

8 Notes to the Financial Statements

To improve transparency, the structure of the Notes to the Financial Statements was made clearer and adjusted accordingly in the year under review.

8.1 Accounting Principles

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 as at the closing date, consisting of the income statement, balance sheet, cash flow statement, proof of economic viability, segment accounting, and notes.

Accounting principles

The accounting principles (AP) define the accounting principles for SERV and are determined by the Board of Directors (BoD). In the year under review, the version approved by the BoD on 23 August 2021 plus the amended notes approved by the BoD on 15 December 2023 were used.

The APs follow national accounting standards and follow the practices of the Swiss private insurance industry. SERV's balance sheet reflects the actual financial and asset situation as accurately as possible. The principle of individual valuation applies: overvaluations and undervaluations are not set off against each other. All items have been reviewed to verify their accounting eligibility and value. The economic perspective takes priority over other possible points of view.

The APs discussed in this section are outlined in condensed form. The full text of the APs and their annexes may be viewed at SERV on request.

Any differences in totals in the tables and notes are due to rounding.

Balance sheet items are measured at nominal value with the exception of the items listed below:

Claims from losses and restructuring

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

Valuation of claims against public debtors: the value adjustments are calculated on the basis of the official OECD calculation method for expected and incurred losses – in accordance with the OECD working paper published on 24 March 2004 on officially supported export credits for expected and incurred losses. This method takes 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 recovery expectations. The following criteria are taken into consideration in the valuation as decisive factors that reduce or increase recoveries in the case of claims against private debtors:

- type of collateral,
- World Bank Rule of Law Index,
- OECD country risk category (CRC),
- debtor rating prior to incurrence of loss.

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 100 000 Swiss francs 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.

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 multiple 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](#) and with other debt rescheduling institutions 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 calculation method for expected and incurred 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 that are only earned during the risk period.

Valuation: when premium income is recognised, 20 per cent of the premiums is treated as an administrative portion and earned immediately in the current financial year. The remaining 80 per cent of the premium is recognised as income according to the extent of [commitment](#) in accordance with risk distribution over the contract term of the individual transactions.

In the event of a loss or 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 released.

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: recognition 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 calculation method for expected and incurred losses. Since it is almost impossible to precisely assess the probability of occurrence, 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): balance sheet item corresponding to the "technical provisions" typically used in the insurance industry. The RBC is determined using an actuarial model, taking into account all assets at risk of loss. The RBC is also 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): an extended risk buffer used to achieve a higher level of security;
- compensation reserve (CR): balance sheet item that, together with the RBC, CCap and net income (NI), constitutes SERV's capital;
- net income.

Valuation: the RBC is determined using an actuarial model. This involves calculating the loss function with regard to the portfolio credit default risk and determining the loss function quantile. The value gives the losses over the entire year that are not exceeded in the corresponding percentage of all cases. SERV uses the average of the values over the 99 per cent quantile in increments of 0.1 as a risk measure. An RBC target cover ratio of 200 per cent is used to establish the CCap. The difference between the target cover ratio and the RBC is the core capital. The amount to cover operational risks is added to the core capital. The CR is determined arithmetically and is not subject to any valuation.

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. Items are not broken down into segments on the balance sheet where doing so has only limited indicative value.

Premium income was directly allocated to segments. 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. Loss expenses and debt rescheduling results were allocated directly to the segments. Personnel and non-personnel expenses were allocated to individual segments according to the number of new contracts per debtor category, minus 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. 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.

In the balance sheet by segment, cash in hand and at bank, cash investments, current liabilities, short-term liabilities and capital are not broken down into the three segments. Doing so would not yield meaningful information.

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 proof of economic viability are obtained from the income statement.

8.2 Notes to the Financial Statements

This chapter explains individual items of the income statement and balance sheet in more detail. Firstly, items shown net in the financial statements are broken down to render 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. The notes are numbered in accordance with the numbers in the financial statements.

[1] Premium income

in KCHF	2025	2024	Change
Premium income from insurance premiums	99 875	78 422	21 453
Premium income from expense premiums	25 946	14 272	11 674
Premiums from reinsurance	23 798	-	23 798
Premiums for reinsurance	-13 013	-13 781	768
Total premium income	136 606	78 913	57 693

The "Premium income" amounting to CHF 136.6 million is comprised of income from insurance premiums in the sum of CHF 125.8 million plus premiums for and from reinsurance totalling CHF 10.8 million. The change compared with the previous year is due to insurance policies for large projects issued in the year under review.

