.9	16.7
Tier 1 capital ratio (in %)	17.7	16.3	19.2	19.2
Employees (full-time equivalent)	928	963	783	735
Credit rating (S&P)	A-	A-	A-	A-
Basic earnings per share (in CHF)	5.21	5.53	5.47	5.13
Dividend per share (in CHF)	3.75	3.75	3.75	3.55
Share price (in CHF)	107.20	106.00	77.85	90.85
Market capitalisation	3,216	3,180	2,336	2,726

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**“Cembra is
reliable, resilient
and growing.”**

Robert Oudmayer, CEO



Robert Oudmayer has been Chief Executive Officer at Cembra for almost 12 years and is now handing over to his successor. We spoke to him about resilience, dedicated employees, strong partners and a dynamic business model – all factors that helped to ensure Cembra’s strong business performance in 2020.

Robert Oudmayer, what were Cembra’s main achievements in 2020?

In 2020, we delivered a resilient business performance. Despite the Covid-19 pandemic, our net income was down only 4% compared to last year, which is a good result. Cembra responded well to the pandemic, and our priority was to ensure the safety and health of our employees. We took the necessary precautions and measures to provide a safe working environment, with the majority of our employees working from home.

We also completed the cashgate integration just 11 months after the acquisition, launched a new credit card with LIPO and entered into a new partnership with IKEA. In addition, we made further progress in sustainability and were again recognised as a Great Place to Work.

How did the Covid-19 pandemic impact results?

We proved that Cembra can remain resilient, even in a difficult situation like a pandemic. And our prudent risk management approach proved itself to be justified. We consistently take a long-term view when it comes to our employees, our partners, and our funding and costs. And thanks to this long-term focus and our conservative approach, Cembra was able to stay in good shape, even during the challenging times we experienced last year.

What makes Cembra so resilient?

I think there are several reasons. We have very successful long-term partnerships with car dealers, agents and retailers – many of our partners have been with us for a long time. In addition, we have very dedicated employees. Many of them have been in the business for many years, they know our industry and market well and have in-depth professional experience. I also think it is because Cembra is a dynamic company. We are ready to adapt quickly to changing circumstances. If the situation requires us to work from home, then that’s what we do. If we need to change our distribution models, we can do that too. This mindset makes Cembra a very resilient company.

Can you give us an overview of the 2020 results?

Our net revenues grew by 4%, with net interest income increasing by 13% mainly due to the acquisition of cashgate. This rise in interest income was partially offset by a 17% decline in commission and fee income as a result of the Covid-19 restrictions. Despite the challenging environment, the loss performance was solid, at 0.9%. This translated into a 4% lower net income to CHF 152.9 million. Return on equity came in at 13.8%, and the Tier 1 capital ratio stood at 17.7%.

So the cashgate acquisition proved to be beneficial?

Absolutely. cashgate added its share to our results in 2020. Overall, we are very pleased with the acquisition. We are proud that we were able to keep the majority of our cashgate colleagues. We did not buy the company just for its assets, but also for the people and their expertise. Going forward, we will continue to reap these benefits.

“We are ready to adapt quickly to changing circumstances.”

Cembra signed a new contract with IKEA Switzerland. Why is this partnership important for Cembra?

We are very pleased and proud to have IKEA as a new partner. IKEA is a leading global brand, with a strong presence in Switzerland. The partnership will support our credit card growth and will strengthen our market position, as we can offer retailers a very attractive package that combines a credit card with other products and services. IKEA will benefit from the successful invoice financing solution developed by our subsidiary Swissbilling and possibly additional products in the future.

How is Cembra's journey towards digitalisation coming along?

The Covid-19 pandemic has accelerated digitalisation. We are on track in this area. We have a full online solution in place for SME lending, we own a very strong online brand for personal loans and we can offer online lending thanks to our acquisition of cashgate. As we speak, we are working on turning our credit cards into a digital experience. We will launch a mobile platform for cards in 2021, which will significantly improve the customer experience. And we are also enhancing our other platforms.

