

Annexes



Business supported

Export Credits

Exporter/ Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/Goods and Services	Product	Maximum Liability (£)
Benin				
Sogea Satom UK Limited	Benin, Min of Finance	Rehabilitation of a road	Direct Lending	92,879,871
Colombia				
Learjet INC	Clinica Uros S A	Learjet 75 Liberty aircraft	Asset-based Guarantee	1,737,117
Dubai				
Airbus S.A.S	Emirates	Airbus aircraft	Asset-based Guarantee	142,678,015
ASGC Construction LLC	EMAAR Properties	Construction of a hotel	Supplier Credit Finance Guarantee	127,083,429
Egypt				
Bombardier Transportation UK Ltd	Egypt, Min of Finance	2 monorail lines including rolling stock	Buyer Credit Guarantee	936,685,695
Ethiopia				
Airbus S.A.S	Ethiopian Airlines Group	Airbus aircraft	Asset-based Guarantee	65,834,066
Finland				
Airbus S.A.S	Finnair OYJ	Airbus aircraft	Asset-based Guarantee	30,623,098
Ghana				
Aqua Africa Limited	Ghana, Min of Finance	Solar-powered water pumps	Direct Lending	31,051,043
Tesab Engineering Ltd	Legna Construction Works	Supply of construction equipment	Supplier Credit Finance Guarantee	1,333,712
Tyllium UK Limited	Ghana, Min of Finance	Development and construction of a hospital	Buyer Credit Guarantee	34,841,842
Tyllium UK Limited	Ghana, Min of Finance	Development and construction of a hospital	Direct Lending	21,254,596

Exporter/ Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/Goods and Services	Product	Maximum Liability (£)
Indonesia				
Lockheed Martin Global, Inc.	Indonesia, Min of Finance	C-130J Transport Aircraft	Buyer Credit Guarantee	74,591,445
Thales UK Limited	Indonesia, Min of Finance	Air defence system	Buyer Credit Guarantee	29,804,276
not disclosed ¹	not disclosed	not disclosed	Bond Insurance Policy	6,307,776
Iraq				
General Electric Global Services	Min of Finance, Iraq	Power plant maintenance/ refurbishment	Buyer Credit Guarantee	5,630,290
General Electric Global Services	Min of Finance, Iraq	Power plant maintenance/ refurbishment	Direct Lending	32,736,185
Luxembourg				
Various	N/A – Borrower and Guarantor only. Borrower: Subsea 7 UK Finance PLC	Non-contract specific support	Export Development Guarantee	321,414,793
Mexico				
Royal IHC Limited	Drebbel de Mexico S. de R.L. de C.V	Supply of cable-laying vessel	Standard Buyer Loan Guarantee	3,631,014
Mozambique				
Various	Mozambique LNG1 Financing Company	Liquefied natural gas plant	Direct Lending	271,441,001
Various	Mozambique LNG1 Financing Company	Liquefied natural gas plant	Buyer Credit Guarantee	638,777,583
Netherlands				
Airbus S.A.S	Aercap Holdings N.V.	Airbus aircraft	Asset-based Guarantee	£92,409,907
The Boeing Company	Aercap Holdings N.V.	Rolls-Royce-powered Boeing aircraft	Asset-based Guarantee	90,632,973
Portugal				
L3 Commercial Training Solutions Limited	Transportes Aéreos Portugueses	Airbus A330 full flight simulator	Asset-based Guarantee	5,909,897
Qatar				
BAE Systems (Operations) Limited	Qatar, Min of Finance	Typhoon and Hawk aircraft	Direct Lending	1,130,554,961