[2] Loss expenses

in KCHF	2025	2024	Change
Provision for losses IBNR	-10 694	54 390	-65 084
Provision for reported losses	44 093	12 715	31 378
Change in value adjustments	-71 185	-65 808	-5 377
Definitive loss write-offs	-15 940	-16 205	265
Other loss expenses	-1 296	-555	-741
Total loss expenses	-55 022	-15 463	-39 559

Loss expenses of CHF 55.0 million were CHF 39 million higher than in the previous year. No material major losses occurred. The "Provisions for losses IBNR" are largely attributable to new imminent losses in Romania and Bangladesh.

Losses amounting to CHF 15.9 million were definitively written off in 2025. The losses written off largely related to risks in Switzerland, India, China and Mexico. Other loss expenses include costs for recovery measures.

[3] Debt rescheduling results

in KCHF	2025	2024	Change
Change in value adjustments	5 558	26 112	-20 554
Write-offs of credit balances against debtor countries	-100	-107	7
Total debt rescheduling results	5 458	26 005	-20 547

The debt rescheduling results were significantly lower than in the previous year. The largest effects are attributable to payment receipts and the resulting reversals of value adjustments from Iraq of CHF 2.9 million (2024: CHF 3.4 million) and Pakistan of CHF 2.2 million (2024: CHF 17.7 million).

[4] Other income

in KCHF	2025	2024	Change
Other income	3 783	3 389	394

Other income primarily included capitalisations of CHF 3.4 million from the IT projects (non-personnel expenses) such as the project to develop the Core Insurance Platform (CIP) and the customer portal 2.0 project, which went live in the reporting period.

[5] Short-term financial investments

in KCHF	31.12.2025	31.12.2024	Change
Financial investments maturing in 1 year or less	3 226 962	3 161 153	65 809

All cash investments on the reporting date were held with the Confederation in the form of an investment account.

[6] Development of property, plant and equipment & intangible assets

in KCHF	Property, plant and equipment		Intangible assets	
	2025	2024	2025	2024
Acquisition costs				
Value as at 1 January	2 665	2 572	19 860	17 194
Additions	157	137	3 438	2 667
Disposals	-122	-44	-	-
Value as at 31 December	2 700	2 665	23 298	19 860
Cumulative depreciation/amortisation				
Value as at 1 January	2 384	2 167	8 355	5 082
Additions	273	261	3 862	3 273
Disposals	-122	-44	-	-
Value as at 31 December	2 535	2 384	12 217	8 355
Book value as at 31 December	165	281	11 081	11 505

Additions of CHF 3.4 million under intangible assets originate from the capitalisations of the project costs (non-personnel expenses) of SERV's IT project to develop the Core Insurance Platform (CIP) and customer portal 2.0, which are being amortised over a five-year period.

[7] Claims from losses and restructuring (with value adjustment)
in CHF million

	31.12.2025			31.12.2024			Change
	SERV claims	Value adjustment	Net claims	SERV claims	Value adjustment	Net claims	
	(1)	(2)	(3)=(1)+(2)	(4)	(5)	(6)=(4)+(5)	(7)=(3)-(6)
Value adjustment on claims from losses							
Saudi Arabia	149.5	-118.9	30.6	128.4	-102.7	25.7	4.9
Switzerland	76.1	-70.1	6.0	82.3	-73.0	9.3	-3.3
Zambia	75.9	-58.9	17.0	86.7	-67.2	19.5	-2.5
Ethiopia	47.2	-43.7	3.5	19.5	-18.0	1.5	2.0
Cuba	41.5	-32.2	9.3	43.5	-30.7	12.8	-3.5
Türkiye	41.5	-34.0	7.5	43.0	-26.3	16.7	-9.2
Greece	38.3	-38.3	-	38.7	-38.7	0.0	-0.0
Zimbabwe	37.2	-28.8	8.4	37.2	-28.8	8.3	0.0
United Arab Emirates	26.8	-21.6	5.2	16.9	-16.7	0.2	5.0
Indonesia	12.9	-11.8	1.1	13.0	-11.6	1.4	-0.3
Other countries	82.4	-62.7	19.7	74.6	-57.6	17.0	2.7
Total	629.3	-520.9	108.4	583.8	-471.5	112.3	-4.1
Value adjustment on claims from restructuring with public debtors							
North Korea	188.9	-170.0	18.9	188.9	-170.0	18.9	-
Total	188.9	-170.0	18.9	188.9	-170.0	18.9	-
Total claim from losses and restructuring			127.3			131.2	-4.1

SERV's claims from losses and restructuring with public debtors were valued in accordance with the APs (cf. Accounting Principles – Claims from losses and restructuring, p. 50) and then reported as net claims. In the year under review, net claims from losses decreased by CHF 4.1 million. Claims paid of CHF 121.7 million mainly related to Ethiopia, Saudi Arabia, the United Arab Emirates, Ghana, the United States and Bangladesh.