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

We sharpened our focus on sustainability in 2020. The Management Board set up a Sustainability Committee, chaired by the CEO, to identify and drive improvements in the most crucial areas of sustainability. Our increasing efforts to become a more sustainable company have already been acknowledged by leading ESG rating agencies: Cembra was included in the S&P 500 Sustainability Index, in the Bloomberg Gender Equality Index 2021 and received a “We Pay Fair” recognition. We have come a long way. Acting sustainably will remain the right thing to do – for our employees, our customers, our partners, our investors and society as a whole.

“Cembra can offer retailers a very attractive package that combines a credit card with other products and services.”

Cembra was again recognised as a Great Place to Work. What makes Cembra such an attractive employer?

I am proud that we were able to improve our employee satisfaction scores even during the Covid-19 pandemic. This recognition fills us with pride and confirms that we are on the right track. We want to do the right thing for our employees. We have a very diverse workforce, we put a lot of trust in our people and we offer them flexibility and development opportunities. Everyone can make a difference here as an individual. I believe this is what makes Cembra attractive as an employer.

What do you expect for 2021?

I feel privileged to have been CEO of this company for almost 12 years. On 1 March 2021, I handed the reins over to my successor Holger Laubenthal. The Bank is in good shape and has a strong management team. Cembra is reliable, resilient and growing. I very much enjoyed my time as Cembra’s CEO, and I know that I am leaving the company in good hands – I wish Holger all the best in his new role.

Cembra is a leading Swiss provider of financing solutions and services. We have our headquarters in Zurich and employ more than 1,000 people from 39 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 2020, 1,027,000 customers had placed their trust in Cembra.

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 13 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 24 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 more than 1 million cards in circulation. We offer a range of credit cards through partner programmes with Migros, Conforama, TCS, Fnac and LIPO, as well as our own credit card. The cards offer a range of attractive features, such as Migros Cumulus points, cash back, personalised designs and no annual fees.

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 disability. 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: We provide 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. At the start of 2020, we changed our brand name to “Cembra”.

The Bank is named after the Swiss cembra pine (*Pinus cembra*), a sturdy and resilient tree with strong roots. This symbolises our Bank’s strength and our origin.



key attributes

In times of crisis, true strength comes to the fore. At Cembra, we successfully navigated the challenges that 2020 brought, and we had the strength to do that because we stayed focused. We concentrated on what we are good at: providing financing solutions and services in Switzerland. But our solidity also comes from five key attributes that define who we are as a Bank: at Cembra, we are **resilient, dynamic, partnership-oriented, sustainable** and **engaged**. Along with our ongoing digital transformation, these attributes will drive our long-term success.



R

RESILIENT

Challenges inspire us to perform at our best,
while our many years of experience and proven
strategy provide stability.



**“Resilience shows
that you know what
you are doing.”**

Volker Gloe, Chief Risk Officer



“There are risks everywhere – we need to manage them.”
Risks are his specialty, and Volker Gloe has been Cembra’s Chief Risk Officer since the Bank’s IPO in 2013. He makes sure that all risks are taken deliberately, and are contained and monitored – even in times of crises.

2020 was an unusual and demanding year.

How did Cembra tackle this challenge?

The year obviously did not go as we had initially planned in January. However, thanks to our vast experience, we were able to respond calmly and adapt quickly to the changing circumstances. We acted promptly on a variety of issues: from our employees’ workplace situation to our customers’ default risk. We were able to draw on our strengths and capabilities and thus again demonstrate Cembra’s resilience in 2020.

Why is resilience so important?

Resilience shows that you know what you are doing and that you are competent. Competence is synonymous with quality and thus with a certain predictability, stability or at least less volatility. That, in turn, inspires confidence, both among our customers, who can see that we are capable of maintaining the quality of our products and services in a difficult environment, and among our employees, whose safety and jobs are always a top priority for Cembra. In the end, resilience also helps our investors to better assess the stability of their investments.

What solutions and approaches does Cembra employ to survive in times of crisis?

