

Annual Report

2020

Swiss Credit Card Issuance 2020-1 AG

Financial statements as of and for the period
May 7 to December 31, 2020

(with Independent Auditor's Report thereon)

Swisscard Credit Card Issuance 2020-1 AG

Financial statements as of and for the period

May 7 to December 31, 2020

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Independent auditor's report to the Board of Directors of

Swiss Credit Card Issuance 2020-1 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 2020-1 AG, which comprise the balance sheet as of December 31, 2020, and the related statements of earnings, changes in shareholders' equity and cash flows for the period from May 7, 2020 to December 31, 2020 and the related notes to the financial statements.

In our opinion, the financial statements (pages 7 to 29) present fairly, in all material respects, the financial position of Swiss Credit Card Issuance 2020-1 AG as of December 31, 2020 and the results of its operations and its cash flows for the period from May 7, 2020 to December 31, 2020 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 key audit matter the following area of focus has been identified:

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

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
How we determined it	0.5 % of total assets
Rationale for the materiality benchmark applied	<p>For the audit of the financial statements we have selected total assets as the relevant benchmark and applied 0.5% to it resulting in an overall materiality of CHF 1'000'000.</p> <p>We chose this benchmark because, in our view, it is the most appropriate considering the nature and the purpose of the entity.</p>

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

As of December 31, 2020, the value of the investment securities HTM amounts to CHF 200.0 million and represents 99.5% of total assets. The investment securities HTM consisting of the issuer certificate are measured at amortized cost, net of any unamortized premium or discount as described in the notes 2.4 "Investment securities HTM".

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 3 "Concentration of credit risk", 8 "Related parties" and 11 "Assets, liabilities, income and expenses from/to 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.

How our audit addressed the 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, 2020.

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 2020-1 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
Audit expert

Ralph Gees
Audit expert

Zürich, March 26, 2021

Swisscard Credit Card Issuance 2020-1 AG

Balance sheet as of

	<u>Note</u>	<u>December 31, 2020</u> CHF
Assets		
Cash and due from banks	2.2	856'072
Deferred interest	2.3	245'942
Investment securities held-to-maturity	2.4	200'000'000
Total assets		201'102'014
Liabilities and shareholders' equity		
Due to affiliated company		154'999
Accrued expenses	2.5	785'441
Income tax payable		2'222
Long-term debt	2.6	200'000'000
Total liabilities		200'942'662
Shareholders' equity		
Common stock, CHF 1.00 par value (100,000 shares authorised, issued and outstanding in 2020)	1.5	100'000
General reserves	1.5	50'000
Retained earnings		9'352
Total shareholders' equity		159'352
Total liabilities & shareholders' equity		201'102'014

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

Swiss Credit Card Issuance 2020-1 AG

Statement of earnings for the period

	<u>Note</u>	<u>May 7 to December 31, 2020</u> CHF
Interest income	2.8	2'054'540
Interest expense	2.8	(2'001'803)
Net interest income		52'737
<hr/>		
Net revenues		52'737
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General and administrative expenses	9	(41'070)
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Income before income taxes		11'667
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Income tax expense	4	(2'315)
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Net income		9'352

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

Swiss Credit Card Issuance 2020-1 AG

Statement of changes in shareholders' equity for the period
May 7 to December 31, 2020

	<u>Common shares</u>		<u>Additional paid in capital</u>	<u>Retained earnings</u>	<u>Total</u>
	Shares	Amount CHF	CHF	CHF	CHF
Balance as of May 7, 2020	-	-	-	-	-
Issuance of common shares	100'000	100'000	50'000	-	150'000
Net income	-	-	-	9'352	9'352
Balance as of December 31, 2020	100'000	100'000	50'000	9'352	159'352

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

Swiss Credit Card Issuance 2020-1 AG

Statement of cash flows for the period

May 7 to

December 31, 2020

CHF

Cash flows from operating activities

Net income	9'352
Changes in operating assets and liabilities	
(Increase)/decrease in deferred interest	(245'942)
Increase/(decrease) in due to affiliated company	154'999
Increase/(decrease) accrued expenses	785'441
Increase/(decrease) in income tax payable	2'222
Net cash (used in)/provided operating activities	706'072

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 / short-term debt	200'000'000
Proceeds from issuance of common shares	150'000
Net cash (used in)/provided in financing activities	200'150'000
Cash at the beginning of the period	-
Cash at the end of the period	856'072
Change in cash	856'072

May 7 to

December 31, 2020

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 Swiss Credit Card Issuance 2020-1 AG

1 Background

1.1 General

Swiss Credit Card Issuance 2020-1 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-364.713.860.

