Half Year Report 2020

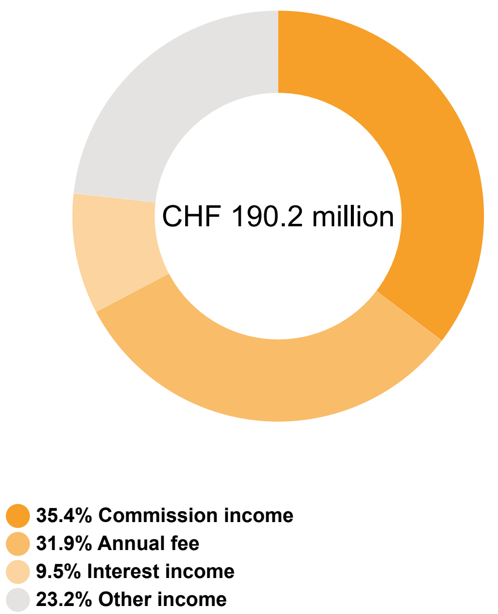
VISECA

AT A GLANCE

Financial Year		1st half year 2020	1st half year 2019	1st half year 2020/2019
Total revenue	in million CHF	190.2	281.3	(32.4%)
Ordinary result	in million CHF	(11.7)	45.3	(125.8%)
in % of revenue		(6.2%)	16.1%	
Profit for the period	in million CHF	(11.8)	34.3	(134.5%)
in % of revenue		(6.2%)	12.2%	
Total assets [1)]	in million CHF	1,342.7	1,421.8	(5.6%)
Total equity [1)]	in million CHF	582.9	654.8	(11.0%)
in % of total assets		43.4%	46.1%	
Result per share	in CHF	(474)	1,383	(134.3%)
Number of issued cards only Issuing	in 1,000	1,721	1,623	6.0%
Transactions volume only Issuing	in billion CHF	4.5	5.2	(12.9%)
Number of employees (as at 30 June)	in FTE	742	913	(18.7%)

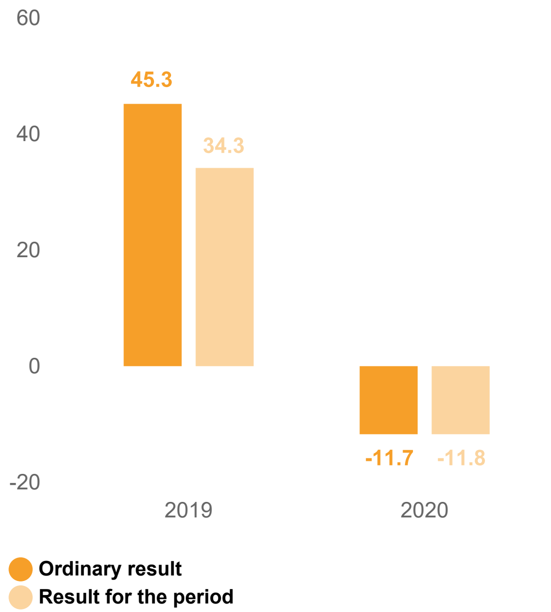
1 Comparative period as of 31.12.2019

Distribution of revenue 2020 by source



Operating results and profit from halfyear 2019 to 2020

[in CHF million]



EDITORIAL

Dear shareholders,

2020 is a very eventful year for the Aduno Group. The biggest change is without a doubt the division into an issuing and a processing company planned for the beginning of the fourth quarter. With this change, we will align the company even more closely with the needs of our customer banks and offer them the possibility of being the card issuer themselves in the future. For this purpose, the name Aduno Holding was changed to Viseca Holding as of 18 June 2020. Viseca is the brand by which our core business is known in the market. In the coming weeks, we will gradually migrate all communication instruments to this brand. Furthermore, we have integrated Accarda AG and Aduno Finance AG into Viseca within the framework of two mergers.

We are also ready for the new structure in terms of personnel. In Reto Gross, we were able to secure the services of a proven expert in the industry as Managing Director of the future issuing company. His most recent position was Regional Head of Sales at SPS/Worldline in charge of Financial Services in Switzerland, Austria and Eastern Europe.

The changes at Viseca concern not only the structure, but also promote the importance of digitisation. We therefore appointed Rolf Fischer as CIO. He took on the newly created position within the management team on 1 August 2020. Rolf Fischer was most recently CIO of Sanitas Health Insurance. He holds an IT degree from ETH Zurich and has more than 25 years of professional experience. In addition, Stefan Kämpfer was appointed Chief Customer Officer starting 1 August. He is in charge of interactions with cardholders. This includes the important field of fraud prevention. Stefan Kämpfer has been working for Viseca since 2003. His in-depth knowledge of the company and his many years of professional experience in the payment industry will ensure continuity. With the appointment of Rolf Fischer and Stefan Kämpfer, we divided up the large scope of responsibility of the prior Chief Operating Officer, Daniel Anders. He decided to leave Viseca after 19 years for personal reasons. The Board of Directors thanks Daniel Anders for all his service and wishes him every success in the future.

In addition, starting 1 January 2021, Michael Walther will become CFO of Viseca. Michael Walther will be joining us from Arbonia Windows AG, where he has been Division CFO since 2014. He will be succeeding the interim CFO Markus Bertini, who will be accompanying us for a few months after the new structure has been established.

There were also personnel changes within the Viseca Holding Board of Directors: Kathrin Wehrli and Manuel Kunzelmann were appointed to the Board of Directors at the General Assembly on 16 June 2020. They follow Michael Auer and Dr. Harald Nedwed, who resigned. The Board of Directors thanks Harald Nedwed and Michael Auer for their many years of support of our company in a challenging time.

