Cembra

Ad hoc announcement pursuant to Art. 53 LR

Cembra reports 2024 net income of CHF 170.4 million, up 8%, supported by consistent strategy execution and an improved net interest margin

- Net income up 8% to CHF 170.4 million reflecting progress in the strategic transformation
- Net revenues up 7% to CHF 550 million driven by an improved net interest margin of 5.6% (2023: 5.2%)
- Net financing receivables of CHF 6.6 billion, down 1%, mainly due to the focus on profitable growth
- Cost/income ratio improved significantly, at 48.1% (2023: 50.9%)
- Continued solid loss performance, with a loss rate of 1.1% (2023: 0.8%)
- Return on equity at 13.4%, with a Tier 1 capital ratio of 17.9%
- Dividend of CHF 4.25 per share proposed, representing an increase of CHF 0.25 or 6%
- Outlook: increase in net income expected, with return on equity of 14-15% in 2025 and on track to deliver 2026 financial targets

Zurich, 20 February 2025 – In 2024, Cembra made further progress in the implementation of its strategic transformation, resulting in a significant improvement of the cost/income ratio from 50.9% to 48.1% and an 8% increase in net income to CHF 170.4 million or CHF 5.81 per share. Net revenues rose by 7% to CHF 550.5 million driven by an improvement in the interest margin as a result of effective repricing measures. Net financing receivables declined by 1% to CHF 6.6 billion, mainly due to the focus on profitable growth. The loss rate stood at 1.1% (2023: 0.8%) in line with the long-term trend. Return on equity came in at 13.4%, with a Tier 1 capital ratio of 17.9%, and Cembra is on track to deliver its 2026 financial targets.

CEO Holger Laubenthal commented: “The 2024 results demonstrate that we’re making good progress with our strategic transformation. We are driving the digitalisation of our products and services to increase customer value and enhance our productivity. By building on this momentum, we will make further progress this year and are confident that we’ll achieve our 2026 financial targets.”

Net revenues up 7% and net interest margin improved to 5.6%

Net financing receivables came in at CHF 6.6 billion. This 1% decrease was mainly due to a 4% drop in net financing receivables to CHF 2.3 billion in the personal loans business, reflecting continued selective underwriting and disciplined pricing in a softened economic environment. Net financing receivables grew by 1% to CHF 3.2 billion in the auto leases and loans business, decreased by 2% to CHF 1.0 billion in credit cards and increased by 12% to CHF 0.2 billion in BNPL.

Net revenues increased by 7% to CHF 550.5 million. Net interest income contributed CHF 380.5 million (+10%) with an increase in the net interest margin to 5.6% (2023: 5.2%). Successful repricing measures led to 15% increase in interest income to CHF 485.7 million, and interest expense rose to CHF 105.3 million (2023: CHF 74.9 million) following the continued rolling of the funding portfolio. Commission and fee income amounted to CHF 170.0 million, up 1%, with the largest contribution coming from the credit cards business, which accounted for CHF 91.6 million (+3%), while BNPL contributed CHF 39.9 million (+1%). The share of net revenues generated from commission and fee income stood at 31% (2023: 33%).

Cost/income ratio improved

Total operating expenses increased by 1% to CHF 264.5 million (2023: 262.6 million), with cost savings offset by restructuring costs and continued investments in strategic initiatives. Personnel expenses declined by 2% to CHF 134.8 million, reflecting the ongoing streamlining of the organisation. General and administrative expenses increased by 3% to CHF 129.7 million. This resulted in a significant decrease in the cost/income ratio to 48.1% (2023: 50.9%). Cembra expects to achieve a cost/income ratio of ≤ 45% for the full year 2025 and has a clear plan to progress towards the target of below 39% in 2026.

