Annual Report

2021

Swiss Credit Card Issuance 2021-1 AG

Financial statements as of and for the period
May 11 to December 31, 2021

(with Independent Auditor's Report thereon)

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Independent auditor's report to the Board of Directors of

Swiss Credit Card Issuance 2021-1 AG, Horgen

Report on the audit of the financial statements

Opinion

On your instructions, we have audited the financial statements of Swiss Credit Card Issuance 2021-1 AG, which comprise the balance sheet as of December 31, 2021, and the related statements of earnings, changes in shareholders' equity and cash flows for the period from May 11, 2021 to December 31, 2021 and the related notes to the financial statements.

In our opinion, the financial statements (pages 7 to 26) present fairly, in all material respects, the financial position of Swiss Credit Card Issuance 2021-1 AG as of December 31, 2021 and the results of its operations and its cash flows for the period from May 11, 2021 to December 31, 2021 in accordance with the accounting principles generally accepted in the United States of America (US GAAP).

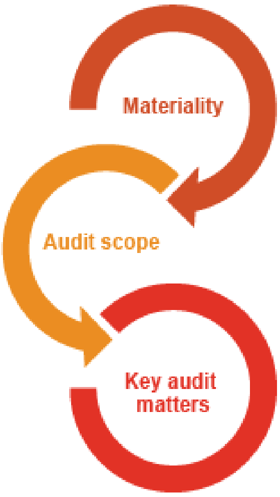
Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 1'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter the following area of focus has been identified:

Valuation of investment securities Held-To-Maturity (HTM)

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'000'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	For the audit of the financial statements, we have selected total assets as the relevant benchmark because, in our view, it is the most appropriate considering the nature and the purpose of the entity.

We agreed with the Board of Directors that we would report to them misstatements above CHF 50'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment securities Held-To-Maturity (HTM)

Key audit matter	How our audit addressed the key audit matter
As of December 31, 2021, the value of the investment securities HTM amounts to CHF 200.0 million and represents 99.6% of total assets. The investment securities held-to-maturity consisting of the issuer certificate are measured at amortized cost, net of any unamortized premium or discount as described in the notes 2.3 “Investment securities held-to-maturity” and 6 “Investment securities held-to-maturity”. The valuation of these investment securities contains a counterparty risk with the co-subsidiary Swiss Payment Assets AG, which legally owns the customer receivables and is the counterparty to the issuer certificate. Information on the concentration of credit risk is included in the notes 15 “Concentration of credit risk” and 17 “Related parties”. Due to an inherent counterparty risk and the significance of the issuer certificate to the financial statements, we consider the audit of the valuation of investment securities HTM to be a key audit matter.	We performed the following audit procedures to assess the valuation of investment securities: We assessed the design and implementation of the key controls over the valuation of the issuer certificate. We tested that the nominal value stated in the general ledger agrees to the initial invested amount in the issuer certificate and is carried at amortized cost, net of any unamortized premium or discount. We assessed the counterparty risk with the co-subsidiary Swiss Payment Assets AG and verified that the originator investment exceeds the minimum originator invested amount as of December 31, 2021.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the financial statements of Swiss Credit Card Issuance 2021-1 AG and our auditor’s reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) and for such internal control as the Board of Directors determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers AG

Roman Berlinger	Ralph Gees
Audit expert	Audit expert

Zürich, March 31, 2022

Swisscard Credit Card Issuance 2021-1 AG

Balance sheet as of

	Note	December 31, 2021 CHF
Assets		
Cash and due from banks (restricted)	4	**592'910**
Deferred interest	5	**191'214**
Investment securities held-to-maturity	6	**200'000'000**
Total assets		**200'784'125**
Liabilities and shareholders' equity		
Due to affiliated company	5	**140'235**
Accrued expenses	7	**482'316**
Income tax payable		**2'134**
Long-term debt	8	**200'000'000**
Total liabilities		**200'624'684**
Shareholders' equity		
Common stock, CHF 1.00 par value (100,000 shares authorised, issued and outstanding in 2021)	9	100'000
General reserves	9	50'000
Retained earnings	10	9'440
Total shareholders' equity		**159'440**
Total liabilities & shareholders' equity		**200'784'125**

See accompanying notes which form an integral part of these financial statements.