Viseca was also able to reach important milestones in the first half of 2020 in terms of products. In March, we introduced Google Pay. Viseca now supports all current mobile payment solutions and provides the most complete offering of digital payment

Pascal Niquille
Chairman of the Board of Directors

Max Schönholzer
Chief Executive Officer

solutions in Switzerland. On 15 June 2020, we launched the Manor World Mastercard® in conjunction with Manor. This enables us not only to significantly expand our card portfolio. The launch of the attractive new free payment card with a loyalty programme also signals Viseca's entry into the retail business. Furthermore, we have been able to convince further important customer banks of the added value of the new, smart debit card in recent months.

COVID-19 also had a significant impact on business in the second quarter of 2020. The de facto halting of the tourism industry has left a considerable mark. The drop in transaction volumes related to this has been partially cushioned by solid growth in domestic business. The increase from CHF 40 to CHF 80 in the limit for contactless payments without entering a PIN has helped with this. We have thus been able to position the credit card as a safe and hygienic means of payment. Nevertheless, due to COVID-19, there will be a clear decrease compared to growth in previous years, which will leave a considerable mark on Viseca's income statement.

We would like to take this opportunity to thank our employees for their hard work under difficult conditions. They have achieved great things in their home offices, despite personal concerns and major changes in their private life. We would also naturally like to thank our customers and shareholders for their continued trust and excellent cooperation.

Pascal Niquille
Chairman of the Board of Directors

Max Schönholzer

Max Schönholzer
Chief Executive Officer

Aduno Group becomes Viseca

COVID-19 has dampened the outlook for 2020. The Aduno Group's sales as well as consolidated earnings were significantly below those of the previous year as of 30 June. The card portfolio, on the other hand, showed gratifyingly positive growth, reaching a new high with a little over 1.7 million payment cards. As part of the strategic focus on the card business, Aduno Holding became Viseca Holding on 18 June 2020. In the second half of the year, the company will be divided into an issuing and a processing business as planned. Viseca is thus ideally positioned to benefit from the advancing digitisation in the payment market.

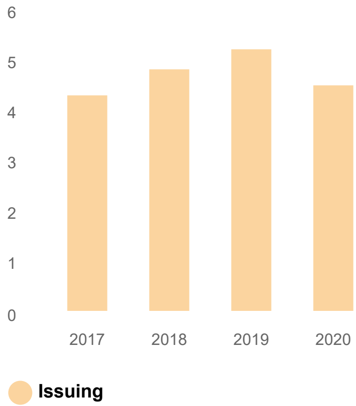
The first semester of 2020 was dominated by the coronavirus pandemic and its associated restrictions. A review of this period is correspondingly disappointing. Viseca's consolidated turnover fell by 32.4 percent from CHF 281.3 million to CHF 190.2 million compared to the same period in the previous year. This corresponds to a decrease of CHF 91.1 million, with CHF 50.3 million that can be attributed to the sale of cashgate AG. The decline in the card business was noticeable in all areas: Commission income decreased by 26.6 percent, annual fees by 1.1 percent and other income by 31.1 percent. Interest income also decreased by 71.9 percent; however, this was due to the previously mentioned sale of cashgate AG. The ordinary result was CHF -11.7 million as of 30 June 2020 compared to CHF 45.3 million in the previous year.

Business suffering due to COVID-19

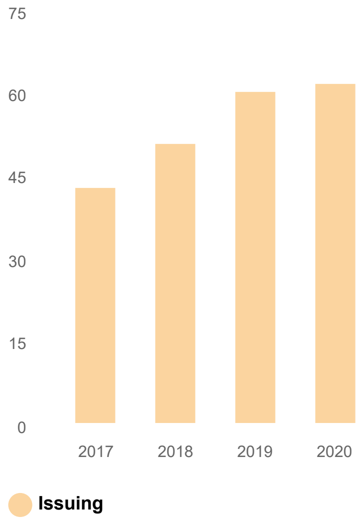
Transaction turnover was CHF 4,516 million in the first half of 2020. This corresponds to a 12.9 percent reduction compared to the same period in the previous year (CHF 5,187 million). Transaction turnover abroad decreased by 31.4 percent due to the lockdown. This decrease can primarily be ascribed to the substantial drop of more than 50 percent in the tourism and entertainment industries. The decrease was partially compensated by a slight 2.5 percent increase in domestic business. The retail sector in particular grew strongly in the Swiss market by more than 25 percent. The increase in the limit from CHF 40 to CHF 80 for contactless payments without a PIN, which was decided by issuers, acquirers and merchants in April, clearly had an impact. The continuing substitution for cash got a significant boost from this.

As a consequence of the coronavirus pandemic and the related decline, Viseca's consolidated earnings decreased to CHF -11.8 million in the first half of 2020 (2019: CHF 34.3 million, CHF 8.5 million of which from the former subsidiary cashgate).

Issuing turnover
[in CHF billion]



Card transactions
[in million transactions]



This development made it necessary to adjust the plans for the current year. In addition, due to COVID-19, the need for a CHF 1.5 million write-down for intangible assets arose.

In the middle of 2020, Viseca had 742 employees (full-time equivalents). In the previous year, there were 913 employees as of 30 June. The decrease can primarily be attributed to the sale of cashgate AG on 2 September 2019 to Cembra Money Bank AG. Equity remains very high at CHF 582.9 million. This corresponds to an equity ratio of 43.4 percent.