Exporter/ Investor	Buyer/Airline/ Operating Lessor/Borrower	Project/Goods and Services	Product	Maximum Liability (£)
Thailand				
Global Attractions Ltd	Harbor Mall Company Ltd	Supply of play centre equipment	Supplier Credit Finance Guarantee	600,326
Tunisia				
CDE Global Limited	Sebri Group	Supply of materials handling equipment	Standard Buyer Loan Guarantee	11,274,864
Turkey				
Airbus S.A.S	Pegasus Hava Tasimaciligi Anon Pegasus Airlines	Airbus aircraft	Asset-based Guarantee	71,393,210
Rolls-Royce Plc	Turk Hava Yollari A O (THY) (Turkish Airlines)	Rolls-Royce engines	Buyer Credit Guarantee	19,003,321
Uganda				
Lagan Dott Namanve Limited	Uganda, Min of Finance	Redevelopment of industrial park	Direct Lending	77,712,450
Lagan Dott Namanve Limited	Uganda, Min of Finance	Redevelopment of industrial park	Asset-based Guarantee	124,606,420
United Kingdom				
British Airways	British Airways	Non-contract specific support	Export Development Guarantee	1,976,108,275
easyJet Plc	easyJet Plc	Non-contract specific support	Export Development Guarantee	1,228,019,858
Ford Motor Company UK Ltd	Ford Motor Company UK Ltd	Non-contract specific support	Export Development Guarantee	601,721,600
Nissan Motor Company UK Ltd	Nissan Motor Company UK Ltd	Non-contract specific support	Export Development Guarantee	530,640,000
Rolls-Royce Plc	Rolls-Royce Holdings Plc	Non-contract specific support	Export Development Guarantee	1,008,201,000
Rolls-Royce Plc	Rolls-Royce Plc	Non-contract specific support	Supply Chain Discount	362,515,860
Rolls-Royce Plc	Rolls-Royce Plc	Non-contract specific support	Export Development Guarantee	1,965,412,327
United States				
GE Caledonian Limited	Atlas AIR Worldwide Holdings	Aircraft engine overhauls	Buyer Credit Guarantee	12,879,852

Trade finance and insurance: businesses supported by sector

Product type	Number of exporters	Small and medium-sized enterprises	Number of destination countries	Maximum liabilities
Administrative and support service activities				
Bond support	1	1	1	720,192
Export Insurance (EXIP)	3	3	3	255,1188
Export Working Capital Scheme	0	0	0	0
Agriculture, forestry and fishing				
Bond support	0	0	0	0
Export Insurance (EXIP)	5	5	5	425,248
Export Working Capital Scheme	0	0	0	–
Construction				
Bond support	5	5	4	1,168,738
Export Insurance (EXIP)	5	3	5	11,344,236
Export Working Capital Scheme	0	0	0	0
Defence				
Bond support	2	2	3	169,711
Export Insurance (EXIP)	1	0	1	not disclosed
Export Working Capital Scheme	2	2	9	2,004,401
Education				
Bond support	1	1	1	2,682,210
Export Insurance (EXIP)	0	0	0	0
Export Working Capital Scheme	0	0	0	0
Information and communication				
Bond support	7	7	10	2,193,371
Export Insurance (EXIP)	4	4	4	282,950
Export Working Capital Scheme	2	2	2	481,973

Product type	Number of exporters	Small and medium-sized enterprises	Number of destination countries	Maximum liabilities
Manufacturing				
Bond support	44	39	43	31,451,145
Export Insurance (EXIP)	16	12	14	4,292,196
Export Working Capital Scheme	21	20	21	21,489,064
Motion picture, video and television production activities				
Bond support	3	3	4	4,411,152
Export Insurance (EXIP)	0	0	0	0
Export Working Capital Scheme	0	0	0	0
General Export Facility	1	1	1	800,000
Professional, scientific and technical activities				
Bond support	9	8	10	4,410,051
Export Insurance (EXIP)	5	4	3	5,782,165
Export Working Capital Scheme	4	4	6	1,040,265
General Export Facility	1	1	1	613,366
Wholesale and retail trade; repair of motor vehicles and motorcycles				
Bond support	3	2	3	4,744,696
Export Insurance (EXIP)	27	24	20	8,323,272
Export Working Capital Scheme	5	4	10	4,341,690
General Export Facility	1	1	1	2,400,000