Swiss Credit Card Issuance 2021-1 AG

Statement of earnings for the period

	Note	May 11 to December 31, 2021
		CHF
Interest income		1'507'119
Interest expense		(1'441'608)
Net interest income	**12**	**65'511**
Net revenues		**65'511**
General and administrative expenses		(53'844)
Income before income taxes		**11'667**
Income tax expense	14	(2'226)
Net income		**9'440**
Basic earnings/(loss) per share net of taxes	11	**0.09**

See accompanying notes which form an integral part of these financial statements.

Swiss Credit Card Issuance 2021-1 AG

Statement of changes in shareholders' equity for the period
May 11 to December 31, 2021

	Common shares		Additional paid in capital	Retained earnings	Total
	Shares	Amount CHF	CHF	CHF	CHF
Balance as of May 11, 2021	**-**	**-**	**-**	**-**	**-**
Issuance of common shares	100'000	100'000	50'000	-	150'000
Net income	-	-	-	9'440	9'440
Dividends paid	-	-	-	-	-
Balance as of December 31, 2021	**100'000**	**100'000**	**50'000**	**9'440**	**159'440**

See accompanying notes which form an integral part of these financial statements.

Swiss Credit Card Issuance 2021-1 AG

Statement of cash flows for the period

	May 11 to December 31, 2021 CHF
Cash flows from operating activities	
Net income	**9'440**
Changes in operating assets and liabilities	
(Increase)/decrease in deferred interest	(191'214)
Increase/(decrease) in due to affiliated company	140'235
Increase/(decrease) accrued expenses	482'316
Increase/(decrease) in income tax payable	2'134
Net cash (used in)/provided by operating activities	**442'910**
Cash flows from investing activities	
Purchase of investment securities held to maturity	(200'000'000)
Net cash (used in)/provided by investing activities	**(200'000'000)**
Cash flows from financing activities	
Proceeds from issuance of long-term debt	200'000'000
Proceeds from issuance of common shares	150'000
Net cash (used in)/provided by financing activities	**200'150'000**
Cash at the beginning of the period (restricted)	**-**
Cash at the end of the period (restricted)	**592'910**
Net change during the period	**592'910**

	May 11 to December 31, 2021 CHF
Supplemental cash flow information	
Cash paid for income taxes and interest	**92**
Cash paid for income taxes	92
Cash paid for interest	-

See accompanying notes which form an integral part of these financial statements.

Notes to the financial statements

1 Background

1.1 General

Swiss Credit Card Issuance 2021-1 AG (“the Corporation”), a share corporation (*Aktiengesellschaft*) founded in accordance with Article 620 et seq. of the Swiss Code of Obligation (“CO”), was incorporated as a special purpose vehicle under the laws of Switzerland with register number CHE- 418.529.259. The Corporation was registered with the commercial register of the Canton of Zurich on May 11, 2021 with Swisscard AECS GmbH (Swisscard) as its founder.

1.2 Registered office

The Corporation’s registered office is c/o Swisscard AECS GmbH at Neugasse 18, 8810 Horgen, Switzerland.

1.3 Purpose and principal activities

The articles of incorporation of the Corporation are dated May 11, 2021 and the principal objects of the Corporation are set out in Article 2 (*purpose*) thereof. The Corporation’s principal activities are the issue of the class A notes, the class B notes and the class C notes, utilization of the proceeds of those notes to acquire the corresponding Collateral Certificate, the execution and performance of the Transaction documents (collectively, the Transaction) to which it is a party and the exercise of related rights and powers and other activities reasonably incidental thereto.

The Corporation may not engage in any commercial, financial or other activities which do not directly or indirectly serve the purpose of the Transaction. The Corporation may not purchase shares or invest in other companies. The Corporation may not, for its own account or for the account of third parties, provide security, nor may it enter into guarantees, sureties or the like in favor of third parties.

The Corporation has no subsidiaries or employees.

