SERV Swiss Export Risk Insurance
Annual Report

2023

Schweizerische Exportrisikoversicherung
Assurance suisse contre les risques à l'exportation
Assicurazione svizzera contro i rischi delle esportazioni
Swiss Export Risk Insurance

serv

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FINANCIAL HIGHLIGHTS

NEW COMMITMENT

2 641 CHF M

INCOME FROM INSURANCE

188 CHF M

PROPORTION OF SMES IN THE CLIENT BASE

81%

LOSS EXPENSES

222 CHF M

ECONOMIC VIABILITY

112 CHF M

The surplus cover in the economic viability calculation amounted to CHF 112 million.

COMMITMENT BY INDUSTRY
in CHF million, as at 31 December

Chemicals & pharmaceuticals
Metalworking
Electronics
Power generation & distribution
Mechanical engineering
Rolling stock & railway technology
Engineering
Other industries

COMMITMENT BY OECD COUNTRY RISK CATEGORY
in CHF million, as at 31 December

CRC 0
CRC 1
CRC 2
CRC 3
CRC 4
CRC 5
CRC 6
CRC 7

COMMITMENT

7892 CHF M

Obligation in CHF million	31.12.2023	31.12.2022
Framework of obligation	14 000	14 000
Insurance obligations	9 674	10 174

Current exposure in CHF million	31.12.2023	31.12.2022
Commitment: insurance policies (IP)	7 892	8 315
Insurance commitments in principle (ICP)	1 782	1 859
Exposure	**9 674**	**10 174**

New exposure in CHF million	2023	2022
New commitment: insurance policies (IP)	2 641	3 296
Insurance commitments in principle (ICP)	1 791	1 434

Balance sheet in CHF million	31.12.2023	31.12.2022
Cash in hand & at bank and cash investments	3 252	3 187
Claims from losses and restructuring	149	176
Credit balances from debt rescheduling agreements	86	95
Unearned premiums and provisions	654	585
Capital	2 892	2 879

Income statement in CHF million	2023	2022
Earned premiums	171	121
Interest income from debt rescheduling agreements	18	10
Loss expenses	– 222	– 97
Debt rescheduling results	27	15
Profit/loss on insurance	**– 8**	**49**
Personnel expenses	– 17	– 17
Non-personnel expenses	– 13	– 8
Financial income	11	1
Other income	7	4
Operating profit/loss	**– 20**	**29**
Interest income from cash investments	34	17
Net income (NI)	**13**	**47**

Number of employees *		
Number	86	79
Full-time equivalents	79.8	72.2
Average number of full-time equivalents by year	79.4	72.5

*Including IT project employees

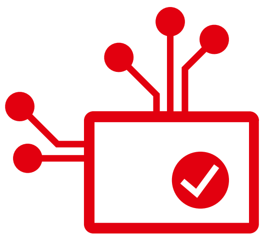
HIGHLIGHTS

TXF “Perfect Deal of the Year” award

TXF presents annual awards for notable achievements and transactions in the export finance industry. In 2023, SERV won the Overall Deal of the Year prize for its Cotton, Spinning, Weaving & Garment project in Egypt.

2023 Pathfinding Strategy

Launched in 2019, SERV’s Pathfinding Strategy is once again bearing fruit: in 2023, SERV insured three projects in Senegal, Benin and Ivory Coast via its Pathfinding Strategy, as a result of which more than 30 exporters, for the most part SMEs, were awarded subcontracts.



IT project completed

In November, SERV successfully completed its IT project. The aim of the two-year project was to modernise the technical and functional aspects of the core applications used in its insurance business. SERV now has the necessary prerequisites to consistently implement its digital strategy.

OECD regulatory framework modernised

Following intensive discussions, the 2023 revision of the OECD Arrangement can be considered a milestone. During the negotiations, which took several years, SERV advocated simplified rules that offer greater flexibility. The associated sector understanding (“CCSU”) also allows more climate-friendly projects to benefit from the increased flexibility.

FOREWORD

Barbara Hayoz (Chairwoman of the Board) and Peter Gisler (Chief Executive Officer)

The Swiss Export Risk Insurance (SERV) can once again look back on an interesting business year. The past year was marked by uncertainty in export markets as well as current geopolitical developments with their protectionist consequences. SERV has observed the emergence of industrial policy measures in many markets and sees the risk of an international subsidy race developing, in which the respective export credit agencies (ECAs) will play a key role. In contrast, Switzerland continues to favour sound framework conditions for the export industry.

Impact of geopolitics

Geopolitical developments – the intensification of competition between China and the US, the Russia-Ukraine war, armed conflicts in the Middle East, the slowdown, or partial reversal, of globalisation and much more – have a direct impact on SERV's business and that of its clients.

High inflation, volatile commodity and energy prices, trade disputes and sanctions, and the restructuring of global supply chains are clouding the economic outlook in many places. Increased import prices, subsidy payments and high capital market interest rates are also impacting on public finances and debt burdens in many emerging and frontier markets. In addition, there is political uncertainty caused by social unrest, terrorism and internal and inter-state conflicts. Overall, risks and uncertainties have increased worldwide, and Switzerland's export-oriented companies are directly exposed to the impact of these geopolitical disruptions.

They are challenged not only by the availability and cost of raw materials and energy, the choice of production locations and the disruption of supply chains, but also by their strategic focus on specific sales markets and a generally increased payment risk. How did these developments affect SERV's results in the year under review?

Developments in 2023

New business fell slightly to CHF 4.4 billion compared to the previous year (2022: CHF 4.7 billion), which was largely attributable to 131 fewer insurance policies (IP) being issued. The total number of newly issued insurance commitments in principle (ICP), 129, remained at the same level as the previous year. In the year under review, SERV recorded exceptionally high loss expenses of CHF 222 million, mainly due to payment defaults in Ethiopia and Ghana. This year was exemplary in that the positive net result of CHF 13.4 million was heavily influenced by special effects such as early contract terminations, interest income from debt rescheduling agreements and currency gains. At CHF 33.5 million, interest income from investments with the Swiss Federal Treasury reached the same level as in SERV's founding years from 2007 to 2009, thus fully covering personnel and material costs.

How can SERV support Swiss exporters even more effectively in the challenging year ahead? For example, by opening up new markets, which are becoming increasingly important through nearshoring, or by establishing more robust supply chains. SERV helps companies to cover themselves against increased risks in export markets. For SERV, increased uncertainty means potentially increased demand for its insurance policies, but also potentially higher losses.

"And therefore, we can say at the end of 2023: a changing world brings new challenges while also opening up opportunities."

BARBARA HAYOZ
CHAIRWOMAN OF THE BOARD OF DIRECTORS

SERV continues to be an important instrument for promoting Swiss foreign trade. Its strategy and core values have proven their worth in times of political and economic uncertainty. Through its guarantee and insurance services, it plays a key role in enabling the domestic export industry to operate successfully in a challenging market environment.

For the new 2024–2027 strategy period, the Federal Council has instructed SERV to further develop its role as a trade facilitator and play an important part in enabling Swiss companies, and SMEs in particular, to gain access to major infrastructure projects abroad. Efforts in the area of sustainability are also gaining in importance. This is an area where SERV has already taken important steps by adopting its climate strategy. The Federal Council also attaches great importance to ensuring that SERV's services continue to meet the needs of Swiss export-oriented companies and remain internationally competitive.

Opportunities in global infrastructure projects

The Pathfinding Strategy adopted by the Board of Directors (BoD) is based on the Federal Council's strategic objectives and aims to give Swiss companies the opportunity to participate in major international infrastructure projects, expand their international presence and thus consolidate their long-term success. In view of the high global demand for infrastructure investments, particularly in connection with climate protection, opportunities are opening up for Swiss companies and SMEs in particular. In this context, SERV's very close cooperation with its partners as part of the "Team Switzerland Infrastructure" should be highlighted. In addition to SERV, this currently includes the relevant organisations in Switzerland, in particular SECO, Switzerland Global Enterprise (S-GE), Swissmem, Swissrail and suisse.ing.

In the coming years, SERV will also be dealing with topics such as digitalisation, sustainability and the transformation to a climate-neutral economy. All these topics are overshadowed by the consequences of climate change, such as heatwaves and the loss of biodiversity. SERV is autonomous and self-financing.

Review of the SERV Act

The ability to adapt to crises and structural change is an important issue for SERV as well as for export-oriented companies. SERV's legal basis has been in force for some time. With the exception of selective amendments following the financial crisis, the SERV Act (SERVG) has never been systematically reviewed. SERV therefore considers it important that a revision of the Act is considered, with a view to maintaining the competitiveness of the Swiss export industry.

The fundamental question is how SERV should handle the switch from traditional bipolar trade relations to a globally networked economy. This switch, which has been under way for some time, is resulting in the global integration of markets, companies, value creation and financing. As a result, the national allocation of economic activities is becoming blurred and the traditional export business is being infiltrated by new multinational elements.

“SERV is strategically and structurally well positioned to drive forward its transformation into a trade facilitator. It is aiming first and foremost to boost the Swiss export economy and give companies access to infrastructure projects.”

PETER GISLER
CHIEF EXECUTIVE OFFICER

In this environment, the attractiveness of Switzerland as a business location must be maintained for companies that can count on the support of export credit insurers elsewhere.

On behalf of SERV and all our employees, we would like to thank our clients for their cooperation, trust and loyalty in these challenging times. We look forward to continuing to actively support you in your export business.

Barbara Hayoz
Chairwoman of the Board of Directors

Peter Gisler
Chief Executive Officer

FINANCIAL YEAR 2023

The Eastern Europe & Central Asia region accounted for the largest proportion of new commitments, followed by Sub-Saharan Africa and the Middle East & North Africa. A railway project in Kazakhstan was the most significant of these new commitments.

PREMIUM INCOME
in CHF million
88.1

NEW COMMITMENT
in CHF bn
2.6

SERV issued new insurance policies worth CHF 2.641 billion for Swiss exporters in the 2023 financial year. The successful acquisition of new customers could not compensate for the decline in applications.

At CHF 2.641 billion, new commitment was lower than in the previous year (CHF 3.296 billion). The Eastern Europe & Central Asia region accounted for the largest proportion, followed by Sub-Saharan Africa and the Middle East & North Africa. SERV's largest new commitment was for a railway project in Kazakhstan. Other countries with new commitment of more than CHF 100 million were Türkiye, Bangladesh, Benin (see sustainability case study), Egypt, Senegal, China, Iraq and the UK.

As usual, the figures for new commitments were heavily influenced by individual large projects. In the year under review, SERV insured various infrastructure projects in the railway and energy sectors. In the important textile sector, SERV again supported a number of export transactions in Benin, Egypt, Türkiye and Uzbekistan. SERV frequently supports the financing of major projects with buyer credit insurance.

Insurance policies for large projects in Russia and Brazil were terminated prematurely. As a result, premiums totalling approximately CHF 45 million were refunded. This meant that premium income for the year was lower than would have been expected in view of the newly insured large projects.

Insurance income of CHF 188.2 million includes interest income of CHF 17.6 million from debt rescheduling. Following the posting of loss expenses of CHF 96.9 million in the previous year, loss expenses were very high at CHF 222.3 million in 2023. SERV had to make significant provisions for losses and imminent losses in Ghana and Ethiopia. As such receivables can be rescheduled under multilateral agreements, SERV can expect to recover part of the indemnified amounts in the long term. Contrary to expectations, no significant loss expenses were incurred from insured transactions with Russia in 2023.

“Through our regional banking strategy, we want to ensure that more SMEs are informed about SERV’s support options.”

LARS PONTERLITSCHEK
CHIEF INSURANCE OFFICER

Marketing & acquisition

SERV focused its acquisition efforts on two topics in 2023. The first focus was the implementation of the Pathfinding Strategy. By actively marketing in buyers’ markets, it gives Swiss exporters access to major international projects, particularly those in the infrastructure sector. In collaboration with SECO, Switzerland Global Enterprise (S-GE), Swissmem, Swissrail and Suisse.ing, SERV forms part of the “Team Switzerland Infrastructure”, which jointly markets Swiss industry’s expertise in international infrastructure projects in buyers’ markets and the attractive financing opportunities opened up by SERV cover. The team’s activities during the year included accompanying Federal Councillor Parmelin on a visit to Brazil in July 2023. SERV was part of a large economic and scientific delegation led by the Federal Council.

In 2023, SERV insured three projects in Senegal, Benin and Ivory Coast via its Pathfinding Strategy, as a result of which, more than 30 exporters, for the most part SMEs, were awarded subcontracts. Several new projects are already in the pipeline for 2024.

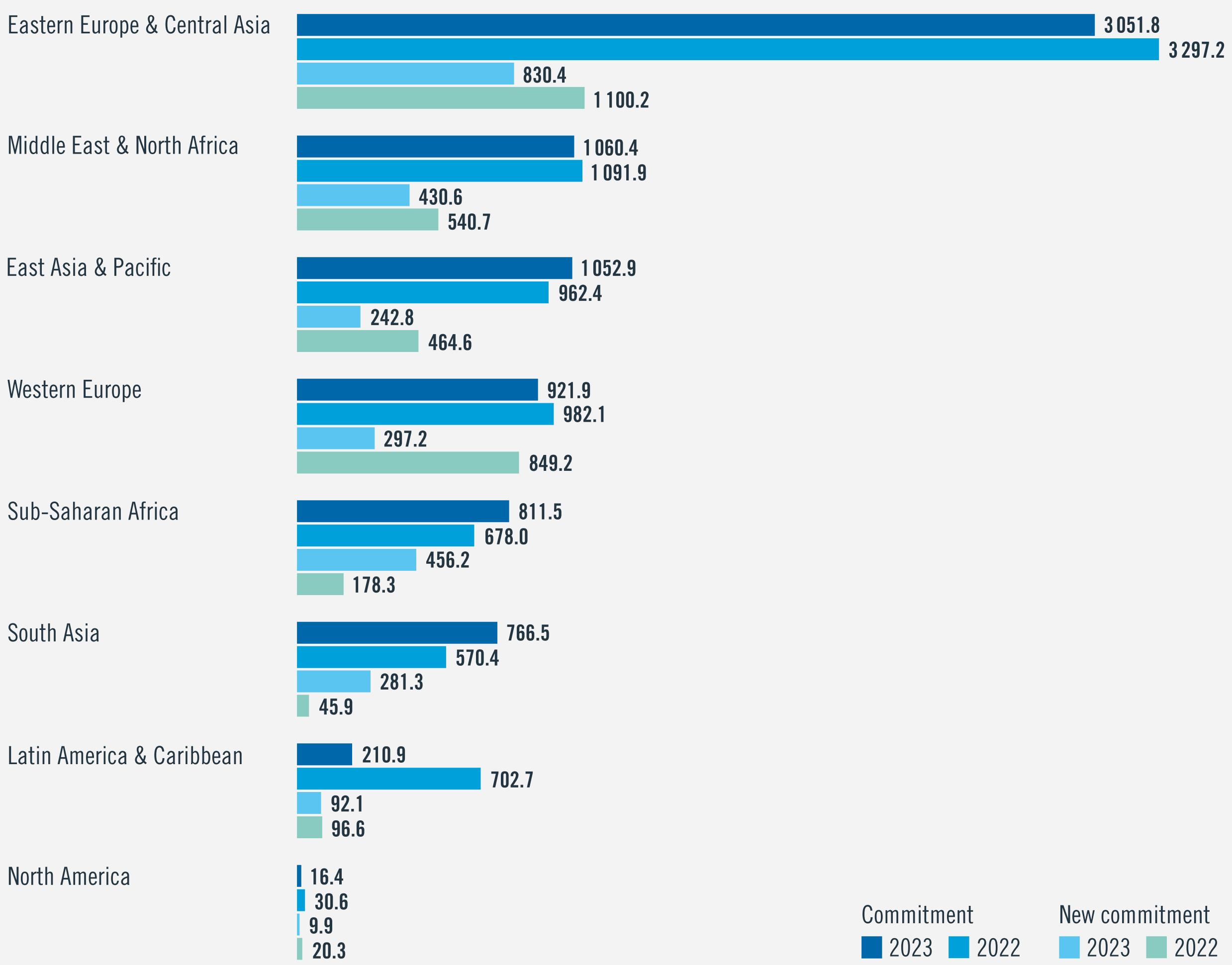
The second focus was the development of the regional banking strategy. It is well known that banks are important multipliers in the export financing ecosystem and are able to put exporters in touch with SERV. Targeted training for corporate client advisors at Swiss banks is being employed to raise awareness of SERV products among SMEs. With regard to SME acquisition, 40 new customers were acquired in the year under review, 36 of which were SMEs.