Sponsorship

Sponsorship in relation to the UK Trade and Export Finance Forum	
HSBC	£25,000
Lloyds	£15,000
Standard Chartered	£10,000
Santander	£6,000

Notes

1 Details not disclosed due to reasons of commercial confidentiality.

Sustainability of our estate

UKEF has reported annually on the sustainability of its estate since 2006, with the aim to operate the estate efficiently and reduce the environmental impact of operations and their associated costs.

UKEF's estate

UKEF is based at 1 Horse Guards Road (1HGR), London, SW1A 2HQ. UKEF is a minor occupier of 1 HGR, accounting for 7.68% of the total internal area. As landlord, HM Treasury (HMT) is responsible for the provision of all energy and utility services. HMT follows government procurement best practice in procuring those contracts.

Greening Government Commitments

The Greening Government Commitments (GGC) are the government's commitments for delivering sustainable operations and procurement. They aim to significantly the government's environmental impact by reducing emissions of greenhouse gases (GHG), reducing waste, reducing water usage and making procurement more sustainable.

Due to the pandemic the majority of UKEF staff were operating from home, therefore, the impact on building services was significantly reduced.

Summary of performance

Area	2020-21	2019-20	2018-19
Estate Waste (tonnes)-recycled	1.45	11.81	12.56
% of waste recycled	59.77%	59.33%	58.89%
Estate Water (m ³)	626	2,010	2,149

Energy from the Estate	2020-21	2019-20	2018-19
Electricity (Kw/H)	363,785	454,852	451,366
Gas (m3)	29	404	396
Whitehall District Heating System (Mw/H)	126	107	114

	2020-21	2019-20
Domestic travel – KgCO ₂	1,530	17,890
International – KgCO ₂	790	460,800

Due to the pandemic both international and domestic air travel reduced significantly in 2020-21 and UKEF used MS Teams in order to facilitate business meetings with domestic and overseas clients.

Waste

UKEF has a target to reduce waste sent to landfill to less than 10% of overall waste and continue to reduce the amount of waste generated and increase the proportion of waste which is recycled.

UKEF is working with the building landlord to achieve this objective. UKEF has recycling points located strategically around the office. Furthermore, single use plastics have been removed from all refreshment areas.

All information technology waste is either recycled or reused through UKEF's contract with the Disposal Services Agency. UKEF continues to improve processes and systems which will reduce the amount of paper consumed.

	2020-21	2019-20	2018-19
Confidential Waste (Kilogram)	504.81	3,771.59	4,357.63
Toner Recycling (Kilogram)	–	7.15	24.48
Mixed Recycling (Kilogram)	465.17	4,162.11	3,692.10
Compostable Waste (Kilogram)	13.44	290.76	–
General Non Recycled Waste (Incinerated) – Kg	974.18	8,094.00	8,771.26
Recycled Waste (Kilogram)	1,447.20	11,810.02	12,563.23

Water

UKEF's water is not measured separately from other tenants and UKEF reports water consumption as being a proportion for the whole building at 1HGR. Again, due to the impact of the pandemic, the number of staff utilising services in 1HGR was significantly reduced. The landlord has updated taps in all of the building's restrooms, which has reduced rates of water consumption.

Sustainable procurement

UKEF uses existing framework agreements which have been centrally procured through Crown Commercial Services. Additionally, UKEF's key facilities management suppliers have sustainable objectives and environmental policies in place committing them to sustainable provision.

Biodiversity and natural environment

UKEF's London office has no access to or control over external land. Therefore, UKEF does not have a biodiversity plan.