Cembra specialises in financing solutions in Switzerland. We have a long history in this market segment, and our product range is limited, yet diversified. Our experience and the simplicity of our business model pay off in times of crises. Just as we did during past challenges, such as the 2008/2009 financial crisis, we took proven risk management measures to ensure the resilience of our business. In 2020, for example, we scaled back our risk appetite in certain segments, tightened our lending criteria and helped customers to ensure that they could meet their contractual commitments. Our risk department analysed our loan portfolios in even more detail and monitored their quality. Our solid loss ratio is a good indication that portfolio quality was not adversely affected in 2020. The stability and robustness of our risk indicators speak to the effectiveness of our credit risk management and are thus a core component of Cembra’s resilience.





DYNAMIC

**We keep pace with our changing environment.
Responding quickly and providing flexible
solutions are part of our everyday work.**

Flexible solutions in a dynamic market

As a financial services provider, it is natural for us to be flexible and responsive to the evolving requirements of our customers – we have to serve them, but also anticipate their needs, provide cutting-edge solutions and be agile. It is not only our approach that is dynamic, but the way we implement it too.

Standing still is not a sustainable business model in any sector. Success involves reinventing yourself time and again. As an agile and growing mid-sized company, we have managed to strike the right balance between being dynamic and offering stability. This dynamic approach is borne out in several different areas of our business.

A dynamic card business

As the “Swiss Payment Monitor 2020” report¹ shows, the shift away from cash and towards card and mobile payment methods was already underway in Switzerland before the Covid-19 pandemic. According to that study, credit card transactions grew five fold in the period from 2005 to 2019. This trend was reinforced by the pandemic. “The Monitoring Consumption Switzerland” study² looked at consumer behaviour after the lockdown and found that, in June 2020, the number of payments made with credit cards was 16% higher than in the period from January to March 2020.

¹ Study by ZHAW and the University of St. Gallen (<https://swisspaymentmonitor.ch>)

² Project carried out by the Universities of St. Gallen and Lausanne (<https://monitoring-consumption.com>)

With more than a million credit cards issued, we are now one of the leading card providers in Switzerland.

This trend is reflected in the steady growth in our credit card business. Our market share has reached 13% since we entered the market 14 years ago. And having issued more than a million credit cards, we are now one of the leading card providers in Switzerland. Through our large number of partnerships and our own Cembra credit card, we handled 80.9 million credit card transactions in 2020.

Dynamic growth

Since 2013, the year of our IPO, our customer base has increased by 65%. Our growth strategy is focused on new partnerships. Thanks to our long-standing collaboration with partners such as Migros, TCS, LIPO, Conforama, Fnac, and our latest partnership with IKEA, we can further strengthen our position on the Swiss credit card market.

+214%



Credit card transactions
2013–2020

+61%



Asset growth
2013–2020

+65%



Customer growth
2013–2020

We have also expanded our portfolio dynamically through acquisitions. The acquisitions of EFL Autoleasing and Swissbilling in 2017 and cashgate in 2019 helped us to grow through synergies, introduce new lines of business and expand our customer base.

Providing customer service in a dynamic way

We do everything we can to promptly address our customers' evolving needs. Whether it involves financing electromobility, offering invoice payment solutions or lending specifically to SMEs, we are always ready to serve the market. We also keep up with market trends and customer wishes when we are developing innovations or implementing new solutions, such as mobile or wearable payment options. We are also investing substantially in our digital interaction with customers. Automated onboarding and optimised self-service features allow us to communicate in a way that is more efficient for both sides.

The continuous growth in our customer base shows that our dynamic approach is paying off: we now have more than a million customers. They are the best proof that Cembra understands how to anticipate their needs.



P

**PARTNERSHIP-
ORIENTED**

**We value long-term partnerships that
create added value for our partners – and ultimately
our customers.**



Sharing in success

We take a partnership-oriented approach, teaming up with companies that share our goal of offering customers optimal financing solutions and the best possible service. We work closely with both long-standing and newer partners so that we can write success stories together.



Why do IKEA and Cembra make such a good fit?

We want to offer our customers an attractive customer card as well as a variety of payment options they can use depending on their needs. Cembra is a partner who can offer us an integrated retail solution.