Card portfolio continues to grow

The card portfolio amounted to just over 1.7 million cards as of 30 June 2020, which corresponds to a 6.0 percent increase compared to the previous year. The migration of the myOne customer card to Manor World Mastercard®, which is under way and very successful, contributed to this among other things. With the launch of the attractive new free payment card with a loyalty programme, we were able not only to considerably expand our card portfolio, but we are also tapping into the important retail trade as a second pillar in addition to customer banks. We gained the necessary know-how thanks to the full acquisition of Accarda AG in 2018.

Furthermore, various customer banks opted for a Debit Mastercard® or Mastercard Flex® from Viseca in the first half of 2020. Other customer banks will follow in the coming months.

A mixed outlook

After the lockdown was eased, Swiss consumers showed above-average spending behaviour, which was reflected in a significant increase in turnover. Starting from the middle of June, there was also an improvement in business within the Euro zone, but still below the level of the previous year. Outside of Europe, however, there has been no recovery so far. This is not expected to change significantly in the coming months. The annual result will be significantly lower than that of the previous year.

In contrast, the domestic card business benefited from an accelerated shift from face-to-face business to e-commerce due to the lockdown. This trend is expected to continue into the second half of 2020 and beyond. This proves that by focusing the company on the card business - and cashless payment in particular - Viseca has taken the right steps to benefit from these developments in the future. The division into an issuing and processing company planned for the beginning of the fourth quarter of 2020 should also be seen in this context. To achieve this, we changed the name Aduno Holding to Viseca Holding on 18 June 2020. By doing so, we are strengthening Viseca as a brand. We also integrated Accarda AG and Aduno Finance AG into Viseca Card Services AG within the framework of two mergers.

Pressing ahead with transformation

We were also able to achieve milestones in the first half of 2020 in the field of digitisation, which is central to us. In March, we introduced Google Pay. Viseca now supports all commonly used mobile payment solutions and provides the most complete offering of digital payments solutions in Switzerland. Furthermore, we created a CIO position starting on 1 August 2020. We are thus positioning our organisation more broadly in the operations field and giving IT the weight it deserves along with its own representation in the management team.

We are convinced that thanks to the transformation from a traditional card issuer to a digital FinTech company specialising in cashless payments, Viseca is ideally positioned for the future. We enable our customers to benefit from changes in the market. And thanks to innovative products and services as well as an equity ratio that is as solid as ever, Viseca can seize market opportunities and react to unforeseeable events such as COVID-19.

Financial Report
1st Half Year 2020

Financial Report First Half Year 2020

Consolidated income statement (unaudited)

In 1,000 CHF	Note	1st half year 2020	1st half year 2019
Commission income	1.2	67,317	91,739
Annual fees		60,752	61,400
Interest income		17,950	63,960
Other operating income [1]	1.2	44,180	64,153
Operating income		**190,199**	**281,252**
Processing and service expenses	1.3	(35,566)	(40,402)
Distribution, advertising and promotion expenses	1.3	(45,249)	(56,181)
Interest expenses	1.3	(4,757)	(6,507)
Expected credit and impairment losses	1.3	(3,211)	(8,099)
Personnel expenses	1.3	(57,908)	(66,173)
Other operating expenses [2]	1.3	(41,754)	(42,592)
Depreciation of property and equipment		(1,376)	(1,830)
Amortisation of intangible assets		(2,540)	(14,950)
Amortisation of goodwill		(7,986)	(8,536)
Impairment of intangible assets		(1,481)	0
Operating expenses		**(201,830)**	**(245,270)**
Operating result		**(11,631)**	**35,982**
Financial result		(72)	9,227
Income from associates		0	99
Ordinary result		**(11,703)**	**45,308**
Non-operating result [1 / 2]		0	1,139
Result before income tax		**(11,703)**	**46,448**
Income taxes		(143)	(12,143)
Result for the period		**(11,846)**	**34,305**
Profit attributable to:			
Owners of the Company		(11,846)	34,568
Non-controlling interests		0	(263)
Result per share			
Undiluted earnings per share (in CHF)		(473.84)	1,382.72
Diluted earnings per share (in CHF)		(473.84)	1,382.72

1 The gain on sale of subsidaries in the previous year of CHF 1,139 thousand was reclassified from other operating income to non-operating result.

2 The book loss in the previous year of CHF 24 thousand from sale of fixed assets was reclassified from non-operating result to other operating expenses.

Consolidated balance sheet (unaudited)

In 1,000 CHF	Note	30.06.2020	31.12.2019
Assets			
Cash and cash equivalents		403,257	587,990
Receivables from business unit Payment	2.1	802,802	674,265
Other receivables		4,361	7,717
Prepaid expenses		18,023	20,938
Inventories		3,997	4,052
Total current assets		**1,232,441**	**1,294,963**
Property and equipment		5,085	5,912
Goodwill		47,335	55,321
Intangible assets		13,897	18,407
Financial assets		43,741	43,813
Deferred tax assets		189	3,350
Total non-current assets		**110,247**	**126,803**
Total assets		**1,342,688**	**1,421,766**

In 1,000 CHF	Note	30.06.2020	31.12.2019
Liabilities			
Payables to counterparties		228,233	203,060
Other payables		21,521	24,268
Interest-bearing liabilities	3.1	0	144
Short-term provisions		131,201	141,023
Accrued expenses and deferred income		95,489	112,045
Total current liabilities		**476,443**	**480,539**
Interest-bearing liabilities	3.1	274,712	274,575
Long-term provisions		4,609	4,725
Deferred tax liabilities		3,991	7,148
Total non-current liabilities		**283,311**	**286,448**
Total liabilities		**759,755**	**766,987**
Equity			
Share capital		25,000	25,000
Capital reserves		196,896	94,101
Retained earnings		361,037	535,678
Equity attributable to the owners of the Company		**582,934**	**654,779**
Non-controlling interests		0	0
Total equity		**582,934**	**654,779**
Total equity and liabilities		**1,342,688**	**1,421,766**