Development of applications and new exposure

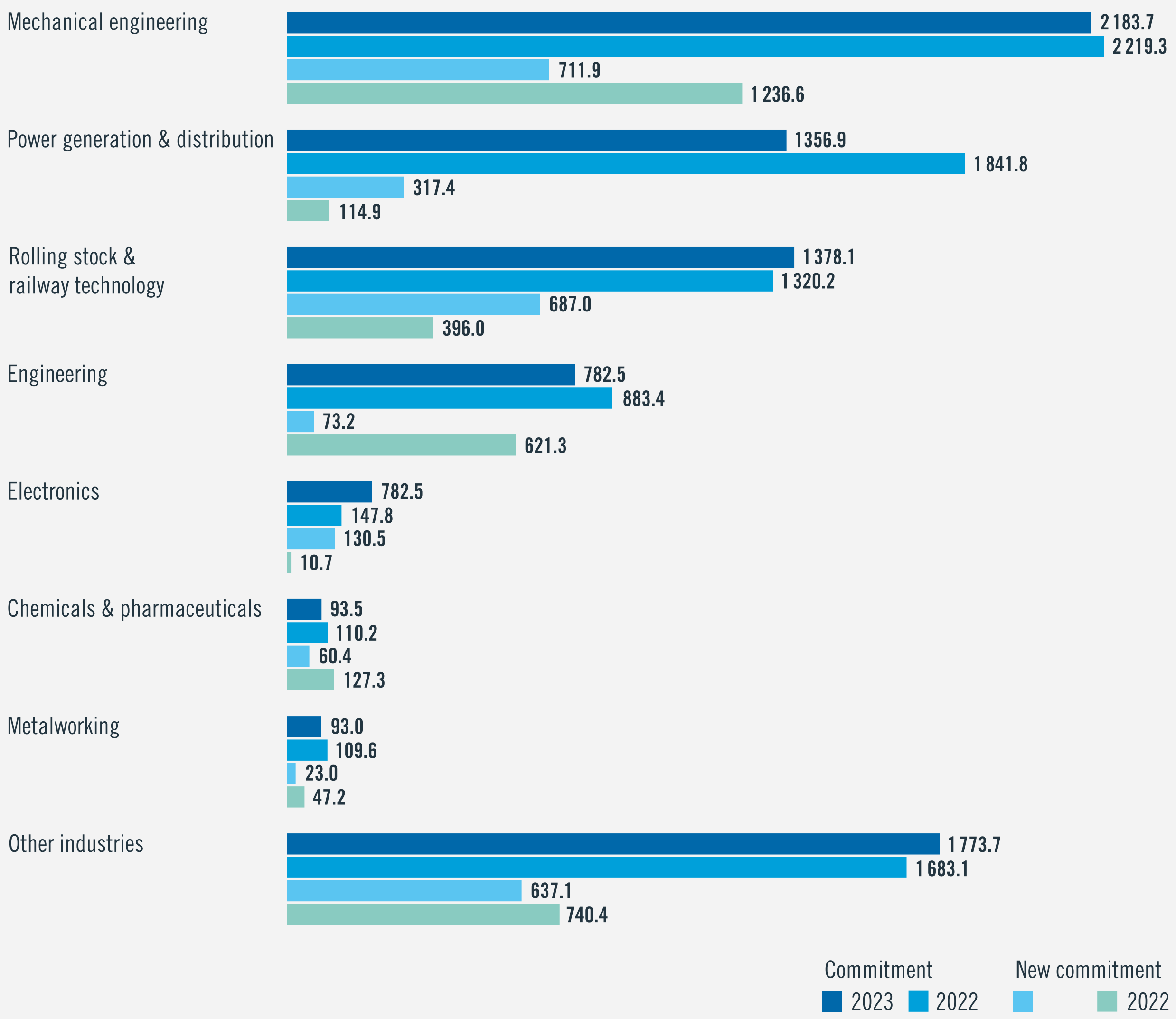
SERV approved 580 new applications in 2023, of which 451 were insurance policies (IPs) and 129 insurance commitments in principle (ICPs). The value of those 580 applications is significantly down on the figures achieved in the past. In the context of the gloomy outlook for the Swiss export economy, this decline is due to a general drop in demand for SERV insurance products. New exposure fell slightly from CHF 4.730 billion to CHF 4.432 billion. As ever, the volumes of insured transactions ranged widely, between CHF 75 500 and CHF 500 million. As is customary, the majority of transactions insured by SERV were for SMEs, which received around 80 per cent of the IPs. For ICP, demand for projects in Angola was high and SERV entered into an exposure of CHF 775 million there. The trend towards increased demand for buyer credit insurance with long credit periods, which was already evident in the previous year, continued in 2023. Three-quarters of the new exposure was for credit transactions with terms of more than two years.

Liquidity products are particularly important for SMEs. These include working capital insurance and counter guarantees. The number of working capital insurance policies issued rose from 47 to 56, while the number of counter guarantees issued remained stable at 159.

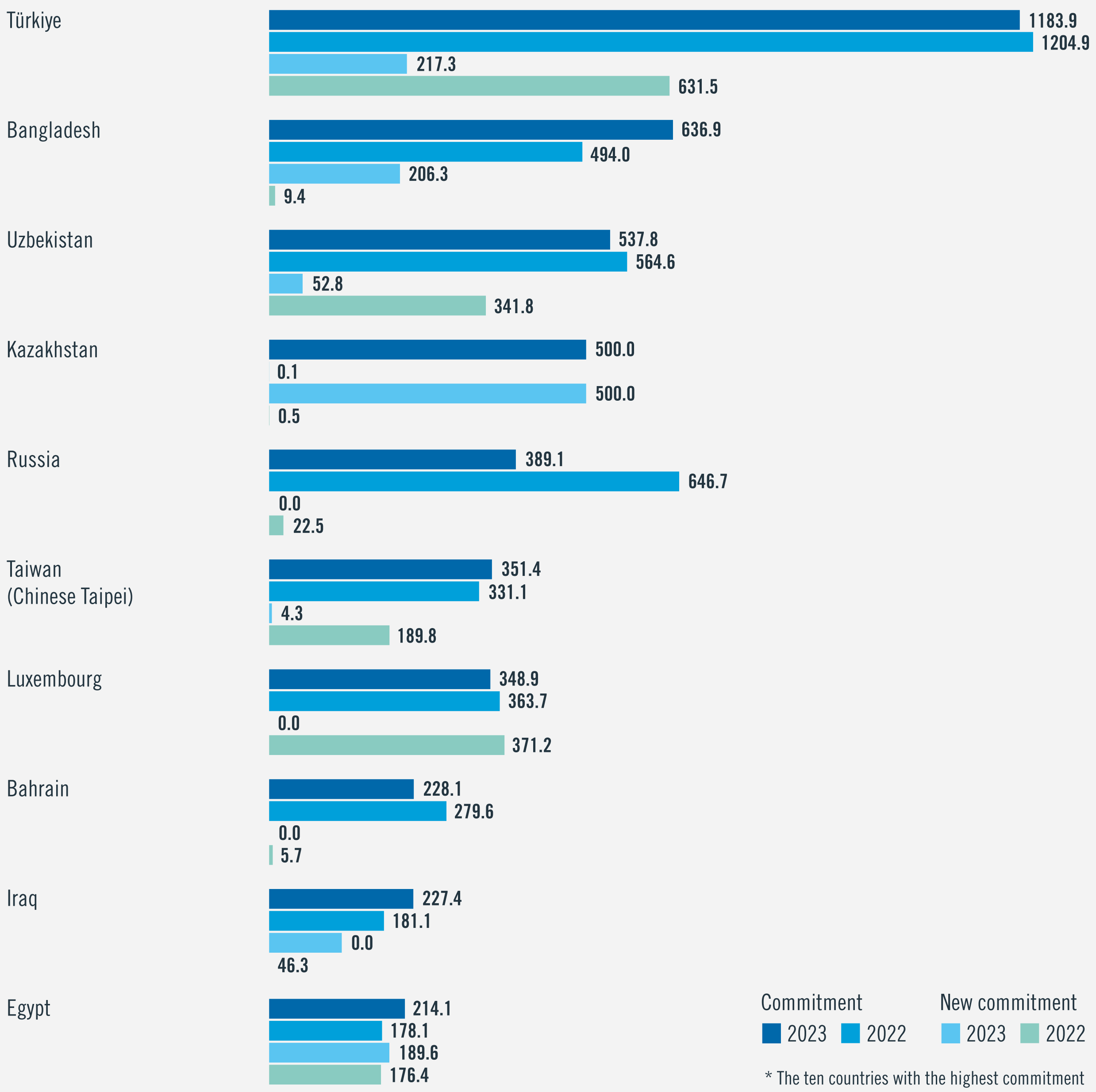
COMMITMENT & NEW COMMITMENT BY REGION
in CHF million, as at 31 December



COMMITMENT & NEW COMMITMENT BY INDUSTRY
in CHF million, as at 31 December

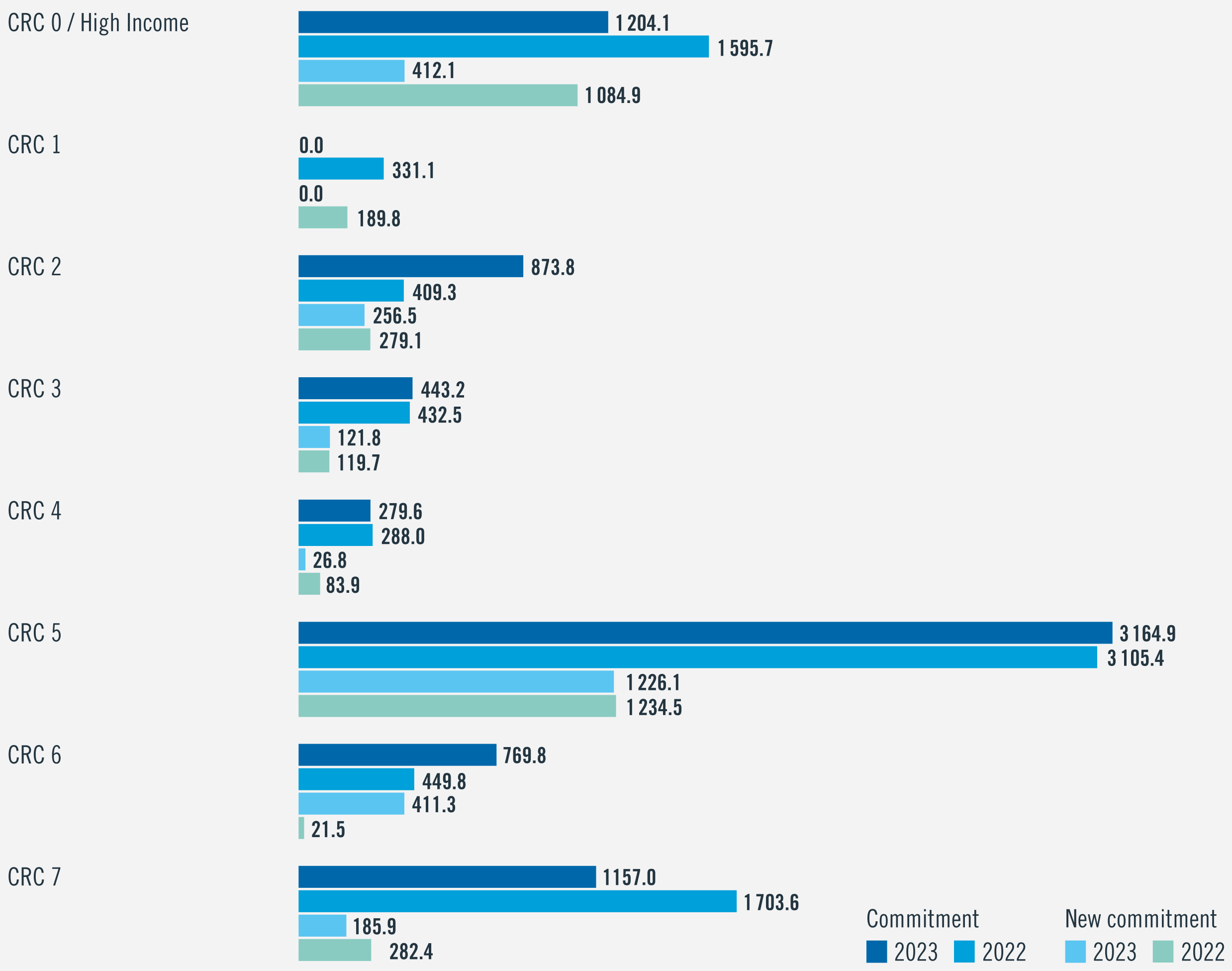


COMMITMENT & NEW COMMITMENT BY COUNTRY*
in CHF million, as at 31 December

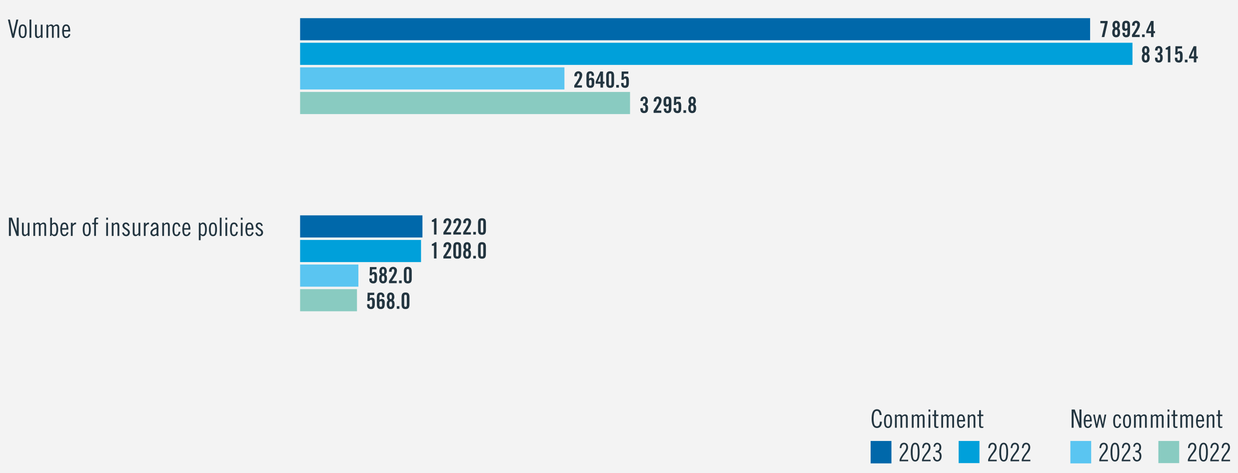


* The ten countries with the highest commitment

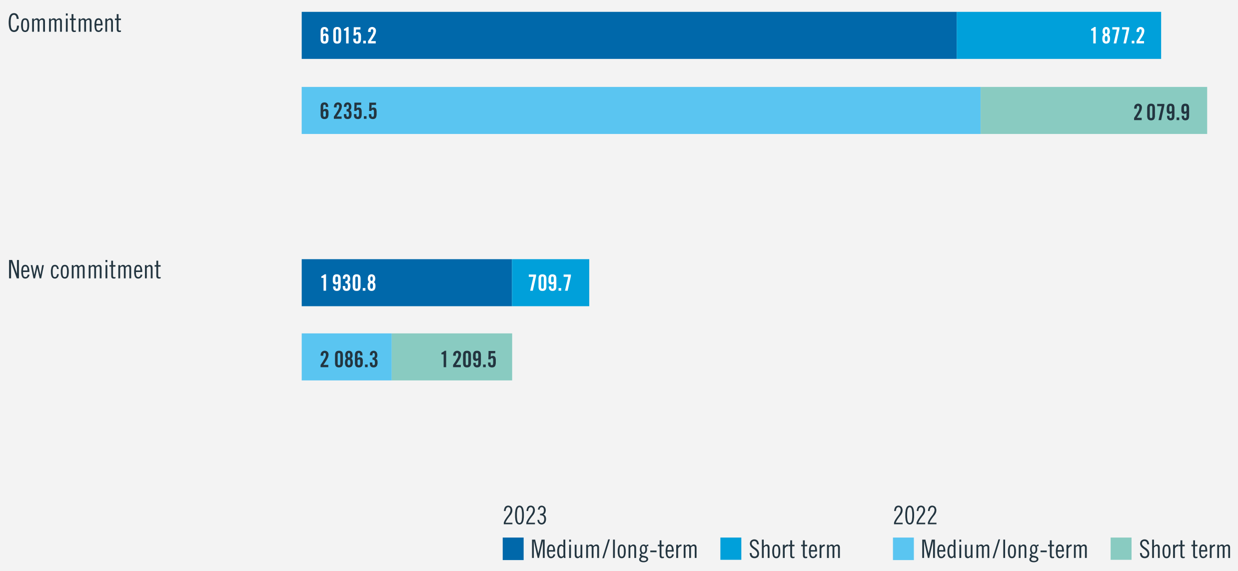
COMMITMENT & NEW COMMITMENT BY OECD COUNTRY RISK CATEGORY
in CHF million, as at 31 December



COMMITMENT & NEW COMMITMENT BY SIZE
in CHF million, as at 31 December



COMMITMENT & NEW COMMITMENT BY DURATION OF CREDIT PERIOD
in CHF million, as at 31 December



Exposure & commitment portfolio

SERV's exposure amounted to CHF 9.674 billion as at 31 December 2023, CHF 500 million lower than on the previous year's balance sheet date. The commitment on the balance sheet date was CHF 7.892 billion, which was some CHF 423 million less than on the same date the previous year. The reduction in commitment was largely attributable to the early termination of two large buyer credit insurances in Russia and Brazil. The ICP portfolio decreased by CHF 77 million compared to the previous year to CHF 1.782 billion.