Since its incorporation, the Corporation has not carried on any business or activities other than those incidental to its incorporation, the authorization and issue of the class A notes, the class B notes and the class C notes and activities incidental to the exercise of its rights and compliance with its obligations under the Transaction documents and any other documents entered into in connection with the issue of the class A notes, the class B notes and the class C notes.

1.4 Members of the Board of Directors

The Board of Directors consists of one or several members, provided that at all times, there is and will be at least one member who is independent from Swisscard AECS GmbH (in accordance with the Swiss Code of Best Practice for Corporate Governance). The members of the Board of Directors of the Corporation are:

Name	Position
Wilhelm Rohde	Chairman of the Board of Directors
Damian Weiss	Member and Secretary of the Board of Directors
Andreas Blank	Member of the Board of Directors
Daniel Muff	Member of the Board of Directors
Stefan Moser	Member of the Board of Directors
Günter Haag (independent director)	Member of the Board of Directors

Pursuant to the terms of the Corporation's Corporate Services Agreement, Swisscard AECS GmbH has and will provide directors and certain other corporate and administration services to the Corporation in consideration for the payment by the Corporation of an annual fee.

1.5 Group structure and control of the Corporation

The Corporation was incorporated as a wholly owned subsidiary of Swisscard. The Board of Directors consists of six directors of which one director is independent from Swisscard AECS GmbH. Certain measures have been implemented to mitigate any potential concerns regarding Swisscard's controlling position as single shareholder and on the Board of Directors, including the addition of provisions in the Corporation's Articles of Association that:

(a) shareholder resolutions in respect of the Shareholder Reserved Matters will require the consent of Swisscard and the independent director; and

(b) any decisions by the board of directors relating to the Board Reserved Matters require the consent of an independent director.

2 Significant accounting policies and principles

The financial statements of the Corporation are prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and are stated in Swiss Francs (CHF). The Corporation will not prepare interim financial statements. The financial year of the Corporation ends on December 31 in each calendar year.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2.1 Cash and due from banks

Cash and due from banks consist of currency on hand, demand deposits with banks or other financial institutions. Restricted cash is any cash recorded in cash and due from banks subject to restrictions imposed by the structured finance documents of the Asset Backed Securities (ABS) transactions, which requires the Corporation to set aside specified amounts of cash as reserves.

2.2 Deferred interest / Due to affiliated company

Deferred interest accrued at month-end represents the issuer disbursement amount for the monthly period required for the Corporation to meet its upcoming costs and interest accruals on the issued notes. The accrual for the issuer disbursement amount is typically carried for 14 days on the balance sheet until following months’ Transfer Date. Transfer Date means the Business Day immediately preceding each Distribution Date. The Distribution Date means the 15th day of each month and, where the relevant Distribution Date is not a business day, the immediately following business day.

Amounts due to affiliated company are accrued at month-end, representing the part of the issuer disbursement amount for the monthly period that is being paid back by the Corporation to Swiss Payments Assets AG or Swisscard AECS GmbH at next months’ distribution date.

2.3 Investment securities held to maturity

Investment securities include debt securities classified as held-to-maturity (“HTM”) where the Corporation has the positive intent and ability to hold such securities to maturity. These securities are used to secure the three notes (class A, class B and class C) and are carried at amortized cost, net of any unamortized premium or discount. Premiums and discounts on debt securities are amortized over the life of the related HTM security and recorded in the “interest income” line in the statement of earnings using the effective yield method. These are balances between entities under common control and are therefore excluded from CECL scope.

2.4 Accrued expense

Accrued expenses contain accrued interest costs of financial liabilities based on effective interest rate.

2.5 Financial liabilities (Long-term debt)

Financial liabilities are reported at amortized costs. No agio or disagio is recognized on the balance sheet as the liabilities are issued at par.

The total or partial amount of a financial liability which is due or scheduled for repayment in more than a year is shown under long-term liabilities.

2.6 Taxes

Taxes on the current financial result are accrued in accrued expenses. There are no valuation differences between assets and liabilities under US GAAP and tax reporting. No deferred taxes have to be recorded.