Consolidated statement of changes in equity (unaudited)

As at 30 June 2020

In 1,000 CHF	Note	Share capital	Capital reserves	Translation reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2020		25,000	94,101	-	535,678	654,779	-	654,779
Profit for the period		-	-	-	(11,846)	(11,846)	-	(11,846)
Change in scope of consolidation	4.1	-	102,795	-	(102,795)	-	-	-
Dividends to shareholders	3.2	-	-	-	(60,000)	(60,000)	-	(60,000)
Balance at 30 June 2020		**25,000**	**196,896**	**-**	**361,037**	**582,934**	**-**	**582,934**

As at 30 June 2019

In 1,000 CHF	Note	Share capital	Capital reserves	Translation reserves*	Retained earnings*	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		25,000	94,101	(41)	525,571	644,631	5,657	650,288
Profit for the period		-	-	-	34,568	34,568	(263)	34,305
Foreign currency translation differences		-	-	(4)	-	(4)	-	(4)
Transaction with non-controlling interests		-	-	-	-	-	(746)	(746)
Dividends to shareholders	3.2	-	-	-	(40,000)	(40,000)	-	(40,000)
Balance at 30 June 2019		**25,000**	**94,101**	**(45)**	**520,138**	**639,194**	**4,647**	**643,841**

* The retained earnings in the balance sheet comprise the above presented translation reserves and retained earnings.

Consolidated cash flow statement (unaudited)

In 1,000 CHF	Note	1st half year 2020	1st half year 2019
Company profit incl. non-controlling interests		**(11,846)**	**34,305**
+ Depreciation of non-current assets		11,902	25,316
+ Impairment of non-current assets		1,481	0
+/– Change in provisions		(9,938)	4,804
–/+ Change in deferred taxes		3	8,824
– Share of profit of associates		0	(99)
–/+ Gain/Loss on sale of non-current assets		(25)	24
+/– Other non-cash items		209	(10,453)
Changes in net working capital			
– Increase in trade receivables		(128,537)	(308,298)
+/– Decrease/Increase in inventories		55	(1,955)
+/– Decrease/Increase in other current assets, prepayments and accrued income		6,271	(15,790)
+/– Increase/Decrease in trade payables		25,173	(14,686)
–/+ Decrease/Increase in other liabilities and accrued expenses		(19,303)	4,155
Cash flow from operating activities (operating cash flow)		**(124,554)**	**(273,853)**
– Investments in property and equipment		(60)	(127)
+ Proceeds from sale of property and equipment		25	0
+ Proceeds from sale of financial assets and loans		0	322
– Investments in intangible assets		0	(312)
+ Proceeds from sale of consolidated companies (less cash and cash equivalents sold)		0	1,631
+ Dividends received from associates		0	36
Cash flow from investing activities		**(35)**	**1,550**
– Dividend payments to the owners of the Company	3.2	(60,000)	(40,000)
+ Proceeds of interest-bearing liabilities		0	1,084,908
– Repayments of current interest-bearing liabilities		(144)	(760,638)
Cash flow from financing activities		**(60,144)**	**284,270**
+ Effect of currency translation		0	3
Net change in cash and cash equivalents		**(184,733)**	**11,970**
Cash and cash equivalents at the start of the reporting period		**587,990**	**67,258**
Cash and cash equivalents at the end of the reporting period		**403,257**	**79,228**

Notes (unaudited)

Information about this report

Viseca Holding AG is a company domiciled in Zurich (Switzerland) which, together with its subsidiaries (the group called Viseca), provides financial services in the business field of cashless payment solutions.

Subsidiary	Services
Viseca Card Services SA	Viseca Card Services SA offers services for cashless payments. It issues payments cards (Issuing) under the brands of the credit card organisations (schemes) Mastercard and Visa and operates in the business of customer cards with a payment function. These are issued to personal and corporate customers, for Swiss retail banks, for a number of co-branding partners and in Viseca's own name. It provides all associated customer services.
Viseca Card Services II AG	This company is currently still inactive. It will be the issuer for credit cards and customer cards with payment function from October.
Contovista AG (Contovista)	Contovista develops software for both finance management and analytics and makes it available to banks.

As a result of the bonds issued (Bonds CHF domestic), Viseca Holding AG is listed in Switzerland on the Swiss Reporting Standard of SIX Swiss Exchange with ISIN number CH0246921537.

Key accounting principles

These unaudited, consolidated financial statements give a true and fair view of the Viseca's financial performance and financial position. They have been prepared in abbreviated form according to Swiss GAAP FER 31. These interim financial statements do not include all information and disclosures that are required in the annual financial statements. It should therefore be read in conjunction with the consolidated financial statements at 31 December 2019.

The consolidated financial statements are based on the financial statements of the Viseca companies prepared in accordance with uniform accounting principles as at 30 June. They follow the principle of historical cost unless a standard prescribes a different measurement basis for a financial statement item or a different measurement basis is applied if this is provided as an option. The relevant accounting policies for understanding the consolidated financial statements are set out in the specific notes to the financial statements.

Assets are reviewed each year for indications of impairment. If there are any indications, the recoverable amount is determined and if this exceeds the carrying amount, an appropriate posting is made in the income statement.

The consolidated financial statements are presented in Swiss francs, the Company's functional currency. Unless noted otherwise, all financial data in Swiss francs have been rounded to the nearest thousand. This may result in rounding differences.