Jessica Anderen,
CEO IKEA Switzerland

credaris

How would you describe your company's partnership with Cembra?

Credaris is the credit specialist at comparis.ch. Our primary goal is to ensure we always provide our customers with the best offers. As the largest personal loan broker in Switzerland, we are able to draw on many years of experience with numerous partners. Cembra stands out because of its high standards and its service- and customer-centric approach. We greatly appreciate this solutions-oriented partnership.

Marc Hallauer,
CEO Credaris





CUMULUS

What is the secret behind Cembra's 14-year-long partnership with Migros Cumulus?

Cembra has been a reliable partner bank since we launched the Cumulus Mastercard. We value this straightforward partnership with Cembra, where we can share ideas and try out new things. Thanks to our teamwork, our customers get one of the most popular credit cards on the Swiss market. In 2020, our annual customer survey again showed that the Cumulus Mastercard is one of the most popular aspects of the Cumulus programme and thus a key component of customer loyalty.

Ingmar Deibl,
Head Cumulus at Migros

 **HONDA**

How does Cembra create a real partnership?



Our business relationship with Cembra has always been a positive partnership for us. At Honda, we focus on our management approach "Gemba" which means grasping the market reality and activities. We are happy to work with a partner that understands and implements this approach. Cembra's teams always focus on how to support our dealers in the best possible way and make sure that every single sales person understands all the benefits from our offer. That is why Cembra is a valuable partner for us, also for our future business.

Matthieu Naegelen,
Branch Vice President,
Honda Motor Europe Ltd.



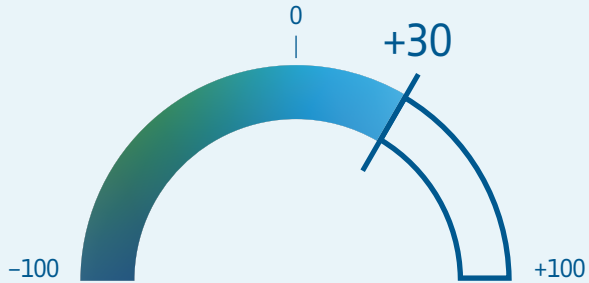
A close-up photograph of a man in a light-colored suit jacket and glasses, looking down at a watch on his left wrist. The image has a blue tint. A large, white, outlined letter 'S' is superimposed over the center of the image.

S

SUSTAINABLE

We are committed to acting sustainably and responsibly. We foster sustainable behaviour through specific measures.

Fostering sustainable behaviour is one of our top priorities. We aim to actively contribute to a more sustainable future. In 2020, we were able to make considerable progress, and we initiated further improvements.



High customer satisfaction

In 2020, Cembra’s overall weighted Net Promoter Score was +30 on a scale of -100 to +100.

Responsible financing

Cembra not only acts in accordance with strict legal requirements, but also takes additional preventive measures, in the interests of both customers and the company.

Credit risk

The quality of our loan portfolio remains consistently high. Over the past five years, our provisions have amounted to around 1% of financing receivables each year.

Environmental stewardship



In the period 2017–2019, we were able to considerably reduce our Scope 1 and 2 carbon emissions intensity (CO₂ tons/FTE). This trend continued in 2020, also due to the Covid-19 restrictions.

5th place

Great Place to Work

We measure the satisfaction and engagement of our employees every two years. The 2020 survey, in which 72% of our employees participated, resulted in a trust index of 71% (2018: 69%). Cembra will therefore be certified as a Great Place to Work again in 2021. In 2019, Cembra ranked fifth among the Great Places to Work in Switzerland.

We Pay Fair

The wages Cembra pays comply with the principle of “equal pay for work of equal value”. We received the certification from the Competence Centre for Diversity & Inclusion at the University of St. Gallen.



Electromobility

Cembra is one of the leaders in electromobility financing in Switzerland, and we are offering loans and leases for electric vehicles on highly favourable terms.



Diversity

Our diversity is borne out through the broad range of nationalities and cultures represented among our employees. We value and encourage diversity in terms of gender, age, nationality and cultural background and employ people from 39 different countries.