2.7 Net interest income

Interest income and interest expense arising from interest-bearing assets and liabilities are accrued, and any related net deferred premiums, discounts, origination fees or costs are amortized as an adjustment to the yield over the life of the related asset and liability.

3 Recently issued accounting standards

3.1 ASC Topic 740 – Income Taxes

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, "Simplifying the Accounting for Income Taxes" (ASU 2019-12), an update to Accounting Standards Codification (ASC) Topic 740 – Income Taxes. The amendments in ASU 2019-12 eliminated certain exceptions related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period and the accounting for basis differences when there are changes in foreign ownership. In addition, ASU 2019-12 included clarification and simplification of other aspects of the accounting for income taxes. The amendments were effective for annual reporting periods beginning after December 15, 2020 and for the interim periods within those annual reporting periods. Early adoption was permitted, including in an interim period. The adoption of ASU 2019-12 on January 1, 2021 did not have a material impact on the Corporation's financial position, results of operations or cash flows.

3.2 ASC Topic 848 – Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04), creating ASC Topic 848 - Reference Rate Reform. The amendments in ASU 2020-04 provided optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments were elective to contracts, hedging relationships and other transactions that referenced the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform.

The application did not have any impact on the Entities' financial position, results of operations and cash flows.

4 Cash and due from banks

The following accounts are restricted as to the purposes described below:

4.1.1 Distribution Account

(1) Available Finance Charge collections

On each Distribution Date prior to the occurrence of an Enforcement Event, the Cash Manager has and will advise the to apply and transfer available Finance Charge collections credited to the Finance Charge ledger in or towards the satisfaction of the payments, transfers and provisions set out, and in the order specified, in the Finance Charge priority of payments.

(2) Available Principal collections

On each Distribution Date prior to the occurrence of an Enforcement Event, following the application of the available Finance Charge collections and the reallocated Principal collections and any adjustments to the nominal liquidation amounts of the notes, the cash manager has and will advise the Corporation to distribute all remaining available Principal collections standing to the credit of the Corporation's Principal ledger in accordance with the Principal priority of payments.

(3) Reallocated Principal collections

On each Distribution Date, following the application of the available Finance Charge collections in accordance with the Finance Charge priority of payments, the Corporation's cash manager (acting on behalf of the Corporation) has and will determine and calculate any shortfalls due to there being insufficient available Finance Charge collections for payment of any of the senior costs, the class A monthly interest amount, the class B monthly interest amount and the class C monthly interest amount, in each case, for such Distribution Date. If any such shortfall exists on the applicable Distribution Date, the Corporation's cash manager will advise the Corporation to reallocate available Principal collections standing to the credit of the Corporation's Distribution Account on such Distribution Date in the order of priority outlined under the Transaction documents.

(4) Interest ledger

The Corporation's cash manager has and will maintain the interest ledger with sub-ledgers for each class of notes. On each Interest Payment Date, the Corporation's cash manager, will debit the amount standing to the credit of the interest ledger and pay such amount in the following order of priority: (A) to the holder(s) of the class A notes, (B) the holder(s) of the class B notes and (C) the holder(s) of the class C notes.

4.1.2 Accumulation Reserve Account

The Corporation has established and will maintain the Accumulation Reserve Account to assist with the payment by the Corporation of the monthly interest amount payable on each note during the Controlled Accumulation Period.

On each Distribution Date following the Accumulation Reserve Account Funding Date and before the termination of the Accumulation Reserve Account, the Corporation's cash manager (acting on behalf of the Corporation) will apply the available Finance Charge collections in the order of priority described above under the Transaction documents to increase the amount credited to the Accumulation Reserve Account to equal the accumulation reserve required amount for such Distribution Date.

If the servicer determines, pursuant to the Collateral Certificate Trust Deed that the Controlled Accumulation Period is only required to be one monthly period, the Corporation will not be required to fund the Accumulation Reserve Account. The Corporation cash manager (acting on behalf of the Corporation) may make withdrawals from the Accumulation Reserve Account in certain circumstances as outlined the Transaction documents.