Continued solid loss performance

The Group’s provision for losses increased by CHF 17.2 million to CHF 74.2 million (2023: CHF 56.9 million) reflecting the maturing of post-Covid asset growth in a slightly more adverse macro environment in which exposed customer segments are facing a higher cost-of-living. This resulted in a loss rate of 1.1% in line with the long-term trend. The rate of over-30-days past due financing receivables stood at 2.7% (2023: 2.1%) and the non-performing loans (NPL) ratio increased to 1.2% (2023: 0.8%). The portfolio is consistently managed with a view to striking the right balance between risk and reward. Going forward, Cembra expects there to be no material change in its loss performance from current levels.

Further diversified funding portfolio

The Group’s funding portfolio decreased by 3% to CHF 6.4 billion in 2024, reflecting the trend in receivables. The share of deposits continued to increase, coming in at 55% (2023: 53%). The weighted average duration increased slightly to 2.5 years (2023: 2.4 years). The end-of-period funding cost was 1.53% (31 December 2023: 1.47%).

Strong capital base and dividend increase to CHF 4.25

Cembra remains very well capitalised, with a strong Tier 1 capital ratio of 17.9% (31 December 2023: 17.2%). As expected, the final Basel III standards have a negative impact of 0.5 percentage points on the capital ratio from 1 January 2025 onwards. Shareholders’ equity increased by 3% to CHF 1.285 billion.

Given Cembra’s solid financial performance, the Board of Directors will recommend a dividend of CHF 4.25 per share at the General Meeting on 24 April 2025, representing a payout ratio of 73% and an increase of CHF 0.25, or 6%, on the previous year.

Strategic transformation progressing
In 2024, Cembra consistently pressed ahead with its strategic transformation enhancing customer value and productivity. The successful launch of the new IT platform for the leasing business strengthened Cembra's relationships with its partners, improved its value proposition, boosted efficiency and has the potential to further increase productivity. Cembra also grew its portfolio of own cards and co-branded partnerships, which drove up interest income and commissions. Additional services, including insurance products, were added to the credit card offering and the Cembra App was enhanced with more self-service functions. Cembra also continued to streamline the organisation and further expanded its technology and services hub in Riga, Latvia. Other developments during the reporting period included the new digital savings offering, the outsourcing of certain customer service processes and the full roll-out of the TWINT pay later feature for all partner banks.

Outlook
For the 2025 financial year, Cembra expects to grow net revenues at least in line with Swiss GDP growth, a continued solid loss performance and a cost/income ratio ≤ 45%. As a result, Cembra expects an increase in net income and a ROE of 14-15% (previously ≥ 15%) for 2025 and confirms its financial targets for 2026.[1]

All documents (investor presentation, 2024 consolidated financial statements and this media release) are available at www.cembra.ch/investors.

[1] ROE ≥15% from 2026 (previously 2025) onwards; dividend increasing from 2025 onwards based on sustainable earnings growth; Tier 1 capital ratio target >17%

Key dates

20 March 2025	Publication of Annual Report 2024 (in English only)
24 April 2025	Annual General Meeting
28 April 2025	Ex-dividend date
24 July 2025	Publication of half-year results and interim report

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

Date and time:	20 February 2025 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 2024 results”.

Media call for journalists (in German)

Date and time:	20 February 2025 at 10.30 a.m. CET
Speaker:	Holger Laubenthal (CEO)
Registration at:	media@cembra.ch

About Cembra

Cembra is a leading Swiss provider of innovative 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 850 people from about 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 recognised for its strong sustainability performance by leading ESG rating agencies.