Swiss Credit Card Issuance 2020-1 AG was registered with the commercial register of the Canton of Zurich on May 7, 2020 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 6, 2020 and the principal objects of the Swiss Credit Card Issuance 2020-1 AG 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, utilisation 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 favour 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 authorisation 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
Daniel Biro	Member of the Board of Directors
Stephan Lohnert	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 Swiss Credit Card Issuance 2020-1 AG'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 Capital, shares and capitalisation

The stated share capital of the Swiss Credit Card Issuance 2020-1 AG 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 for each share was CHF 1.50, CHF 150'000 in total. Swisscard AECS GmbH holds 98 per cent of the Swiss Credit Card Issuance 2020-1 AG's shares with the remaining two per cent being held by two independent shareholders.

1.6 Group structure and control of the Swiss Credit Card Issuance 2020-1 AG

The Corporation was incorporated as a wholly owned subsidiary of Swisscard and two per cent of the shares were subsequently transferred to two persons who are not affiliated with Swisscard in any way (the "**Swiss Credit Card Issuance 2020-1 AG's Independent Shareholders**") (each holding one per cent. of the shares in the Swiss Credit Card Issuance 2020-1 AG). The Swiss Credit Card Issuance 2020-1 AG's Board of Directors consists of seven

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 the majority shareholder and on the Board of Directors, including the addition of provisions in the Swiss Credit Card Issuance 2020-1 AG's Articles of Association that:

- (a) shareholder resolutions in respect of the Shareholder Reserved Matters will require the consent of Swisscard and at least one Swiss Credit Card Issuance 2020-1 AG Independent Shareholder (i.e. 99 per cent of all shares of the Issuer SPV); and
- (b) any decisions by the board of directors relating to the Board Reserved Matters require the consent of an independent director.

1.7 The Shareholders' Agreement

Swisscard AECS GmbH and the two independent shareholders have entered into a shareholders agreement dated May 19, 2020 (the "**Swiss Credit Card Issuance 2020-1 AG Shareholders Agreement**") pursuant to which the parties have agreed, *inter alia*, that:

- (a) the Swiss Credit Card Issuance 2020-1 AG's Independent Shareholders will act and vote independently from Swisscard;
- (b) Swisscard AECS GmbH will not vote for certain resolutions in the shareholders' meeting, including but not limited to
 - (i) the amendment of the Swiss Credit Card Issuance 2020-1 AG's Articles of Association;
 - (ii) the disposition of all or a substantive part of the assets of the Asset SPV, if such a disposition entails a factual liquidation of the Swiss Credit Card Issuance 2020-1 AG;
 - (iii) resolutions pursuant to the Swiss Merger Act; and
 - (iv) the removal of the auditors and members of the Swiss Credit Card Issuance 2020-1 AG Board of Directors, in each case,

unless at least one Swiss Credit Card Issuance 2020-1 AG's Independent Shareholder votes in favour of the relevant resolution;

- (c) following the occurrence of an Event of Default Swisscard AECS GmbH will procure that the members of the Swiss Credit Card Issuance 2020-1 AG's Board of Directors (other than the independent director) resign and that their signatory authority is withdrawn; and
- (d) following the resignation of a member of the board of directors (other than the independent director), the Swiss Credit Card Issuance 2020-1 AG's Independent Shareholder and Swisscard AECS GmbH shall elect without delay an additional member of the Board of Directors.

1.8 Financial statements and independent auditors

The Corporation publishes its first financial statements in respect of the period from May 7 to December 31, 2020. The Corporation will not prepare interim financial statements. The financial year of the Corporation ends on December 31 in each calendar year.

