

# INCOME STATEMENT

## Income Statement

01.01.2023–31.12.2023, in KCHF

	Notes *	2023	2022	Change
Premium income	1	88 120	156 064	- 67 944
Creation of unearned premium reserves		- 72 627	- 123 725	51 098
Release of unearned premium reserves		155 108	89 102	66 006
<b>Earned premiums</b>		<b>170 601</b>	<b>121 441</b>	<b>49 160</b>
Interest income from debt rescheduling agreements		17 608	10 070	7 538
<b>Total income from insurance</b>		<b>188 209</b>	<b>131 511</b>	<b>56 698</b>
Loss expenses	2	- 222 286	- 96 911	- 125 375
Reinsurance commissions		-	- 332	332
Debt rescheduling results	3	26 563	14 692	11 871
<b>Total expenses from insurance</b>		<b>- 195 723</b>	<b>- 82 551</b>	<b>- 113 172</b>
<b>Profit/loss on insurance</b>		<b>- 7 514</b>	<b>48 960</b>	<b>- 56 474</b>
Personnel expenses		- 17 429	- 16 706	- 723
Non-personnel expenses		- 13 420	- 7 825	- 5 595
Financial income		11 289	1 187	10 102
Other income	4	6 925	3 656	3 269
<b>Operating profit/loss</b>		<b>- 20 149</b>	<b>29 272</b>	<b>- 49 421</b>
Interest income from cash investments		33 521	17 393	16 128
<b>Net income (NI)</b>		<b>13 372</b>	<b>46 665</b>	<b>- 33 293</b>

\* cf. Comments starting from page 71 of the Notes on the Financial Statements

# BALANCE SHEET

## Balance Sheet

31.12.2023, in KCHF

	Notes *	31.12.2023	31.12.2022	Change
<b>Assets</b>				
Cash in hand & at bank		109 120	62 977	46 143
Premiums receivables		66 801	6 059	60 742
Other receivables		171	428	- 257
Financial investments maturing in 1 year or less	5	3 142 820	3 124 393	18 427
Accruals and deferrals		1 729	1 363	366
<b>Total current assets</b>		<b>3 320 641</b>	<b>3 195 220</b>	<b>125 421</b>
Property, plant and equipment		406	426	- 20
Intangible assets	6	12 112	7 744	4 368
Financial investments and credit balances maturing in more than 1 year		-	-	-
<b>Total fixed assets</b>		<b>12 517</b>	<b>8 170</b>	<b>4 347</b>
Claims from losses and restructuring	7	148 714	175 817	- 27 103
Credit balances from debt rescheduling agreements	8	86 599	95 141	- 8 542
<b>Total claims and credit balances from debt rescheduling agreements</b>		<b>235 313</b>	<b>270 958</b>	<b>- 35 645</b>
<b>Total assets</b>		<b>3 568 471</b>	<b>3 474 348</b>	<b>94 123</b>
<b>Liabilities</b>				
Current liabilities		11 474	6 137	5 337
Short-term financial liabilities		925	590	335
Accruals and deferrals		9 675	2 584	7 091
Unearned premiums		334 049	416 531	- 82 482
Loss provisions	9	320 039	168 399	151 640
Other non-current liabilities	10	-	1 171	- 1 171
<b>Subtotal</b>		<b>676 162</b>	<b>595 412</b>	<b>80 750</b>
Risk-bearing capital (RBC)		1 124 406	1 106 383	18 023
Core capital (CCap)		817 322	964 869	- 147 547
Compensation reserve (CR)		937 209	761 019	176 190
Net income (NI)		13 372	46 665	- 33 293
<b>Total capital</b>		<b>2 892 309</b>	<b>2 878 936</b>	<b>13 373</b>
<b>Total liabilities</b>		<b>3 568 471</b>	<b>3 474 348</b>	<b>94 123</b>

\* cf. Comments starting from page 71 of the Notes on the Financial Statements

# CASH FLOW STATEMENT

## Cash Flow Statement

01.01.2023–31.12.2023, in KCHF

	Notes *	31.12.2023	31.12.2022
<b>Business operations</b>			
Premium payments	11	37 685	154 056
Loss payments		– 53 607	– 54 738
Loss repayments		30 614	13 339
Payments relating to personnel and operations		– 28 542	– 25 415
<b>Cash flow from business operations</b>		<b>– 13 850</b>	<b>87 242</b>
<b>Investing activities</b>			
Capitalisation of intangible assets		– 6 600	– 3 018
Repayments of credit balances from debt rescheduling agreements		47 492	39 593
Payments of interest from debt rescheduling agreements		5 211	10 065
Payments from financial and interest income		33 488	17 393
<b>Cash flow from investing activities</b>		<b>79 591</b>	<b>64 033</b>
<b>Financing activities</b>			
Payments from financing activities		– 1 171	– 279
<b>Cash flow from financing activities</b>		<b>– 1 171</b>	<b>– 279</b>
<b>Net change in funds</b>		<b>64 570</b>	<b>150 996</b>
Funds on 31.12.2022 (cash in hand & at bank and time deposits with the Confederation)		–	3 187 370
Funds on 31.12.2023 (cash in hand & at bank and time deposits with the Confederation)		3 251 940	