Notes

- all 1HGR utility payments (including water, waste and energy) are included in the set annual lease payments. The figures used above have been apportioned to departmental costs based on floor occupancy of 7.68%
- business travel gross emissions do not include journeys made by bus or taxi

UKEF core tables

Total Resource and Capital Spending for UKEF

The tables on the following pages provide a summary of the department's expenditure outturn for 2016-17 through to 2020-21, along with the planned expenditure for 2021-22. The outturn and planned expenditure is recorded on the same basis as the information on financial performance in the Statement of Parliamentary Supply beginning on page 199. They represent the spending incurred collectively across UKEF in meeting its objectives detailed in the Performance Report beginning on page 9.

Resource

£'000	Outturn					Plans	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Resource DEL (Admin & Prog)							
Staff costs	16,613	19,824	21,625	24,471	28,413	38,973	
Other administration and operating costs*	13,728	13,799	15,940	16,849	20,333	36,152	
Total	30,341	33,623	37,565	41,320	48,746	75,125	
*Includes depreciation	180	127	272	310	209	525	
AME provisions utilisation							
Dilapidations	(127)	0	0	0	0	0	
Staff Early Retirement	(115)	52	(187)	(10)	0	0	
Total	(242)	52	(187)	(10)	0	0	
Resource AME							
B. Export Credits	(130,031)	(24,519)	(74,420)	(135,012)	118,815	326,237	
C. Fixed Rate Export Finance Assistance	(1,435)	(621)	(290)	(267)	(27)	104	
D. Loans & interest Equalisation	(2,819)	(1,694)	(799)	(493)	(240)	(101)	
E. Direct lending	(15,097)	22,215	(53,484)	(81,972)	99,171	422,144	
Total	(149,382)	(4,619)	(128,993)	(217,744)	217,719	748,384	

Capital

£'000	Outturn					Plans	
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	
Capital DEL	64	671	79	135	784	1,600	
Capital AME	250,724	167,736	426,448	307,710	1,109,370	1,881,142	

Note: data for future years beyond 2021-22 is not held, and is therefore not included in this report. Only 5 historic years and 1 future year is included.

Resource DEL

Resource DEL (RDEL) – For UKEF this represents the administrative cost associated with running the department (known as Administration and Programme DEL). Resource DEL has mostly remained unchanged over the preceding 5 years with the increase occurring from 2017-18 onwards primarily due to Staffing costs, Marketing (GREAT Campaign from 2018-19, and marketing operational from 2020-21), and IT Costs costs from 2020-21 onwards. The increase in staff numbers is to aid the department's strategic and corporate needs, to enable business growth, which has been matched by an ambitious IT strategy and investment upgrade from 2020-21 onwards. Resource DEL outturn and plans are shown on the gross basis to allow better transparency and visibility of how the spend evolved over the period. Supply Estimates, however, show Resource DEL on the net basis. Resource DEL Admin is fully offset with AME income generated by the department.

Capital DEL

Capital DEL (CDEL) – For UKEF this typically represents IT hardware, but can include software purchases (licences). In 2021-22 this also includes cost in relation to office refurbishment and smarter working programme in response to Covid-19.

Resource AME

Resource AME (RAME) – For UKEF this represents underwriting and export finance activities, including income received while supporting the exporters. Both are expected to fluctuate significantly owing to the nature of the business activity, as well as the impact on foreign exchange movements. RAME is shown on the net basis. According to the arrangement with HMT it is used to offset UKEF operating costs (RDEL). From 2020-21 Export Credits and DL have increased significantly due to volatility and uncertainty in market, particularly in response to Covid-19. These figures include provision for claims and foreign exchange volatility.

Capital AME

Capital AME (CAME) – For UKEF this represents lending activity (mostly Direct Lending Facility related). Direct Lending facility can fluctuate considerably due to the nature of the activity. From 2018-19 onwards there has been a steady increase in the number of deals made. Capital AME is shown on the net basis.