As in previous years, SERV's highest exposure by country was to Türkiye, at CHF 1.335 billion. Angola has moved up to second place in the country list by exposure, and Kazakhstan now also ranks among the top 10 countries in terms of exposure due to a major project in the railway sector. Exposure to Russia continued to decline. Since the introduction of the sanctions adopted in 2022, SERV is no longer allowed to insure any new projects in the country, with very few exceptions. The remaining commitment amounts to CHF 389 million, a reduction of CHF 258 million compared to the previous year.

Public affairs and the national environment

Since its foundation, SERV has been committed to maintaining regular exchanges with interested business and industry associations and civil society organisations (NGOs). The Federal Council's strategic objectives also require SERV to maintain this commitment. In fulfilling its legal mandate, SERV must take due account of the concerns of external stakeholders. Based on this mandate and the additional strategic decision to increase SERV's public visibility, SERV began a strategic dialogue with stakeholders in 2023. These include associations and partner organisations, banks and insurance companies, civil society organisations (NGOs), parliament and the federal administration – including Swiss representations abroad.

The main objective of the meetings was to inform the dialogue partners about SERV's mandate, range of services and working methods. The interest shown by the dialogue partners in SERV and in the concerns of the export industry was gratifying and, as a result, the public affairs activities will be continued in the coming year.

SERV's strategy and development

SERV was also well on track in the final year of the 2020–2023 strategy period and was able to achieve its objectives for the entire period. In December 2023, the Federal Council approved the new objectives for the 2024–2027 strategy period. The Federal Council again commissioned SERV to propose solutions for its development.

The gradual process of structural change, along with the crises and events that have occurred in close succession and to some extent simultaneously, have had a major impact on the export-oriented Swiss economy and have caused its needs to change. This raises the question as to what needs to be done to ensure that SERV can continue to provide the best possible support for the competitiveness of the Swiss export industry in the future. Based on studies of the situation facing the export industry, SERV's Board of Directors commissioned an internal project group to examine whether there is a fundamental need to reform the SERV Act. Intensive preparatory work for an open revision of the law was undertaken over the course of the year, leading the SERV Board of Directors to the conclusion that the effective future development of SERV is only possible with a focused partial revision of the legal framework. SERV is in regular contact with SECO and the Federal Finance Administration (FFA) to discuss this issue.

In alignment with the Federal Council's new strategic objectives for SERV, the current strategy was adapted with a time horizon until 2027. Particular emphasis was placed on the themes of adaptation, innovation, transparency and resilience. The strategy covers the entire spectrum of SERV's organisational and operational activities and is reviewed and updated annually.

International environment

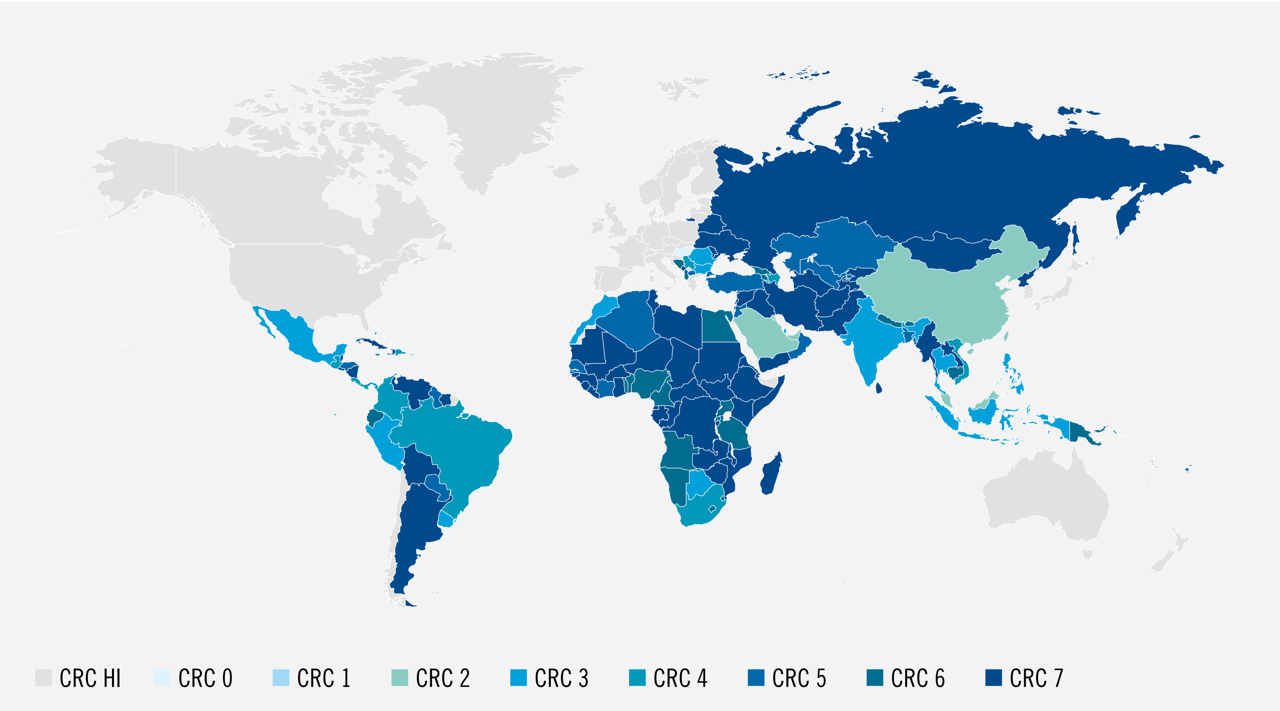
After years of intensive discussions, the OECD member states reached an agreement in the spring of 2023. The Arrangement on Officially Supported

Export Credits ("Arrangement") applies to credit transactions with a term of more than two years. This modernisation is considered a milestone. During the negotiations, SERV pushed for the rules to be simplified and made more flexible in order to better accommodate the unique characteristics of individual transactions. This extra flexibility, together with the expansion of the Climate Change Sector Understanding ("CCSU") will allow a greater number of climate-friendly projects to benefit from the more flexible conditions.

This year's General Meetings of the Berne Union focused, among other matters, on the challenges posed by the rapidly changing geopolitical situation. In this context, the measures and adjustments adopted by export credit insurers (ECAs) with regard to their mandates and product ranges were also discussed. The transition in the energy sector and its impact on the business of ECAs was another focus area, as was the reconstruction of Ukraine and the potential role of ECAs in that process. The Berne Union is an important network for SERV, as it provides an opportunity to engage in regular dialogue with non-OECD and private export credit agencies.

SERV also cultivated its bilateral relations in the year under review. In addition to the annual, close exchange with the so-called DACH countries (Germany, Austria and Switzerland), SERV also initiated new collaborations with other ECAs, particularly in the area of reinsurance.

OECD country risk categories
As at 31 December 2023



Losses and claims

LOSSES

+24

INDEMNITY PAYMENTS
in CHF million

53.6

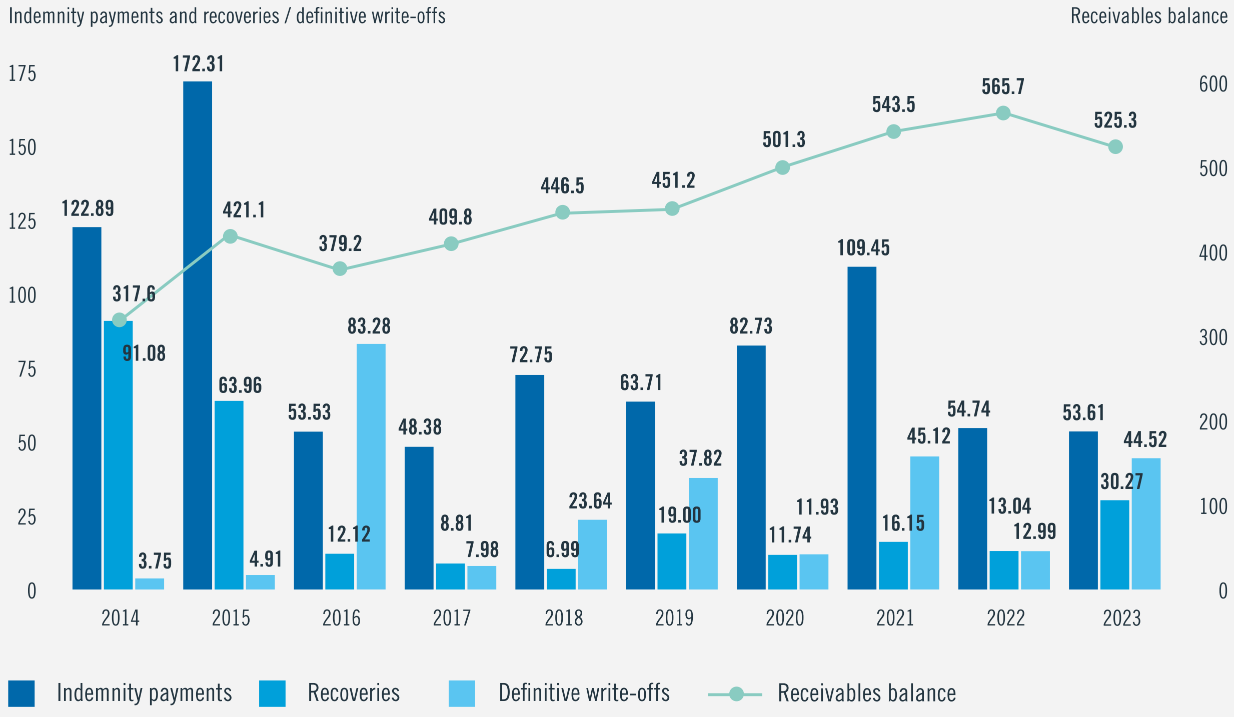
In the year under review, SERV made indemnity payments totalling CHF 53.6 million. Most of these losses were small in size. In addition, there were a number of medium-sized losses and several larger losses, including two in Ghana, one in El Salvador and one in Tanzania, as well as imminent losses in Ethiopia, which explain the exceptionally high loss expenses of around CHF 222 million.

The two losses in Ghana arose from the country's insolvency in December 2022. The African country has halted many large projects. Many poorer countries are struggling to meet their payment obligations, in part due to the sharp rise in foreign currency interest rates in USD and EUR.

Some losses were averted through prompt, active pre-loss management using measures such as restructuring due dates and extending cover. Since 2020, several crises such as the COVID-19 pandemic, the conflict in Ukraine and the current conflict in the Middle East have arisen, leading to increasing uncertainty and suggesting that further losses are to be expected in the near future. Where necessary, SERV has set aside financial reserves for this purpose. To date, however, no wave of losses from the multiple crises has materialised.

In recovery, 224 losses in a total of 39 countries were processed. Recovery is often a challenging, protracted process that depends to a great extent on the country and on the debtor's willingness or ability to pay. Initiation of legal action in the debtor country concerned does, however, give rise to some successes. Support from political actors such as embassies can also have a very positive effect on recovery in individual cases. The largest recoveries in the year under review came from India (CHF 13.8 million), the United Arab Emirates (CHF 5.8 million), Congo-Brazzaville (CHF 2.1 million) and Algeria (CHF 1.7 million). Recoveries from Bangladesh totalled CHF 1.5 million.

OVERVIEW OF LOSSES AND CLAIMS
in CHF million



Restructuring & debt rescheduling

The international agreement on a Debt Service Suspension Initiative (DSSI) for the poorest countries, reached in 2020 during the COVID-19 crisis, also impacts on the 2023 financial year: of the countries that have active debt rescheduling agreements with Switzerland, agreements under the DSSI were agreed with Pakistan and Cameroon to defer the 2020 maturities until the end of 2021. Repayments have been taking place since mid-2022.

At the end of October 2022, the Paris Club creditors, including Switzerland, managed to reach a new arrangement with Argentina on the current debt rescheduling, comprising semi-annual instalments with a repayment period of six years until September 2028. The bilateral agreement with Argentina was signed in Q1 2023. Once again, no progress was made in the negotiations with Cuba during the course of 2023.

The G20, the members of the Paris Club and other creditor countries agreed on a “Common Framework for Debt Treatments beyond the

DSSI" ("Common Framework") in November 2020. The objective of this framework is to provide countries that require support beyond that of the DSSI with debt treatment in the context of an IMF programme, with the objective of restoring the sustainability of the debtor countries' liabilities. Chad, Ethiopia, Ghana and Zambia have submitted applications under the Common Framework. The latter three countries' applications have implications for SERV or Switzerland. Due to the large number of different creditor groups, negotiations are dragging on. In the case of Zambia, there is an agreement in principle between the bilateral official creditors (G20, Paris Club and others) and the Zambian authorities. However, discussions with the various creditor groups are still ongoing. In the case of Ghana, discussions are also ongoing. In Ethiopia, the first step has been to agree a debt service suspension. It is also hoped that a solution will soon be found to reschedule the debt under a common framework.

SERV was impacted by the replacement of LIBOR for six countries on 31 December 2021. In the meantime, a bilateral follow-up solution has been agreed with all of the countries.

The other countries listed in the table "Credit Balances from Debt Rescheduling Agreements" with which debt rescheduling agreements were concluded in the Paris Club were able to meet their payment obligations in the year under review.

RISK POLICY, RISK MANAGEMENT & COVER POLICY

Over the course of the year, the process for assessing the top risks was refined and the compliance management system was expanded. At the end of 2023, 69.1 per cent of the Federal Council's framework of obligation had been utilised.

Risk policy and management

In 2023, the Board of Directors (BoD) again examined in detail the risks faced by SERV and determined that risk management was appropriate. SERV is continuously developing its holistic enterprise risk management system in the interests of continuous improvement. The risk policy issued by the Board of Directors sets the framework for effective and forward-looking risk management that is in line with SERV's legal mandate and ensures its long-term economic viability.

A variety of risk, scenario and sensitivity analyses were carried out during the year and the process for assessing the top risks was refined. The aim of this assessment is to identify and manage the main threats to net income, operational functionality, the achievement of strategic objectives or SERV's reputation from the risk catalogue as a whole. The risk catalogue comprises strategic, financial, actuarial and operational risks, which are constantly monitored. SERV also takes into account concentration and horizontal risks, such as reputational and ESG risk, and also addresses emerging risks.

The internal control system (ICS) focuses on the identification of operational risks in key processes and on the description and implementation of suitable risk-mitigating control measures. The risks covered by the ICS are reviewed annually. The key controls are supplemented or adapted to changes in work processes as necessary.

The compliance management system, which was first developed in 2020, was further expanded to take account of the increasing requirements in this area.

> The risk policy issued by the Board of Directors sets out the framework for effective and forward-looking risk management.

On the basis of current market developments and, in particular, the business forecasts of its major clients, SERV regularly reviews its free capacities in terms of risk-bearing capital (RBC) and utilisation of the framework of obligation.