4.1.3 Spread Account

To assist with the payment by Corporation of amounts payable on the class C notes, the Corporation has established and will maintain the Spread Account. On each Distribution Date following the Spread Account Funding Date and before the termination of the Spread Account, the Corporation's cash manager (acting on behalf of the Corporation) will (A) deposit in the Spread Account an amount from the available Finance Charge collections which is equal to the required spread amount over the amount on deposit in the Spread Account on such Distribution Date; and (B) make withdrawals from the Spread Account as outlined under the Transaction documents.

4.1.4 Principal Funding Account

On each Distribution Date (A) during the Controlled Accumulation Period, the Corporation's cash manager (acting on behalf of the Corporation) will accumulate, in the Principal Funding Account, available Principal collections received by the Corporation to be applied towards payment of principal on the notes at the end of the Controlled Accumulation Period; and (B) during the Early Amortization Period, payments of Principal will not be accumulated by the Corporation in the Principal Funding Account for the notes and will instead be paid by the Corporation to the relevant noteholder on each Distribution Date.

In addition, the Corporation's cash manager (acting on behalf of the Corporation) may make withdrawals from the Principal Funding Account as outlined under the Transaction documents.

4.1.5 Liquidity Reserve Account

On each Distribution Date falling on and following the occurrence of a Liquidity Trigger Event and before the termination of the Liquidity Reserve Account, the Corporation's cash manager (acting on behalf of the Corporation) will apply the available Finance Charge collections in the order of priority described above under the Transaction documents to increase the amount credited to the Liquidity Reserve Account to an amount equal to the sum of the liquidity amount.

The Corporation's cash manager, (acting on behalf of the Corporation) may make a withdrawal from the Liquidity Reserve Account on any Distribution Date in an amount sufficient to make up any shortfalls in the available Finance Charges according to the Transaction documents.

The following list of accounts (besides the Current Account Issuer SPV) are restricted as described in the Transaction documents.

	As of December 31, 2021
	CHF
Current Account Issuer SPV	150'000
Issuer Distribution Account	442'910
Principal Funding Account	-
Spread Account	-
Accumulation Reserve Account	-
Liquidity Reserve Account	-
Issuer SPV Securities Account	-
Total cash and due from banks	**592'910**

5 Deferred interest / Due to affiliated company

Issuer Disbursement Amount means, for each Monthly Period in respect of Issuer Certificate No. 9, the aggregate of all net Finance Charge collections allocated thereto from the Group I Finance Collections Ledger and transferred to the finance charge ledger in the Issuer Distribution Account on each Transfer Date following such monthly period for payment of the amounts set out under the Finance Charge priority of payments. Generally, Issuer

Disbursement Amount is the contribution attributable to the Issuer Certificate No. 9 from the proceeds of the securitized portfolio to cover the expenses and to provide the profit of the Corporation.

The deferred interest (Issuer Disbursement Amount) for the month of December 2021 was calculated as follows. The deferral made on December 31, 2021 will be settled on the immediately following Transfer Date, i.e. January 14, 2022.

The Current Issuer Charge-offs amount is payable back to Swiss Payments Assets AG on Distribution Date, i.e. January 17, 2022 and therefore included in line item Due to affiliated company.

	As of December 31, 2021
	CHF
Senior costs	11'202
Class A's monthly interest amount	29'556
Class B's monthly interest amount	4'333
Class C's monthly interest amount	4'222
Current Issuer charge-offs	140'235
Issuer's monthly profit amount	1'667
Deferred interest Issuer Certificate No. 9	**191'214**

6 Investment securities held-to-maturity

The Swiss Payments Assets AG has issued the **"Collateral Certificates"**. The primary source of funds for the payment of principal and of interest on the notes will be the Collateral Certificate. The issuance of the certificate has been funded by the proceeds of the note's issuance of the Corporation. The Collateral Certificates are considered Investment securities held-to-maturity and have been accounted for as such in the financial statements as outlined above. The Collateral Certificate is secured by the loans in the Asset SPV portfolio and therefore defines the right that the Corporation has with respect to the Asset SPV collateral. The Corporation grants security over the Collateral Certificate to the security trustee in the ABS, acting for itself and for the benefit of the noteholders, the Collateral Certificate is therefore not transferable by the Corporation.