Glossary

Term	Description
Active portfolio management (APM)	Work to reduce concentrations of risk in the portfolio to decrease the chance of losses, and/or free up headroom to support more business. APM is currently focused on buying case-by-case reinsurance from the private market where value for money is achieved.
Amount at risk (AAR)	AAR is equivalent to the accounting term 'contingent liability'. This represents the unexpired portion of the total risks supported by UKEF, essentially amounts still owed to banks or exporters where UKEF could face a claim. AAR would normally be less than maximum liability by the amount of expired risk. It is the measurement of exposure for issued business.
Below minimum risk standard limit	The total exposure limit agreed with HMT that sets the total amount UKEF can commit to for corporate risk obligors below a minimum rating. The limit is set at £5 billion.
Bond insurance policy (BIP)	Cover for the unfair calling of bonds (except tender bonds) or for the fair calling of bonds caused by certain political events.
Bond support scheme (BSS)	A scheme under which UKEF provides guarantees to lenders in respect of bonds related to UK exports. Where a lender issues a contract bond (or procures its issue by an overseas lender) in respect of a UK export contract, we can typically guarantee 80% of the value of the bond.
Buyer credit (BC)	A finance facility in which, normally, a guarantee is given by UKEF to lenders supplying finance to an overseas borrower buying UK goods/services.
Claims	Amounts paid out by UKEF under guarantees or insurance where there has been a default and UKEF is required to honour its obligations to the bank/insured party.
Commercial Interest Reference Rate (CIRR)	The minimum interest rate UKEF charges for direct loans, in accordance with the OECD Arrangement on Officially Supported Export Credits.
Commitment	A case not yet the subject of an issued guarantee, but for which UKEF has agreed the terms of its support and provided its commitment to the bank/exporter. Cases at this stage are included in UKEF's portfolio as the department has agreed to accept the risk.

Term	Description
Common Approaches	The rules agreed at the OECD for ECA due diligence in regards to environmental, social and human rights aspects of projects supported.
Concentration	This typically refers to either sector or regional concentration in the risk portfolio, indicating where UKEF has a greater proportion of its exposure.
Corporate (risk)	These are risks on commercial trading and financial institutions which are capable of being put into liquidation or receivership.
Counterparty	UKEF refers to other entities who have a relationship with the department, but are not the key source of risk on transactions as a counterparty. Examples include ECAs who provide reinsurance, or agent banks providing loans which UKEF supports.
Country limit	The maximum amount of cover available for a particular country as agreed under the exposure management framework.
Credit period	The period over which a loan is repaid by the borrower, or for insurance products, the period for contractual payment by the buyer.
Credit quality	This typically refers to the level of default risk of an entity or the portfolio. For example, it can be measured by the proportion of investment grade rated (low risk) obligors versus non-investment grade rated (high risk) obligors.
Direct lending (DL)	Under the Direct Lending Facility, UKEF provides loans within an overall limit of £8 billion to overseas buyers, allowing them to finance the purchase of capital goods and/or services from UK exporters. Of that limit, £2 billion has been allocated to support clean growth projects and £1 billion for defence transactions.
Effective business	Business where UKEF has provided a guarantee or insurance, received premium and all other conditions have been satisfied so that UKEF is on risk.
Expected loss (EL)	How much UKEF estimates it should lose. For cases, the statistical estimate of the most likely financial outcome on a case, based on the likelihood of default and estimates of recoveries; and for the whole portfolio, the sum of the individual transaction expected losses, representing the mean of the loss distribution.
Export credit agency (ECA)	Most developed and emerging economies have an ECA. Although structure and organisation differs, they all exist to promote exports by providing insurance, reinsurance and guarantees to exporters and banks on behalf of the state. Many ECAs have reinsurance arrangements with each other (see reinsurance).