The annual financial statements of the Corporation have to comply with US GAAP, its articles of incorporation and Article 7 of the Directive on Financial Reporting issued by SIX Swiss Exchange.

The independent auditors of the Corporation are obliged to have their domicile or a registered subsidiary in Switzerland and in accordance with Articles 728 and 729 et seq. CO, the auditors have to be independent.

2 Significant accounting policies

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 financial year ends on December 31.

2.1 Use of estimates

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.

2.2 Cash and due from banks

Cash and due from banks consists of currency on hand, demand deposits with banks or other financial institutions.

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

2.2.1 Swiss Credit Card Issuance 2020-1 AG Distribution Account

- (1) Available Finance Charge collections

On each Distribution Date prior to the occurrence of an Enforcement Event, the Swiss Credit Card Issuance 2020-1 AG Cash Manager has and will advise the Swiss Credit Card Issuance 2020-1 AG to apply and transfer available Finance Charge collections credited to the Swiss Credit Card Issuance 2020-1 AG 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 Swiss Credit Card Issuance 2020-1 AG cash manager has and will advise the Swiss Credit Card Issuance 2020-1 AG to distribute all remaining available Principal collections standing to the credit of the Swiss Credit Card Issuance 2020-1 AG 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 Swiss Credit Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) 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 Swiss Credit Card Issuance 2020-1 AG cash manager will advise the Swiss Credit Card Issuance 2020-1 AG to reallocate available Principal collections standing to the credit of the Swiss Credit Card Issuance 2020-1 AG Distribution Account on such Distribution Date in the order of priority outlined under the Transaction documents.

(4) Interest ledger

The Swiss Credit Card Issuance 2020-1 AG's cash manager has and will maintain the interest ledger with sub-ledgers for each class of notes. On each Interest Payment Date, the Swiss Credit Card Issuance 2020-1 AG'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.

2.2.2 Accumulation Reserve Account

The Swiss Credit Card Issuance 2020-1 AG has established and will maintain the Accumulation Reserve Account to assist with the payment by the Swiss Credit Card Issuance 2020-1 AG 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 Swiss Credit Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) 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 Swiss Credit Card Issuance 2020-1 AG will not be required to fund the Accumulation Reserve Account. The Swiss Credit Card Issuance 2020-1 AG cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) may make withdrawals from the Accumulation Reserve Account in certain circumstances as outlined the Transaction documents.

2.2.3 Spread Account

To assist with the payment by Swiss Credit Card Issuance 2020-1 AG of amounts payable on the class C notes, the Swiss Credit Card Issuance 2020-1 AG 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 Swiss Credit Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) 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.

2.2.4 Principal Funding Account

On each Distribution Date (A) during the Controlled Accumulation Period, the Swiss Credit Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) will accumulate, in the Principal Funding Account, available Principal collections received by the Swiss Credit Card Issuance 2020-1 AG 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 Swiss Credit Card Issuance 2020-1 AG in the Principal Funding Account for the notes and will instead be paid by the Swiss Credit Card Issuance 2020-1 AG to the relevant noteholder on each Distribution Date.

In addition, the Swiss Credit Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) may make withdrawals from the Principal Funding Account as outlined under the Transaction documents.

2.2.5 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 Swiss Credit

Card Issuance 2020-1 AG's cash manager (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) 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 Swiss Credit Card Issuance 2020-1 AG's cash manager, (acting on behalf of the Swiss Credit Card Issuance 2020-1 AG) 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.

CASH AND DUE FROM BANKS

	As of <u>December 31, 2020</u> CHF
Current Account Issuer SPV	150'000
Issuer Distribution Account	706'072
Principal Funding Account	-
Spread Account	-
Accumulation Reserve Account	-
Liquidity Reserve Account	-
Issuer SPV Securities Account	-
Total cash and due from banks	856'072

All accounts listed in the table above (beside the Current Account Issuer SPV) are restricted as described in the Transaction documents.

