

MINUTE OF UKEF BOARD MEETING – 12 MAY 2016

Present: Guy Beringer (Chair) V Agapitou – Item 2
Sir Eric Peacock L Nichols – Item 3
Amin Mawji
Louis Taylor
David Havelock
Gordon Welsh
Lucy Wylde
Cameron Fox
Adam Jackson
Justin Manson
Jane Owen

Secretary: Satnam Singh

1. **Welcome to the new Head of the Business Group**

1.1. The Chair and Board members formally welcomed Gordon Welsh to the Board as the new Head of the Business Group.

2. **Draft Minute of 3 March 2016 meeting**

2.1. The draft minute was agreed.

3. **Annual Credit Risk Review**

3.1. The paper that had been circulated prior to the meeting was taken as read.

3.2. The Director of the Credit Risk Group and the Head of the Pricing & Portfolio Risk Unit (PPRU) provided the Board with a comprehensive update on the credit risk function in the Department and of key business and risk trends.

3.3. Board members were informed that UKEF had a total exposure of £22bn, including amounts at risk, claims and new commitments, and that the credit quality of the portfolio remained high with 45% rated at investment grade.

3.4. It was noted by the Board that UKEF continued to experience very low levels of new claims and that the total portfolio was stable and remained relatively constant.

- 3.5. The Board heard that the all oil and gas deals in the portfolio were being analysed to assess the impact of the low oil prices and that the Credit Risk Group monitored credit risk in the Department on an ongoing basis.
- 3.6. In 2015/16, the Country Risk Analysis Division (CRAD) performed 60 country risk reviews and updates of credit risk parameters.
- 3.7. The Risk Analysis Division (RAD) had continued to review corporate risks resulting in 45 changes, and portfolio risk monitoring included semi-annual stress testing and scenario analysis.
- 3.8. Board members commented that the information provided was very thoughtful and detailed and that it may be useful to also have another paper in future that addressed whether there were any lessons for UKEF to learn from other comparable ECAs.

4. EFIT Update

- 4.1. The Head of IT gave the Board an update on the progress of the move to a multi-vendor IT arrangement in the Department.
- 4.2. Board members were reminded that the move to this new arrangement was part of a Government-wide initiative and that UKEF had recently undergone a Gateway Review to seek an independent view of the programme.
- 4.3. The assessment was Amber/Red but Board members were informed that all recommendations had now been addressed and that there was still confidence of a successful July delivery.
- 4.4. The Board was told that much progress had been made since the last update and that the month of May would be crucial in terms of the key events taking place in the programme.
- 4.5. It was advised that successful completion would mean the current IT providers, CGI, switching-off their service and support, and the transition to the new multi-supplier arrangement.

5. Performance Review / Financial Highlights

- 5.1. The Chief Financial Officer (CFO) delivered an update on the 2015/16 performance of the Department.
- 5.2. Board members were informed that the update was still an unaudited position because the final audit had not yet been concluded.
- 5.3. It was noted by the Board that the early indications were that there were no major or material concerns identified and that this was likely to be the final position, but that the results of the audit should be awaited for the definitive position.

6. Board Terms of Reference / Board Operating Framework

- 6.1. Board members conducted an annual refresh of their Terms of Reference and Board Operating Framework.
- 6.2. The decision on whether the new UKEF Chief Operating Officer and current Head of Human Resources should become members of the Board, or just attend, was deferred until UK Government Investments (UKGI) had had an opportunity to look into the current Board set-up and whether any changes are necessary.

7. Draft EGAC Report

- 7.1. Mr Andrew Wiseman, Chair of the Export Guarantees Advisory Council (EGAC), was not able to attend this Board but would be attending the next meeting on Thursday 9 June.
- 7.2. The draft EGAC Chair's Report for inclusion in the UKEF Annual Report and Accounts had been circulated in advance for Board members to note.
- 7.3. Board members recognised the work and efforts put in by the Chair and members of EGAC, and thanked them, and awaited their final Report.

8. Any other business

8.1. There was no other business save for the taking of photographs to be included in the 2015/16 UKEF Annual Report and Accounts.

Satnam Singh

Chief Executive's Office