Term	Description
Export Development Guarantee	A guarantee of up to 80% to support working capital facilities, which are not tied to specific export contracts but instead support a company's general export business activities or investment requirements in support of exports. Minimum loan size of £25 million.
Export insurance policy (EXIP)	An insurance facility provided by UKEF to exporters that covers them against the risk of not being paid under their export contract. Cover can be provided for both cash and credit payment terms.
Export working capital scheme (EWCS)	A scheme provided by UKEF to assist UK exporters gain access to working capital finance (both pre- and post-shipment) in respect of specific export contracts. Under the scheme, UKEF provides guarantees to lenders to cover the credit risks associated with approved export working capital facilities. We can guarantee up to 80% of the lender facility.
Exposure	A generic term referring to the value of the risks UKEF is holding. For pre-issue business this is measured by maximum liability and for issued business this is measured by amount at risk. Exposure can be net of reinsurance and some measures of exposure also include claims.
Exposure management framework (EMF)	A framework for setting prudent restrictions on the concentrations in the portfolio. For country limits, this is based on a matrix and limits are determined by the size of the economy and the country's Expected Loss. For sectors, regions and obligors, this is based on the percentage of the portfolio attributed to that slice of risk.
Facility	The name given to each individual provision of support by UKEF.
General Export Facility	A scheme under which UKEF provides guarantees to lenders where finance is not tied to specific export contracts, covering a range of facility types to support a company's general export business activities. Facility types can include trade loans and bonds. Designed with SMEs in mind, the guarantee covers up to 80% of the value of the facility and is made available via UKEF's streamlined digital application process.
Horizon of risk	The total period of time where UKEF is on cover. For credit transactions, this includes both the pre-credit period (or drawdown) period and the repayment period.
Loss given default (LGD)	An estimate of the loss to UKEF at the time of default (also known as loss coefficient). The recovery rate is the inverse of this statistical estimate. The LGD is used with the probability of default to determine the expected loss.
Market risk appetite (MRA)	The level of potential new business that UKEF can underwrite in a specific country calculated by subtracting existing business (on a weighted basis) from the total agreed country limit.

Term	Description
Maximum commitment	The maximum amount of exposure that the UKEF portfolio can reach under the HMT Consent, currently £50 billion.
Maximum liability (ML)	The measurement of exposure for pre-issue business. Maximum liability is the maximum value of the amount of claims payable under a particular UKEF product, including any interest.
OECD	The organisation of nation states known as the Organization for Economic Co-operation and Development.
OECD Arrangement	The OECD Arrangement on Guidelines for Officially Supported Export Credits, sometimes referred to as “the Consensus” or “the Arrangement”. This limits competition on export credits among members of the OECD when providing official support for export credits of 2 years or more. The Arrangement covers all officially supported export credits except those for agricultural produce and military equipment. Aircraft, ships, nuclear power plants, water and renewable energy projects are subject to separate sector understandings.
Overseas investment insurance (OII)	This scheme provides a UK investor with insurance for up to 15 years against political risks in respect of a new investment overseas. It may also be available to UK banks in respect of overseas lending, whether or not it is in connection with a UK investment or export. The risk covered by this product is that certain events (war, expropriation, restriction on remittances) mean the investor suffers a loss on their investment. It does not cover the commercial risk of the investment being unprofitable.
Paris Club (PC)	The Paris Club is an informal group of official creditors whose role is to find coordinated and sustainable solutions to payment difficulties experienced by debtor countries. Debts from sovereigns are handled by the Paris Club.
Persistence of default	A factor considered in UKEF’s country risk assessments. This is an estimate of the number of years during which a country is expected to remain in default, before being able to resume some form of debt service. Used in conjunction with sovereign risk rating and loss coefficient to determine expected loss rate.
Premium Income issued, or Premium Issued	Premium Income issued, or Premium Issued, is the total amount of premium that UKEF will theoretically receive over the lifetime of the insurance or guarantee policy. Like Maximum Liability, this is fixed in time in its original currency, when the policy is issued, but its sterling value can then vary with FX movements. This includes premium for all products, and is the value we use in the financial objectives we set for our premium policy, Pricing Adequacy Index and Premium-to-risk ratio.