Consolidation principles

Group companies include those companies that are directly or indirectly controlled by Viseca Holding AG. Control is defined as the power to govern the financial and operating policies of an entity so as to benefit from them. This is usually the case when the Group holds more than half of the voting rights in an entity's share capital. Group companies are consolidated from the date on which control is transferred to the Group. Subsidiaries held for sale are excluded from the scope of consolidation from the date on which control ceases.

Capital consolidation is based on the purchase method. This means that the purchase price or carrying amount of the interests is offset against the Group’s share in the revalued equity of the consolidated companies at the time of acquisition or first-time consolidation. Any goodwill from the purchase of interests is capitalised and amortised over five years. All intercompany transactions, balances and unrealised gains and losses from transactions between Group companies are eliminated in full.

Non-controlling interests in equity and the Group's profit for the period are shown separately in the balance sheet and income statement.

Changes in the scope of consolidation

The following changes to the scope of consolidation took place in the reporting period:

In April 2020 the company for future issuing credit cards (issuing business) was founded and in May 2020 the mergers of Accarda AG and Aduno Finance AG with Viseca Card Services SA took place.

Cashgate AG, which was responsible for the private credit and leasing business, was sold on 2 September 2019.

The detailed information can be found under section 4.1.

Foreign currency translation

Foreign currency transactions in Group companies

The foreign currency transactions and items contained in the separate financial statements of the consolidated companies are translated as follows: Foreign currency transactions are translated into the posting currency at the exchange rate as at the transaction date (spot rate). At period-end, monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the reporting date and booked to the income statement.

Translation of financial statements to be consolidated

The consolidated financial statements are presented in Swiss francs. Assets and liabilities of Group companies with different currencies are translated at period-end rates (closing rates), equity at historical rates, and the income statement and cash flow statement at average rates for the period. The resulting translation differences are recognised directly in equity. If a foreign Group company is sold, the associated cumulative foreign currency differences are transferred to the income statement.

The following principal exchange rates have been used:

	Average 1st half year 2020	Average 1st half year 2019	Balance at 30.06.2020	Balance at 30.06.2019
EUR 1	1.0758	1.1392	1.0805	1.1202
USD 1	0.9746	1.0083	0.9607	0.9856
GBP 1	1.2250	1.3061	1.1823	1.2484

Assumptions and estimations of the management

In order to prepare the consolidated financial statements in accordance with Swiss GAAP FER, the management must make estimations, evaluations and assumptions that have an impact on the application of accounting and valuation methods and on the amounts shown for assets, liabilities, income and expenses. The estimations and associated assumptions are based on previous experience and various other factors deemed useful. The actual results may differ from these estimations.

The estimations and underlying assumptions are regularly reviewed. Changes in estimations relating to the financial reporting are recognised in the periods currently under review and future periods affected.

Impact of COVID-19 on reporting as of 30 June 2020

The lockdown ordered by the Swiss government and the global restrictions imposed by the COVID-19 pandemic led to massive losses in the consumer business. Viseca recorded massive revenue losses in the first half of 2020, and as a result deviates significantly from the expected consolidated earnings.

The company's assets are monitored by management. A value adjustment of CHF 1.5 million was made on the intangible assets "Customer Relationships"; no further value adjustments were made as of the balance sheet date 30 June 2020.

A more comprehensive statement on the effects of the COVID-19 pandemic on the receivables from the payment area cannot yet be made on the balance sheet date. The receivables and the general bad debt provision model will be subjected to an in-depth analysis in the 3rd quarter of 2020.

1 Performance

This section describes the operational performance of Viseca. The segment reporting reflects the segment results used at the highest management level.

1.1 Segment reporting (unaudited)

External segment reporting is based on the internal reporting that is used by the Executive Board to guide the company.

Due to the sale of cashgate AG (Consumer Finance business unit), internal management reporting and external segment reporting were adjusted in 2019. This means that the former Internal Financing segment is no longer reported separately.

Segment	Activity
Payment	The business unit Payment provides services for cashless payments via credit, prepaid, debit and customer cards to private and corporate customers, and also the associated transaction and customer services in this area. The majority of the business is linked to the Mastercard and Visa brands. The Payment division consists of Viseca Card Service SA and Contovista AG. The business unit’s main revenue streams come from interchange fees and commission, annual fees for cards, services, income from card transactions in foreign currencies and interest income. Contovista provides software solutions for banks and generates revenues from this business through projects and licences.
Consumer Finance	The Consumer Finance business offers leasing contracts and loans for consumer goods to personal and corporate customers. The business unit Consumer Finance is operated by cashgate. The main revenue streams are interest income, commission income and fees for chargeable services. This business unit was sold in 2019.
Corporate Functions	The result of Viseca Holding and the treasury services of Aduno Finance, which include the handling of payments and the processing of foreign currency transactions, are reported in this segment. The income from the sale of Group companies as well as cross-company consolidation items and reclassifications are also shown in this segment.

The following table contains information about the business segments at 30 June:

In 1,000 CHF	Payment		Consumer Finance		Corporate Functions		Consolidated	
	1st half year 2020	1st half year 2019	**1st half year 2020**	1st half year 2019	**1st half year 2020**	1st half year 2019	**1st half year 2020**	1st half year 2019
Operating income [1]	190,121	230,313	0	50,300	78	639	190,199	281,252
Operating expenses [2]	(197,787)	(203,941)	0	(38,362)	(4,043)	(2,967)	(201,830)	(245,270)
Operating result	**(7,666)**	**26,371**	**0**	**11,938**	**(3,965)**	**(2,328)**	**(11,631)**	**35,982**
Ordinary result	**(7,698)**	**38,341**	**0**	**11,116**	**(4,005)**	**(4,148)**	**(11,703)**	**45,308**
Non-operating result [1/2]	(279)	(906)	0	(112)	279	2,157	0	1,139
Income taxes	(143)	(5,816)	0	(2,431)	0	(3,896)	(143)	(12,143)
Result for the period	**(8,120)**	**31,619**	**0**	**8,573**	**(3,726)**	**(5,888)**	**(11,846)**	**34,305**

1 The gain on sale of subsidaries in the previous year of CHF 1,139 thousand was reclassified from operating income to non-operating result.