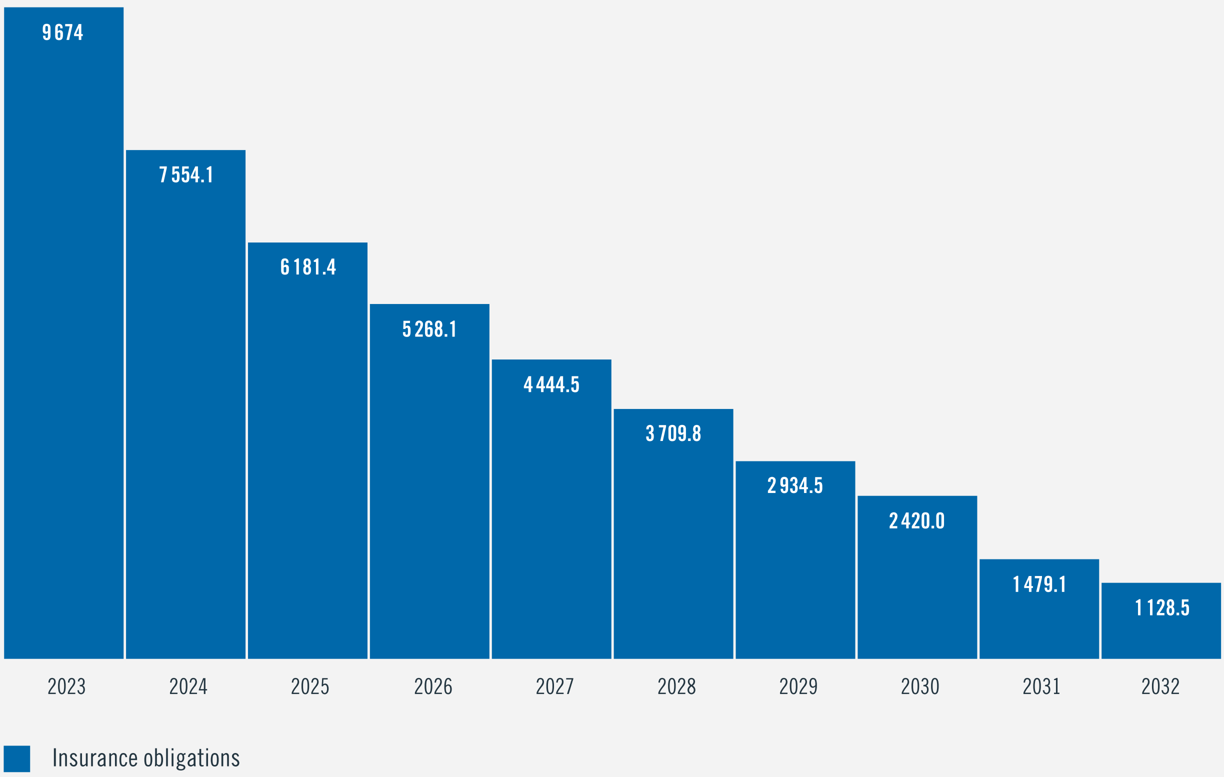
Insurance obligation

The Federal Council sets out a framework of obligation that defines the maximum scope of SERV's insurance obligations. This currently amounts to CHF 14 billion, of which 69.1 per cent had been utilised at the end of 2023.

Risks from SERV's insurance business are assessed and handled in accordance with standardised principles. They can be hedged or minimised through reinsurance. SERV makes use of this option, for example, when country or counterparty limits are heavily utilised or concentration risks are to be reduced.

The BoD is also obliged to ensure, by informing SECO at an early stage, that the Federal Council is able to issue instructions in the case of transactions of particular significance. In 2023, four transactions underwent the process of identifying politically sensitive transactions that may be of particular significance. None of these transactions were found to be of particular significance.

EXPIRY OF INSURANCE OBLIGATIONS
in CHF million



Cover policy

SERV's cover policy sets out the general cover principles per risk subject category (state, banks or private companies) for each country. It serves as the most important tool for risk management in the insurance business. The categorisation and the process for determining the cover status were revised in detail in 2023. To determine the cover policy, the economic, financial and political conditions of a country are analysed and the provisions of the OECD, the Berne Union and changes to the requirements contained in the legal mandate are taken into account. In addition to its own analyses, SERV also relies on external sources such as the assessments of recognised rating agencies and the OECD's country risk categorisation (CRC). The CRC classifications are regularly reviewed and reassessed by the OECD Country Risk Experts Group. SERV is part of this group.

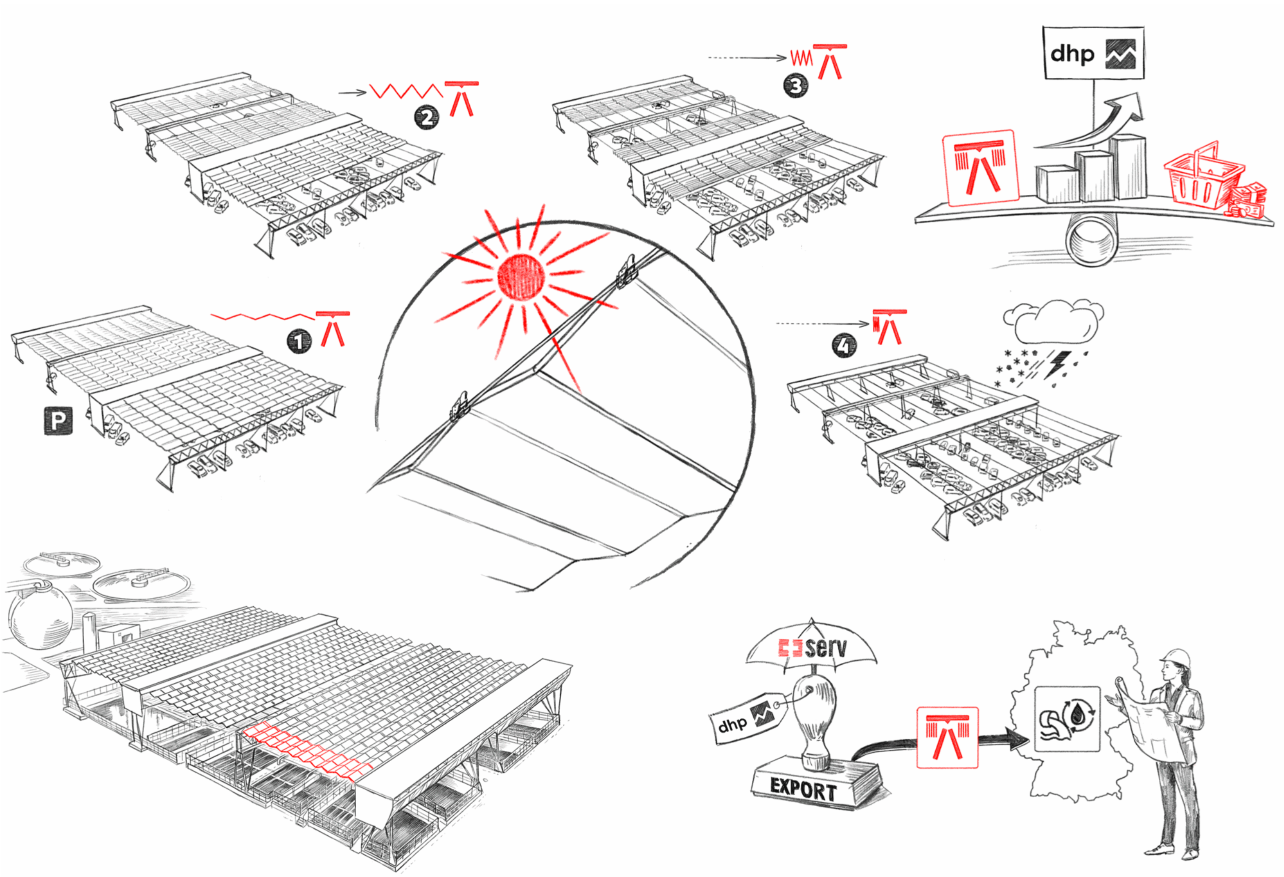
IN THE FIELD

Swiss Export Risk Insurance SERV supports and assists Swiss enterprises with everything from strategic direction through to the last payment for your export transaction. These three success stories tell you how.

SUSTAINABLE ENERGY PRODUCTION SUPPORTED BY SERV

The energy transition is on everyone's lips and sustainable energy production solutions are more in demand than ever. With its lightweight, foldable solar roofs, dhp technology AG offers a pioneering product in this field. Its business is booming, but it is impossible for the young company to cope with the risks associated with this massive growth on its own.

In view of the energy transition, the industry is called upon to find solutions for modern and sustainable energy production. One of the players offering a product that is unique on the market is the start-up company dhp technology AG (DHP). DHP has specialised in a ground-breaking product that enables the unrestricted dual use of existing infrastructure and energy generation. These are solar folding roofs which, because they are so light, can be erected over car parks or a wide range of production facilities. In addition, the folding roofs can be retracted automatically when required, e.g. in bad weather. DHP has identified a segment with great potential for its product: sewage treatment plants. They are energy-intensive and benefit from the electricity they can obtain directly on site from an installation that does not disrupt their operations.



The start-up company dhp technology makes it possible to generate energy with existing infrastructure by means of foldable solar roofs.

After DHP supplied several sewage treatment plants in Switzerland, four German operators of sewage treatment plants were also persuaded by the merits of the product in 2023. The order value of these four deliveries totals over CHF 5 million, a volume whose risks the young company cannot possibly handle alone.

“The only alternative to SERV for a young SME like ours would be expensive equity financing.”

GIAN ANDRI DIEM
CO-FOUNDER AND MANAGING DIRECTOR OF DHP

SERV, a game changer

DHP is in a start-up phase and is currently experiencing remarkable growth. With this growth comes the challenge of fulfilling large orders and managing the associated risks. The young SME is faced with a crucial dilemma: how can it scale up its operations to meet growing demand while ensuring it retains the liquidity to do so?

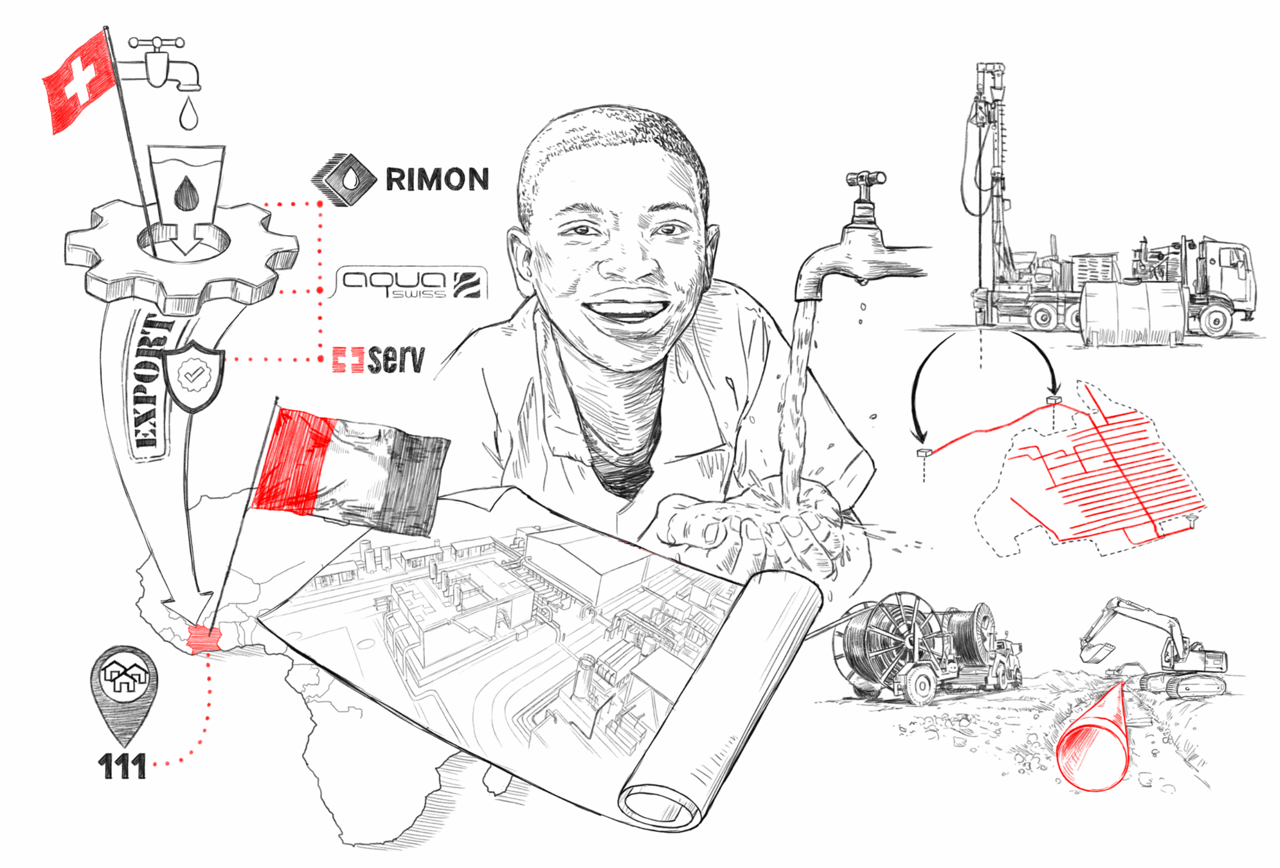
DHP has been able to negotiate generous advance payments for its solar panels, but these need to be guaranteed. This is where Swiss Export Risk

Insurance (SERV) comes in. With its support, the risks of these advance payment guarantees could be insured and guaranteed vis-à-vis the bank. As a result, DHP does not need to deposit limits or cash with the bank and can use the advance payment effectively for the production of the export project. In addition, it is protected by SERV's insurance in the worst-case scenario that the buyer draws on the guarantee without justification. "SERV's insurance and guarantees are a game changer for us. The only alternative to SERV for a young SME like ours would be expensive equity financing. Those deliveries to Germany would simply not have been possible in that form," Gian Andri Diem, co-founder and managing director of DHP explains.

The cooperation between DHP and SERV shows how innovation and ambition, coupled with the right insurance solution, can provide financial room for manoeuvre and thus give rise to remarkable success. Romeo Grass, Assistant Vice President, Large Enterprises, SMEs & Acquisition at SERV, comments: "As DHP continues to grow and contributes to the energy generation sector, its story serves as an inspiring example of the potential of innovation and collaboration in our rapidly changing world".

SWISS SMES ARE CONTRIBUTING TO A MAJOR INFRASTRUCTURE PROJECT IN IVORY COAST

Large parts of the rural population in Ivory Coast do not have access to clean water. To tackle this problem, the Ivorian government has launched the ambitious infrastructure project “Water for all” – and Swiss small businesses are playing a big role in it. Thanks to the collaboration and pooling of expertise between various players, they are able to participate in a major project that would otherwise be out of reach for them.



Large parts of the rural population in Ivory Coast do not have access to clean water. The Ivorian government is aiming to change this with its ambitious infrastructure project “Water for all”. By delivering drinking water to people’s doorsteps in 6,000 communities, this initiative will improve the quality of life and economic situation of millions of people. Some of the supplies for the project are being sent from Switzerland.

Swiss Export Risk Insurance SERV is insuring the financing of these supplies in the amount of EUR 160 million.

Access to a major international project for Swiss SMEs

The Ivorian government has chosen the general contractor Rimon CH Ltd to design and install the necessary infrastructure for about 111 communities of the communities. AquaSwiss AG, based in Frauenfeld, Thurgau, is acting as Rimon's primary supplier and handling the logistics, engineering, materials procurement and all sub-contracted work. "For this project, we didn't just commission well-known large corporations but SMEs as well, including a two-person workshop from Eastern Switzerland," says Sanjeev Varma, CEO of AquaSwiss. "Without our involvement, these small businesses would not have had access to a project of this size," he adds proudly.

The financial advisory firm Bluebird Finance & Projects Ltd has arranged the financing package for Rimon, and has structured and coordinated the whole process with SERV. Ram Shalita, CEO of Bluebird, explains why his company opted for ECA insurance from Switzerland: "This is the third time we have worked with SERV to finance a large project, so we know we can trust them. I particularly appreciate SERV's reliability, flexibility and support when unexpected challenges arise."

"This is the third time we have worked with SERV to finance a large project, so we know we can trust them. I particularly appreciate SERV's reliability, flexibility and support when unexpected challenges arise."

RAM SHALITA
CEO BLUEBIRD FINANCE & PROJECTS

Patience and flexibility are also needed on this project, which according to Shalita is typical for large projects in emerging markets. SERV had been involved in the negotiations since 2019 and extended its insurance commitment in principle six times until it could eventually be converted into an insurance policy in 2023. In addition, the task of supplying 111 villages across the entire southern part of Ivory Coast is an incredible feat of logistics.

Another advantage of working with SERV is that it benefits indirectly from Switzerland's excellent credit rating. Financing insured by SERV leads to better financing terms and can even tip the scales in an exporter's favour when bidding for contracts.