2.3 Deferred interest (Issuer Disbursement Amount)

"Issuer Disbursement Amount" means, for each Monthly Period in respect of Issuer Certificate No. 8, 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. 8 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 2020 was calculated as follows and accounted in the “investment securities held-to-maturity” line of the balance sheet:

DEFERRED INTEREST ISSUER CERTIFICATE NO. 8

	As of December 31, 2020
	CHF
Senior costs	27'388
Class A's monthly interest amount	52'778
Class B's monthly interest amount	4'667
Class C's monthly interest amount	4'444
Current Issuer charge-offs	154'999
Issuer's monthly profit amount	1'667
Deferred interest Issuer Certificate No. 8	245'942

The deferral made on December 31, 2020 will be settled on the immediately following Transfer Date, i.e. January 14, 2021.

2.4 Investment securities held-to-maturity

Investment securities as of December 31, 2020 include debt securities classified as held-to-maturity (HTM). Debt securities where the Corporation has the positive intent and ability to hold such securities to maturity are classified as HTM 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.

The Swiss Payments Assets AG has issued the "**Collateral Certificates**". The primary source of funds for the payment of principal of and interest on the notes will be the Collateral Certificate. The issuance of the certificate has been funded by the proceeds of the notes issuance of Swiss Credit Card Issuance 2020-1 AG. The Collateral Certificates are considered Investment securities held-to-maturity and have been accounted for as such in the financial statements as outlined above.

2.5 Accrued expenses

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

Accrued general and administrative expenses

Accruals have been set up for the Cash Management Fee (amount of CHF 539) and audit fee (amount of CHF 26'763) as of December 31, 2020.

Accrued interest expenses notes

Accruals for interest expenses on the notes (class A: CHF 646'528; class B: CHF 57'167; class C: CHF 54'444) have been set up for the period from June 15, 2020 to December 31, 2020 and will be settled on the next Interest Payment Date, i.e. June 15, 2021 (together with any accrued interest for the period January 1 to June 14, 2021).

2.6 Long-term debt

More information to the notes issued by Swiss Credit Card Issuance 2020-1 AG is provided in note 10.

LONG-TERM DEBT

Notes

	As of December 31, 2020 CHF
Class A notes - nominal	190'000'000
Class B notes - nominal	6'000'000
Class C notes - nominal	4'000'000
Total notes	200'000'000

2.7 Fair value

The class A notes were traded on the Swiss Stock Exchange (SIX) at a price of 100.50 at the end of December 2020. The determination of the fair value for class A Notes is based on the last trading day of the class A notes with turnover (November 24, 2020).

The class B notes were traded on the Swiss Stock Exchange (SIX) at a price of 98.95 at the end of December 2020. The determination of the fair value for class B Notes is based on the last trading day of the class B notes with turnover (December 14, 2020).

The class C notes were traded on the Swiss Stock Exchange (SIX) at a price of 99.25 at the end of December 2020. The determination of the fair value for class C Notes is based on the last trading day of the class A notes with turnover (October 22, 2020).

FAIR VALUE BONDS

	As of December 31, 2020		
	Nominal CHF	Fair value CHF	Carrying value CHF
Class A notes	190'000'000	190'950'000	190'000'000
Class B notes	6'000'000	5'937'000	6'000'000
Class C notes	4'000'000	3'970'000	4'000'000
Total notes	200'000'000	200'857'000	200'000'000

2.8 Interest income and interest expenses

The interest income of the Corporation mainly contains interest proceeds from the Issuer Certificate No. 8.

Interest expenses in general relate to interest paid to the noteholders of the class A, B & C notes.

3 Concentration of credit risk

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). The major asset of the Corporation is the Issuer Certificate No. 8 that entitles the Corporation in its share of the securitized portfolio held by Swiss Payments Assets AG. 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 Originator¹ of the receivables has certain risk policies, controls and procedures in place to manage and mitigate credit risk as part of its servicing activities.

4 Income taxes

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.

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 year 2020.

5 Credit facilities

There are no credit facilities in place for Swiss Credit Card Issuance 2020-1 AG with any financial institution to provide liquidity reserves or similar credit facilities.

Concerning refinancing of the Corporation, please refer also to note 10 Commercial paper outstanding / notes.

6 Derivative financial instruments

No derivative financial instruments are used by the Corporation.

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.

7 Financial instruments (leveling)

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.