2 The book loss in the previous year of CHF 24 thousand from sale of fixed assets was reclassified from non-operating result to operating expenses.

1.2 Further information on selected revenue items

Additional information on commission income

In 1,000 CHF	1st half year 2020	1st half year 2019
Interchange revenue and related revenue	36,048	44,177
Currency exchange commissions	20,524	32,586
Other commission revenue	10,745	14,977
Commission income	**67,317**	**91,739**

Additional information on other income

In 1,000 CHF	1st half year 2020	1st half year 2019
Foreign exchange gains or losses	15,496	25,810
Income from services	22,603	31,448
Other income [1]	6,080	6,895
Other operating income	**44,180**	**64,153**

1 The gain on sale of subsidaries in the previous year of CHF 1,139 thousand was reclassified from other income to non-operating result.

Accounting principles

Category	Accounting principle
Commission income	Commission income consists of transaction-based fees charged net to clients in all business segments. They are recorded on a transaction basis and already adjusted for fees at the time of the transaction.
Annual fees	Annual fees are recognised on a straight-line basis over the term of the service contract and deferred accordingly.
Interest income	Interest income is comprised of interest on short-term credit for credit card holders. In the cards business, credit card holders can convert the balance on their credit card to personal credit, for which Viseca charges interest over its short-term duration. In addition, interest income includes interest on leasing finance granted to personal and corporate customers.
Other operating income	Other income is chiefly comprised of net foreign currency gains, income from services and other income. Foreign exchange gains and losses are recognised on a transaction basis at the time of the transaction. Customers in the Group's cards business are billed based on a typical exchange rate close to the spot rate, whereas the Group is billed near the interbank rate (interbank rate plus credit spread). Most of the income from services originates from customer card business. The revenues from Contovista AG's software business are shown in other income.

1.3 Further information on selected operating expenses items

In 1,000 CHF	1st half year 2020	1st half year 2019
Card processing expenses	21,578	22,890
Service expenses	13,988	17,512
Processing and service expenses	**35,566**	**40,402**
Distribution channel remuneration	36,340	43,096
Expenses for customer retention	6,007	5,568
Advertising expenses	2,843	7,463
Distribution expenses	59	53
Distribution, advertising and promotion expenses	**45,249**	**56,181**
Interest expenses	**4,757**	**6,507**
Expected credit losses in the Payment business, credit cards	1,520	763
Expected credit losses in the Payment business, other payment cards	984	1,985
Expected credit losses in Consumer Finance	0	4,601
Impairment losses on commission income	706	750
Expected credit losses and impairment losses	**3,211**	**8,099**
Wages and salaries	45,961	53,147
Social insurance expenses	4,450	5,112
Employee pension benefit expenses	2,876	3,742
Other personnel expenses	4,621	4,171
Personnel expenses	**57,908**	**66,173**
Audit and professional services	20,889	20,385
Information technology expenses	12,386	12,515
Telephone and postage	984	1,135
Premises expenses	4,044	4,828
Travel and representation expenses	148	330
Gain/Loss on sale of property and equipment and intangible assets [1]	(25)	24
Other administration expenses	3,328	3,375
Other operating expenses	**41,754**	**42,592**

1 The book loss in the previous year of CHF 24 thousand from sale of fixed assets was reclassified from non-operating result to other operating expenses.

Accounting principles

Expenses are recognised on an accrual basis, i.e. at the time they are incurred. The table below provides information on selected expense items.

Category	Accounting principle
Processing and service expenses	Processing and service expenses comprise processing fees for service partners, fees for the use of the global network of card organisations and other service fees.
Distribution, advertising and promotion expenses	The Group offers a customer loyalty programme in which customers collect points through their card transactions that are credited to special points accounts. Customers can exchange the points for gifts, vouchers and annual fee credits. The estimated future expense increases accrued expenses and deferred income. In cases in which bonus programmes are run by third parties, the associated costs are recognised directly in the income statement.
Interest expenses	Interest expenses consist of the expense of refinancing the areas of business that generate interest income. Interest expenses are recognised using the effective interest method.
Expected credit losses on financial assets	The expected credit losses on financial assets arise principally from defaults on receivables and from the increase in expected credit losses in the Payment business and the Consumer Finance business.
Impairement losses on commission income	The impairment losses on commission income consist of impairments on fraudulent and chargeback transactions that do not represent a credit loss.

2 Operational assets

The following section presents the receivables from the Payment business.

2.1 Receivables from the business unit Payment

In 1,000 CHF	30.06.2020	31.12.2019
Receivables within the scope of the ECL calculation*		
Receivables from cardholders, credit card business	615,522	447,660
Receivables from debt collection, credit card business	4,458	4,105
Receivables from cardholders, other payment cards	184,985	221,873
Receivables from debt collection, other payment cards	10,403	9,816
Other receivables in the Payment business, other payment cards	149	2,019
Impairments	(13,297)	(11,529)
Receivables outside the scope of the ECL calculation*		
Receivables from fraud and chargeback	709	403
Impairments	(126)	(81)
Total receivables in the Payment business	**802,802**	**674,265**

* Allowances for doubtful accounts are calculated on the basis of the expected credit loss (ECL) model.