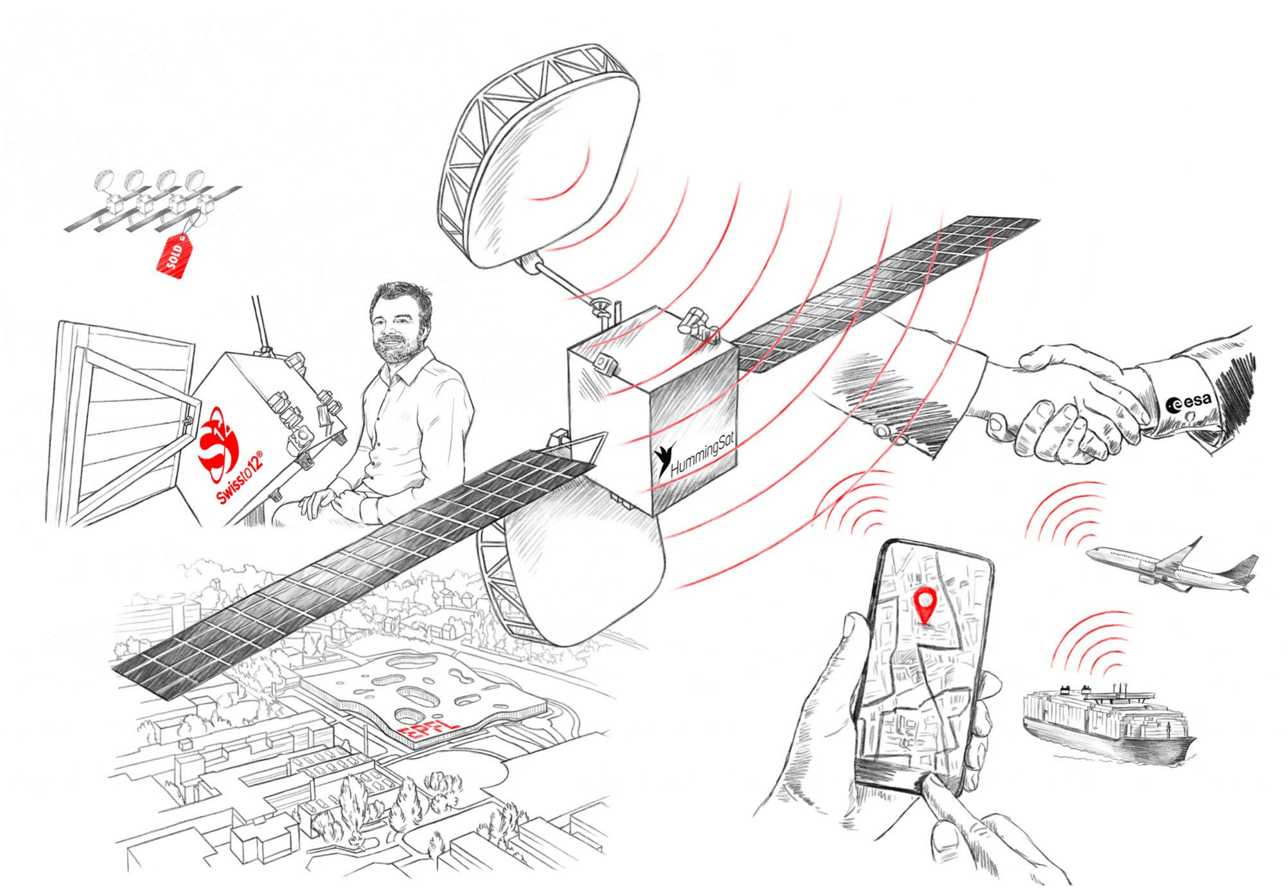
Gil Etzion, Executive Vice President Business Development at Rimon Group, adds: “The ability to offer the Ivorian government attractive and long-term financing, on which we can rely for years until closing the deal, proved to be a tremendous advantage in winning the contract, and we definitely hope to do more large water deals in Africa with Swiss exporters and with SERV.”

SWISS SME SHAKES UP THE SATELLITE COMMUNICATIONS MARKET

SWISSto12, an EPFL Lausanne spin-off, has become the first Swiss company to manufacture a geostationary (GEO) telecommunication satellite for commercial use. It involves a unique satellite called HummingSat, built upon SWISSto12's patented 3D printing technology and radio frequency (RF) products. To enable SWISSto12 to supply the main players in the market, it is working with Swiss Export Risk Insurance SERV.

At around the size of an industrial washing machine, HummingSats are much smaller than conventional GEO satellites. This makes them more affordable to build, and launch costs are also reduced as they can piggyback on so-called ride-share missions. SWISSto12's groundbreaking 3D printing technology will help boost the satellite's performance, streamline the manufacturing process, and reduce the build time and cost of production.

Satellites must withstand harsh conditions: extreme temperatures, radiation, and intense vibrations during the launch into orbit and therefore need to use cutting-edge and thoroughly qualified technologies. SWISSto12 is not only the first Swiss company to produce a geostationary (GEO) satellite for commercial use, but with 35 patent families, the SME also has the largest worldwide patent portfolio on 3D printing technologies and products for radio frequency (RF) applications.



EPFL spin-off SWISSto12 is manufacturing a new type of telecommunications satellite using patented 3D printing technology.

When everyone pulls together

Since the company was founded in 2011, the newcomer in geostationary satellite manufacturing has raised over EUR 50 million in funding from prominent Swiss and European investors and four satellites have already been sold. In addition to that, SWISSto12 secured a CHF 25 million (EUR 26.15 million) working capital facility from UBS Switzerland AG in September. The facility, insured by SERV, will provide SWISSto12 with flexible growth capital to meet strong customer demand for its geostationary SmallSat, HummingSat.

"The insurance from SERV is enabling us to quickly fulfil orders from the biggest players in the market."

EMILE DE RIJK
CEO SWISSTO12

Emile de Rijk, CEO and founder of SWISSto12, explains the importance of their partnership with Swiss Export Risk Insurance: "We are shaking up the geostationary communication market, and demand is correspondingly high. The insurance from SERV is enabling us to quickly fulfil orders from the biggest players in the market." The company currently has more than

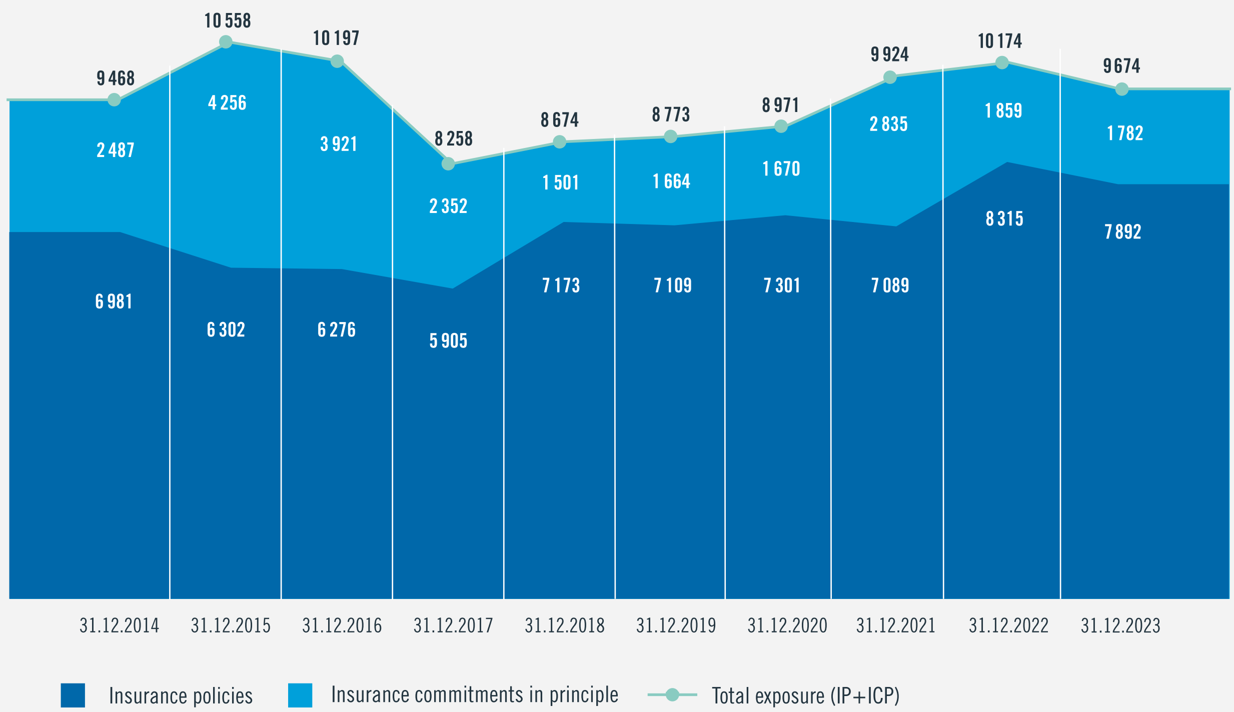
EUR 200 million in back orders from customers across its radio frequency products and subsystems business, partnership with the European Space Agency (ESA) and recent HummingSat contracts.

All parties showed a great deal of commitment and collaboration to establish this transaction. Julien Schaar, Vice President of Large Enterprises, SMEs & Acquisition at SERV, notes: “I have been impressed by the combined commitment and collaboration of Swissto12, its shareholder and its customers to getting this prestigious and ground-breaking project off the ground.”

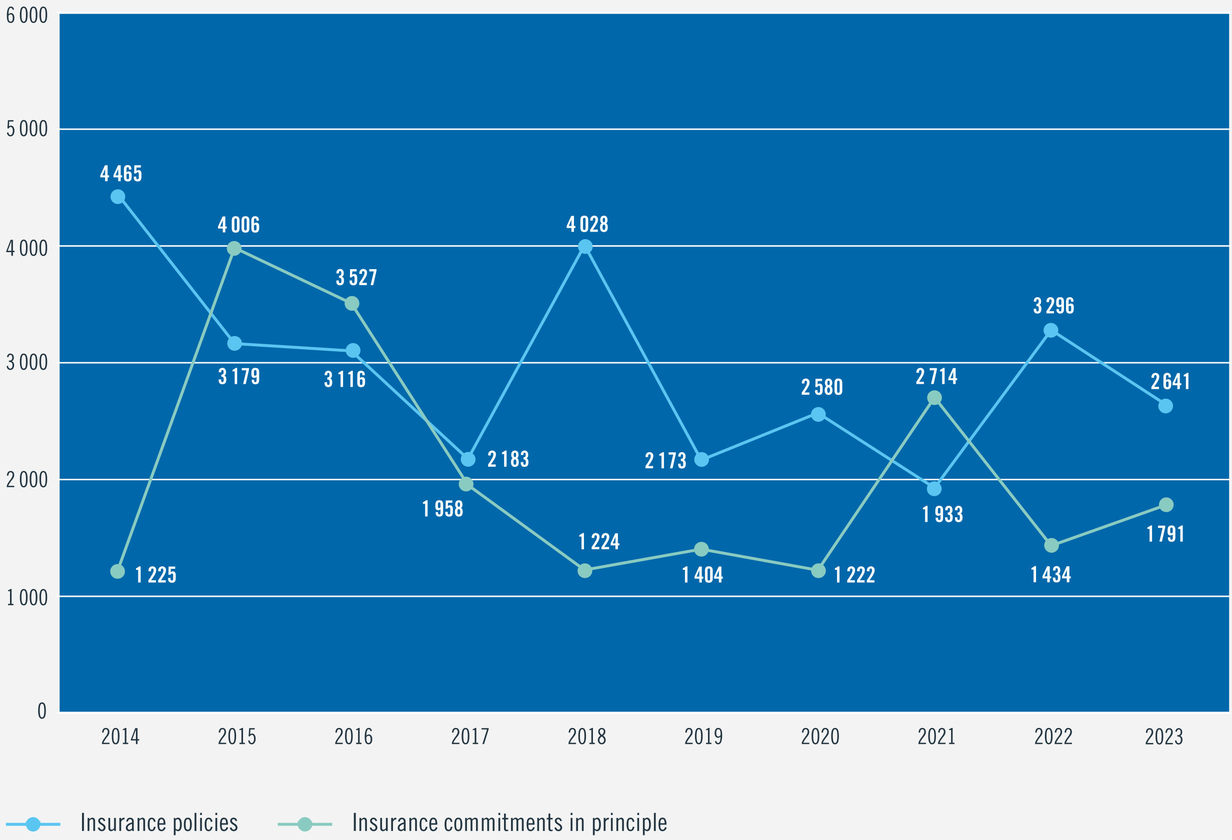
MULTI-YEAR COMPARISON

As a public export credit agency that supplements private insurance products by insuring non-marketable risks, SERV's business volume and cash flow from operations are subject to strong fluctuations. Demand for SERV insurance depends on the economic situation of the Swiss export industry, as well as on the countries in which these export transactions take place and what payment and credit terms the contracting parties agree on.

DEVELOPMENT OF EXPOSURE PORTFOLIO
in CHF million



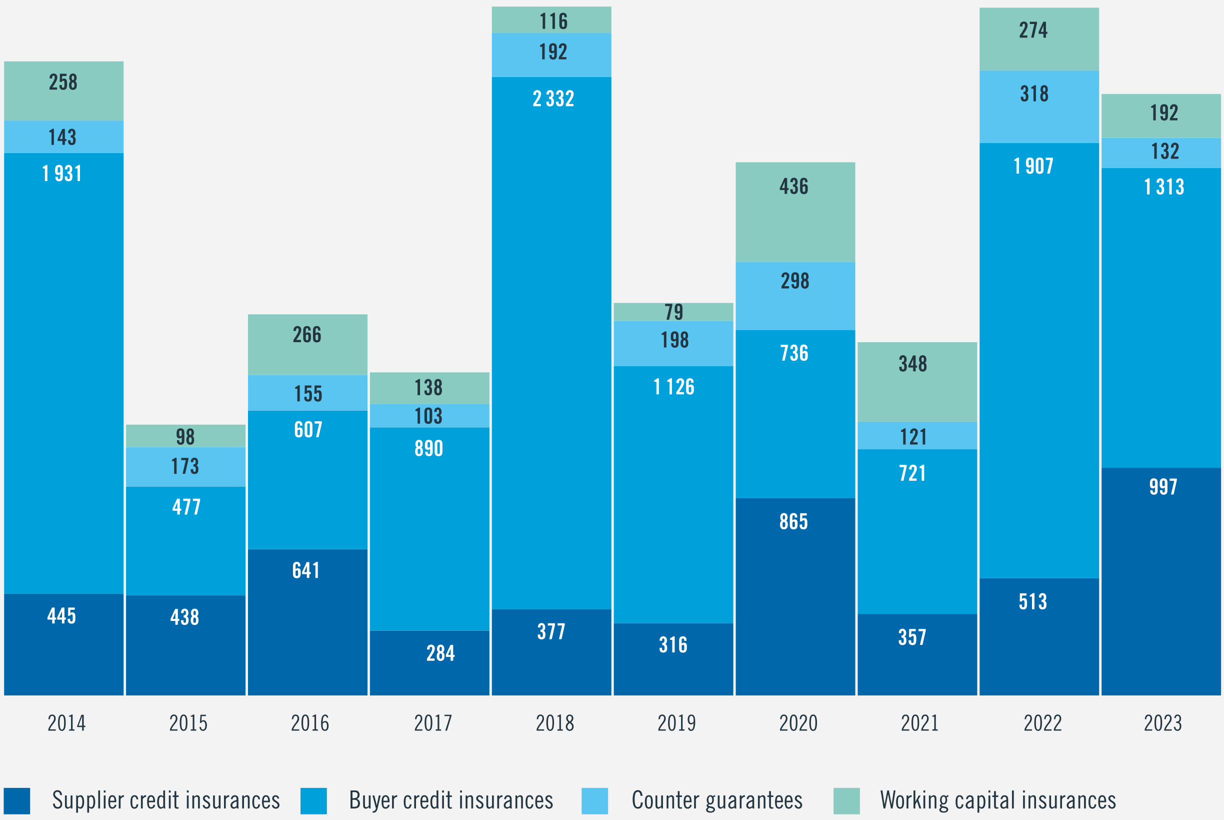
DEVELOPMENT OF NEW BUSINESS
in CHF million