Transparency

In recent years, we have significantly expanded our sustainability reporting, and we are in regular contact with our stakeholders.



E

ENGAGED

**Our employees make the difference.
Engagement, responsibility and customer focus are
the values we live by.**



Cembra's greatest asset: our employees

Employee diversity and development are core elements of Cembra's corporate culture. Head of Human Resources Annekathrin Krügel-Falkenberg and her team make sure that employees have an inspiring, collaborative workplace where trust and team spirit take centre stage.

In 2020, Cembra was recognised as a Great Place to Work for the second time. What are Cembra's strengths as an employer?

Our strengths are our team spirit, our teamwork and our friendly atmosphere – these are all borne out in the results of our employee survey. We care deeply about being a good employer. We listen and want to improve continuously. Since 2019, we have been rolling out various initiatives to promote a culture of trust and teamwork under a programme we call “Trust and Team”. We strongly emphasise diversity, flexible working models and a strong feedback culture.

How does Cembra support its employees?

We invest a lot in our employees' development. Young talent is supported through our “Radix” programme. We also offer all our employees a wide-ranging training catalogue and generous financial support for external training. With initiatives such as “Vitality”, “Connect” and “Volunteers”, we promote our employees' physical and mental health, encourage networking and support their involvement in social causes that go beyond

their jobs. We are committed to ensuring that our employees have a safe workplace where they can work together in a spirit of trust. This has been particularly important to us during the Covid-19 crisis.

Why is employee support so important?

Our employees are the key to our success. Cembra grows with and because of them – that is why we make sure we motivate and support them in their development. What's more, customer focus is one of our values: our customers can sense if we are an internally efficient, well-functioning company. And that inspires mutual trust and builds strong customer relationships.

**“We strongly emphasise
diversity, flexible work-
ing models and an open
feedback culture.”**

Annekathrin Krügel-Falkenberg,
Head of Human Resources



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.



In 2020, Cembra took specific steps to foster sustainability and responsible behaviour and initiated further improvements through a new dedicated Sustainability Committee.

Responsible financing

Despite the outbreak of the Covid-19 pandemic and the resulting economic downturn, and thanks to our long-term risk management approach, we have been able to ensure that our overall loss performance remained robust. We have not yet recorded a significantly larger number of customers in financial difficulty, and Cembra supported existing customers where the pandemic affected their ability to meet their contractual repayment obligations.

Business integrity

In April 2020, we updated our Code of Conduct which includes further improvements regarding the personal integrity of our employees and our responsibility to society and the environment. In September 2020, Cembra joined the United Nations Global Compact. We are committed to supporting its Ten Principles on human rights, labour, environment and anti-corruption.

Financing of electromobility

Cembra is one of the leaders in financing electromobility in Switzerland. We are offering loans and leases for electric vehicles on highly favourable terms, with a growing share of electric vehicles financed. Our strategy is to continue to grow this business in line with the market trend.

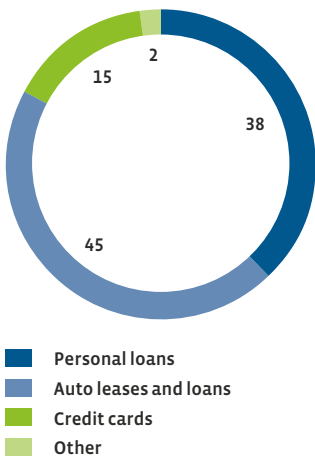
Improved external recognition

In 2020, Cembra's sustainability ratings by leading ESG rating agencies further improved considerably. Cembra was also included – as one of eight companies based in Switzerland – in the 2021 Bloomberg Gender Equality Index for the first time. This assessment includes gender-related criteria as female leadership, equal pay, inclusive culture and disclosure transparency.

