

**“I am convinced that we will overcome the challenges that lie ahead.”**



Barbara Hayoz (Chairwoman of the Board of Directors as of 1 January 2020) and Thomas Daum (departing Chairman of the Board of Directors)

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**Mr Daum: You’re handing SERV over to Ms Hayoz. What shape is the company in?**

**[Thomas Daum]** I am pleased to say that I am handing over a well-positioned company to Barbara Hayoz. Thanks to the competence of its employees and the flexible deployment of its products, SERV has established a very good reputation in the market. We have always worked in an economically viable manner and have been able to increase our net equity to CHF 2.8 billion thanks to the company’s consistently positive earnings. This means that SERV has a sound risk-bearing capacity that will allow it to tackle future challenges proactively – and there will certainly be no shortage of such challenges.

**Last year, however, there was a significant fall in the number of new transactions and new exposure. Does that not worry you, Ms Hayoz?**

**[Barbara Hayoz]** No. First of all, we shouldn’t compare last year with 2018, which was an exceptional year. Last year, we insured only a few large transactions and we felt the impact of the low level of business activity

in the Swiss capital goods industry, which is our most important customer segment. SERV’s business has always been subject to great volatility. Demand for SERV cover generally rises when uncertainty increases.

**Taking a longer view, how has business developed since 2013? Have there been any significant changes?**

**[D]** SERV’s business has changed significantly in recent years. The trends from public to private and from short-term to medium/long-term risks were significant and the adaptation of our cover policy to the structural change in export business was even more fundamental in nature. This is increasingly taking place within the framework of globalised value chains, with a decline in value-creating activities in Switzerland and ever more complex contractual and financing structures for insured export transactions. To keep pace with this structural change, we needed to adapt our interpretation of the legal requirements in accordance with the times.

[H] In its formative years, SERV concentrated primarily on developing its business, but it has recently had to focus more on strengthening its internal structures. Based on a fundamental review of our business processes, we made changes in key areas to increase SERV's effectiveness and efficiency. This also identified the need to replace our old IT system to give SERV a modern infrastructure on which to process its transactions from 2021 onwards. We also want to ensure that SERV is better placed in future to fulfil its promotional mandate by means of a targeted increase in personnel.

#### **And where do you see the challenges that will confront SERV in the coming years?**

[D] The changes I have described are ongoing. The capital SERV is obliged by law to invest with the Swiss Confederation yields not a single centime in interest, increasing SERV's dependency on insuring large transactions with corresponding premium earnings. This necessitates being able to offer attractive insurance policies to global corporations. At the same time, SERV must fulfil its promotional mandate for SMEs, which is no easy task in the current financial market environment. We have discussed these challenges in detail with the Swiss Confederation, and they have been incorporated into the Federal Council's strategic goals for 2020–2023.

#### **What are the specific priorities of the Federal Council's 2020–2023 targets?**

[H] The Federal Council expects SERV to continue to offer modern products that are competitive internationally and to also, for example, help Swiss exporters participate in major international projects. To this end, SERV wants to take advantage of its flexibility when interpreting the requirements for Swiss value added in the transactions it insures. SERV must, however, also promote export transactions of SMEs, even if it is unable to cover its costs in every instance. The audit mandates that the Federal Council will be issuing to us in the coming years are an important new development. Their aim is to ensure that SERV is economically viable despite the absence of investment income, in order to guarantee attractive export financing for SMEs as well as SERV cover that is internationally competitive in general terms.

#### **Climate change is something everyone is talking about and a topic that it's impossible to escape. Do climate issues also play a role at SERV?**

[D] Of course. SERV adheres to the OECD Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence and the standards of the World Bank, IFC and UN, which also include rules to protect the climate. We are also obliged to observe Switzerland's foreign policy prin-

ciples and its obligations under international law that are pertinent to the climate issue.

[H] With regard to the heavily criticised coal-fired power plants, for example, we only consider insuring projects that are intended to improve the efficiency of existing plants and reduce their emissions of pollutants. We treat new construction projects as "transactions of particular significance" that can only be insured with the approval of the Federal Council. Such approval is, however, highly unlikely to be granted.

#### **Does this mean that SERV is well prepared for the tasks confronting it?**

[D] Managing SERV will remain a demanding responsibility. SERV must continue to manage a small and suboptimally structured portfolio, with the volatility in business activity that entails, while generating sufficient premiums without taking inappropriate risks. In addition, the export financing market is in a state of flux and many countries are upgrading their export credit insurance with additional benefits. Remaining internationally competitive will be an enormous challenge for SERV in this environment.

[H] SERV has continuously improved its performance and adapted to changes in the market in recent years. It has strengthened its structures and is on a sound financial footing. The management and employees are very committed and are also extremely well qualified to handle complicated transactions. At the strategic level, SERV holds regular discussions with its owner. I am convinced that these changes will enable us to overcome the challenges that lie ahead.

"SERV has continuously improved its performance and adapted to changes in the market in recent years."

Viviane Gnuan (Communications Manager) spoke to Barbara Hayoz and Thomas Daum.