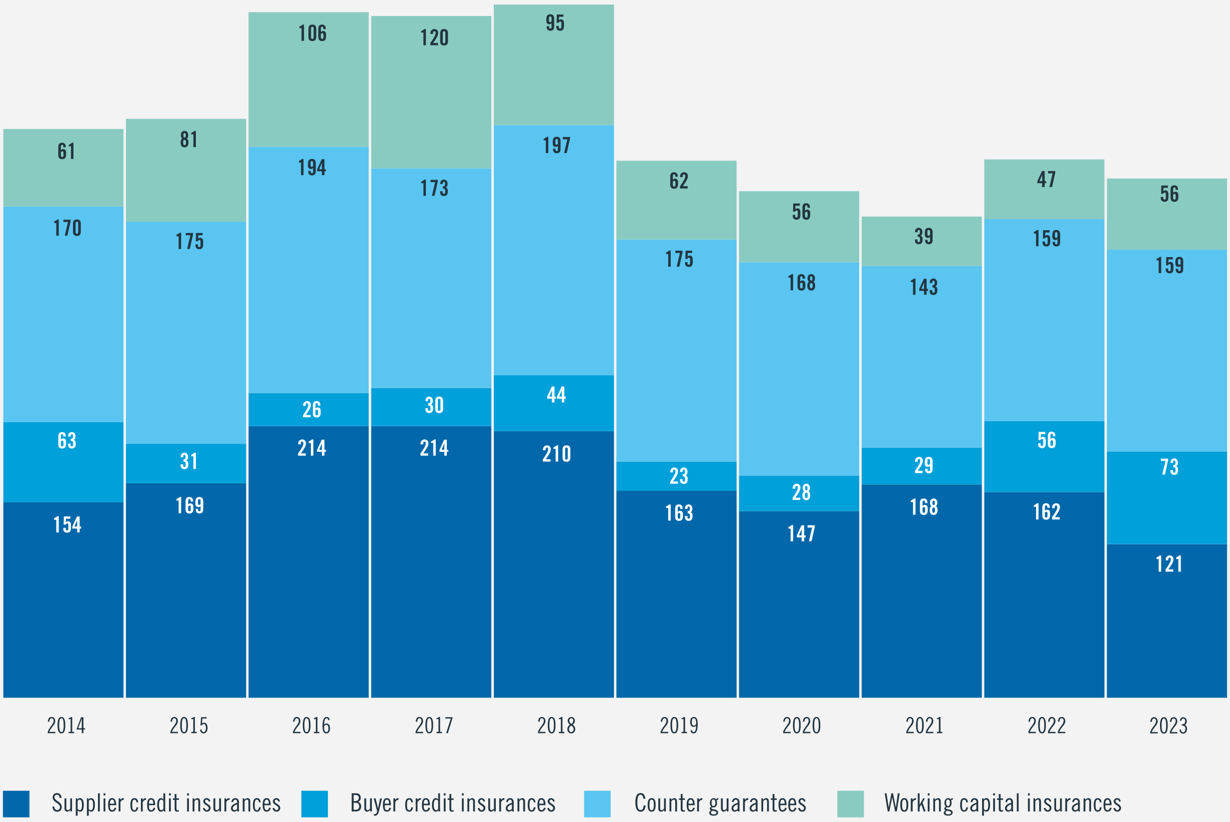
The exposure portfolio shows the total of all risks insured by SERV from insurance policies (IPs) and insurance commitments in principle (ICPs) at the end of a given financial year.

The development of new business is a calculation of the sum of all newly insured risks within one year, divided up into IPs and ICPs. Both figures are highly volatile. Years with a high volume of new business for ICPs typically alternate with years in which the volume of new business for IPs (new commitment) is high.

DEVELOPMENT OF MAIN PRODUCTS – NEW COMMITMENT
in CHF million

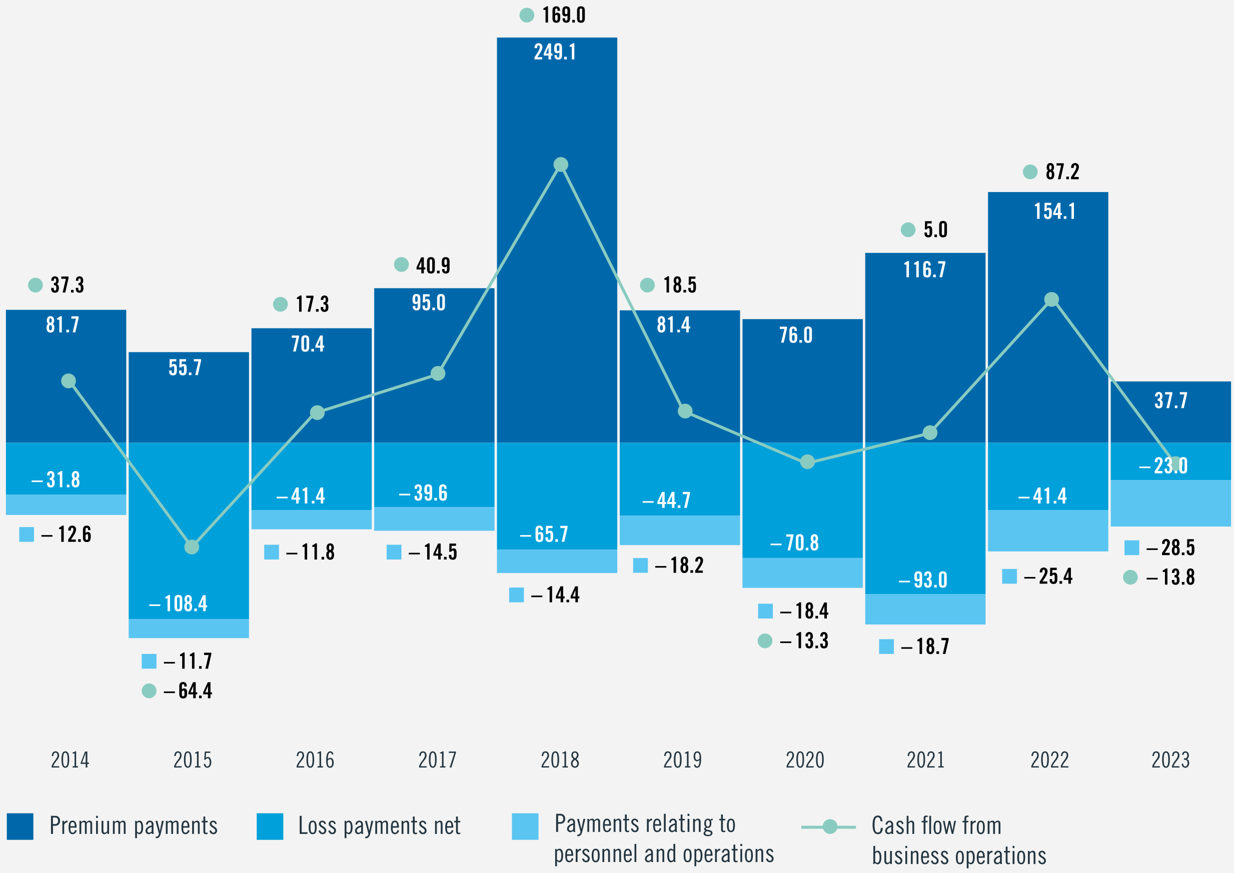


DEVELOPMENT OF MAIN PRODUCTS
Number of policies and guarantees



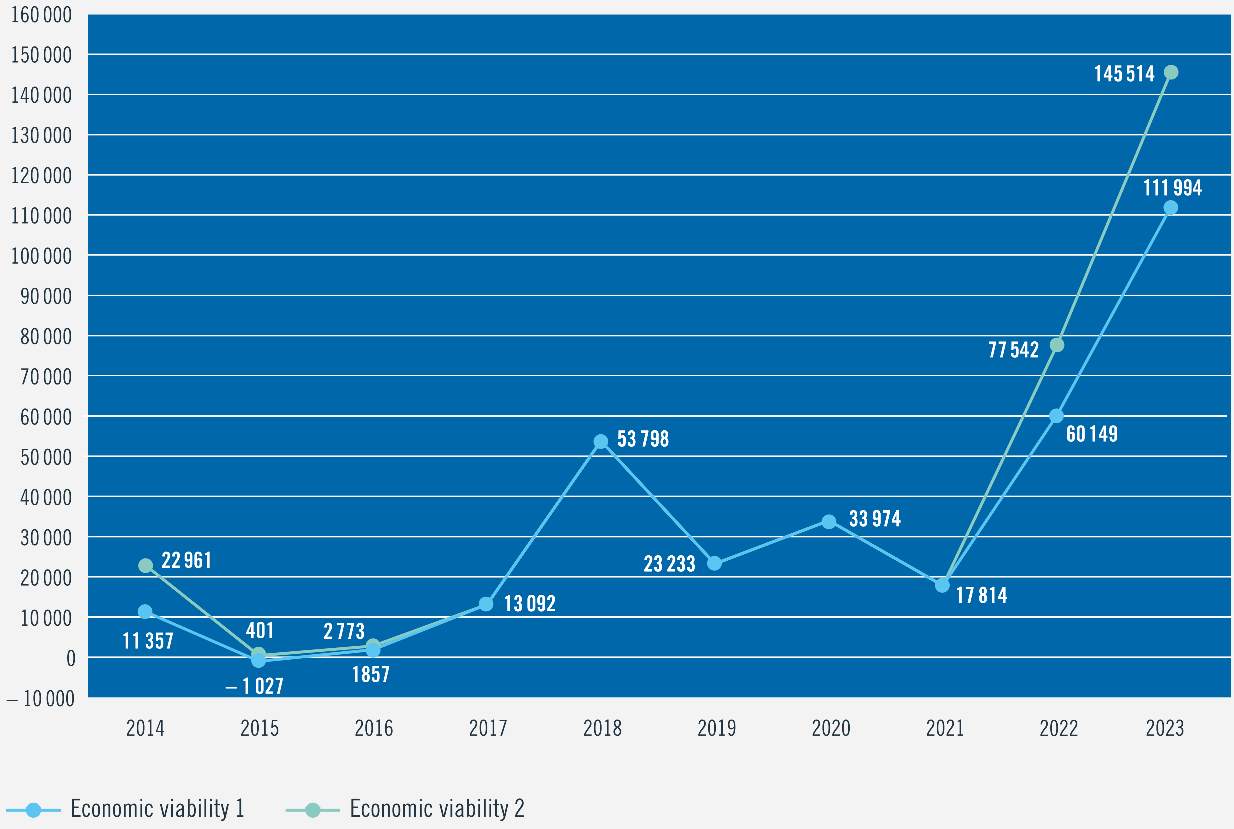
If new commitments are differentiated by main products, we see that the number and volume of new commitments per product tend to be inversely proportional. For example, only a few buyer credit insurances account for a high volume of the insurances that SERV provides within a year, whereas the volume of working capital insurance and counter guarantees is spread over many different export transactions.

CASH FLOW FROM BUSINESS OPERATIONS
in CHF million



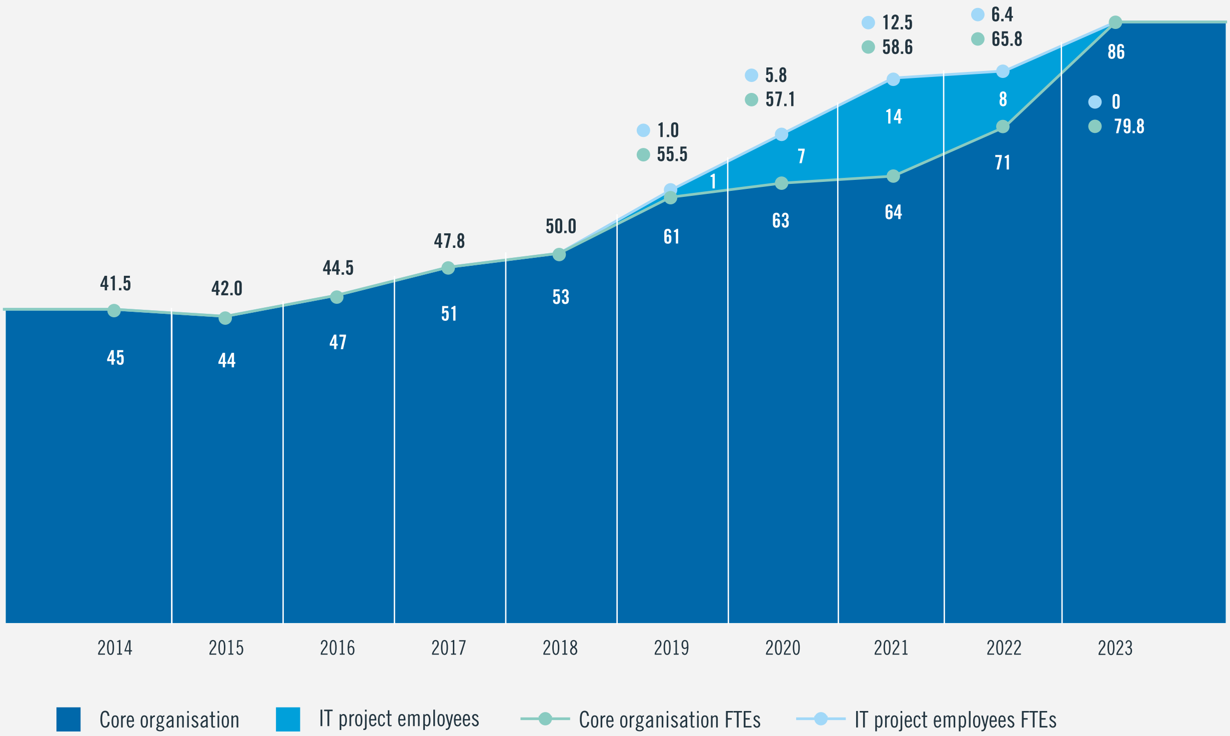
The cash flow from business operations shows whether premium payments are sufficient to finance indemnity payments and personnel and operating costs. The highly volatile nature of SERV's business is reflected in the fact that years in which premium payments are high and indemnity payments are low alternate with years in which premium payments are low and indemnity payments are high. Total cash flow over the last 10 years has been clearly positive, i.e. payment receipts from premiums are adequate to finance payments for losses and operations.

ECONOMIC VIABILITY
in KCHF



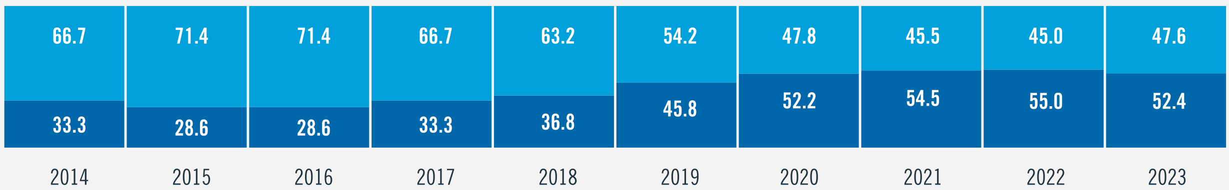
SERV is required by law to operate in an economically viable manner, i.e. to offer its insurance services without subsidy. Economic viability represents the amount by which premium income exceeds the expected average annual loss and operating expenses per year (economic viability 1). The addition of investment income, which amounted to zero in the years up to and including 2021, results in economic viability 2. Economic viability 2 has been positive at all times over the last 10 years. As was the case last year, economic viability 2 was greater than economic viability 1 as a result of the interest income on SERV's capital.

EMPLOYEES
Number

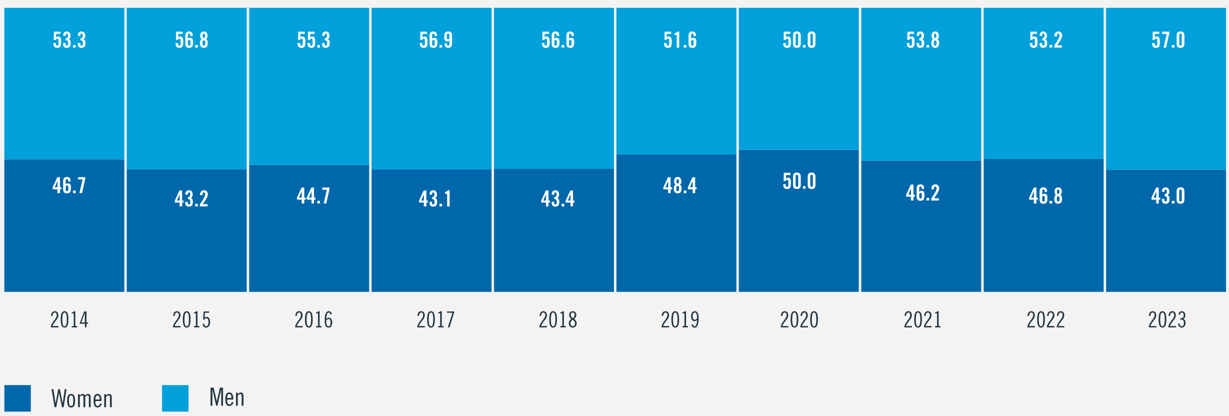


EMPLOYEES – GENDER DISTRIBUTION
In %

Proportion of management positions in % (heads of department and executive board)



Proportion of total workforce in %



The strategic objective of becoming a “trade facilitator” remains an important cornerstone for SERV’s further development. In the insurance business, the focus is on large infrastructure projects (LIP) and the implementation of the SME acquisition strategy. To this end, new positions have been created in the core business as well as in the areas of insurance and finance.