	As of December 31, 2021
	CHF
Issuer Certificate No. 9 maturing June 15, 2024, Coupon 0.429%	200'000'000
Investment securities held to maturity	**200'000'000**

7 Accrued expenses

Accrued expenses include accruals for general and administrative expenses as well as for interest expenses on the notes.

	As of December 31, 2021
	CHF
Accrued Expenses Issuer Costs	15'454
Accrued Interest Expenses Notes - Class A	362'056
Accrued Interest Expenses Notes - Class B	53'083
Accrued Interest Expenses Notes - Class C	51'722
Accrued expenses	**482'316**

8 Long-term debt

The Corporation issued ABS bond on June 15, 2021 with notional of CHF 200m split into Class A, B and C notes with blended annual coupon of 0.43% payable each year on June 15. The Scheduled Redemption Date June 15, 2024 with Final Redemption Date set to be on June 15, 2026.

The notes are listed on the SIX Swiss Exchange with denomination of CHF 5’000 (and integral multiples thereof) with respect to class A and CHF 100’000 (and integral multiples thereof) with respect to class B and C notes.

The notes constitute direct, secured and unconditional asset backed debt obligations of the Corporation. The notes are secured, among other things (*inter alia)*, by payments received by the Corporation under and pursuant to Issuer Certificate No. 9. The Corporation 's ability to make payments of interest and principal to noteholders will ultimately be dependent upon collections of the underlying credit card receivables in the securitized portfolio.

Such payments, if paid in full, will be sufficient for the Corporation to meet the amounts required

a. to pay the fees, costs and expenses of the Corporation, the note trustee and the security trustee,

b. to make payments of interest on the notes,
c. to make payments of Principal on the notes on the relevant Distribution Date,
d. to pay certain amounts representing profit for the Corporation in the conduct of its business, and
e. to make other payments required by the Corporation from time to time.

The notes will be constituted by the Note Trust Deed. The class A notes will rank in priority of payment to the class B notes and the class C notes; and the class B notes will rank in priority of payment to the class C notes.

	As of December 31, 2021
	CHF
Class A notes maturing June 15, 2024, Coupon 0.35%	190'000'000
Class B notes maturing June 15, 2024, Coupon 1.625%	6'000'000
Class C notes maturing June 15, 2024, Coupon 2.375%	4'000'000
Total notes	**200'000'000**

9 Shareholders’ equity

The stated share capital of the Corporation amounts to CHF 100’000 and is divided into 100’000 registered shares with a par value of CHF 1.00 each. The issue price per share was CHF 1.50, CHF 150’000 in total. Swisscard AECS GmbH holds 100 per cent of the Corporation’s shares.

10 Proposed appropriation of retained earnings

	As of December 31, 2021 CHF
Retained earnings carried forward	-
Net Income/(loss)	9'440
Retained Earnings	**9'440**
Proposed distribution to shareholders	9'000
Retained Earnings to be carried forward	**440**

11 Earnings per share

There is no difference between basic and diluted earnings per share, the following therefore only refers to basic earnings per share.

	As of December 31, 2021 CHF
Basic net income/(loss) attributable to shareholders (CHF)	9'440
Weighted average common shares outstanding	100'000
Basic earnings/(loss) per shares net of taxes	**0.09**

12 Net Interest income

The interest income of the Corporation mainly contains interest proceeds from the Issuer Certificate No. 9, including amounts required to cover Issuer costs. Interest expenses are related to interest costs with respect to class A, B & C notes.

	As of December 31, 2021 CHF
Interest income	1'507'119
Interest expense	(1'441'608)
Net interest income	**65'511**

13 General and administrative expenses

These expenses include the various costs of the Corporation and include amongst others Audit fee of CHF 40k for 2021.