Term	Description
Premium earned	Premium earned is based on Accounting Standards (as Note 1 of the Financial Statements). This does not include premium from direct lending, which is amortised as interest income, and uses an exchange rate fixed at the point when premium is received (rather than month-end rates, as for premium income issued).
Premium risk ratio (PRR)	PRR assesses the extent to which UKEF premium income on new cases is sufficient to cover the risks associated with those cases. The risks are measured as both the expected loss and a charge on unexpected loss. PRR's can be calculated for individual cases, and the PRR for new business in each year is a financial objective. PRR is an in-year measure, with a target ratio of premium:expected loss (plus charge on unexpected loss) of 1.35.
Pricing adequacy index (PAI)	PAI assesses the extent to which UKEF premium income is sufficient to cover both risks and costs. PAI is measured over a 3-year rolling period, and has a target that the ratio of net earned premium to risks and costs should always be greater than 1. Risks are defined as in the premium risk ratio as expected loss and a charge on unexpected loss, and costs are UKEF's admin costs.
Probability of default	A statistical measure of the likelihood of an entity or transaction defaulting on debt obligations. Letter ratings correspond to a specific estimate of probability of default based on historical data of the outcomes for each letter rating.
Project finance (PF)	Transactions which are dependent on generating sufficient revenue from a project to service debt, once commissioned.
Provisions or provisioning	Amounts which are set aside within UKEF's trading accounts to allow for non-recovery of claims already paid and of claims to be paid in the future.
Public (risk)	Risk that is assessed to be with an entity linked to the government, but which does not benefit from full state support or a guarantee (for example a local municipality or a state utility).
Recoveries	Amounts that UKEF has been able to get back after paying a claim (e.g. through restructuring, sale of assets etc).
Reinsurance	UKEF shares risk by reinsuring it with other partners in 2 main ways: sharing a proportion of transaction with other ECAs based on the amount of content produced in that country (ECA reinsurance); or purchasing reinsurance directly from the private sector to reduce risk concentrations (see active portfolio management).
Risk appetite limit (RAL)	A risk weighted cap on the maximum amount of risk that UKEF can take on. Calculated as the 99.1%-tile of the portfolio loss distribution (see loss distribution), with a maximum of £5 billion.

Term	Description
Run-off	UKEF's risk reduces as loan repayments are made or insurance risks expire. The way in which the amounts at risk reduce is called the run-off.
Short-term (ST)	UKEF's short-term products are: bond support guarantees, working capital guarantees (including the new General Export Facility) and export insurance policies under 2 years.
Sovereign (risk)	Risks considered as being effectively upon the state itself.
Stress testing	This is a form of scenario analysis where one considers the potential adverse impact of theoretical changes in the state of the world. UKEF carries out portfolio stress testing semi-annually, based on a number of defined stresses and scenarios.
Supplier credit finance facility (SCF)	A finance facility in which a guarantee is given by UKEF to lenders supplying finance to an overseas borrower buying UK goods/services. This product is typically used for deals below £30 million. The SCF can also be used to guarantee Bills of Exchange or Promissory Notes issued by the borrower.
Supply Chain Discount Guarantee (SCD)	A guarantee of up to 80% provided by UKEF to a lender to support a supply chain finance facility provided by the lender to an exporter. Suppliers can draw on the facility to discount approved invoices; the exporter then makes payment to the lender at the face value of the invoice at maturity. UKEF covers the risk of the exporter failing to repay the lender.
Unexpected loss (UEL)	Measures statistical losses above EL to a certain degree of confidence. UKEF uses 99.1%.
Ultimate obligor (UO)	The final source of repayment risk. In some transactions, a number of entities might be responsible for ensuring there is no default, but the ultimate obligor is the key entity for determining the riskiness of the structure.