Consolidated statements of income (audited)

For the years ended 31 December (CHF in millions)	2024	2023	Change in %
Interest income	485.7	422.1	15
Personal loans	186.2	171.5	9
Auto leases and loans	175.3	150.8	16
Credit cards	109.6	87.9	25
Other	14.7	11.9	23
Interest expense	-105.3	-74.9	41
Net interest income	**380.5**	**347.2**	**10**
Commission and fee income	**170.0**	**168.5**	**1**
Insurance	23.5	23.8	-1
Credit cards	91.6	89.2	3
Loans and leases	15.0	14.5	4
BNPL	39.9	39.4	1
Other	-0.1	1.5	<-100
Net revenues	**550.5**	**515.7**	**7**
Provision for losses on financing receivables	**-74.2**	**-56.9**	**30**
Compensation and benefits	-134.8	-137.0	-2
General and administrative expenses	-129.7	-125.6	3
Professional services	-24.6	-20.8	18
Marketing	-10.0	-11.7	-15
Collection fees	-15.6	-15.0	4
Postage and stationery	-10.4	-10.2	2
Rental expense under operating leases	-5.8	-6.2	-5
Information technology	-50.4	-50.6	0
Depreciation and amortisation	-26.8	-27.5	-2
Other	13.9	16.3	-15
Total operating expenses	**-264.5**	**-262.6**	**1**
Income before income taxes	**211.8**	**196.2**	**8**
Income tax expense	-41.4	- 38.1	9
Net income	**170.4**	**158.0**	**8**

For the years ended 31 December (CHF)	2024	2023
Earnings per share		
Basic	5.81	5.39
Diluted	5.80	5.38

Balance sheet (audited)

At 31 December (CHF in millions)	**2024**	**2023**	**Change in %**
Assets			
Cash and cash equivalents	793	922	-14
Financing receivables, net	6,625	6,687	-1
Personal loans	2,273	2,370	-4
Auto leases and loans	3,182	3,147	1
Credit cards	1,011	1,028	-2
BNPL	159	141	12
Investment securities	190	98	93
Property, equipment and software, net	47	55	-15
Intangible assets, net	15	27	-45
Goodwill	190	190	0
Other assets	90	110	-18
Total assets	**7,949**	**8,088**	**-2**
Liabilities and equity			
Deposits	3,524	3,497	1
Accrued expenses and other payables	211	206	2
Short-term debt	400	450	-11
Long-term debt	2,500	2,648	-6
Other liabilities	24	27	-13
Deferred tax liabilities, net	5	10	-48
Total liabilities	**6,664**	**6,838**	**-3**
Common shares	30	30	0
Additional paid in capital (APIC)	260	259	0
Retained earnings	1,051	998	5
Treasury shares	- 39	- 37	3
Accumulated other comprehensive income (loss) (AOCI)	-17	1	<-100
Total shareholders' equity	**1,285**	**1,250**	**3**
Total liabilities and shareholders' equity	**7,949**	**8,088**	**-2**

Key figures (audited)

For the years ended 31 December	**2024**	**2023**
Earnings per share		
Net income attributable to shareholders (CHF in millions)	170.4	158.0
Weighted-average number of common shares outstanding for basic earnings per share	29,326,853	29,338,682
Weighted-average number of common shares outstanding for diluted earnings per share	29,374,656	29,370,234
Basic earnings per share (in CHF)	5.81	5.39
Diluted earnings per share (in CHF)	5.80	5.38
Ratios		
Return on average shareholders' equity (ROE)	13.4 %	12.5 %
Return on average assets (ROA)	2.1 %	2.0 %
Cost / income ratio	48.1 %	50.9 %
Net interest margin	5.6 %	5.2 %
Loss rate	1.1 %	0.8 %

At 31 December	**2024**	**2023**
Capital adequacy		
Risk-weighted assets (CHF in millions)	6,088	6,090
Tier 1 capital[1] (CHF in millions)	1,091	1,046
Tier 1 capital ratio (in %)	17.9%	17.2%
Share and dividend		
Share price (in CHF)	82.00	65.60
Market capitalisation (CHF in millions)	2,460	1,961
Dividend per share[2] (in CHF)	4.25	4.00
Dividend payout ratio (in %)	73	74
Employees and credit rating		
Employees (full-time equivalent)	812	902
Credit rating (S&P)	A–	A–

1 Includes net income adjusted for expected dividend distribution

2 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.

This media release is published in English and in German. In the event of discrepancies between the English and German versions of this media release, the English version shall prevail.