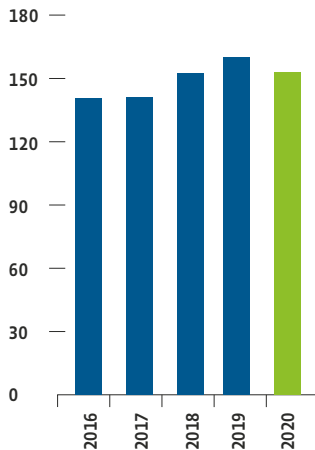
Finally, with one million customers and as a leading provider of consumer finance products and services in Switzerland, we believe that it is our duty to further improve our sustainability performance.

In 2020, Cembra had a strong business performance during the Covid-19 pandemic. Our business model proved resilient, and our conservative risk management approach paid off.

Net financing receivables in %



Net income in CHF millions



Market share of our products

In a competitive environment, the Group had an estimated market share of approximately 43% of consumer loans outstanding. The Group estimates its auto leasing market share at about 21% of total leasing volumes outstanding in 2020. In the Group's credit cards business, the number of cards increased by 5% to about 1,030,000 cards compared to year end 2019. The Group's market share, based on the number of credit cards in circulation, amounted to 13%.

Business development

On 28 February 2020, Cembra Business, a business line of Cembra Money Bank, launched a new online financing product for SMEs. The business loan is tailored to the needs of small Swiss companies, who can now apply for loans directly online or through selected partners.

On 3 March 2020, we announced that the Apple Pay feature had been added to our credit card portfolio, further expanding our range of mobile payment solutions.

On 19 October 2020, we signed a cooperation agreement with IKEA Switzerland to launch credit cards and other financing products. The new partnership will enable us to further expand our position in the credit card business. As part of the partnership, Swissbilling, a subsidiary of Cembra, will offer its invoice financing solution for online and in-store sales.

On 22 October 2020, Cembra announced that after more than 11 successful years as CEO, Robert Oudmayer would step down in the course of 2021. As further announced on 22 October 2020 and on 20 January 2021, Prof. Dr Peter Athanas and Katrina Machin will not stand for re-election at the Annual General Meeting in 2021. The Board of Directors will propose Susanne Klöss-Braekler and Martin Blessing for election as new members to the Board of Directors at the Annual General Meeting in April 2021.

In 2020, a number of worldwide leading ESG rating agencies upgraded their ratings as a result of Cembra's solid sustainability performance. Cembra was also included in the SXI Switzerland Sustainability 25 Index and the 2021 Bloomberg Gender Equality Index and received We Pay Fair recognition based on Swiss federal standards.

In January 2021, Cembra announced that Holger Laubenthal will succeed Robert Oudmayer as new CEO of Cembra, effective 1 March 2021.





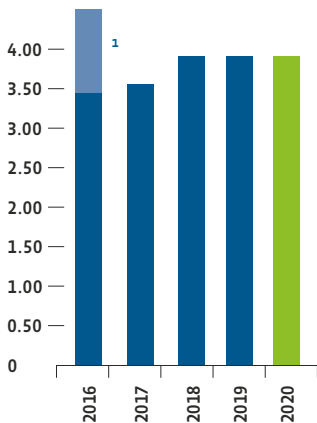
Cembra Management Board (from left):

Volker Gloe (Chief Risk Officer), Dr Emanuel Hofacker (General Counsel), Daniel Frei (Managing Director BzC), Robert Oudmayer (Chief Executive Officer until 28 February 2021), Pascal Perritaz (Chief Financial Officer), Niklaus Mannhart (Chief Operating Officer), Jörg Föhringer (Managing Director B2B).

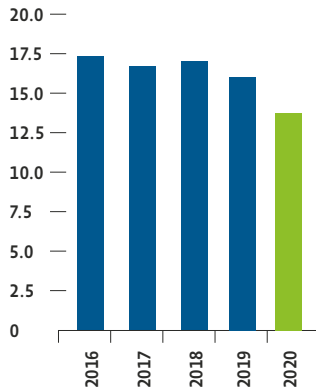
In 2020, Cembra reported resilient results. Net revenues grew by 4%, with net interest income increasing by 13%, mainly due to the acquisition of cashgate. This rise in interest income was partially offset by a 17% decline in commission and fee income as a result of the Covid-19 restrictions. Despite the challenging environment, the loss performance was solid, at 0.9%. This translated into a 4% lower net income to CHF 152.9 million, or CHF 5.21 per share in 2020. Return on equity came in at 13.8%, and the Tier 1 capital ratio stood at 17.7%. A dividend per share of CHF 3.75 will be proposed to the Annual General Meeting.