\* cf. Comments starting from page 71 of the Notes on the Financial Statements

# PROOF OF ECONOMIC VIABILITY

## Proof of Economic Viability

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public (1)	Private without del credere (2)	Private with del credere (3)	
Earned premiums	70 131	2 435	98 035	170 601
Average expected annual loss	- 12 221	- 1 179	- 25 649	- 39 049
<b>Loading</b>	<b>57 910</b>	<b>1 256</b>	<b>72 386</b>	<b>131 552</b>
Personnel expenses	- 1 906	- 1 543	- 13 980	- 17 429
Non-personnel expenses	- 1 468	- 1 188	- 10 764	- 13 420
Financial income	4 807	51	6 431	11 289
<b>Economic viability 1</b>	<b>59 343</b>	<b>- 1 424</b>	<b>54 073</b>	<b>111 992</b>
Interest income from cash investments	14 272	153	19 096	33 521
<b>Economic viability 2</b>	<b>73 615</b>	<b>- 1 271</b>	<b>73 169</b>	<b>145 513</b>

# SEGMENT ACCOUNTING

## Segment Accounting

01.01.2023–31.12.2023, in KCHF

	Notes *	Segments (by debtor)			SERV (4)=(1)+(2)+(3)
		Public (1)	Private without del credere (2)	Private with del credere (3)	
Premium income	12	37 520	401	50 199	88 120
Creation of unearned premium reserves		- 32 944	258	- 39 941	- 72 627
Release of unearned premium reserves		65 555	1 776	87 777	155 108
<b>Earned premiums</b>		<b>70 131</b>	<b>2 435</b>	<b>98 035</b>	<b>170 601</b>
Interest income from debt rescheduling agreements	13	12 831	4 488	289	17 608
<b>Total income from insurance</b>		<b>82 962</b>	<b>6 923</b>	<b>98 324</b>	<b>188 209</b>
Loss expenses	14	- 206 429	7 086	- 22 943	- 222 286
Reinsurance commissions		-	-	-	-
Debt rescheduling results	15	9 964	9 877	6 722	26 563
<b>Total expenses from insurance</b>		<b>- 196 465</b>	<b>16 963</b>	<b>- 16 221</b>	<b>- 195 723</b>
<b>Profit/loss on insurance</b>		<b>- 113 503</b>	<b>23 886</b>	<b>82 103</b>	<b>- 7 514</b>
Personnel expenses	16	- 1 906	- 1 543	- 13 980	- 17 429
Non-personnel expenses	17	- 1 468	- 1 188	- 10 764	- 13 420
Financial income	18	4 807	51	6 431	11 289
Other income		757	613	5 555	6 925
<b>Operating profit/loss</b>		<b>- 111 313</b>	<b>21 819</b>	<b>69 345</b>	<b>- 20 149</b>
Interest income from cash investments		14 272	153	19 096	33 521
<b>Net income (NI)</b>		<b>- 97 041</b>	<b>21 972</b>	<b>88 441</b>	<b>13 372</b>