	As of December 31, 2021
	CHF
General and administrative expenses	(53'844)

14 Income tax expense

Currently, the Corporation has a tax ruling in place with the relevant tax authorities of Switzerland for income taxes. The tax ruling defines the required minimum profit for the taxation of income taxes in Horgen, canton Zurich (incl. cantonal and federal taxes). Due to the concept of deferred interest (Issuer Disbursement Amount), the Corporation only receives the revenues and the cash flows needed in order to obtain the minimum profit amount and to cover all its expenses, as a consequence there are no income volatility and therefore no uncertainty on income taxes.

Based on the Corporation's business, there are no valuation differences between US GAAP and CO, which is also the basis for the tax financial statements, as a result, there are no deferred taxes for the current year.

The provision for income taxes is summarized in the table below.

	As of December 31, 2021
	CHF
Current income tax expense	(2'226)
Deferred income tax expense	-
Total income tax expense	**(2'226)**

Under Swiss law, a resident company is subject to income tax at the federal, cantonal and communal levels. The federal statutory tax rate is 8.5%. The communal and cantonal tax rate for Horgen in canton Zurich are 7%.

15 Concentration of credit risk

The Corporation is set-up as special purpose entity to facilitate refinancing of Swisscard AECS GmbH, a credit card company operating in Switzerland. The Corporation buys the Issuer Certificate No. 9 that entitles the Corporation in its share of the securitized portfolio held by Swiss Payments Assets AG and refinances itself through issuance of secured Bonds in the ABS market. Based on the Corporation structure and the nature of business, the Corporation is economically, closely related to Swiss Payments Assets AG (a subsidiary of Swisscard AECS GmbH).

Due to the large number of individual loans and low volume of each individual loan in the securitized portfolio, the management of the Corporation does not consider the concentration of credit risk material. In addition, the portfolio has very low charge-off rate.

There are several structural risk mitigation factors in place to protect the bondholders of the Corporation from the risk of credit losses and, as a result, from impairment of the certificates. These risk mitigation factors were also required by rating agencies to provide an investment grade rating. Swisscard AECS GmbH as current Selling Originator[1] of the receivables has certain risk policies, controls and procedures in place to manage and mitigate credit risk as part of its servicing activities.

16 Fair Value Measurement

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value and categorizes instruments into three broad levels for disclosure purposes. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs used in model-based valuation techniques (Level 3). The fair value hierarchy level in which an individual instrument falls should be determined based on the lowest level input that is significant to the fair value measurement of the instrument in its entirety. Instruments that are not measured at fair value, e.g., accrual-based instruments, bifurcated hybrid instruments where the host remains at accrual value, and items in hedge accounting relationships, need not be included in the fair value hierarchy level disclosures. However, instruments that are measured at fair value on a nonrecurring basis, e.g., assets held at the lower of cost or fair value or assets with other-than-temporary impairment, would be included in the hierarchy level disclosures only in the period in which the measurement to fair value was recorded and separately disclosed as part of nonrecurring disclosures.

Level 1

Level 1 instruments are defined as those with prices that are quoted in active markets. An active market is a market characterized by high volume, either for a specific security or an entire exchange. Usually, active markets are more liquid and have small bid/ask spreads. Assessing whether an instrument or an entire market is active is a subjective determination. In considering the application of this definition, a number of factors (e.g. volume, sufficient frequency, volume transparency, liquidity, spreads) can be considered.

[1] Definition in the Offering Circular: "**Selling Originator**" means, any Originator that has delivered an Initial Designation Notice or an Additional Designation Notice to the Asset SPV under the Receivables Sale and Purchase Agreement (including, for the avoidance of doubt, Swisscard, which as a consequence of the Business Transfer is deemed to have delivered an Initial Designation Notice and Additional Designation Notices) and, consequently, sells Receivables to the Asset SPV under the Receivables Sale and Purchase Agreement, unless it has declared ceasing to be a Selling Originator.

Level 2
Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (iii) inputs other than quoted prices that are observable for the asset or liability; or (iv) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3
Level 3 inputs are defined as those that are unobservable. For an instrument to be classified as Level 3, the unobservable input(s) must be significant to the fair value measurement of the instrument in its entirety. Unobservable inputs are those where there are no reliable quotes or transparent activity information available in the marketplace. The use of significant unobservable quotes does not disqualify the use of fair value measurement.