SUSTAINABILITY

SERV checks all insurance applications for their environmental, social and human rights compatibility. It pursues its own climate strategy and is committed to maximum transparency.

Framework conditions

When assessing insurance applications, SERV takes into account the international guidelines of the Organisation for Economic Co-operation and Development (OECD) and the principles of Swiss foreign policy according to Art. 6 para. 2 SERV Act (SERVG). These relate in particular to the peaceful co-existence of peoples, respect for human rights and promotion of democracy, conservation of natural resources, alleviation of poverty and destitution in the world, but also to preserving Switzerland's independence and protecting its national welfare. Further requirements may arise as a result of Switzerland's obligations under international law. The extensive sustainability checks conducted include environmental, social and human rights reviews, anti-corruption audits and, in certain cases, audits of the debt sustainability of public-sector buyers when financing supported projects.

When assessing larger projects with potentially high environmental, social and/or human rights impacts (category A and B projects), on-site visits are also carried out where necessary.

Climate strategy

The SERV Board of Directors (BoD) agreed SERV's climate strategy in June 2021. By means of this strategy, SERV aims to support the Swiss export industry in dealing with climate change. The three cornerstones of the strategy include the handling of operational greenhouse gas emissions, integrating climate risks into business operations and SERV's contribution to decarbonising the economy.

Transparency

SERV publishes all projects with a contract value of CHF 10.0 million or more on its website, subject to the policyholder's approval, as well as Category A projects.

NGO event with Alliance Sud, Amnesty International, Pro Natura, Public Eye, Transparency International and WWF

SERV also maintains a regular dialogue with interested non-governmental organisations (NGOs). Within the framework of an annual NGO dialogue, it provides information about its business results and specific current projects, as well as developments at SERV and in the OECD export credit group. The invitees to the NGO event in 2023 were Alliance Sud, Amnesty International, Pro Natura, Public Eye, Transparency International and WWF. This exchange of views is very much appreciated by all participants, and the NGOs expressed their satisfaction with SERV's high level of transparency.

EXAMPLE IN THE FIELD

BOOSTING VALUE ADDED IN THE BENINESE TEXTILE INDUSTRY

Thanks to SERV, several Swiss companies are able to supply the construction of a new textile factory in Benin.

SERV provided insurance cover for deliveries from Switzerland destined for a textile project in Benin in 2023. The project, BTEX (Benin Textile SA), promoted jointly by ARISE IIP, CDC Benin, SODECO and ginners from Republic of Benin, comprises the construction of a textile factory featuring a full textile processing and finishing plant in the newly created Glo-Djigbé industrial hub outside of Cotonou. The Zug-based general contractor, Africa Textile Management Services AG (ATMS), is involved in the project together with several Swiss sub-contractors.

A project that is fully aligned with the Sustainable Development Goals

The United Nations (UN) Sustainable Development Goals (SDG) are to be achieved by all UN member states, including Switzerland, by 2030. The SDGs include the following goals:

- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

This project is fully aligned with these goals. This is because the lion's share of the cotton produced in West Africa – a significant proportion of which comes from Benin – is currently exported to countries in Asia for further processing. This is now set to change with the new factory. It is the first vertically integrated textile factory in Benin and will make a key contribution to boosting the added value, enabling exports of cotton textiles and finished garments from Benin. Processing the cotton locally also allows for a considerable reduction in transportation costs, with production costs that are competitive in an international comparison. Establishing this sort of textile value chain will also create several thousand jobs.

ORGANISATION AND PERSONNEL

BOARD OF DIRECTORS (BOD)

Barbara Hayoz*, business economist, EMBA,

(Chairwoman)

is a self-employed management consultant as well as a chair and board member of various institutions. She served as full-time finance director and deputy mayor of the city of Berne.

Christoph Meier-Meier, business economist HWV,**

(Vice Chair)

is CEO and partner at NEWTAG Communication AG. Prior to this, he worked in various positions at Bühler AG in Uzwil (SG), including 10 years as Head of Financial Services.

Claudine Amstein, lawyer,**

is an independent consultant. She was director of the Chamber of Commerce and Industry of the Canton of Vaud (CVCI) for 17 years, and has many years' experience in trade associations at the cantonal and inter-cantonal level. She has held a number of political offices in her home canton and is also a board member of various institutions.

Claire-Anne Dysli Wermeille, lawyer,**

is head of the legal department at Chiquita and the Group's Corporate Secretary. She began her career at ABB and Alstom in Baden. After holding various positions in the legal department at Logitech, she worked for several watch manufacturers as a legal representative at the Swatch Group.

Christian Etter*, economist, Dr. rer. pol.,

(stepped down on 31 December 2023)

was the Delegate of the Federal Council for Trade Agreements, Ambassador and member of SECO's Executive Board. He was responsible for international trade and investment issues and led FTA negotiations (with China and others) as well as the Swiss delegation to the Joint Committee of the Switzerland-EU FTA.

Burkhard Huber*, business economist KSZ,

worked in the banking business for four decades, including 30 years spent with UBS. He held various management positions in corporate banking for Swiss and foreign companies, including in the area of trade finance.

Peter Jenelten*, Dipl. El. Ing. ETH,

was a member of the Group Executive Board of Stadler Rail AG from 2000 to 2019, and was responsible for sales and marketing. He previously held various managerial positions at ABB and Adtranz. He now holds several board mandates for SMEs in Switzerland and abroad.

Reto Wyss, MSc Economics,**

is Central Secretary of the Swiss Federation of Trade Unions (SGB) and also represents it in the EFTA Consultative Committee, the Reka BoD and in the committee of Solidar Suisse.

* Insurance Committee
** Finance and Organisation Committee

CHIEF EXECUTIVE OFFICER

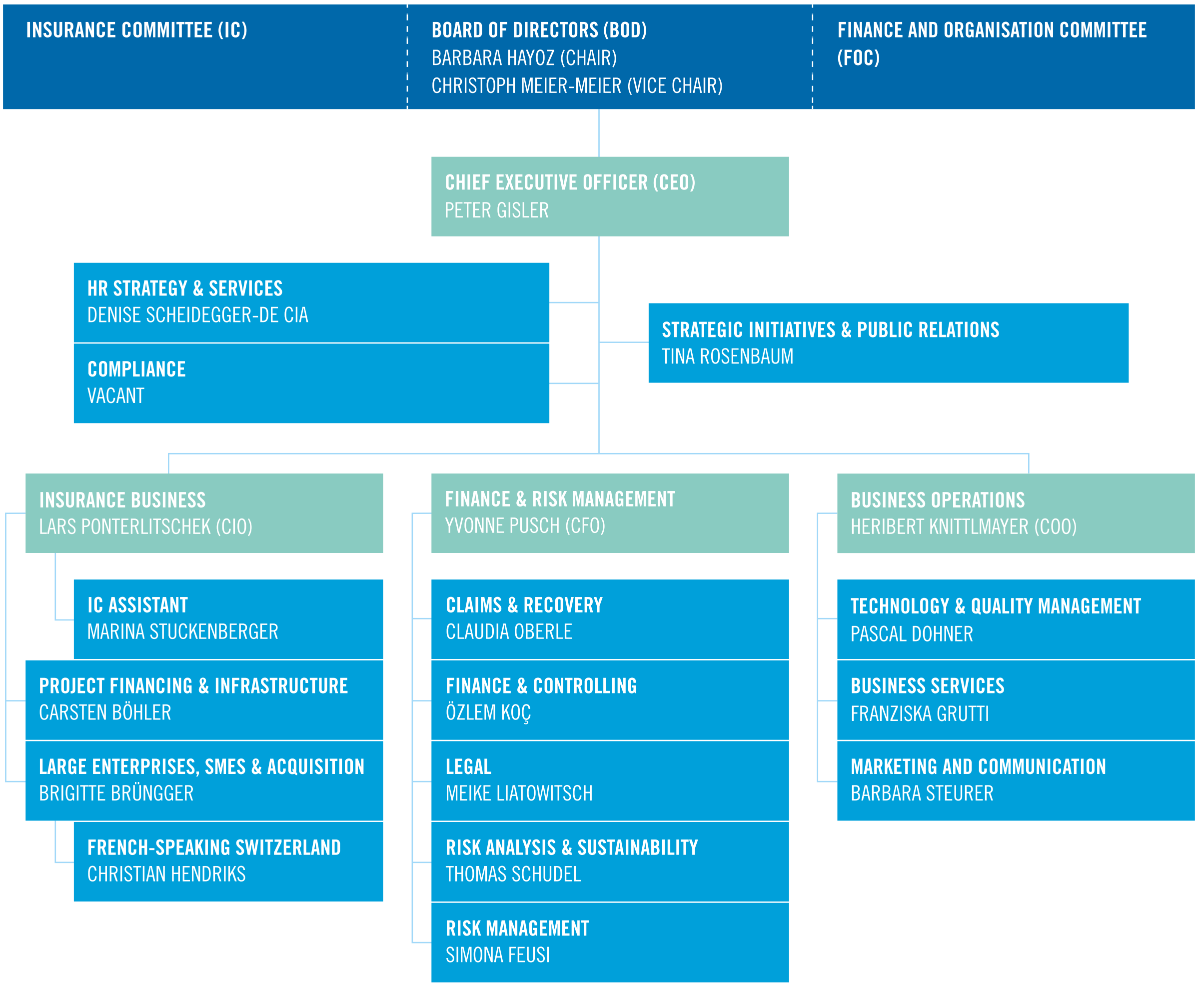
Peter Gisler, Swiss-certified banking expert,

has been Chief Executive Officer at SERV since 1 January 2017. Prior to that, he held senior positions at Aargauische Kantonalbank, at ABB Switzerland and at ABB Group Holding.

AUDITORS

KPMG AG
Badenerstrasse 172
8036 Zurich

ORGANISATION



Member of the Management Board

As of 31 December 2023

Legal basis

The Federal Council appoints the SERV Board of Directors (BoD) for a term of four years; a new term of office commenced in 2020. The BoD is composed of seven to nine members, taking appropriate consideration of social partners (Art. 24 SERV Act [SERVG]). It is the supreme management and control body of SERV. Its tasks are outlined in Art. 24 SERVG and explained in more detail in the SERV internal rules of procedure (RP).

The CEO is elected by the BoD. He manages and organises SERV and represents it externally. His tasks are defined in Art. 25 SERVG and further outlined in the SERV RP.

Board of Directors

The BoD appoints from among its members an Insurance Committee (IC; Chair Barbara Hayoz) and a Finance and Organisation Committee (FOC; Chair Christoph Meier-Meier). The tasks of the committees are outlined in the RP and specified in the RP's competence diagram. The BoD met six times in 2023 and also came together for one extraordinary session and one in camera session. The IC met 17 times and the FOA six times, with the IC meeting for one extraordinary session.

Human Resources

As in previous years, SERV is placing a strong emphasis on staff development, which includes not only personal development but also the establishment of export-oriented specialist training. The first milestone in the digitalisation of HR was reached in 2023, and all employee appraisals, including feedback, are now conducted digitally. A great deal of work has also gone into the employer brand. Recruitment will be supported next year by a new SERV career website.

For the first time in three years, an employee survey was conducted in the spring. The results were a clear indication that SERV is on the right strategic path and that this enjoys the support of employees at all levels. The path should therefore be rigorously pursued. This year, SERV underwent a voluntary external audit by SGS SA on equal pay. Our organisation achieved the excellent result "Fair-ON-Pay Advanced".

The Executive Board: Lars Ponterlitschek (CIO), Yvonne Pusch (CFO), Peter Gisler (CEO) and Heribert Knittlmayer (COO), from left to right.

“IT in the context of digital transformation”

In the spring of 2023, SERV adopted a digital strategy with the aim of comprehensively establishing digitalisation as a cross-functional and integrative task by 2025. Various initiatives have been identified to keep pace with technology, enable employees to use digital solutions and continuously optimise SERV’s processes by supporting a suitable IT platform.

In the area of application development, a strategic programme to modernise the core application for the insurance business was successfully concluded after two years. Based on a completely revised data model, a new system for automated premium calculation was developed for the introduction of the 2023 Regulations on Premium Calculation, and an outdated address management application was replaced by a modern, customer-oriented CRM. As a result, SERV now has the opportunity to link various IT applications, such as the customer portal and digital document management, into an integrated platform in the future.

Based on an information and data protection concept, the Executive Board enacted directives on compliance with data protection requirements and the standardisation of IT operational security, thereby laying the foundations for an information security management system (ISMS).

As part of its efforts to become an agile organisation, SERV employees received extensive training in project management methods (Scrum and Hermes 2022). Fostering an agile mindset is crucial for continuous improvement and flexibility, which will allow SERV to continuously adapt to new market needs and regulatory requirements.

“SERV’s employees have received extensive training in project management methods.”

HERIBERT KNITTLMAYER
CHIEF OPERATING OFFICER

Vested interests and conflicts of interest

SERV’s Board of Directors is guided in its activities by the goal of sustainable corporate management. Its decisions take into account the interests of the Swiss Confederation, clients, employees and other stakeholders. To this end, the Board of Directors ensures effective and transparent corporate governance, characterised by clearly assigned responsibilities and based on recognised standards. In particular, SERV complies with the recommendations of the Swiss Code of Best Practice for

Corporate Governance of Economiesuisse, the umbrella organisation of the Swiss economy.

SERV's principles and rules on corporate governance are set out primarily in SERVG, SERV-V, the SERV Rules of Procedure and the competence diagram. Particular attention is given to the Code of Conduct adopted by the Board of Directors. The Code expressly commits SERV to comprehensive integrity and compliance with the law and all other external and internal regulations. SERV expects its employees to take responsibility for their actions, to show consideration for people, society and the environment, to comply with applicable rules, to act with integrity and to report violations of the Code of Conduct.

The particular importance for SERV and its employees of complying with the legal provisions on official secrecy (Article 320 of the Swiss Criminal Code) and data protection to ensure the confidentiality of all information received from clients and business partners as well as internal data was further underpinned by additional measures (issuing of an internal data protection guideline, appointment of a data protection advisor, expansion of employee training).

Members of the Board of Directors are obliged to report their vested interests when they are elected and to report any relevant changes during their term of office without delay.

Directors are required to manage their personal and business affairs in such a way that conflicts of interest are avoided wherever possible and to undertake the necessary measures to do so. Should a conflict of interest nevertheless arise, the member concerned shall immediately inform the Chairwoman or the Vice Chairman of the Board of Directors so that they can notify the Board of Directors. The members of the Board of Directors and the Chairwoman are obliged to recuse themselves from any business that may conflict with their own interests or the interests of natural or legal persons close to them.

In line with best practice regarding the conduct of directors under the compliance requirements and in particular the Code of Conduct, directors are required to make an annual declaration of integrity and loyalty.

The Board of Directors receives regular internal training on topics relevant to the company and is kept abreast of how to deal with vested interests.

Auditors

The auditors of SERV are appointed by the Federal Council at the request of the BoD. The auditors review the income statement, balance sheet, cash flow statement, income statement by segment, the balance sheet by segment, the notes on the financial statements, the proof of economic viability and the existence of an internal control system (ICS). The auditors report their audit findings to the BoD and the Federal Council. Following a tender procedure pursuant to the Ordinance on Public Procurement (OPP), the Federal Council awarded the audit mandate for 2019 to 2021 to KPMG AG, Zurich. This mandate was extended until 2024 based on an award option.

REMUNERATION

Board of Directors

The Board of Directors (BoD) has regulated the remuneration and fringe benefits of the Chairwoman and its members in the Regulations Governing the Remuneration of the Board of Directors (Remuneration Regulations). These are based on the SERVG and, by analogy, the corresponding provisions of the Swiss Federal Personnel Act (BPG). The remuneration of the Chairwoman and the members of the Board of Directors consists of compensation for preparing and attending meetings of the Board of Directors and its committees, actual travel expenses and compensation for special tasks. The Chairwoman and the members also receive a Half Fare Travelcard. The total remuneration is based on the responsibility assigned to the member, the complexity of the task, the professional and personal requirements and the time required to fulfil the responsibilities.