The level of receivables from cardholders, credit card business fluctuates as of the balance sheet date. A customer pays his credit card bill once a month. The time of payment fluctuates from month to month and depends, among other things, on when the banks process the LSV collections. If an LSV collection is terminated after the end of the month, an increased level of receivables may result. This fluctuation has no correlation either with the credit quality of customers or with payment behaviour.

Receivables Payment	Description
Receivables from the business unit Payment – credit cards	Receivables from credit cardholders (credit card business) comprise open balances on credit card accounts. Open cardholder balances that have been past due for more than 90–120 days are transferred to a dedicated collection portfolio, which is reported under “Receivables from debt collection – credit cards”.
Receivables from the Payment business – other payment cards	Receivables from cardholders consists of open balances on other payment card accounts. The vast majority of these other payment cards is a homogeneous retail card portfolio with a long tracking history. A small part of the other payment card accounts comprises a heterogeneous corporate portfolio and a retailcard portfolio with a short tracking history. Open cardholder balances that fulfil the transfer criteria are transferred to a dedicated collection portfolio, which is included under “Receivables from debt collection, other payment cards”.
Receivables from fraud and chargeback	If a cardholder is suspected of making a fraudulent transaction or claims a chargeback, the balance is transferred to a dedicated portfolio until the case is settled. Suitable allowances are set aside for all receivables in the portfolio, although these are not subject to the expected credit loss model. The balance of all currently investigated fraudulent and chargeback transactions is shown under “Receivables from fraud and chargeback”.

Management of credit risk in the Payment business

It is in the nature of the credit card business that private or corporate customers have temporary liabilities with the card company.

Risk and credit management is a core process in the credit card business and Viseca therefore runs sophisticated risk assessment tools and delinquency reports to monitor and assess risk exposure. All incoming payments of customers are closely monitored.

Viseca issues credit cards on behalf of various distribution partners. Viseca has entered into agreements with some of its partners, so that the partner bears the risk of default for any receivable outstanding from cardholders. If a cardholder becomes delinquent, the outstanding amount is paid in full by the partner. If a cardholder has a direct relationship with Viseca and not via a partner, Viseca bears the default risk.

Accounting principles

Receivables from cardholders and others are measured at fair value. The effective interest rate method is used for customers with an instalment facility or customers in default.

Impairment losses are booked to the allowance accounts for receivables unless Viseca is of the view that the amount owed is not recoverable. In this case the amount deemed uncollectible is written off directly against the receivable.

Expected credit loss model

Allowances for doubtful accounts are calculated on the basis of the expected credit loss (ECL) model. Receivables are placed into one of the three stages on the basis of which the ECL is calculated.

Receivables are allocated from Stage 1 to Stage 2, when it is 60 days past due. Viseca allocates a customer to Stage 3 after debt management reminders have proved unsuccessful and the customer has had to be transferred to the pre-collection and legal collection processes. Receivables in Stage 3 that are older than 2 years are written off.

The loss allowance is adjusted based on management’s judgement as to whether actual losses are likely to fall above or below historical trends given current economic and loan conditions. Management deems the loss allowance for doubtful debts for the business unit Payment to be adequate.

3 Financing and risk management

The following describes the guidelines and procedures that are applied in managing the capital structure and financial risks. Viseca seeks to ensure that it has an appropriate equity base in order to retain the trust of investors, creditors and the market.

3.1. Interest-bearing liabilities

In 1,000 CHF	30.06.2020	31.12.2019
Other bank liabilities	0	144
Current portion of syndicated loan	0	0
Current portion of unsecured bond issues	0	0
Short-term interest-bearing liabilities	**0**	**144**
Unsecured bond issues	274,712	274,575
Other long-term liabilities	0	0
Long-term interest-bearing liabilities	**274,712**	**274,575**
Total interest-bearing liabilities	**274,712**	**274,719**

Changes in interest-bearing liabilities are mainly changes to cash flows from financing activities and are disclosed in the consolidated cash flow statement.

Terms and debt repayment schedule

In 1,000 CHF	Currency	Nominal interest rate	Year of maturity	Nominal value 30.06.2020	Carrying amount 30.06.2020	Nominal value 31.12.2019	Carrying amount 31.12.2019
Unsecured bond issue	CHF	1.125%	2021	275,000	274,712	275,000	274,575
Other bank liabilities	CHF	various	current account	0	0	144	144
Total				**275,000**	**274,712**	**275,144**	**274,719**

Accounting principles

Interest-bearing financial liabilities are generally recorded at nominal value. Non-current financial liabilities (bonds) are recognized at amortized cost.

3.2 Share capital and reserves

Share capital
At 30 June 2020, the share capital of the parent company Viseca Holding AG consisted of 25,000 registered shares with a nominal value of CHF 1,000 each.

Reserves
The statutory reserves not available for distribution amounted to CHF 5.0 million as at 30 June 2020.

Dividends
The following dividends were declared and paid by Viseca:

In 1,000 CHF or as indicated	2020	2019
Number of registered shares eligible for dividends (in pieces)	25,000	25,000
Ordinary dividend per registered share (in CHF)	2,400	1,600
Dividends paid	**60,000**	**40,000**

Capital management

The Board’s policy is to maintain an adequate equity base so as to maintain the confidence of investors, creditors and the market. The Board of Directors monitors the return on capital, which Viseca defines as the total shareholders, equity and the development of dividends paid to shareholders.