\* cf. Comments starting from page 71 of the Notes on the Financial Statements

## Balance Sheet by Segment

31.12.2023, in KCHF

	Notes *	Segments (by debtor)				SERV
		Public	Private without del credere	Private with del credere	Not assignable	
		(1)	(2)	(3)	(4)	(5)= (1)+(2)+(3)+(4)
<b>Assets</b>						
Cash in hand & at bank		–	–	–	109 120	109 120
Premiums receivables		22 230	471	44 100	–	66 801
Other receivables		–	–	–	171	171
Financial investments maturing in 1 year or less		–	–	–	3 142 820	3 142 820
Accruals and deferrals		–	–	–	1 729	1 729
<b>Total current assets</b>		<b>22 230</b>	<b>471</b>	<b>44 100</b>	<b>3 253 840</b>	<b>3 320 641</b>
Property, plant and equipment		–	–	–	406	406
Intangible assets		–	–	–	12 112	12 112
Financial investments and credit balances maturing in more than 1 year		–	–	–	–	–
<b>Total fixed assets</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>12 517</b>	<b>12 517</b>
Claims from losses and restructuring		50 604	26 810	71 300	–	148 714
Credit balances from debt rescheduling agreements		39 547	46 836	216	–	86 599
<b>Total claims and credit balances from debt rescheduling agreements</b>		<b>90 151</b>	<b>73 646</b>	<b>71 516</b>	<b>–</b>	<b>235 313</b>
<b>Total assets</b>		<b>112 381</b>	<b>74 117</b>	<b>115 616</b>	<b>3 266 357</b>	<b>3 568 471</b>
<b>Liabilities</b>						
Current liabilities		5 289	–	4 682	1 503	11 474
Short-term financial liabilities		746	–	179	–	925
Accruals and deferrals		–	–	–	9 675	9 675
Unearned premiums		125 244	7 231	201 574	–	334 049
Loss provisions	19	241 566	34 372	44 101	–	320 039
Other non-current liabilities		–	–	–	–	–
<b>Subtotal</b>		<b>372 845</b>	<b>41 603</b>	<b>250 536</b>	<b>11 178</b>	<b>676 162</b>
Risk-bearing capital (RBC)		–	–	–	1 124 406	1 124 406
Core capital (CCap)		–	–	–	817 322	817 322
Compensation reserve (CR)		587 547	71 785	191 369	86 508	937 209
Net income (NI)		–97 044	20 877	89 539	–	13 372
<b>Total capital</b>		<b>490 503</b>	<b>92 662</b>	<b>280 908</b>	<b>2 028 236</b>	<b>2 892 309</b>
<b>Total liabilities</b>		<b>863 348</b>	<b>134 265</b>	<b>531 444</b>	<b>2 039 414</b>	<b>3 568 471</b>

\* cf. Comments starting from page 71 of the Notes on the Financial Statements

# ACCOUNTING PRINCIPLES

## Introduction

The accounting and valuation principles (AP) define the accounting principles for SERV and are determined by the Board of Directors (BoD). The version approved by the Board of Directors on 23 August 2021 was applied in the year under review.

The AP follow national and international standards for rendering accounts and are based on the practices of the Swiss private insurance industry. The balance sheet of SERV reflects the actual financial and asset situation as accurately as possible. The principle of individual valuation applies: over- and under-valuations are not set off against each other. All items have been reviewed to verify their accounting suitability and accuracy. The economic perspective takes priority over other possible points of view.

The AP discussed in this section are outlined in abbreviated form. The full text of the AP and their annexes may be viewed at SERV upon request.

Differences in totals in the tables and notes are due to rounding. The full text of the AP and their annexes may be viewed at SERV upon request.

## **Balance sheet items are measured at face value with the exception of the items listed below:**

Accounting: Claims from the insurance business are recorded if a policyholder is indemnified for a loss by SERV and its claim against third parties passes to SERV.

Valuation of claims against public debtors: Value adjustments are calculated on the basis of the official OECD provision rates for expected and actual losses. These rates take into account:

- the country risk at the time of valuation,
- a country's income levels (World Bank classification),
- the classification of a country as a "heavily indebted poor country".

In addition, a collateral surcharge is applied to the value adjustments.

Valuation of claims against private debtors: Individual valuations are carried out on a case-by-case basis for claims against private debtors. Depending on the transaction, arrangements of the export agreement and court rulings, even transactions with identical features (same country, same industry) can lead to different expectations of recoveries. The following criteria are taken into consideration in the valuation as decisive factors that reduce or increase the recoveries in the case of claims against private debtors:

- type of collateral,
- World Bank Rule of Law Index,
- type of security,
- OECD country risk category (CRC),
- number of missed payments,
- probability of restructuring,
- trend in local currency valuation,
- debtor rating prior to incurrence of loss,
- payment transferability and convertibility,
- societal stability in the respective location.

Based on these valuation criteria, the value adjustment percentages for claims against private debtors are determined by means of a decision tree.

### **Intangible assets**

Accounting: Intangible assets are identifiable non-monetary assets without physical substance that are used, inter alia, for the delivery of services. Examples include internally produced or purchased software and patents. The following criteria must be met for intangible assets to be capitalised: identifiability, power of disposal and control by SERV, evidence of future economic benefits, evidence of acquisition or production costs. The capitalisation and inventory limit is CHF 100 000 per asset.

Valuation: Purchased or internally produced intangible assets are initially recognised at cost. Intangible assets are recognised on the basis of a conservative estimate of their future useful life and amortised systematically (normally on a straight-line basis) over that useful life. Where it is not possible to clearly determine the useful life, the amortisation is generally carried out over a period of five years, in justified cases over a maximum of 20 years. The useful life of personal intangible assets may not exceed five years.