Dividend per share in CHF

¹ Extraordinary dividend



Return on equity (ROE) in %



Resilient business performance

The Group's total net financing receivables at 31 December 2020 amounted to CHF 6.3 billion, a decline of 4% compared with year end 2019, largely attributable to the impact of Covid-19 on the Swiss economy.

In the personal loans business, receivables declined by 8% to CHF 2.4 billion, also due to the market development. Interest income in that business increased by 10% to CHF 190.7 million, due to the acquisition of cashgate in the second half of 2019. The yield remained stable at 7.4%.

Net financing receivables in auto leases and loans rebounded in the second half, ending the year down 2%, to CHF 2.9 billion. Interest income was 17% higher, at CHF 129.4 million, with a stable yield of 4.5%.

In the credit cards business, net financing receivables declined by 6% to CHF 1.0 billion as a result of Covid-19 restrictions in the second quarter and in the final weeks of 2020. Interest income in the cards business grew by 5% to CHF 83.6 million, with a yield of 8.3%. The number of cards issued continued to rise, up 5% year on year to 1,030,000.

Revenue increase

Total net revenues rose by 4% to CHF 497.2 million. Net interest income grew by 13%, mainly as a result of the cashgate acquisition. Interest expense was 3% lower, at CHF 26.9 million.

Consistent loss performance

The provision for losses increased by CHF 11.3 million, or 25%, to CHF 56.4 million, primarily due to higher financing receivables following the acquisition. Despite the macroeconomic impact of the Covid-19 pandemic, the loss rate remained steady at 0.9%.

Operational progress

In 2020, Cembra successfully completed the operational integration of cashgate within 11 months, and invoice financing provider Swissbilling more than tripled its net financing receivables, to CHF 62 million. Cembra stepped up its digital transformation by successfully developing its online personal loans business, investing in enhanced cards propositions and further consolidating the branch network. The new partnership with IKEA Switzerland is on track. The credit card is scheduled for launch in March 2021.

Outlook

Assuming the Swiss economy recovers in 2021, Cembra currently expects to deliver a resilient business performance in 2021, with revenues expected to recover in line with the economic development. Cembra expects a solid loss performance for 2021 and confirms its targets for the mid-term.

Income statement

<i>(CHF in millions)</i>	2020	2019	in %
Interest income	401.8	359.8	12
Interest expense	-26.9	-27.8	-3
Net interest income	375.0	332.0	13
Commission and fee income	122.3	147.7	-17
Net revenues	497.2	479.7	4
Provision for losses	-56.4	-45.1	25
Compensation and benefits	-129.5	-120.5	8
General and administrative expenses	-117.9	-111.3	6
Total operating expenses	-247.4	-231.8	7
Income before income taxes	193.4	202.9	-5
Income tax expense	-40.5	-43.7	-7
Net income	152.9	159.2	-4
Basic earnings per share (in CHF)	5.21	5.53	-6

Balance sheet

(At 31 December, CHF in millions)

	2020	2019	in %
Assets			
Cash and cash equivalents	599	543	10
Net financing receivables	6,293	6,586	-4
Other assets	353	357	-1
Total assets	7,244	7,485	-3
Liabilities and equity			
Deposits	3,275	3,495	-6
Short-term & long-term debt	2,565	2,639	-3
Other liabilities	278	260	6
Total liabilities	6,177	6,395	-4
Common shares	30	30	0
Additional paid-in capital (APIC)	259	259	0
Treasury shares	-36	-35	5
Retained earnings	902	860	2
Accumulated other comprehensive loss (AOCI)	-29	-23	22
Total shareholders' equity	1,127	1,091	3
Total liabilities and shareholders' equity	7,244	7,485	-3

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