3.3 Risk management

As a financial services provider Viseca is subject to constant change and is thus also confronted with opportunities and risks that can have a decisive influence on its ability to achieve its strategies and goals.

Overall responsibility for risk management lies with the Board of Directors, which approves the principles for risk management. The Audit and Risk Committee and the internal auditors support the Board of Directors in the execution of its responsibilities. The Executive Board is responsible for the implementation of the risk management standards defined in the risk management regulations and the design, implementation and continuous review of the Internal Control System (ICS).

The following risks have been identified as significant risks for Viseca:

Overall risks

The overall risks include environmental, business and operational risks, which are systematically identified and either accepted or mitigated using suitable measures within the scope of risk affinity.

Financial risks: Credit risk

Viseca is exposed to the risk of counterparty default as a result of its operating activities. This risk exists mainly in relation to receivables from customers of Viseca and depends primarily on the individual characteristics of each customer. Geographically, credit risk is concentrated in Switzerland where Viseca mainly operates.

Financial risks: Liquidity risk

Liquidity risk is the risk that Viseca will not be able to meet its financial obligations as they fall due. Liquidity risk arises if Viseca is unable to obtain under economic conditions the funds needed to carry out its operations. Viseca closely monitors its liquidity needs and also maintains liquidity forecasts and validates its validation models.

Financial risks: Market risk

Market risk is the risk of losses arising from movements in market prices in on-balance and off-balance sheet items. The definition includes risks from interest rate instruments and equities as well as foreign currency risks.

Viseca uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational and financing activities.

In 1,000 CHF	Assets	30.06.2020 Liabilities	Assets	31.12.2019 Liabilities
Foreign currency derivatives	120	(183)	94	(78)

The positive and negative values of derivatives are recognised in other receivables and other liabilities.

Risks in the preparation of the financial statements

To ensure that the consolidated financial statements comply with the applicable accounting standards and that reporting is correct, Viseca has set up internal control and management systems which are regularly reviewed. In accounting and valuation, estimates and assumptions are made with regard to the future. These are based on the knowledge of the respective employees and are critically reviewed on a regular basis.

4 Group structure

This section sets out the structure of the Viseca including significant changes and resulting effects on the consolidated financial statements.

4.1 Change in scope of consolidation

Foundation of new subsidiary
Viseca Card Services II AG was founded on 28 April 2020 with a share capital of CHF 100,000. It will be active from 1 October 2020 and will act as an issuer of credit cards and cards with payment functions.

Merger of subsidiaries
Accarda AG and Aduno Finance AG were merged with Viseca Card Services SA on 29 May 2020, with retroactive effect from 1 January 2020.

Disposal of subsidiaries and at-equity companies
The 100% shares in the Loyalty Group including Sanavena GmbH was sold on 30 October 2019, the 55% shares in Zaala AG on 27 September 2019 and the 60% shares in Paycoach AG on 4 March 2019.

The 33% at-equity investment in SwissWallet AG was sold on 13 December 2019 and the 20% at-equity investment in Loyalty Services AG on 9 May 2019.

Discontinued business units
The Consumer Finance division, which included cashgate AG, was sold to Cembra Money Bank AG on September 2, 2019.

Future changes
In October Viseca Card Services SA will spin off the issuing unit of its business to Viseca Card Services II AG. Both companies will then be renamed. The Viseca Card Services SA will be the Viseca Payment Services SA and the Viseca Card Services II AG will be the Viseca Card Services AG.

Viseca Payment Services SA will operate the processing business and Viseca Card Services AG the issuing business.

4.2 Group companies

In 1,000	Country of incorporation	Currency	Share capital 30.06.2020	Share capital 31.12.2019	Ownership interest 30.06.2020	Ownership interest 31.12.2019
Viseca Holding AG, Zurich (ZH), parent company	Switzerland	CHF	25,000	25,000	-	-
Accarda AG, Brüttisellen (ZH)	Switzerland	CHF	n/a	18,500	n/a	100%
Aduno Finance AG, Stans (NW)	Switzerland	CHF	n/a	1,000	n/a	100%
Contovista AG, Schlieren (ZH)	Switzerland	CHF	140	140	100%	100%
Viseca Card Services SA, Zurich (ZH)	Switzerland	CHF	20,000	20,000	100%	100%
Viseca Card Services II AG, Zurich (ZH)	Switzerland	CHF	100	n/a	100%	n/a

Accounting principles

Consolidation of subsidiaries
The consolidated financial statements are based on individual financial statements of all subsidiaries prepared in accordance with uniform principles. Subsidiaries are entities controlled by the Group. Control is assumed to exist if the Group holds more than half of the voting rights in the subsidiary or it has control in another way. Consolidation is based on the purchase method. Group-internal balance sheet assets and liabilities and unrealised gains and losses or income and expenses from Group-internal transactions are eliminated when preparing the consolidated financial statements.

Investments in associates
Associates are recognised in the balance sheet using the equity method and initially at fair value. Associates are those entities in which the Group has significant influence on their financial and business policy but does not control them. The Group's share in the profit or loss of the associate is included in the income statement.

5. Subsequent events

Up to the issue of this report, the company was not aware of any significant new event that would affect the financial statements as of 30 June 2020.

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PUBLISHING DETAILS

Half Year Report 2020

This Half Year Report is published in German and English. The German version is binding for the condensed consolidated financial statements.

Exclusion of liability

This report contains forward-looking statements that do not give any guarantees of future performance. These statements contain risks and uncertainties, including but not restricted to future economic conditions, legal provisions, market conditions, activities of competitors and other factors that are outside the Company’s control.

Publisher

Viseca