The amortisation period for patents and rights is determined according to their term. For software assets, the amortisation period is between five and 20 years, depending on their anticipated useful life.

### **Credit balances from debt rescheduling agreements**

Accounting: Credit balances from debt rescheduling are bundled, which means that several claims of SERV against particular individual countries are consolidated. These credit balances arise after a debtor country has readjusted open items in the Paris Club with a debt rescheduling agreement. Claims from debt rescheduling agreements are denominated in CHF.

Valuation and value adjustments: Value adjustments are calculated on the basis of the official OECD provision rates for expected and actual losses.



### Unearned premiums

Accounting: Unearned premiums are accruals and deferrals; they are premiums that were received in the year under review and in previous years, but which are only earned during the risk period.

Valuation: 20 per cent of premiums are recorded immediately as earned premiums for the administrative share in the current financial year. The remaining 80 per cent of premiums are recorded as income according to the amount of commitment in accordance with risk distribution over the contract term of the individual transactions. In the event of a loss or an early cancellation of the insurance policies, the portion of the premium that has not yet been charged is realised immediately. Consequently, the unearned premium is reversed.

### Loss provisions according to IBNR

Accounting: IBNR provisions (IBNR = incurred but not reported) are provisions for losses that have already occurred but have not yet been reported.

Valuation of flat-rate IBNR provisions: A premium-based model is used for the calculation of the flat-rate IBNR provisions. The flat-rate IBNR provisions are recognised as a proportion of the released unearned premiums. Valuation of case-by-case IBNR provisions: Formation on a case-by-case basis. This is done in cases where a loss has not yet been reported but payment is in arrears past the waiting period. Similar but simplified rules are applied for the valuation of reported losses.

### Provisions for reported losses

Accounting: On receipt of the loss form, SERV immediately recognises a provision in the amount of the probable loss.

Valuation for public debtors: Provisions are calculated on the basis of the official OECD provision rates for expected and actual losses. Because precise assessment of the occurrence probability is hardly possible, a probability of 50 per cent is calculated. As in the case of claims from losses and restructuring, an additional collateral surcharge is also applied here.

Valuation for private debtors: The same method is used as for valuing claims against private debtors.

### Capital

Accounting: In terms of SERV's rendering of accounts, the capital is the residual factor after the accounting and valuation of the other items. It is subdivided into:

- Risk-bearing capital (RBC): The RBC is held back for insurance losses that may be payable by SERV. In accordance with the SERV Ordinance (SERV-V), provisions for losses not yet incurred must be shown as net equity items;

- Core capital (CCap): Extended risk buffer, which is calculated on the assumption that the elements to be valued will deteriorate by one grade on the internal rating scale. The elements to be valued are all concluded and new insurance contracts expected as per growth projections, as well as the balance sheet items “claims from losses and restructuring” and “credit balances from debt rescheduling agreements”;
- Compensation reserve (CR): Balance sheet item that, together with the RBC, CCap and net income (NI), yields SERV capital;
- Net income.

Valuation: The RBC is determined using an actuarial model, taking into account all assets at risk of loss, as the so-called 99.9 per cent quantile of the annual loss distribution. The particular value at risk is calculated with a confidence factor of 99.9 per cent. The CCap is calculated on the basis of the assumption that the elements to be valued of all concluded and new insurance contracts expected as per growth projections, as well as other relevant balance sheet items, will deteriorate by one grade on the internal rating scale. The calculations are made using the same actuarial model as for the calculation of the RBC. The CR is determined arithmetically and is not subject to any valuation.

### **Economic viability**

Calculation: The average expected annual loss is the theoretical average potential loss, weighted for one year with the probabilities of default. This calculation is based on ratings, default probabilities and assumed recovery rates. The other items in the proof of economic viability are obtained from the income statement.

# NOTES ON THE FINANCIAL STATEMENTS

Individual items of the income statement, the balance sheet and segment accounting are explained in more detail in this chapter. Firstly, items shown net in the financial statements are broken down to rend the calculation of net results transparently. This is significant particularly in the case of claims from losses, claims from restructuring, credit balances from debt rescheduling agreements and loss provisions, as these are valued in accordance with the accounting principles (AP) and reported on a net basis. Additionally, the allocation formula used in the segment accounting for those items that are not directly assignable to one of the three segments is made transparent. In the balance sheet by segment, there is no breakdown by the three segments of cash in hand and at bank, cash investments, current liabilities, short-term liabilities and capital. Doing so would not yield meaningful information. The comments are numbered according to the numbers in the Financial Statements.