Level 2

An instrument that does not meet the definition of Level 1 or Level 3 will be classified as Level 2. Generally, Level 2 instruments include fair value amounts of assets or liabilities that are priced by using:

a) Quoted prices for identical assets or liabilities in markets that are not active, adjusted for concentration risk and market illiquidity (i.e., stale reserve) etc., or

b) Quoted prices for similar assets or liabilities in active markets, adjusted as appropriate provided that adjustments are objectively determinable (e.g., restricted securities, or private placements), or

c) Valuation techniques (modeling) that are based on significant market-observable inputs:

1) Inputs other than quoted prices that are observable for the assets/liabilities, or

2) 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.

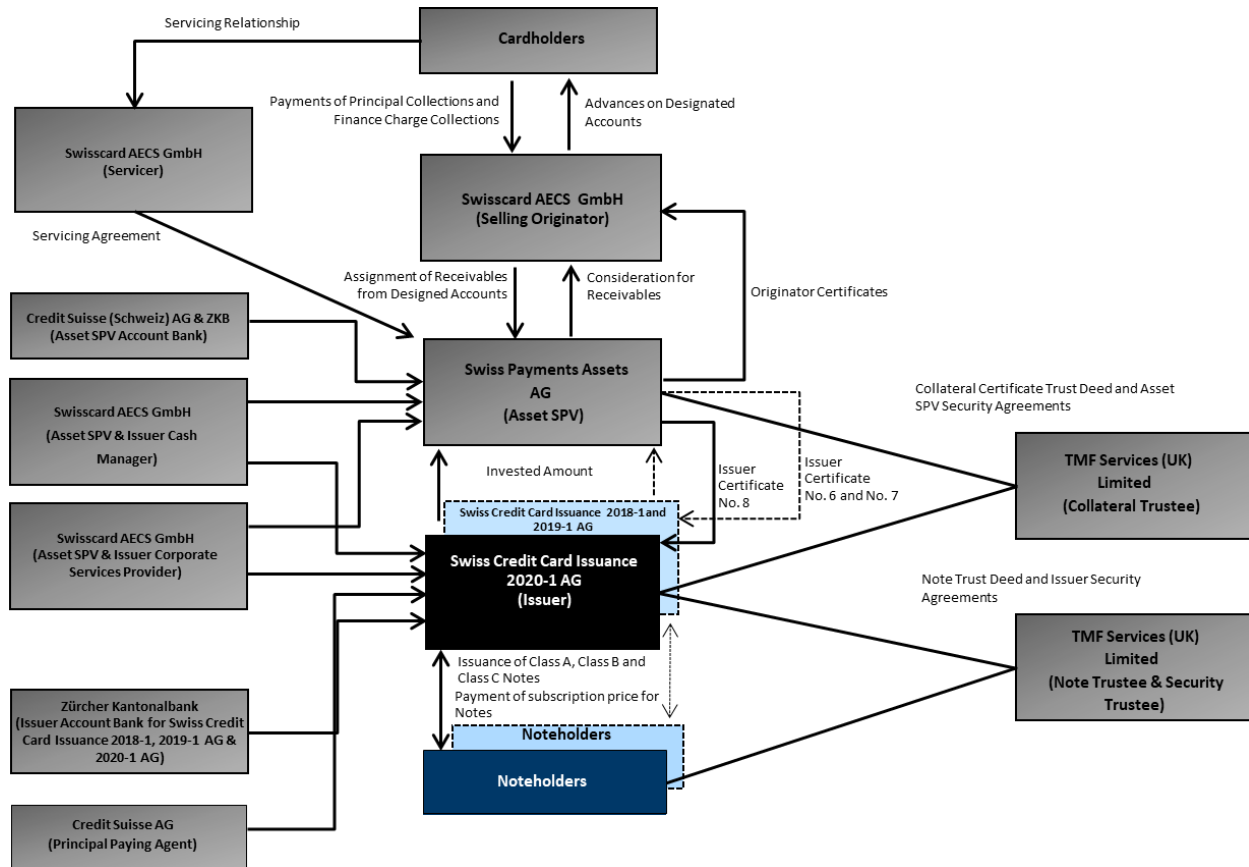
The following table provides the carrying value and fair value of financial instruments which are not carried at fair value in the balance sheet. Beginning in January 2012, US GAAP requires the disclosure of the fair values of these financial instruments within the fair value hierarchy prospectively.