The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the balance sheet. Beginning in January 2012, US GAAP requires the disclosure of the fair values of these financial instruments within the fair value hierarchy prospectively.

The class A, B, C notes are priced to reflect current market levels either through recent market transactions or broker or dealer quotes. Class A, B, C notes are traded on the Swiss Stock Exchange (SIX) where prices can be observed for all the notes. Based on an internal model the prices from SIX for the notes and a benchmarking to comparable securities for which market data is available are taken into consideration. The below prices as of December 31, 2021 are deemed appropriate and notes classify as level 2 instruments.

The Issuer Certificate No. 9 is an internal instrument and the primary source of funds for the Corporation’s payment of principal and interest on the class A, B, C notes. The Fair Value of the class A, B, C notes is used as proxy price for the Issuer Certificate No. 9, therefore classified as Level 2 instrument. The cash flow and hence fair value differences between Issuer Certificate No. 9 and the class A, B, C notes is mainly driven by the minimum profit. The difference is deemed immaterial.

	Carrying value	Level 1	Level 2	Level 3	Fair value Total
					As of December 31, 2021
Financial assets (in CHF)					
Issuer investment / Issuer Certificate No. 9	200'000'000	-	200'780'000	-	200'780'000
Financial liabilities (in CHF)					
Notes - class A (SIX price: 100.40)	190'000'000	-	190'760'000	-	190'760'000
Notes - class B (SIX price: 100)	6'000'000	-	6'000'000	-	6'000'000
Notes - class C (SIX price: 100.50)	4'000'000	-	4'020'000	-	4'020'000

17 Related parties

Exposure to related parties include Swiss Payment Assets AG (SPA). Details of the items can be found under section 5, 6, 7, 12, and 13.

Under Accrued expenses, non-related parties mostly consist of third-party investors holding class A, B, C notes.

Under Interest expense, non-related parties mostly consist of coupon accrual for class A, B, C notes.

Under General and administrative expenses, the most material non-related parties consist of fees for independent auditor and consultancy services for independent director and shareholder.

Balance Sheet	**Note**	**As of December 31, 2021**	
		Total CHF	**thereof related parties** CHF
Deferred interest	5	191'214	191'214
Investment securities held-to-maturity	6	200'000'000	200'000'000
Due to affiliated company	5	140'235	140'235
Accrued expenses	7	482'316	539

Income Statement	**Note**	**As of December 31, 2020**	
		Total CHF	**thereof related parties** CHF
Interest income	12	1'507'119	1'507'119
Interest expense	12	(1'441'608)	(974'747)
General and administrative expenses	13	(53'844)	(3'856)

18 Business developments

The COVID-19 pandemic continued to affect the economic environment throughout 2021. Infection rates ebbed and flowed across countries during the course of 2021. Vaccination programs during the year continued to reduce significantly the correlation between COVID-19 infection and serious illness, although booster shots were increasingly required to sustain a high level of protection. In addition, in the fourth quarter of 2021 a further challenge arose with the emergence of the Omicron variant, which was more transmissible than previous variants. Swisscard continues to closely monitor the COVID-19 pandemic and its effects on Swisscard's operations and business.

In late February 2022, the Russian government launched a military attack on Ukraine. In response to Russia's military attack, the US, EU, UK, Switzerland and other countries across the world imposed severe sanctions against Russia's financial system and on Russian government officials and Russian business leaders. The sanctions included limitations on the ability of Russian banks to access the SWIFT financial messaging service and restrictions on transactions with the Russian central bank. The Russian government has also imposed certain countermeasures, which include restrictions relating to foreign currency accounts and security transactions. In addition, American Express, Mastercard and Visa suspended operations in Russia and as a result their globally issued cards will no longer work at merchants or ATMs in Russia. It is premature to assess the potential impact of the war in Ukraine on the global economy. However, Swisscard closely monitors the developments and its potential effects on Swisscard's business.

19 Subsequent events

Subsequent events have been evaluated through March 31, 2022, which is the date the financial statements were available to be issued.