## Regarding the income statement

[1] On “Premium income”: The item “Premium income” amounting to CHF 88.1 million is comprised of income from insurance premiums in the sum of CHF 114.1 million minus premium payments from reinsurance totalling CHF 26.0 million.

[2] On “Loss expenses”: Loss expenses of CHF 222.3 million comprise the formation of provisions for incurred but not reported (IBNR) cases amounting to CHF 46.0 million, the formation of provisions for reported losses totalling CHF 126.0 million, and the change in value adjustments on losses of CHF 5.3 million (cf. Loss expenses by segment, p. 77). Losses amounting to CHF 44.3 million were definitively written off in 2023. The losses written off largely related to risks in Brazil, India, Russia, Switzerland and Türkiye. The CHF 0.7 million under other loss expenses includes costs for recovery measures.

[3] On “Debt rescheduling income”: Debt rescheduling results amounting to CHF 26.6 million are reported net. This item consists of the reversal of value adjustments on debt rescheduling balances amounting to CHF 26.7 million and the writing-off of credit balances against debtor countries totalling CHF –0.1 million (cf. Debt rescheduling results by segment, p. 77).

[4] On “Other income”: The CHF 6.9 million in other income largely originates from the capitalisation of the project costs (personnel and non-personnel expenses) for the Phoenix IT project.

### Regarding the balance sheet

[5] On “Short-term cash investments”: All cash investments on the reporting date were held with the Swiss Confederation in the form of an investment account.

[6] On “Intangible assets”: The CHF 12.1 million under intangible assets originates from the capitalisation of the project costs (personnel and non-personnel expenses) of SERV’s Phoenix IT project.

[7] On “Claims from losses and restructuring”: SERV’s claims from losses and the claims from restructuring with public debtors (cf. Claims from restructuring with public debtors (with value adjustment) p. 74) were valued in accordance with the AP (cf. Accounting Principles, p. 67) and were then reported as net claims. In the year under review, claims from losses decreased by CHF 27.1 million. The claims paid totalling CHF 53.6 million related to Argentina, Bangladesh, Brazil, Egypt, El Salvador, Ghana, India, Italy, Mexico, Paraguay, Switzerland, Tanzania, Ukraine, the United Arab Emirates, Uruguay and Zambia.

[8] On “Credit balances from debt rescheduling agreements”: The credit balances from debt rescheduling agreements (cf. Credit balances from debt rescheduling agreements, p. 76) were reported as net credit balances. The largest movements occurred in Serbia (reduction of CHF 12.8 million).

[9] On “Loss provisions”: SERV recognised IBNR provisions for losses amounting to CHF 108.7 million and provisions for reported losses of CHF 211.3 million (cf. Accounting principles, p. 67). Loss provisions totalled CHF 320.0 million.

[10] On “Other non-current liabilities”: This involves a cash deposit made by an exporter that was paid due to a changed risk situation in connection with ongoing counter guarantees. This cash deposit is reduced by the same ratio as SERV’s risk decreased by means of a reduction of the counter guarantee. The cash deposit was fully repaid in 2023.

### Regarding the cash flow statement

[11] On “Premium payments”: Net premium payments (less payments to reinsurers) totalled CHF 37.7 million. It should be noted that a large proportion of the premiums invoiced in the financial year will not be paid until the following year.

### Regarding income statement by segment

[12] On “Premium income”: Premium income was directly allocated to segments. Premium income per segment is shown in the table on page 77.

[13] On “Interest income from debt rescheduling agreements” – allocation formula: Interest income from debt rescheduling agreements was distributed to the individual segments in proportion to debt servicing (agreed principal and interest repayments) for each country.

[14] On “Loss expenses”: Loss expenses were allocated directly to the segments. The table on page 77 shows loss expenses incurred per segment.

[15] On “Debt rescheduling results”: Debt rescheduling results were allocated directly to the segments. The table on page 77 shows debt rescheduling results incurred per segment.

[16] On “Personnel expenses” – allocation formula: Personnel expenses were allocated to individual segments according to the number of new contracts per debtor category, less contracts with a duration of less than one year but including cover for secondary risks and the adjusted number of new contracts in multi-buyer insurance on the basis of the actual expenses incurred.

[17] On “Non-personnel expenses”: Non-personnel expenses were allocated to individual segments analogously to the allocation of personnel expenses.

[18] On “Financial income” – allocation formula: Financial income was allocated to individual segments as a proportion of the income generated per segment from insurance and expense premiums in the year under review (cf. Comment 12).

### **Regarding the balance sheet by segment**

[19] On “Loss provisions”: The loss provisions per segment are shown in the table “Loss Provisions by Segment” on page 77.