[8] Credit balances from debt rescheduling agreements (with value adjustment)
in CHF million

	31.12.2025						31.12.2024						Change
	Total credit balance	Share Confederation	Share 3rd parties	Share SERV	Value adjustment	Net credit balance	Total credit balance	Share Confederation	Share 3rd parties	Share SERV	Value adjustment	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	-	53.3	-47.9	5.3	-
Cuba	119.1	-	31.0	88.1	-64.1	23.9	118.0	-	30.7	87.4	-64.4	23.0	1.0
Argentina	46.7	-	8.9	37.7	-28.4	9.4	70.3	-	13.5	56.8	-28.4	28.4	-19.1
Pakistan	18.2	2.3	0.2	15.7	-15.7	-	21.3	2.6	0.9	17.9	-17.9	-	-
Bosnia and Herzegovina	15.4	-	3.8	11.6	-3.0	8.6	17.0	-	4.2	12.8	-3.0	9.8	-1.2
Iraq	9.4	-	3.0	6.4	-5.7	-	14.1	-	5.2	8.9	-8.6	0.3	-0.3
Honduras	1.3	-	0.1	1.2	-1.2	-	1.4	-	0.1	1.3	-1.3	0.0	-
Cameroon	0.2	-	0.0	0.2	-0.2	-	0.3	-	0.1	0.3	-0.3	-	-
Total credit balances from debt rescheduling agreements	355.2	93.9	47.8	213.4	-166.2	47.2	387.4	94.3	54.6	238.6	-171.8	66.8	-19.6

The credit balances from debt rescheduling agreements (cf. Accounting Principles – Credit balances from debt rescheduling agreements, p. 51) were reported as net credit balances. The largest movements occurred in Argentina (reduction of CHF 19.1 million).

[9] Loss provisions

in KCHF	2025				2024			
	Segments (by debtor)			SERV total	Segments (by debtor)			SERV total
	Public	Private without del credere	Private with del credere		Public	Private without del credere	Private with del credere	
					(1)	(2)	(3)	(4)=(1)+(2)+(3)
IBNR	6 198	40 703	21 720	68 621	3 676	39 763	14 739	58 178
Reported losses	124 560	-	28 988	153 548	172 684	-1	30 682	203 365
Loss provisions	130 758	40 703	50 708	222 169	176 360	39 762	45 421	261 543

The year-on-year change in loss provisions was mainly due to a final payment in the form of a one-off settlement of a claim in Ethiopia.

[10] Other non-current liabilities

	31.12.2025	31.12.2024	Change
Other non-current liabilities	2 792	2 820	-28

“Other non-current liabilities” relates to a security guarantee payment on deposit related to a recovery case from the United Arab Emirates, which is scheduled for repayment within three years.

8.3 Proof of Capital

As of 31 December 2025, SERV held capital of CHF 3.019 billion, CHF 27.3 million more than the previous year.

Risk-bearing capital (RBC) and core capital (CCap) together totalled CHF 1.459 billion at the end of 2025, CHF 59.6 million more than the previous year. This change is the result of the respective changes in exposure. The compensation reserve (CR) is a net balance sheet item and amounted to CHF 1.533 billion at the end of 2025. This represents an increase of CHF 39.3 million compared with the previous year (including CHF 98.9 million in allocated net income [NI] from the 2024 financial year). The CR provides SERV with leeway for additional cover and allows it to manage the major volatility to which it is exposed from country downgrades due to political and economic crises (increased demand for RBC, CCap or value adjustments on credit balances from debt rescheduling agreements) and through elevated losses.

Proof of Capital 31.12.2025, in KCHF

	31.12.2024 (1)	Allocation of net income in 2024 (2)	Net income in 2025 (3)	Shifts (4)	31.12.2025 (5)= (1)+(2)+(3)+(4)
Risk-bearing capital (RBC)	691 266			29 696	720 962
Core capital (CCap)	707 667			29 870	737 537
Compensation reserve (CR)	1 493 376	98 910		-59 566	1 532 719
Net income (NI)	98 910	-98 910	27 287		27 287
Capital	2 991 219	-	27 287	-	3 018 505

8.4 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 maintains 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 clients in French-speaking Switzerland.

Significant events after the balance sheet date

From 31 December 2025 to 25 February 2026, no events occurred that would have to be disclosed here.

Auditors

In 2025, the auditors received a fee (excluding VAT) of KCHF 63.7. Because the auditors were newly elected, no prior-year figures are available. There were no additional services in the year under review.

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 www.serv-ch.com/report.