FAIR VALUE MEASUREMENTS AND DISCLOSURES

		As of December 31, 2020			
	Carrying value	Level 1	Level 2	Level 3	Fair value Total
Financial assets (in CHF)					
Issuer investment / Issuer Certificate No. 8	200'000'000	-	200'857'000	-	200'857'000
Financial liabilities (in CHF)					
Notes - class A (bonds)	190'000'000	190'950'000	-	-	190'950'000
Notes - class B (bonds)	6'000'000	5'937'000	-	-	5'937'000
Notes - class C (bonds)	4'000'000	3'970'000	-	-	3'970'000

8 Related parties

Major related parties to the Corporation are:



as of December 31, 2020

8.1 Members of the Board of Directors

The members of the Board of Directors are considered as related party and are disclosed in note 1.4.

8.2 Credit Suisse AG

In connection with the Transaction, Credit Suisse AG has been appointed as:

- Principal Paying Agent pursuant to the Principal Paying Agency Agreement

8.3 Swisscard AECS GmbH

In connection with the Transaction, Swisscard AECS GmbH has been appointed as:

- an Originator pursuant to the Receivables Sale and Purchase Agreement

- an Originator Certificate holder pursuant to the Collateral Certificate Trust Deed
- Cash Manager (Swiss Credit Card Issuance 2020-1 AG's Cash Manager) under the Issuer SPV Cash Management Agreement and pursuant to the Collateral Certificate Trust Deed
- Corporate Services Provider (Swiss Credit Card Issuance 2020-1 AG's SPV Corporate Services Provider) pursuant to the Issuer Corporate Services Agreement
- Servicer pursuant to the Servicing Agreement

8.4 TMF Services (UK) Ltd

TMF Services (UK) Limited ("TMF") has been appointed as the Collateral Trustee under the Collateral Certificate Trust Deed, the Note Trustee under the Note Trust Deed and the Security Trustee under the Security Trust Deed. TMF is a wholly owned subsidiary of TMF Group B.V., a limited liability company (*besloten vennootschap*) incorporated under the laws of the Netherlands, with its registered office at Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands and registered under number 34210962.

8.5 Swiss Payments Assets AG

Swiss Payments Assets AG (the "Asset SPV") is a special purpose entity with limited permitted activities. In order to purchase receivables, the Asset SPV will use the proceeds of the issue of Collateral Certificates pursuant to a Collateral Certificate Trust Deed to be entered into between, amongst others, the Asset SPV, the collateral trustee and the holders of the Collateral Certificates.

8.6 Zürcher Kantonalbank (ZKB):

In connection with the Transaction, ZKB has been appointed as:

- Account Bank pursuant to the Account Bank Agreement

9 General and administrative expenses

As the Corporation has no employees, most of the services are provided externally by the related parties (see note 8). The related parties provide their services at arm's length to the Corporation. The independent director of the Board is compensated for his efforts. The following chart shows all major fee flows to the related parties.

GENERAL AND ADMINISTRATIVE EXPENSES

		As of
		<u>December 31, 2020</u>
		CHF
<u>Related party</u>	<u>Fee</u>	
Independent member of the Borad of Directors	Consultancy Fee	4'063
Swisscard AECS GmbH	Cash Management Fee	3'231
TMF Services (UK) Ltd	Trustee Annual Fee	4'308
Total		11'602

Pursuant to the Corporate Services Agreement, the Corporation has appointed Swisscard AECS GmbH as the corporate services provider to provide certain corporate and administrative functions.

10 Commercial paper outstanding / notes

The Swiss Credit Card Issuance 2020-1 AG has issued the following classes of notes:

Class	Principal amount	Interest rate
Class A notes	CHF 190'000'000	0.625 per cent
Class B notes	CHF 6'000'000	1.750 per cent
Class C notes	CHF 4'000'000	2.500 per cent

10.1 Denomination

CHF 5'000 (and integral multiples thereof) with respect to the class A notes and CHF 100'000 (and integral multiples thereof) with respect to the class B notes and the class C notes.