## Development of Property, Plant and Equipment & Intangible Assets

in KCHF

	Property, plant and equipment		Intangible assets	
	2023	2022	2023	2022
<b>Acquisition costs</b>				
Value as at 1 January	2 446	2 959	10 570	7 216
Additions	269	291	6 624	3 354
Disposals	- 143	- 804	-	-
Other changes, transfers	-	-	-	-
<b>Value as at 31 December</b>	<b>2 572</b>	<b>2 446</b>	<b>17 194</b>	<b>10 570</b>
<b>Cumulative depreciation</b>				
Value as at 1 January	2 020	2 440	2 826	2 826
Additions	289	377	2 256	-
Disposals	- 143	- 797	-	-
Impairment	-	-	-	-
<b>Value as at 31 December</b>	<b>2 167</b>	<b>2 020</b>	<b>5 082</b>	<b>2 826</b>
<b>Book value as at 31 December</b>	<b>405</b>	<b>426</b>	<b>12 112</b>	<b>7 744</b>

## Claims from Losses and Restructuring (with value adjustment)

in CHF million

	31.12.2023			31.12.2022			Change (7)=(3)-(6)
	SERV claims (1)	Value adjustment (2)	Net claims (3)=(1)+(2)	SERV claims (4)	Value adjustment (5)	Net claims (6)=(4)+(5)	
<b>Value adjustment on claims from losses</b>							
Saudi Arabia	128.4	- 94.0	34.4	128.4	- 77.0	51.4	- 17.0
Switzerland	102.3	- 81.5	20.8	107.5	- 87.4	20.1	0.7
Greece	50.7	- 42.7	8.0	50.7	- 42.7	8.0	0.0
Türkiye	50.2	- 22.7	27.5	54.6	- 27.9	26.7	0.8
Cuba	47.6	- 31.5	16.1	47.6	- 31.4	16.2	- 0.1
Zimbabwe	37.2	- 28.8	8.3	37.4	- 26.2	11.2	- 2.9
Zambia	37.1	- 34.7	2.4	25.4	- 23.2	2.2	0.2
United Arab Emirates	30.2	- 23.4	6.8	13.5	- 10.5	3.1	3.7
India	15.7	- 11.9	3.9	43.3	- 29.1	14.2	- 10.3
Indonesia	13.1	- 11.6	1.5	13.2	- 9.4	3.8	- 2.3
Other countries	12.9	- 12.8	0.1	44.1	- 44.1	0.0	0.1
	<b>525.3</b>	<b>- 395.5</b>	<b>129.8</b>	<b>565.7</b>	<b>- 408.8</b>	<b>156.9</b>	<b>- 27.1</b>
<b>Claims from restructuring with public debtors (with value adjustment)</b>							
North Korea	188.9	- 170.0	18.9	188.9	- 170.0	18.9	-
	<b>188.9</b>	<b>- 170.0</b>	<b>18.9</b>	<b>188.9</b>	<b>- 170.0</b>	<b>18.9</b>	<b>-</b>
<b>Total claim from losses and restructuring</b>			<b>148.7</b>			<b>175.8</b>	<b>- 27.1</b>

**Value Adjustment on Claims from Losses and Restructuring**

in CHF million

	31.12.2023					31.12.2022					Change
	Total claims	Share 3rd parties*	SERV			Total claims	Share 3rd parties*	SERV			
			Share	Value adjustment	Net claims			Share	Value adjustment	Net claims	
(1)	(2)	(3)=(1)-(2)	(4)	(5)=(3)+(4)	(6)	(7)	(8)=(6)-(7)	(9)	(10)=(8)+(9)	(11)=(5)-(10)	
North Korea	216.3	27.4	188.9	- 170.0	18.9	216.3	27.4	188.9	- 170.0	18.9	-
<b>Total</b>	<b>216.3</b>	<b>27.4</b>	<b>188.9</b>	<b>- 170.0</b>	<b>18.9</b>	<b>216.3</b>	<b>27.4</b>	<b>188.9</b>	<b>- 170.0</b>	<b>18.9</b>	<b>-</b>

