

MINUTE OF MANAGEMENT BOARD MEETING – 20 DECEMBER 2012

Present: Guy Beringer (Chair) Paul Radford Item 4
David Godfrey Jimmy Croall Item 5
Jon Harding (UKTI)
Katherine Letsinger
David Havelock
Nigel Addison Smith
Steve Dodgson
Sue Johnson
Nicholas Ridley

Apologies: Sir Eric Peacock

Secretary: Iain Phillips

1. **Draft Minute of 24 October meeting**

1.1. The draft minute was agreed.

2. **All-Party Parliamentary Group on International Corporate Responsibility**

2.1. MB discussed the report on UK Export Finance published on 28 November by the All-Party Parliamentary Group (APPG) on International Corporate Responsibility. It also noted that APPGs do not hold formal Parliamentary status, unlike House of Lords or Commons Select Committees. It was also noted that UKEF had not had the opportunity to comment on ahead of its publication.

2.2. MB discussed the recommendations of the report. MB noted some had already been addressed and others, if accepted, would be counter to current Government policy.

2.3. MB considered how UKEF might respond to the report and the form that any response might take. The response would provide an opportunity for UKEF to highlight its work internationally to raise Environmental, Social and Human Rights standards, particularly at the OECD.

3. Business Bank

- 3.1. MB discussed the Business Bank being created by the Department for Business, Innovation and Skills and noted that an interim chair had now been appointed to the bank's Advisory Board. MB noted that, depending on the role of the bank, which was still under discussion, there could be overlap with the role of UKEF.
- 3.2. A number of government departments with an interest in the bank, including UKEF, BIS and HMT were members of the project board. MB agreed that UKEF should ensure that the department's views are well represented at project board meetings and to be aware of how the role of the bank is developing following the appointment of a new Advisory Board. MB also felt that it was important that the other members of the project board understood the range on international agreements and obligations that applied to the operations of export credit agencies, such as UKEF, when considering the role and remit on the Business Bank.
- 3.3. The board agreed it was premature to reach any broad conclusions as to the role of UKEF until the bank's market strategy had been completed.

4. Credit Risk Group Scenarios

- 4.1. Following the discussion at the October meeting on UKEF's Exposure Management Framework (EMF), MB was given a presentation on UKEF's credit risk stress testing and scenario analysis of the portfolio.
- 4.2. MB noted that the scenarios were monitored regularly and new ones added as necessary, depending on international developments and topical concerns and to ensure that the portfolio was tested under a wide number of circumstances. A further presentation would be made at the January board meeting looking at potential Middle East and other key market concentration risk in a crisis scenario.
- 4.3. MB was advised that Ministers had endorsed the new EMF limits which had been discussed at the October board meeting. This will increase the department's expected and unexpected loss as utilisation under the limits increases.

5. Monthly Management Information review

- 5.1. MB was advised of the shape and content of the revised to the Monthly Management Reporting, which would be revisited in more detail at the January meeting.

6. Supplementary Estimate

- 6.1. MB noted the Supplementary Estimate that UKEF would be submitting in January.

7. EGAC Report

- 7.1. MB received a report back on the recent meeting of the Export Guarantees Advisory Council, which had discussed European Parliament reporting, the APPG report on UK Export Finance, and had met with Amnesty International.

8. Any other business

Spending Review 2013

- 8.1. In his Autumn Statement, the Chancellor had announced that a spending review would be undertaken in 2013, with the intention of extending the Spending Review 2010 period for a further year to 2016. The board was informed that this spending review may be required to be completed in the first half of 2013.

Non-executive directors

- 8.2. The Chair announced that Katherine Letsinger was leaving the board after almost six years as a non-executive and chair of the Audit Committee. The board thanked Ms Letsinger, who had brought a wide range of knowledge and experience of accounting practices in the private market insurance industry, for her contribution and support and dedication to the role of AC chair.

8.3. The board also welcomed Jon Harding, Chief Operating Officer at UKTI, who was taking up the role of UKTI representative on the Management Board.

Iain Phillips

Chief Executive's Office