10.2 Listing

The notes are listed on the SIX Swiss Exchange.

10.3 Issue Date

June 15, 2020

10.4 Distribution Date

15th day of each month except when the relevant distribution date is not a business day, in which it would be the next following business day. On the Distribution Date, the Issuer Disbursement Amount on the Issuer Certificate No. 8 is paid to the Corporation.

10.5 Interest Payment Date

15th day of June of each year or, following the occurrence of an Early Amortization Event according to the Transaction, each Distribution Date, provided that, in each case, if such day is not a business day, the next following business day.

The first interest payment date for the company will be June 15, 2021.

10.6 Scheduled Redemption Date and Final Redemption Date

The Scheduled Redemption Date is set to be on June 15, 2023 and the Final Redemption date is set to be on June 15, 2025.

If the nominal liquidation amount of any class of notes is not paid in full by the Final Redemption Date (subject to any applicable grace period), an Event of Default will occur with respect to that note. However, if the nominal liquidation amount of any class of notes is paid in full as of the final Redemption Date (or within any applicable grace period), but the outstanding Principal amount of such class of notes is not (after giving effect to all distributions in accordance with the applicable priority of payments on such date), then, on the immediately following business day, the remaining outstanding Principal amount shall cease to be due and payable by the Swiss Credit Card Issuance 2020-1 AG.

10.7 Status, ranking and payment

The notes constitute direct, secured and unconditional asset backed debt obligations of the Swiss Credit Card Issuance 2020-1 AG. The notes are secured, among other things (*inter alia*), by payments received by the Swiss Credit Card Issuance 2020-1 AG under and pursuant to Issuer Certificate No. 8. The Swiss Credit Card Issuance 2020-1 AG'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 Swiss Credit Card Issuance 2020-1 AG to meet the amounts required

- a. to pay the fees, costs and expenses of the Swiss Credit Card Issuance 2020-1 AG, 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 Swiss Credit Card Issuance 2020-1 AG in the conduct of its business, and
- e. to make other payments required by the Swiss Credit Card Issuance 2020-1 AG 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.

10.8 Measurement of the notes

As the notes do not contain any embedded derivatives and management of the Corporation decided not to elect the fair value option, the notes will be accrual accounted. The notes have been issued with no premium.

11 Assets, liabilities, income and expenses from/to related parties

ASSETS, LIABILITIES, INCOME AND EXPENSES FROM/TO RELATED PARTIES

Balance Sheet	Note	As of December 31, 2020	
		Total CHF	thereof related parties CHF
Deferred interest	2.3	245'942	245'942
Investment securities held-to-maturity	2.4	200'000'000	200'000'000
Due to affiliated company		154'999	154'999
Accrued expenses	2.5	785'441	539

Income Statement	Note	As of December 31, 2020	
		Total CHF	thereof related parties CHF
Interest income	2.8	2'054'540	2'054'540
Interest expense	2.8	(2'001'803)	(1'243'664)
General and administrative expenses	9	(41'070)	(11'602)

The investment securities held-to-maturity from related parties consists of the Issuer Certificate No. 8. This certificate has been issued by the Swiss Payments Assets AG and have been funded by the proceeds of the notes issuance. For further information please refer to note 2.4.

The interest income from related parties consists of the issuer disbursement amount which is the contribution attributable to the Issuer Certificate No. 8 from the proceeds of the securitized portfolio to cover the expenses and to provide the profit of the Corporation. For further information please refer to note 2.3.

The position 'due to affiliated company' consists of the December reimbursement of the issuer portion of the charge off amounts to the Swiss Payments Assets AG.

12 Business developments

The COVID-19 pandemic and the consequences for the global economy affected Swisscard's financial performance in 2020. Swisscard continues to closely monitor the COVID-19 pandemic and its effects on the company's operations and businesses (including funding operations and SPVs). Should current economic conditions persist or continue to deteriorate, the macroeconomic environment could have an adverse effect on Swisscard's business, operations and financial performance, including decreased client activity or demand for its products.

13 Subsequent events

Subsequent events have been evaluated through March 26, 2021, which is the date the financial statements were available to be issued.