\* policyholders or assignees

**Credit Balances from Debt Rescheduling Agreements (with value adjustment)**

in CHF million

	31.12.2023						31.12.2022						Change	
	Total credit balance	Share Confederation	Share 3rd parties	SERV			Total credit balance	Share Confederation	Share 3rd parties	SERV				Net credit balance
				Share	Value adjustment	Net credit balance				Share	Value adjustment	Net credit balance		
				(4)= (1)-(2)-(3)	(5)	(6)=(4)+(5)				(10)= (7)-(8)-(9)	(11)	(12)= (10)+(11)		
(1)	(2)	(3)	(4)= (1)-(2)-(3)	(5)	(6)=(4)+(5)	(7)	(8)	(9)	(10)= (7)-(8)-(9)	(11)	(12)= (10)+(11)	(13)=(6)-(12)		
Sudan	144.9	91.7	-	53.3	-47.9	5.3	144.9	91.7	-	53.2	-47.9	5.3	-	
Cuba	117.5	-	30.6	87.0	-64.4	22.6	116.4	-	30.2	86.2	-64.4	21.8	0.8	
Argentina	90.7	-	17.3	73.4	-28.4	45.0	93.4	-	19.8	73.6	-24.9	48.7	-3.7	
Pakistan	40.5	3.0	1.9	35.6	-35.6	-	57.8	3.1	3.2	51.5	-51.5	-	-	
Iraq	18.7	-	6.6	12.1	-12.1	-	25.5	-	8.1	17.4	-17.4	-	-	
Bosnia and Herzegovina	18.5	-	4.6	13.9	-3.0	10.9	19.8	-	4.9	14.9	-11.2	3.7	7.2	
Serbia	9.7	-	2.6	7.1	-4.5	2.6	27.2	-	7.3	19.9	-4.5	15.4	-12.8	
Honduras	1.5	-	0.1	1.4	-1.3	0.1	1.6	-	0.1	1.5	-1.3	0.2	-0.1	
Cameroon	0.7	-	0.1	0.6	-0.6	-	1.1	-	0.2	0.9	-0.9	-	-	
Montenegro	0.2	-	0.0	0.1	-0.1	0.0	0.5	-	0.2	0.3	-0.3	-	-	
Egypt	-	-	-	-	-	-	-	-	-	-	-	-	-	
Bangladesh	-	-	-	-	-	-	0.3	0.1	-	0.2	-0.2	-	-	
Indonesia	-	-	-	-	-	-	0.3	0.3	-	-	-	-	-	
<b>Total credit balances from debt rescheduling agreements</b>	<b>443.0</b>	<b>94.7</b>	<b>63.8</b>	<b>284.5</b>	<b>-197.9</b>	<b>86.6</b>	<b>488.8</b>	<b>95.2</b>	<b>74.0</b>	<b>319.6</b>	<b>-224.5</b>	<b>95.1</b>	<b>-8.6</b>	



## Premium Income by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public (1)	Private without del credere (2)	Private with del credere (3)	(4)=(1)+(2)+(3)
Premium income from insurance premiums	50 842	– 241	55 546	106 147
Premium income from expense premiums (e.g. review premiums)	1 754	640	5 600	7 994
Premiums from reinsurance	–	2	– 269	– 267
Premiums for reinsurance	– 15 076	–	– 10 678	– 25 754
<b>Total premium income</b>	<b>37 520</b>	<b>401</b>	<b>50 199</b>	<b>88 120</b>

## Loss Expenses by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public (1)	Private without del credere (2)	Private with del credere (3)	(4)=(1)+(2)+(3)
Provision for losses IBNR	– 56 525	10 367	200	– 45 958
Provision for reported losses	– 128 665	–	2 621	– 126 044
Change in value adjustments	– 21 239	– 3 281	19 258	– 5 262
Definitive loss write-offs	–	–	– 44 343	– 44 343
Other loss expenses	–	–	– 679	– 679
<b>Total loss expenses</b>	<b>– 206 429</b>	<b>7 086</b>	<b>– 22 943</b>	<b>– 222 286</b>

## Debt Rescheduling Results by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public (1)	Private without del credere (2)	Private with del credere (3)	(4)=(1)+(2)+(3)
Transfers of capital or interest to new or different agreements	–	–	–	–
Change in value adjustments	10 066	9 877	6 721	26 664
Write-offs of credit balances against debtor countries	– 101	–	–	– 101
<b>Total debt rescheduling results</b>	<b>9 965</b>	<b>9 877</b>	<b>6 721</b>	<b>26 563</b>

## Loss Provisions by Segment

31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public (1)	Private without del credere (2)	Private with del credere (3)	(4)=(1)+(2)+(3)
IBNR	59 636	34 372	14 714	108 722
Reported losses	181 930	–	29 387	211 317
<b>Loss provisions</b>	<b>241 566</b>	<b>34 372</b>	<b>44 101</b>	<b>320 039</b>

# PROOF OF CAPITAL

As of 31 December 2023, SERV held capital of CHF 2.892 billion, CHF 13.4 million more than the previous year.