No remuneration was paid to former members of governing bodies.

Board of Directors, Chief Executive Officer and members of the Executive Board

SERV does not grant members of the Board of Directors, the Executive Board or the Director any loans or credits, any other compensation for additional services or any pension benefits beyond the occupational benefits provided for in the regulations. No remuneration is paid in advance.

Executive Salary Reporting – Senior Management (Board of Directors)

in CHF (previous year in grey)

	Chairwoman	Board (7 members, excluding Chair)	
		Total	Average
Level of activity			
(percentage of time spent on function)	55%		BoD 15%
			IC 20%
			FOC 10%
Remuneration			
Meeting attendance fee	77 500	245 875	35 125
	85 500	261 500	37 357
Cash payments for compensation of special tasks	79 700	47 897	6 842
	53 850	46 928	6 704
Other contractual terms			
Post-employment benefits	–	–	–
Severance compensation	–	–	–

Executive Salary Reporting – Executive Board (CEO and Department Heads)

in CHF (previous year in grey)

	CEO	Members of the Executive Board (3 members* without CEO)	
		Total	Average
Remuneration			
Fixed part (salary)	305 229	747 945	249 315
	298 758	656 550	218 850
Cash payments for compensation of special tasks	–	–	–
	–	–	–
Cash payments (justified by function or labour market)	–	–	–
	–	–	–
Bonuses (variable salary part)	89 625	161 188	53 729
	54 770	85 900	28 633
Other expenses	600	1 800	600
	600	1 200	600
Other contractual terms			
Post-employment benefits	Management plan	Management plan	–
Severance compensation	–	–	–

FINANCIAL REPORT

SERV closed its 17th financial year with a positive net income (NI) of CHF 13.4 million, despite above-average loss expenses.

Legal basis

The essential accounting requirements for SERV are formulated in the SERV Act (SERVG) and in the SERV Ordinance (SERV-V). SERV must keep its own accounts, be economically viable as an insurance company and manage risks for public and private debtors separately. To meet these requirements, SERV prepares financial statements on the closing date (cf. PDF Financial Statements, p. 61), consisting of the income statement, balance sheet, cash flow statement, proof of economic viability, segment accounting and notes.

Individual items of the income statement, the balance sheet and segment accounting are explained in more detail in the Notes. Items shown net in the financial statements are broken down in the Notes, which renders the calculation of net results transparent. 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.

NET INCOME
in CHF million
13

PREMIUM INCOME
in CHF million
88.1

Income statement

SERV closed its 17th financial year with a positive net income (NI) of CHF 13.4 million, despite above-average loss expenditure due to defaults by two African countries (previous year: CHF 46.7 million), albeit with an operating loss of CHF 20.1 million.

Premium income fell from CHF 156.1 million in the previous year to CHF 88.1 million, largely attributable to the early termination of two insurance policies with partial repayments of CHF 44.8 million. The net special effect at the level of earned premiums amounted to CHF 24.2 million. Compared to the last 10 years, this was a slightly below-average year in terms of premiums. Average premium income amounted to CHF 94.4 million. At CHF 170.6 million, SERV again achieved the highest result in its history in terms of earned premiums.

Interest income from debt rescheduling agreements amounting to CHF 17.6 million was largely attributable to the renegotiation and adjustment of interest rates in the agreement with Argentina. The special effect from the restatement of previous years amounted to CHF 11.8 million and interest income of CHF 3.3 million was recognised for the period to 2023. Pakistan also managed to meet its payment obligations again in 2023 (CHF 1.0 million). Furthermore, smaller interest payments were received from various other countries.

Loss expenses of CHF 222.3 million were largely attributable to provisions for losses resulting from defaults by two African countries with large projects.

The debt rescheduling results of CHF 26.6 million resulted from the reversal of value adjustments due to payments made and the improvement in the country risk category of one debtor country.

The strategic objective of becoming a “trade facilitator” remains an important cornerstone for SERV’s further development. As a result, new positions have been created in the core business as well as in the areas of insurance and finance. This has led to an increase in personnel expenses of CHF 0.7 million to CHF 17.4 million.

Financial income mainly comprises foreign currency differences and was positive in 2023 at CHF 11.3 million due to the strong Swiss franc. As set out in the SERV Act, SERV may only invest surplus funds with the Federal Treasury at market interest rates. The interest rate turnaround to combat inflation again allowed SERV to generate interest income of CHF 33.5 million on its financial investments, which currently amount to CHF 3.143 billion.

“The year was dominated by special effects, which contributed to a positive net income despite the high loss expenses.”

YVONNE PUSCH
CHIEF FINANCIAL OFFICER

Balance sheet

On the assets side, cash in hand and at bank increased by CHF 46.1 million compared to 2022 and are at a significantly higher level than in previous years, which is attributable on the one hand to the almost doubled interest income from financial investments totalling CHF 33.5 million and on the other hand to increased repayments from debt rescheduling agreements (particularly from Pakistan, Argentina and Serbia) as well as the very successful recovery efforts.

Credit balances from debt rescheduling agreements decreased by CHF 8.5 million in the year under review. On the liabilities side, the driving factors were the reduction of the unearned premium reserve by CHF 82.5 million and the increase of CHF 151.6 million in loss provisions.

As of 31 December 2023, capital totalled CHF 2.892 billion, CHF 13.4 million higher than the previous year. The total of RBC and CEC of around CHF 1.942 billion was CHF 129.5 million lower (– 6.3%) compared with the previous year as a result of the reduction in exposure to Category 7 countries. The compensation reserve (CR) increased accordingly by CHF 176.2 million to CHF 937.2 million. The CR allows SERV to manage the major volatility it is exposed to through country and debtor downgrades and elevated losses as a result of political and economic crises. This reserve also allows SERV to continue covering risks for export transactions.

All in all, SERV has a solid capital base for fulfilling its legal mission of promoting the Swiss export industry by providing effective insurance solutions, even in periods with an uncertain economic outlook. At the same time, SERV is able to soften the impact of any deterioration in risk ratings for countries and enterprises and has the buffer necessary to deal with any type of crisis.

Cash flow statement

SERV's 2023 cash flow statement (cf. Cash Flow Statement, p. 63) posted a net increase of CHF 64.6 million (2022: CHF 151.0 million). In previous years, SERV generated an average cash flow of CHF 122.3 million per year. SERV continues to have excellent liquidity with CHF 3.252 billion, consisting of cash in hand & at bank and time deposits.

Cash flow from business operations was negative at CHF –13.9 million in 2023. Premium revenues in 2023 were lower than in the previous year and in some cases were not paid until December, as a result of which many were not received until 2024. At the same time, loss payments remained stable (decrease of CHF 1.1 million) and amounted to CHF 53.6 million. Loss repayments increased by CHF 17.3 million to CHF 30.6 million, which had a positive impact on the cash flow statement, while payments for personnel and operating costs increased (+ CHF 3.1 million).

Cash flow from investment activities includes both regular and unscheduled early repayments of credit balances from debt rescheduling agreements plus the corresponding interest, as well as payments in connection with capitalised IT project costs under intangible assets and interest income from investments. At CHF 79.6 million, this represents an increase of CHF 15.6 million over the previous year and is largely attributable to the almost doubled interest income from financial investments. Cash flow for this area averaged CHF 104.5 million in the past.

Proof of economic viability

In 2023, SERV showed positive loading in all segments. This means that earned premiums exceeded the actuarial risk, i.e. the average expected annual loss, which is the theoretical probability-weighted average potential loss calculated for an annual reporting period. The calculation is based on the loss probabilities and assumed recovery ratios.

The “public debtors” and “private debtors with del credere” segments posted a combined surplus cover of CHF 113.4 million on an operational level (economic viability 1), while the “private debtors without del credere” division posted a negative economic viability 1 of CHF 1.4 million. Due to the interest income from cash investments, SERV posted significant surplus cover of CHF 145.5 million for economic viability 2 for all segments except “private debtors without del credere”. Even with the interest income from cash investments, the “private debtors without del credere” segment remained slightly negative (CHF –1.3 million).

Since SERV was founded, the average surplus cover for economic viability 1 for the primary segment “public debtors” has been CHF 10.4 million and CHF 13.4 million for the primary segment “private debtors”. This means that economic viability 1 has so far been significantly exceeded for the primary segments. If economic viability on an operational level (economic viability 1) is positive, so is economic viability 2, unless SERV’s capital is burdened with negative interest rates.

Segment accounting

In the income statement by segment, items that are not directly related to an insurance transaction in a segment are distributed across the three segments using an allocation formula (cf. PDF Notes regarding the income statement, Comments 12–18, p. 71). Items are not broken down into segments on the balance sheet where doing so has only limited indicative value.

In the profit and loss account, the “public debtors” division closed in the red. This was primarily due to loss expenses. The success of the two segments “private debtors without del credere” and “private debtors with del credere” offset the loss of the other line. Experience shows that the annual results for segment accounting are influenced to a large extent by the loss expenses incurred and are thus very volatile.

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
Earned premiums		**170 601**	**121 441**	**49 160**
Interest income from debt rescheduling agreements		17 608	10 070	7 538
Total income from insurance		**188 209**	**131 511**	**56 698**
Loss expenses	2	– 222 286	– 96 911	– 125 375
Reinsurance commissions		–	– 332	332
Debt rescheduling results	3	26 563	14 692	11 871
Total expenses from insurance		**– 195 723**	**– 82 551**	**– 113 172**
Profit/loss on insurance		**– 7 514**	**48 960**	**– 56 474**
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
Operating profit/loss		**– 20 149**	**29 272**	**– 49 421**
Interest income from cash investments		33 521	17 393	16 128
Net income (NI)		**13 372**	**46 665**	**– 33 293**

* 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
Assets				
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
Total current assets		**3 320 641**	**3 195 220**	**125 421**
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		–	–	–
Total fixed assets		**12 517**	**8 170**	**4 347**
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
Total claims and credit balances from debt rescheduling agreements		**235 313**	**270 958**	**– 35 645**
Total assets		**3 568 471**	**3 474 348**	**94 123**
Liabilities				
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
Subtotal		**676 162**	**595 412**	**80 750**
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
Total capital		**2 892 309**	**2 878 936**	**13 373**
Total liabilities		**3 568 471**	**3 474 348**	**94 123**

* 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
Business operations			
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
Cash flow from business operations		**– 13 850**	**87 242**
Investing activities			
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
Cash flow from investing activities		**79 591**	**64 033**
Financing activities			
Payments from financing activities		– 1 171	– 279
Cash flow from financing activities		**– 1 171**	**– 279**
Net change in funds		**64 570**	**150 996**
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	Private without del credere	Private with del credere	
	(1)	(2)	(3)	(4)=(1)+(2)+(3)
Earned premiums	70 131	2 435	98 035	170 601
Average expected annual loss	– 12 221	– 1 179	– 25 649	– 39 049
Loading	**57 910**	**1 256**	**72 386**	**131 552**
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
Economic viability 1	**59 343**	**– 1 424**	**54 073**	**111 992**
Interest income from cash investments	14 272	153	19 096	33 521
Economic viability 2	**73 615**	**– 1 271**	**73 169**	**145 513**

SEGMENT ACCOUNTING

Segment Accounting
01.01.2023–31.12.2023, in KCHF

	Notes *	Segments (by debtor)			SERV
		Public	Private without del credere	Private with del credere	
		(1)	(2)	(3)	(4)=(1)+(2)+(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
Earned premiums		**70 131**	**2 435**	**98 035**	**170 601**
Interest income from debt rescheduling agreements	13	12 831	4 488	289	17 608
Total income from insurance		**82 962**	**6 923**	**98 324**	**188 209**
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
Total expenses from insurance		**– 196 465**	**16 963**	**– 16 221**	**– 195 723**
Profit/loss on insurance		**– 113 503**	**23 886**	**82 103**	**– 7 514**
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
Operating profit/loss		**– 111 313**	**21 819**	**69 345**	**– 20 149**
Interest income from cash investments		14 272	153	19 096	33 521
Net income (NI)		**– 97 041**	**21 972**	**88 441**	**13 372**

* 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)
Assets						
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
Total current assets		**22 230**	**471**	**44 100**	**3 253 840**	**3 320 641**
Property, plant and equipment		–	–	–	406	406
Intangible assets		–	–	–	12 112	12 112
Financial investments and credit balances maturing in more than 1 year		–	–	–	–	–
Total fixed assets		**–**	**–**	**–**	**12 517**	**12 517**
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
Total claims and credit balances from debt rescheduling agreements		**90 151**	**73 646**	**71 516**	**–**	**235 313**
Total assets		**112 381**	**74 117**	**115 616**	**3 266 357**	**3 568 471**
Liabilities						
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		–	–	–	–	–
Subtotal		**372 845**	**41 603**	**250 536**	**11 178**	**676 162**
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
Total capital		**490 503**	**92 662**	**280 908**	**2 028 236**	**2 892 309**
Total liabilities		**863 348**	**134 265**	**531 444**	**2 039 414**	**3 568 471**

* 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
Acquisition costs				
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	–	–	–	–
Value as at 31 December	**2 572**	**2 446**	**17 194**	**10 570**
Cumulative depreciation				
Value as at 1 January	2 020	2 440	2 826	2 826
Additions	289	377	2 256	–
Disposals	– 143	– 797		–
Impairment	–	–		
Value as at 31 December	**2 167**	**2 020**	**5 082**	**2 826**
Book value as at 31 December	**405**	**426**	**12 112**	**7 744**

Claims from Losses and Restructuring (with value adjustment)

in CHF million

	31.12.2023			31.12.2022			
	SERV claims	Value adjustment	Net claims	SERV claims	Value adjustment	Net claims	Change
	(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)=(4)+(5)	(7)=(3)–(6)
Value adjustment on claims from losses							
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
	525.3	**– 395.5**	**129.8**	**565.7**	**– 408.8**	**156.9**	**– 27.1**
Claims from restructuring with public debtors (with value adjustment)							
North Korea	188.9	– 170.0	18.9	188.9	– 170.0	18.9	–
	188.9	**– 170.0**	**18.9**	**188.9**	**– 170.0**	**18.9**	**–**
Total claim from losses and restructuring			**148.7**			**175.8**	**– 27.1**

Value Adjustment on Claims from Losses and Restructuring

in CHF million

	31.12.2023					31.12.2022					Change
			SERV					SERV			
	Total claims	Share 3rd parties*	Share	Value adjustment	Net claims	Total claims	Share 3rd parties*	Share	Value adjustment	Net claims	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	–
Total	**216.3**	**27.4**	**188.9**	**– 170.0**	**18.9**	**216.3**	**27.4**	**188.9**	**– 170.0**	**18.9**	**–**

* policyholders or assignees

Credit Balances from Debt Rescheduling Agreements (with value adjustment)

in CHF million

	31.12.2023						31.12.2022						Change
				SERV						SERV			
	Total credit balance	Share Confederation	Share 3rd parties	Share	Value adjustment	Net credit balance	Total credit balance	Share Confederation	Share 3rd parties	Share	Value adjustment	Net credit balance	Net credit balance
	(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	–	–	–	–	–
Total credit balances from debt rescheduling agreements	**443.0**	**94.7**	**63.8**	**284.5**	**– 197.9**	**86.6**	**488.8**	**95.2**	**74.0**	**319.6**	**– 224.5**	**95.1**	**– 8.6**

Premium Income by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public	Private without del credere	Private with del credere	
	(1)	(2)	(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
Total premium income	**37 520**	**401**	**50 199**	**88 120**

Loss Expenses by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public	Private without del credere	Private with del credere	
	(1)	(2)	(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
Total loss expenses	**– 206 429**	**7 086**	**– 22 943**	**– 222 286**

Debt Rescheduling Results by Segment

01.01.2023–31.12.2023, in KCHF

	Segments (by debtor)			SERV
	Public	Private without del credere	Private with del credere	
	(1)	(2)	(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
Total debt rescheduling results	**9 965**	**9 877**	**6 721**	**26 563**

Loss Provisions by Segment

31.12.2023, in KCHF

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

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
Capital	**2 878 936**	–	**13 372**	–	**2 892 309**

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.

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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
Statements

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

Oliver Windhör
Licensed Audit Expert
Auditor in Charge

Lukas Kündig
Licensed Audit Expert

Zurich, 28 February 2024

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The 2023 SERV Annual Report is available in English, German and French and can be downloaded at report.serv-ch.com. The German PDF version is authoritative.