Risk-bearing capital (RBC) and core capital (CCap) together totalled CHF 1.942 billion at the end of 2023, CHF 129.5 million less than the previous year. This change is the result of changes in exposure, OECD country risk categories (CRCs), default probabilities and foreign currency effects. The compensation reserve (CR) is a net balance sheet item and amounted to CHF 937.2 million at the end of 2023. This represents an increase of CHF 176.2 million compared to the previous year (including CHF 46.7 million in allocated net income (NI) from the 2022 financial year). The CR provides SERV with leeway for additional cover and allows it to manage the major volatility it is exposed to through country downgrades due to political and economic crises (increased demand for RBC, CCap or value adjustments on debt rescheduling balances) and through elevated losses. This allows SERV to provide the Swiss export industry with effective support even in difficult times.

## Proof of Capital

31.12.2023, in KCHF

	31.12.2022	Allocation net income previous year	Net income in 2023	Shifts	31.12.2023
	(1)	(2)	(3)	(4)	(5)= (1)+(2)+(3)+(4)
Risk-bearing capital (RBC)	1 106 383			18 023	1 124 406
Core capital (CCap)	964 869			- 147 547	817 322
Compensation reserve (CR)	761 019	46 665		129 524	937 209
Net income (NI)	46 665	- 46 665	13 372		13 372
<b>Capital</b>	<b>2 878 936</b>	<b>-</b>	<b>13 372</b>	<b>-</b>	<b>2 892 309</b>

# OTHER NOTES

## Legal form and registered office

SERV is an institution under public law with the status of an independent legal entity under the Swiss Confederation. Its tasks and services as well as the basic features of its organisation are laid down in the Swiss Export Risk Insurance Act of 16 December 2005 (SERVG) SR 946.10 (as of 1 January 2016). SERV is independent in its organisation and management and conducts its own accounts (Art. 3 SERVG).

SERV's registered office is at Genferstrasse 6 in Zurich. It has an office at Avenue d'Ouchy 47 in Lausanne. An employee based at that location provides support for customers in French-speaking Switzerland.

## Significant events after the balance sheet date

From 31 December 2023 to 28 February 2024, no events occurred that would have to be disclosed here.

## Auditors

In 2023, the auditors received a fee (excl. VAT) of KCHF 66.6 (previous year: KCHF 66.6) for auditing the 2023 financial statements. In addition, the auditors received KCHF 2.8 (previous year: 0) for additional services.

## Reporting to the Confederation

SERV is subject to the supervision of the Federal Council and, ultimately, of Parliament (cf. Art. 32 SERVG). The Federal Council defines SERV's strategic goals for four years at a time and reviews them periodically. SERV regularly updates the Federal Council on the achievement of its objectives and on its business results. In addition, it provides information on its business results to the sub-committees of the Finance Committees each year and to the sub-committees of the Control Committees of the National Council and Council of States every four years.

The electronic version of the current annual report can be found at [report.serv-ch.com](https://report.serv-ch.com).



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## **Report of the Statutory Auditor of the Swiss Export Risk Insurance to the Federal Council**

### **Report on the Audit of the Financial Statements 2023**

#### **Opinion**

We have audited the financial statements of Swiss Export Risk Insurance (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, the cash flow statement, proof of economic viability, segment accounting and notes to the financial statements, including a summary of significant accounting policies for the year then ended depicted on pages 61 to 79.

In our opinion, the financial statements comply with the accounting principles set out in the notes.

#### **Basis for Opinion**

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and 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 Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, 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.

#### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information 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 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.

#### **Board of Directors' Responsibilities for the Financial Statements**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the accounting principles outlined in the annex, and for such internal control as the Board



**Swiss Export Risk Insurance,  
Zurich**

Report of the Statutory Auditor  
to the Federal Council on the Financial  
Statements

of Directors determines is necessary to enable the preparation 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 Company'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 Company 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 Swiss law and SA-CH 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 Swiss law and SA-CH, 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 Company'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 Company'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 Company to cease to continue as a going concern.

We communicate with the Board of Directors 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.



**Swiss Export Risk Insurance,  
Zurich**  
Report of the Statutory Auditor  
to the Federal Council on the Financial  
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### **Report on Other Legal and Regulatory Requirements**

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements including the proof of economic viability submitted to you be approved.

KPMG AG

A handwritten signature in blue ink, appearing to read 'Oliver Windhör', written over a light blue horizontal line.

Oliver Windhör  
Licensed Audit Expert  
Auditor in Charge

A handwritten signature in blue ink, appearing to read 'Lukas Kündig', written over a light blue horizontal line.

Lukas Kündig  
Licensed Audit Expert

Zurich, 28 February 2024